

Call: HORIZON-EIT-2023-2025-KIC

(2023-2025 Call for KICs Business Plans, Cross-KIC activities and High Education Institutions (HEI) initiative)

Topic: HORIZON-EIT-2023-24-KIC-EITCLIMATEKIC

Type of Action: HORIZON-EIT-KIC

Proposal number: 101113277

Proposal acronym: EIT-CKICBP2023-2024

Type of Model Grant Agreement: HORIZON Action Grant Budget-Based

Proposal template Part B: technical description

EIT CLIMATE-KIC BUSINESS PLAN 2023-2024

List of participants

Participant No. *	Participant organisation name	Country
1 (Coordinator)	EIT Climate-KIC	NL

Executive summary

EIT Climate-KIC has developed a place-based implementation model of innovation to enable EU, Member States, cities, and regions to address societal challenges such as climate change. The model explicitly integrates the key elements of EIT's innovation model – entrepreneurship, education, innovation, ecosystems – into a demand-led framework which addresses well-known market failures in scaling climate solutions. The model entails working with places to map climate action needs, priorities, and actions, from which we co-design and implement place-based portfolios of innovations on the ground to develop and match scalable solutions to places and industry value chains. By orchestrating key stakeholders to develop new markets related to climate challenges, and by enabling large-scale 'learning by doing' frameworks, the model mobilises public and private funding to test and produce actionable intelligence, shared learning, and solutions from the portfolio of innovations, leading to practical change. We call this 'systems innovation as a service (SIaaS)' and we have found that there is a considerable need for such operational models to implement transformative policy ambitions within Europe and beyond.

The primary objective of the 2023-2024 Business Plan is to create the conditions for EIT Climate-KIC to be financially independent of EIT by end 2024 through the commercialisation of its 'systems innovation as a service (SIaaS)' model. This will be measured against core KPIs EITHE11.1 Total non-EIT financing generated by the KIC Legal Entity and EITHE11.2 Financial Sustainability Coefficient.

The BP implementation will fully comply with EIT Financial Sustainability principles, KIC fund principles, innovation principles, EIT RIS Hub Minimum Standards and Good Governance principles.

Thus, this Business Plan addresses the three areas to build the internal operational capabilities to scale this systems innovation model commercially and to help European stakeholders meet ambitious societal challenges, as described in the Strategic Agenda 2021-2027: to contribute to the avoidance of over 500 million tonnes CO₂ and strengthen the resilience of 10 million people by 2027. As contributing outcomes, EIT Climate-KIC's Strategic Agenda aims to help leverage over €100Billion to support scale-up of innovations to tackle climate change; generate 50,000 green jobs; become the strategic partner of choice for over 50 cities regions and countries across Europe; orchestrating change through innovation to achieve net zero emissions and climate resilience; and enhance the innovation and entrepreneurial skills of over 200,000 people across Europe, equipping them to be leaders of climate action.

These three key areas comprise investment over two years of:

- €4.7M to secure new funding and commercial sales of the 'SIaaS' model (Work Packages on Financial Sustainability: Revenue generation, Financial Sustainability: Routes to Business Development, and EIT RIS ecosystems). Success will be measured with core KPIs EITHE11.1 Total non-EIT financing generated by the KIC Legal Entity and EITHE11.2 Financial Sustainability Coefficient.
- €5.8M to strengthen EIT Climate-KIC's core operational capabilities and refinement of the systems innovation business model to operate commercially without EIT funding (Work Package 1 Coordination and Work Package 7 Communications and Dissemination). Success will be measured on governance with core KPI EITHE18.1 (% of under-represented gender in top governance and management positions)
- €6.2M to ensure EIT Climate-KIC's existing prototype system innovation services are delivered successfully with high quality and are scalable to new city, regional, and national governments, and industry sectors. As part of developing a scalable systems innovation approach, we support and are investing in early-stage businesses with solutions that can support systemic change in the systems in which we operate: cities, land

use, and industry value chains. Success will be measured – at least in part - with core EIT KPI EITHE04.4 (start-ups created having a financial transaction of at least €10k for a service/product sold) - target of 3; EITHE06.1 (Investment attracted by KIC-supported start-ups and scale-ups) - target of €25M over the two years.

With this focus on systems innovation as a service (SIaaS) model, EIT Climate-KIC – in agreement with EIT – is not going to mobilise EIT resources for stand-alone education programmes or innovation projects. For that reason, the core EIT KPIs EITHE07.1 Graduates from EIT-labelled programmes and EITHE02.4 Innovations launched on the market will not be addressed in this Business Plan.

The Business Plan is designed to invest in areas of perceived weakness in EIT Climate-KIC's upstream sales and business development capabilities, its operational effectiveness in delivering systems innovation as a service, and in improving the quality of its service offerings to ensure repeat sales. It builds on successes at securing funding with a systems innovation model: for example, to support European cities to reach net zero emissions by 2030 – through the Net Zero Cities platform which supports the EU Cities Mission; and through existing 'Deep Demonstrations' which apply the systems innovation model in different places and contexts (such as Slovenia, which is seeking to become a leading circular economy country; Ireland, which is seeking to build a thriving land-agri-food sector aligned to national climate targets; Saxony-Anhalt, which seeks a just transition from coal). These successes will secure the €60.5M (NEFA) co-funding required to unlock EIT funding in 2023 and 2024.

A key success factor for this model has been the increasing awareness in city, regional, national governments, and industry sectors that 'business-as-usual' incremental improvements and innovation are not going to deliver the rapid changes required to meet legislated targets. This means that potential stakeholders are more open to testing new, challenging approaches.

The main lessons learned from existing successes (and failures) are that this systems innovation model is built on trust and credibility with 'challenge-owners'. Typically, elements of the model, such as learning partnerships or entrepreneurship activities, are required to build that trust and ensure deeper and more ambitious engagement in future. For that reason, the Business Plan explicitly provides for different routes to sales and business development, and for the co-development of early-stage business solutions and learning platforms to support the scaling of this model to new stakeholders and in different geographies.

The major risk to delivering this Business Plan concerns the need for a stable budget and funding environment for EIT Climate-KIC to make the transition to a financially independent organisation which thrives from commercial sales of its systems innovation as a service over the coming two years.

The expected achievements in 2023-2024 and the implementation of our multi-annual EIT Climate-KIC strategy can be seen in the table below.

List of EIT Core KPIs

EIT area	KPI Code	EIT KPI	Achieved to date in 2021+2022 ¹	2023 target	2024 target	WP
Innovation	[EITHE02.4]	Innovations launched on the market with sales revenue of at least €10k documented	Not set in KIC SA or BP21-22	Not set in KIC SA. No aim to fulfil	Not set in KIC SA No aim to fulfil	Not included in this BP
Business Creation	[EITHE04.4]	Start-ups created having a financial transaction of at least €10k for a service/product (result of KIC KAVA) sold	Not set in KIC SA or BP21-22	Not set in KIC SA. No aim to fulfill as no funding for start-ups in 23/24	Not set in KIC SA. No aim to fulfill as no funding for start-ups in 23/24	Not included in this BP
	[EITHE05.1]	Start-ups created by students enrolled and graduates from EIT-labelled programmes	7 (against target of 5)	Not applicable	Not applicable	Not included in this BP
	[EITHE06.1]	Investment attracted by KIC-supported start-ups and scale-ups	€25M (against target of €52M)	KIC SA - €30M. Propose €10M	KIC SA - €25M 2024 target €15M	WP5, 6
Education	[EITHE07.1]	Graduates from EIT-labelled programmes	440 (against target of 440)	KIC SA target of 230. No aim to fulfil	KIC SA target of 230. No aim to fulfil	Not included in this BP
Leveraging investments in R&I	[EITHE11.1]	Total non-EIT financing generated by the KIC Legal Entity	€5.7M – 2021 €9.5M - 2022	€10M	€14M	WP2, WP3, WP4
Leveraging investments in R&I	[EITHE11.2]	Financial sustainability coefficient - Total non-EIT financing generated by the KIC Legal Entity	Target of 18% in 2021, 25% in 2022	KIC SA target 39% BP23 target = 40%	KIC SA target 63% BP24 target = 70%	WP2, WP3, WP4
Leveraging investments in R&I	[EITHE12.1]	KICs SIA funding rate	Target of 50% in 2021	30% (Not more than 25% over 2 years BP)	20% (Not more than 25% over 2 years BP)	WP2, WP3, WP4
Horizontal outputs	[EITHE18.1]	% of under-represented gender in top governance and management positions	Not in KIC SA or BP21-22	Target = 50%	Target = 50%	WP1

¹ Reported but not yet fully verified for 2022

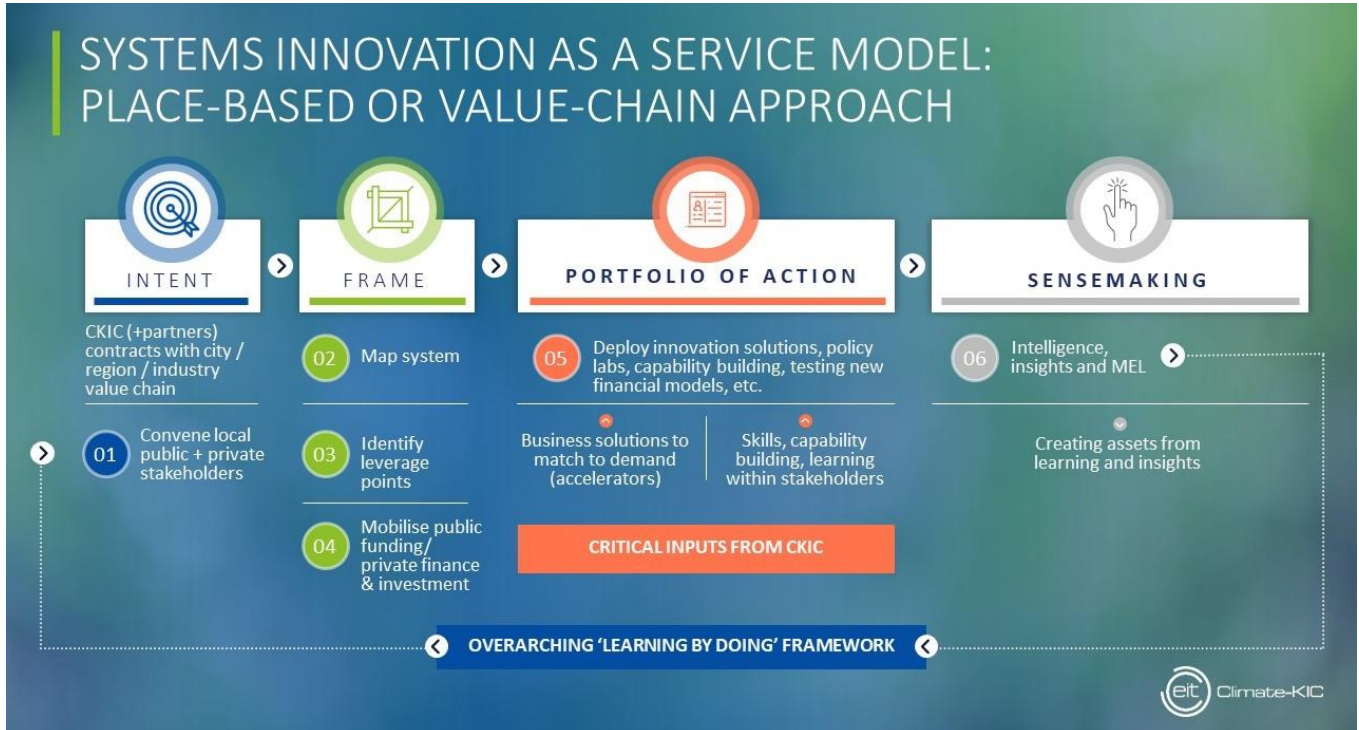
1. Excellence regarding the KIC’s Multiannual Strategic Agenda 2021-2027

1.1 Objectives and ambition

EIT Climate-KIC’s Strategic Agenda 2021-2027 sets out how, with EIT support, EIT Climate-KIC has been testing and deploying a new whole systems innovation approach to catalyse systemic change for climate action. It has been described as a form of ‘advanced knowledge triangle integration’ as envisaged in the EIT Strategic Innovation Agenda. Its principles are aligned with Horizon Europe. It aims to raise Europe’s innovation capability and, in doing so, better equip Europe – and member states, cities, and regions – to meet societal challenges it now faces². This Business Plan aims to ensure this systems innovation approach can be delivered and scaled by EIT Climate-KIC through a commercial service model, ‘Systems Innovation as a Service’, which delivers financial sustainability, and which becomes a key component of Europe’s Member State and sub-national responses to delivering their transformational climate targets.

Our experience – from over a decade of EIT funded activities – was that early stage ClimateTech companies and innovation projects rarely managed to scale. Markets were nascent or immature. Barriers – from access to finance to lack of capabilities to regulatory misalignment – were large. To address this, we have pivoted from a purely supply-led model of innovation to a demand-led model – identifying the major demand for innovation comes from cities, regions, states, and industry who have set massively ambitious climate targets and who don’t have a realistic plan to achieve those targets. The scale and speed of change required to meet these targets is such that these places and corporates cannot follow the standard “push model” of innovation - taking early-stage companies or innovation projects to market and trying to get them to scale. Instead, they are looking for more systemic solutions.

Instead of focusing primarily on the supply-side of business creation, or on innovation projects chosen for their individual excellence, or on stand-alone education programmes – which in our experience are not scaling at the speed required - our “Systems Innovation as a Service” model includes additional steps to help support the demand side - making markets - at local, national, and international scales into which we can match our business creation, education and innovation activities. The exclusion of Education, Business Creation, and Innovation work packages – as agreed with EIT - does NOT mean that the contribution of the EIT Knowledge Triangle Integration is reduced; rather, these elements are embedded in the portfolio of actions which aim to match solutions with the challenges faced by the places where we work, underpinned by a learning by doing framework.



In this model, Climate-KIC works with and co-convenes local public + private stakeholders to map out the system, identifying points of leverage for change – whether regulatory, technological, financial, skills, governance (who

chooses?), social behaviours, developing new markets. We then mobilise public and private funding and finance to deploy with local stakeholders (government authorities, corporates, SMEs, entrepreneurs) multiple innovation solutions – policy labs, new financial models, deploying new technologies, capability building (learning programmes), new modes of community engagement, etc. – testing their efficacy within an overarching learning by doing framework. The outputs are actionable intelligence and learning about what solutions work and what does not – which can be shared widely for rapid peer-learning by other places (cities, regions, corporates).

This convening of local stakeholders, the shared intent, and the identification of leverage points to effect change - and associated market making - is of direct interest to large corporates, industry value chains, and SMEs, who struggle with the same challenge of nascent or immature markets for ClimateTech and climate solutions.

This 2023-2024 Business Plan identified three main challenges to implementing impactful SaaS as a successful, sustainable source of revenue for EIT Climate-KIC.

- A need to focus on securing new – non-EIT – funding and commercial sales to ensure financial sustainability of EIT Climate-KIC after 2024.
- A need to strengthen EIT Climate-KIC’s internal infrastructure and capabilities for effective financial control and management in a more commercial multi-funder environment and refinement of a viable business model so that it does not require EIT top-up funding.
- A need to ensure existing and pipeline SaaS contracts are delivered successfully and with a high quality of service to existing and future customers.

By refining the underlying business model and building the capabilities and internal infrastructure to enable EIT Climate-KIC to operate and thrive independently of EIT, this Business Plan directly contributes to addressing EIT Climate-KIC’s target social challenge in the EIT Impact Framework of addressing EU policy priorities through leveraging research and innovation funding; partnering with EU cities, regions, countries and business sectors to deliver ambitious climate resilience and net zero targets, and contribute to thriving places with climate-friendly jobs.

The Business Plan’s primary objective – as agreed with EIT – is on the financial sustainability of EIT Climate-KIC (measured with core EIT KPIs EITHE11.1 and 11.2).

² Many aspects of this approach are reflected in the European Green Deal (COM 2019 640 Final), where ‘delivery will require the design of a deeply transformative set of policies and will make consistent use of all policy levers. It also highlights the need for research and innovation to adopt a systemic approach, working across sectors and disciplines and stresses the importance of experimentation, involving local communities and initiatives that seek to combine societal pull and technology push.’

EIT Climate-KIC's SaaS model embeds solution development and scaling to support transformation change in systems (captured at least in part through core EIT KPIs EITHE04.4 (start-ups created having a financial transaction of at least €10k for a service/product sold) and EITHE06.1 (Investment attracted by KIC-supported start-ups/scale-ups). Learning and system innovation are at the heart of the SaaS model but do not neatly match current core EIT KPIs, since the focus is not on individual innovations or Label Programmes, but on the cascading impact of – and learning from – testing multiple levers of change to build intelligence and affect change in a system. For that reason, as agreed with EIT, we will not address the following core EIT KPIs: EITHE02.4 (Innovations launched on the market with sales revenue of at least €10k) and EITHE07.1 (Graduates from EIT-labelled programmes). However, good governance remains a key determinant of organisational success, so we will measure the core KPI EITHE18.1 (% of the less represented gender in top governance and management positions).

This Business Plan therefore proposes to use EIT investment in 2023-2024 to:

- 1. Build internal capabilities in upstream sales and in developing routes to market for SaaS to secure additional public, private, and philanthropic funding, contracts, and revenue commensurate with our target of independence from EIT funding by end 2024.**

From experience, we identified four target markets:

- Securing EU Mission and international multilateral 'platform' grant funding to act as a building block for delivering SaaS to multiple city, regional, national, and industry sectors.
- Securing philanthropic funding through a 'funders alliance' to support EIT Climate-KIC's delivery of systems innovation across different locations and industry value chains.
- Securing funding via services to investors for access to portfolios of scalable solutions.
- Securing direct sales of SaaS (both 'Deep Demonstrations'¹ and their core building blocks) to national and sub-national governments and agencies.

The Business Plan also invests specifically in the opportunity afforded by RIS, where there is strong demand for system innovation solutions but limited direct funding. Here, we will focus on securing third party funding (EU and other funding) which can be directed towards cities and regions in RIS, building on existing contracts like NetZeroCities. These activities will be tracked and measured by the numbers of contracts secured and, primarily, income generation using core EITHE11.1 and 11.2 KPIs.

- 2. Improve organisational capabilities to ensure effective financial control, management, and a viable business model with the aim of making EIT Climate-KIC fit for purpose in a commercial multi-funder environment.** Through 2023 and 2024, this includes implementing governance changes as agreed with EIT and investments in core capabilities to shore up internal capabilities and infrastructure, with the aim of delivering services to a range of different funders and commercial contracts (internal capabilities to be shored up: finance, HR, digital enablement, multi-funder programme management office, and business model development). At present in 2022, up to 70% of the total SaaS programme costs are covered by third party contracts. Our aim for the next two years is to reduce costs of delivery – whilst retaining service quality – to ensure future SaaS contracts deliver a surplus to EIT Climate-KIC. This will be measured by audit and due diligence reports on our governance, capacity, and capability to deliver an innovation service for different funders, along with core EIT KPI EITHE18.1 % of under-represented gender in top governance and management positions.
- 3. Improve the quality of the existing SaaS product, while reducing the cost of delivery and building the capability to scale sales of the product.** The Business Plan invests in existing SaaS contracts to ensure we learn from our initial experiences of deploying this product in the market. The Business Plan also invests in the capacity and tools that allow us to scale delivery of SaaS to new customers, through matching and scaling business solutions to customer needs and building learning tools from which we can share and scale the insights, intelligence, and knowledge which are the core product outputs of Deep Demonstrations. This will be measured by the leveraged investments in R&I delivered through the SaaS activity (EITHE06.1 and EITHE04.4). Dissemination and communication, as well as the number of people reached with these insights

support further acquisition of new contracts. Financial Sustainability (EITHE11.1 and EITHE11.2) is the core EIT KPI we will use to track success of improving product quality while reducing delivery cost, as well as scaling delivery.

By carefully monitoring and evaluating KPIs against targets and by monitoring the progress of the Business Plan, EIT Climate-KIC will replace ~€12M/year of funding from EIT, as secured through the 2022 grant agreement. It will build up the internal capabilities to deliver the SIaaS model as a means and mechanism under Horizon Europe for meeting EU and member states' transformational and ambitious climate action targets.

The key success factors which shaped this Business Plan are:

- Recent successes in securing 'platform' grants from European sources that support multiple cities and regions in delivering transformative climate action. Specifically, EIT Climate-KIC leads the technical support in developing the NetZeroCities service platform to help the 112 cities named in the EU Cities Mission deliver the extremely ambitious target of net zero emissions by 2030. EIT Climate-KIC will also lead the equivalent service platform, PEERS, to help regions across Europe meet their climate resilience aspirations. In addition, success in selling SIaaS to national and regional governments (i.e. Slovenia, Ireland, and Cantabria) illustrate there exists direct demand for the SIaaS model, for matching and scaling solutions, for the learning at the heart of the Deep Demonstration model and illustrates that EIT Climate-KIC is well placed to capitalise on this opportunity in the coming years.
- Increasing awareness within national and local governments and across key business sectors that 'business as usual', incremental, and siloed approaches are not sufficient to deliver ambitious climate targets. As a result, there is an increasing willingness to explore 'whole system' change approaches, which are an explicit part of the SIaaS model of co-designing and deploying innovation in service of social, economic, and environmental goals. This means that this environment requires less upfront 'market-making' and capability-building required with potential clients to develop business and secure sales.

The main lessons that have emerged through securing and delivering initial SIaaS contracts include:

- Product sales require a level of trust, credibility, and cooperation, as well as a level of service quality, between the client and EIT Climate-KIC and its community of partners.
- Initial 'trust-building' activities, typically learning partnerships or entrepreneurship support activities, are key parts of building trust and credibility, and key parts of our ability to sell and operationalise more complex SIaaS approaches. Therefore, these activities are useful 'starter' sales that can lead to more valuable and impactful SIaaS products in the future. For this reason, we separate out upstream sales and business development Work Packages into two: 1) WP2: Financial Sustainability: Revenue generation, which is aimed at securing EU 'platform' funding through Missions, along with philanthropic funding and investor funding; 2) WP3: Financial Sustainability: Routes to Business Development, which builds access to direct sales to cities, regions, national governments, and industry sectors through learning and entrepreneurship support approaches.
- Different regions across Europe require different engagement models to sell SIaaS. Therefore, we have retained a specific RIS Work Package to address needs in this large, emerging market, where third party funding is typically required to pay for SIaaS services.
- There is much that can be done within EIT Climate-KIC to more effectively operationalise the orchestration and dissemination of the insights, knowledge and actionable intelligence which are the primary outputs of Deep Demonstrations, and which help cities, states, regions, and industry to make choices to meet ambitious climate targets. These SIaaS outputs are also a core part of WP7 Communications and Dissemination activities that drive further marketing and sales of the SIaaS product.
- Platform models – where multiple cities or regions access services together – offer real scaling impact potential, but require third party, typically EU or multilateral, funding to work.

This Business Plan will achieve major impact by creating the conditions through 2023 and 2024 for embedding what is described in the Strategic Agenda as 'advanced knowledge triangle integration' within Europe. It is designed to ensure EIT Climate-KIC will have a well-tested model of systems innovation which is financially sustainable and deployable across Europe. It will ensure that the insights, knowledge, and actionable intelligence emerging from EIT Climate-KIC's innovation activities are disseminated widely through platforms we lead with EU cities and regions.

With EIT’s agreement, EIT Climate-KIC will deviate from the mandatory WP structure (specifically by not having a separate Education, Business Creation, or Innovation WP in 2023-2024). The full breadth of activities foreseen in Article 7 of the EIT Regulation will instead be embedded in three WPs: WP3 Financial Sustainability: Routes to Business Development uses education activities such as learning partnerships and early-stage business creation as routes to building trust in the broader SIaaS product; WP5: Systems Innovation as a Service (SIaaS) Delivery Effectiveness creates portfolios of innovation projects and activities and associated learning by doing; and WP6: Scaling Delivery of SIaaS builds the learning platform which collates the actionable insights, intelligence, and business solutions to enable EIT Climate-KIC to scale our SIaaS product across multiple locations.

To be financially independent from EIT and to successfully deliver SIaaS, EIT Climate-KIC’s high-level objective is to secure at least ~€12 million per year to cover our core internal costs by the end of 2024. We aim to meet that target through a mix of income streams, built on selling the SIaaS model:

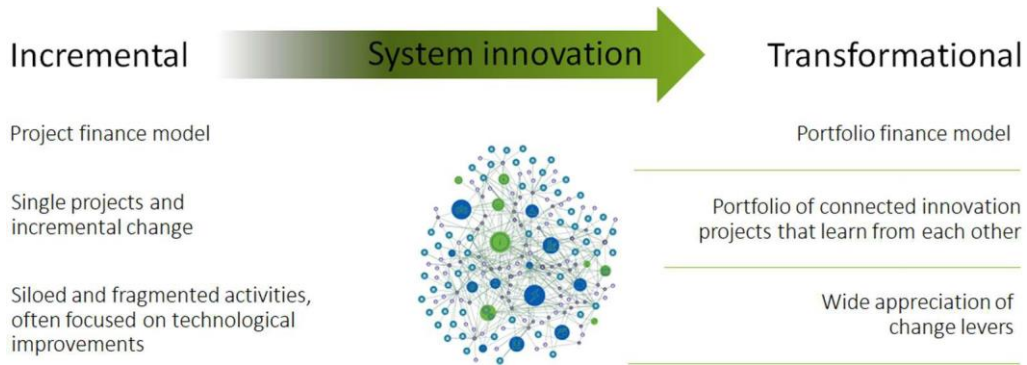
1. **Securing EU and international ‘platform’ funding from EU Missions and international multilateral funds (WP2)** to deliver SIaaS to multiple clients (cities, regions, states, and industry sectors). This will be done by building on the NetZeroCities (NZC) and recent climate adaptation (PEERs) platforms funded through EU Missions, with a focus on funding in the EU Cities, Adaptation and Soils Missions. This provides both core funding and pass-through funding. For 2023 and 2024, we have confirmed NEFA income from the NZC, PEERs, and Ireland activities, with ~€4M retained by EIT Climate-KIC for service delivery. We are currently tendering for NEFA funding from: the EU Cities FPA (€87M); programmes of work in Saxony Anhalt; and Systems Innovation Learning Partnerships, equaling in total with ongoing programmes ~€61M of income over two years, of which ~€8-10M would come to EIT Climate-KIC if successful. **Target: €5M core funding per year by 2024.**
2. **Securing philanthropic and other unrestricted funding (WP2)**, building on philanthropic interest in testing system innovation approaches and models, and current funding to EIT Climate-KIC (e.g., the Built by Nature project with the Laudes Foundation and the Good Energies funding Climate Smart Forest Economy Programme (CSFEP) for forest value chains). **Target: >€1M core funding per year by 2024.**
3. **Partnering with venture funds and institutional investors** who wish to access and develop portfolio investments through our SIaaS activities. EIT Climate-KIC aims to partner initially with two venture funds, one of which is a Seed Fund and one a Scale Fund, to support investment into important early stage and later stage scale-up companies. Current discussions with fund managers revolve around the balance between a service fee and ‘carry’ to EIT Climate-KIC to support investors. **Targets: to build up to €0.5- 1M core funding per year by the end of 2024 in service fees to funds.** Separately, EIT Climate-KIC has built up about €4M service for equity positions in supported start-ups and is on track to meet our target of 60 start-up positions. We will continue to do this where start-ups have added value to our systems innovation clients. We do not anticipate being able to monetize this before the end of the Business Plan, but they remain a useful capital source.
4. **Securing direct sales of SIaaS with cities, regions, states, and industry sectors**, building on our initial success with Slovenia, Ireland, Gipuzkoa and current late-stage contract negotiations with Cantabria and Saxony-Anhalt. Our experience shows that there exists a substantial time lag between securing an agreement and seeing the income from Deep Demonstrations. We expect to secure new contracts but will not see the fruition of a full contract delivery until later in the Business Plan period. **Target: 5 new ‘Deep Demonstrations’, worth €1M/yr core funding by the end of 2023 and €4M/yr by end 2024.**
5. **Membership Fees:** While membership fees continue to be a useful source of unrestricted income, we have retained the conservative **target of €1M/year.** We have launched a new membership model to reflect the new value proposition to partners.
6. **Other sources of income:** We continue to explore other sources of funding, including licensing the concept of Deep Demonstrations to other service providers across Europe and beyond, as well as direct funding of EIT Climate-KIC by donations. However, we will not provide a forecast for these approaches until we have tested them properly in the coming months.

1.2 Methodology

Project Methodology

Our model of Systems Innovation as a Service is based on the observation that individual innovation projects and business solutions – however impressive – do not fundamentally change the underlying system in cities, land use, or

industry value chains. To achieve radical, transformative climate targets, we need to engage with innovation differently. Our approach is to co-develop an understanding of the local system with ‘challenge owners,’ - city, regional, and national governments and industry sectors. We orchestrate (design and mobilise public funding and private finance) a connected portfolio of innovations on different parts of the system. For example, developing skills, trialling new business models, adopting new technologies, and building new markets - from which we can test and learn and build actionable intelligence which can be used by stakeholders to redeploy financial capital, influence regulations, and develop new citizen engagement approaches to deliver rapid change. This is a ‘learning by doing’ approach, undertaken at scale and speed, which opens new markets for business solutions, which is underpinned by learning programmes, and which uses innovation to drive change and deliver ambitious societal goals.



KIC Ecosystem and Expected Evolution

EIT Climate-KIC is a partnership which, in recent years, has attracted over 450 partners. Many of these partners joined the partnership to access EIT funding. As EIT funding has reduced in recent years, and ‘pass-through’ funding to partners from other programmes has increased, we have seen a decisive shift in our KIC ecosystem. These other sources of pass-through funding to partners, such as the NetZeroCities or PEERS programmes, do not require partners to be formal members of the EIT Climate-KIC community to access funding. This has fundamentally changed the nature of the relationship between EIT Climate-KIC and our ecosystem of community members. On one hand, we are building a thriving ecosystem of partners who do not pay EIT Climate-KIC community membership but who help shape and co-bid with us on proposals for funds/finance in service of the climate mission. On the other hand, we have a smaller number of community members who remain keen to access our services and knowledge for a fee.

As a result, we have had to redesign the partnership model that is at the heart of our organisation and restructure the value proposition for our community. From being a ‘fee to access EIT funding and provide grant due diligence services’ model, we are now developing a service-orientated community model to deliver a range of services to community members. At present, we have retained community fee levels in line with our old partnership model. However, we are considering launching a more bespoke service for large corporate partnerships at a much higher fee level.

This new non-hierarchical community model was launched in 2022 and is built on layers of engagement. Any organisation can be a member of any layer. The type of membership is based on what the community member wants to do in the EIT Climate-KIC ecosystem, the level of engagement, and types of benefits and services they wish to receive.

DRIVE MEMBERSHIP	LEARN MEMBERSHIP	EXPLORE MEMBERSHIP
-------------------------	-------------------------	---------------------------

<p>For organisations who have a high commitment to system transformation and are already engaged in a portfolio of innovation activities.</p> <p>In addition to sharing and learning, organisations who are motivated by participating in collaborative innovation.</p> <p>This membership offers a high level of access and interaction with a deep level of support.</p>	<p>For organisations who want to increase their understanding about system transformation, decarbonisation, and climate resilience.</p> <p>Organisations who are motivated by sharing insights with and learning from others.</p> <p>This membership offers a medium level of engagement support, access, and guidance with a self-service functionality.</p>	<p>For organisations who are new to the topic of system transformation, decarbonisation, climate resilience, or starting their community-based innovation journey.</p> <p>Organisations who are motivated to self-explore the Climate-KIC Community ecosystem.</p> <p>This membership offers an overview of what is available, access, and guidance for self-service.</p>
--	---	---

In 2023-2024, we will continue to iteratively refine that model and improve the offering for our community and to attract new members, particularly big corporate partners, that are interested in the new value proposition.

A strong and active community will remain critical for EIT Climate-KIC since (a) this is one of our unique selling points compared to many other system innovation organisations; and (b) much of the deep technical knowledge that we require to deliver a high quality ‘system innovation as a service’ model in different places and domains lies in our unique ecosystem of partners. This enables us to swiftly mobilise a community of pioneering and cutting-edge organisations and deploy portfolios of programmes very quickly – so that we can act as a one-stop shop for a wide range of offerings. In order to remain attractive and acquire new community members, we need to sharpen our value proposition for the community members and improve our ability to link them to the city, region and industry ‘challenge owners’ and new funding sources (which has been a key request from many of them).

We see good initial success behind this shift with over 150 partners already collaborating with us on projects funded from non EIT sources (on NetZeroCities and PEERS for example). Further, we see that our methodology and branding are attractive for many partners, evidenced by over 30 Accelerator organisations actively taking part in our ClimAccelerator community (while not receiving any funding from us). This Business Plan 23-24 assumes that we will continue to generate revenues of approximately 1M EUR/year from membership fees, which will be used to cover the costs of managing the community (including the community team and ClimateHIVE - the IT platform used to interact with the community members). We will continue to work closely with our community members to create consortiums and acquire new sources of funding together.

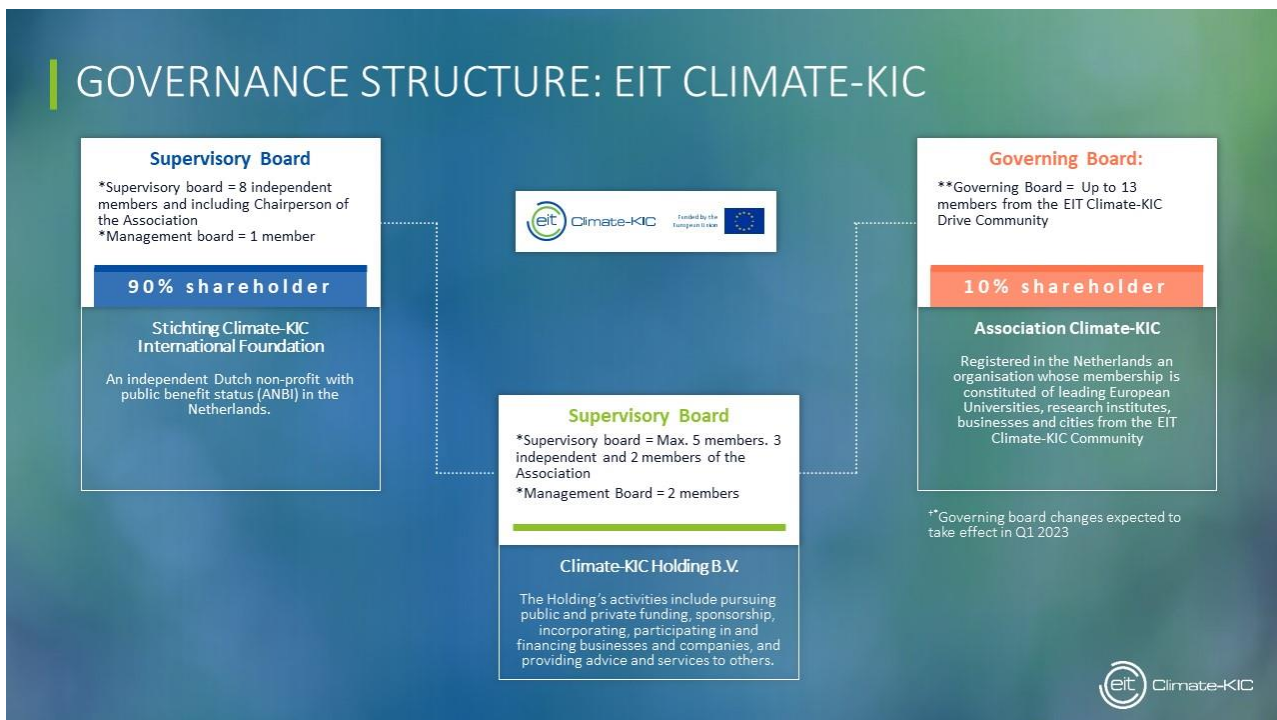
Geographically, we will continue to seek to build effective local innovation ecosystems using the building blocks of our EU Mission work on cities and regional climate adaptation (NetZeroCities and PEERS) and on our existing ‘Deep Demonstrations’. EIT Climate-KIC has taken a route of having subsidiaries in 12 different jurisdictions to our Dutch Holding for profit company (which itself is owned by the not-for-profit Climate-KIC Foundation), as a way of having a local footprint, rather than formal Co-Location Centres. Having a local footprint – with local knowledge - is crucial for delivering Systems Innovation as a Service in different jurisdictions, but EIT Climate- KIC needs to balance that against the high fixed costs of maintaining 12 separate subsidiary companies, each with reporting and audit requirements.

EIT Climate-KIC has decreased the importance of CLCs in its strategy, particularly as these were not based where challenge owners expressed clear needs of transformation. In line with our strategy, we have moved towards agile mobilization of teams around challenge owners in places that commit to change at the scale needed.

Our key lessons learnt over years of operating locally across Europe is that the sustainability of ecosystems comes largely from the commitment of demand owners (primarily cities and regions) to a long-term climate strategy. That is why our strategy will focus on leveraging our coordination role in two major EU projects (NetZeroCities and PEERS) to access the most ambitious challenge owners, and offer them our systems innovation programmes (capability building, innovative portfolio building, sensemaking and insight generation) which will enable the creation of thriving climate innovation ecosystems.

Governance and management

In order to maintain EIT Climate-KIC as a European Institutionalised Partnership, we have finalised with EIT a series of governance reforms to clarify decision making and the importance of the role of partners in decision making between the not-for-profit charitable Foundation – registered in the Netherlands – and the for-profit Climate-KIC BV Holding company, which is the formal recipient of EIT funds. The Foundation owns 90% of Climate-KIC BV Holding, while the core partners, made up of an Association, owns the remaining 10%. We confirm that neither the Foundation nor the Association – or their governance and management – will receive any EIT funding. These governance reforms were finalised before 31 December 2022 and have been submitted to the Dutch Regulator for his approval.



Financial Sustainability

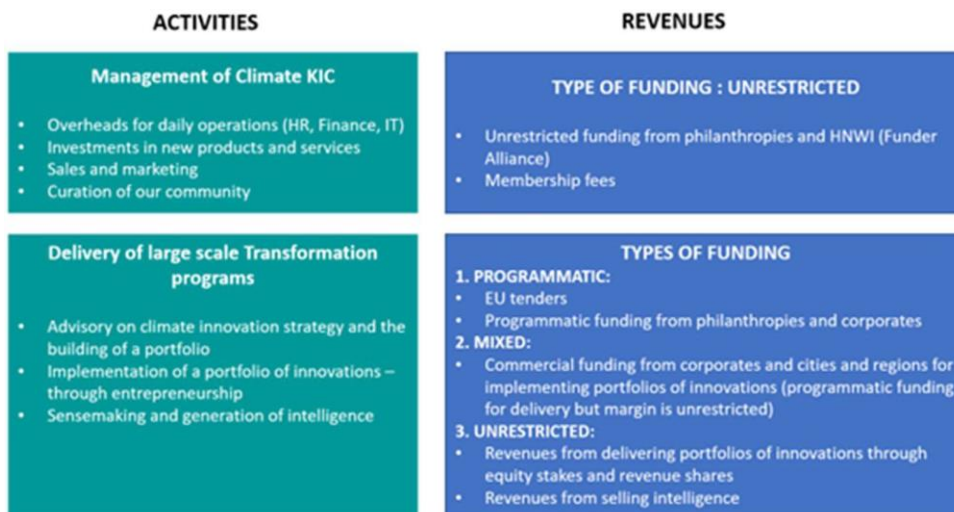
The core objective of this Business Plan is to secure financial sustainability for EIT Climate-KIC. We have started transitioning to a multi-funder/multi-revenue model, with a rise in income from non-EIT sources from ~4Million EUR in 2021 to ~6Million in 2022. EIT Climate-KIC will continue to strengthen internal processes, value propositions and the financial architecture behind the SaaS offering in order to reach the income targets that will secure financial independence from EIT by end 2024.

Our approach is to systematize the blending of different types of funding. For example, when undertaking a SaaS programme, the initial costs of developing the ‘challenge owner’ intent and system map, and co-developing the connected portfolio of interventions, are likely to be delivered with a service fee or via a research and innovation partnership – which allows Public Procurement Article 14 R&D exemption. Activating and operationalising the portfolio of innovations will require multiple sources of public funding and private finance. We might cover the costs of orchestration and of managing the learning derived from the programme through either programmatic funding from public funders (cost coverage rates) or with private funders (with a margin), but we also intend to take stakes in the innovative solutions of the start-up portfolio that we enable to grow into the markets we are co-creating, and to package up and sell the intelligence and learning derived from the work (which will progressively create a meaningful source of unrestricted funding for EIT Climate-KIC in future).

The key revenue streams going forward will be:

- Unrestricted funding from philanthropies that will contribute to cover the management and investment costs of EIT Climate-KIC – from philanthropies and High-Net-Worth Individual primarily.
- Community Membership fees
- Programmatic funding linked to specific programs for a funder (such as contracts from the EU, programmatic funding from foundations and corporates)
- Revenues from services provided to our Investment Funds
- Revenues from our innovation portfolio activities, through equity stakes and revenue shares taken in the start-ups of the ClimAccelerators, and through packaging up and selling the learning derived from programmes.
- Commercial revenues from the sales of our SaaS programs to Corporates, Cities and Regions that want to transform places or value chains at scale.

See below a summary of our revenue model going forward:



Financial Support to Third Parties – direct awards

Within the BP2023-2024, EIT Climate-KIC has a budget of ~254KEur for Financial Support to Third Parties. The budget will be directly awarded to support best performing EIT Climate-KIC Accelerator Programme partners in the transition to SaaS.

Open science

EIT Climate-KIC is already aligned with and will continue to commit to the Open Science practices. Within the BP2023-2024, we will ensure that: information and knowledge are shared as soon as they are available through our communication channels; the Work-Packages' Deliverables and Outputs, with Public Dissemination Level, are shared as early and as widely as possible. It is worth noting that the entire basis of the SaaS model builds on collaborative partnerships of local stakeholders to agree the portfolio of connected innovations that will be funded, and to share learning widely and fast. Relevant stakeholders are engaged in participative processes, whenever possible. It is in EIT Climate-KIC's interest to disseminate insights, knowledge and intelligence garnered through the systems innovation process as widely and as fast as possible.

Social science

In its Strategic Agenda 2021-2027, EIT Climate-KIC commits to develop the concept of climate impact beyond greenhouse emissions reductions to better reflect the systemic nature of climate change and the many environmental and social objectives set out in the Paris Agreement and the European Green Deal. Over the past years we have focused on bringing in the voices of those lesser heard or 'unusual actors' into the climate debate. Key examples brought into the EIT Climate-KIC Partnership in 2019 and 2020 include the arts, culture, and social innovation. Therefore, continuing to increase this type of diversity is a key strategy for 2021–2027. Central to this approach is the assumption that social sciences and humanities play a pivotal role in transformational innovation. The Work Plan of the BP2023-2024 includes cross-cutting interventions around capability building, learning by doing, community of practice and sensemaking, which are all informed by Social Learning Theory.

- The inclusion of Social Sciences and Humanities in programmes contributing to pressing societal challenges is a priority for the European Commission and climate change is one of the most challenging problems, which can only be tackled via an interdisciplinary and integrated approach.
- Education – in its wider and more recent declination into Learning Sciences – is a structural component of EIT Climate-KIC's concept of System Innovation. In projects such as Built by Nature with the Laudes Foundation and in the NetZeroCities Pilot Cities Programme, EIT Climate-KIC is already experimenting with a mixed-methods approach where both quantitative and qualitative elements are included in the implementation and assessment of the programmes. The BP2023-2024 portfolio will follow the EIT requirements for the implementation by integrating activities informed by social sciences across the Work Packages.

Gender dimension

As Europe's leading climate innovation initiative, EIT Climate-KIC aims to provide equal opportunities for all genders throughout its programmes with the goal of triggering a systematic change on gender across the climate innovation sector. EIT Climate-KIC's mission is to achieve systems transformation through innovation, and inclusion and diversity is key to ensuring transformational change.

With Horizon Europe, the European Commission made Gender Equality Plans (GEPs) a basic requirement for participation in the Research and Innovation Framework Programme 2021-2027. It defined GEPs as "a set of commitments and actions that aim to promote gender equality in an organisation through a process of structural change." In line with this requirement, EIT Climate-KIC revised its Gender and Diversity Policy and delivered the Gender Equality Plan in 2021. The aim of the GEP, however, is not only to ensure gender equality internally, but also to promote the integration of the gender dimension and to raise awareness with all the stakeholders. Also, at the light of the new EU Gender Equality Strategy 2020-2025, the EIT Gender Mainstreaming Policy, as well as of the United Nations Gender Equality Sustainable Development Goal, EIT Climate-KIC has intensified the work on gender mainstreaming and the first results have been shared recently and will guide our work in the next years.

In September 2022, EIT Climate-KIC presented WeClim Equally – Gender Smart Handbook for Climate Programmes, offering guidance to climate incubators, accelerators, etc. to integrate a gender perspective into their programmes. This handbook provides with the tools to implement a gender perspective in the climate accelerator programme, and it is meant for all accelerator delivery teams that have an interest in integrating a gender-specific approach. The handbook will be used within the Gender Mainstreaming for Entrepreneurship Programme, designed to provide gender-equal climate entrepreneurial training for women entrepreneurs. With grants from the Department of Foreign Affairs and Trade of Ireland, EIT Climate-KIC will work with five partners in the Global South to implement pilot initiatives that support women entrepreneurs from September 2022 to May 2023. These organisations intend to carry out a holistic transformation of their entrepreneurship programmes by conducting a needs assessment to understand how to better serve and support female leaders. The selected entrepreneurship support organisations will use the handbook as a guide for integrating gender perspective into their programmes.



Source: [*WeClim Equally – Gender Smart Handbook for Climate Programmes*](#)

This work specifically addresses some of the issues evidenced in the EIT Mainstreaming Policy such as the underrepresentation of women in entrepreneurship, economic leadership, and the technology sector, and contributes to the aims of the EU Gender Equality Strategy 2020-2025 such as closing the gender gap in the labour market (2. Thriving in a gender-equal economy), achieving gender balance in decision-making and politics (3. Leading equally throughout society), and 6. Addressing gender equality and women’s empowerment across the world. The climate and gender-smart approach developed in the past year and summarised in the WeClim handbook will inform the BP2023-2024 portfolio. Furthermore, at the end of the five pilot initiatives, EIT Climate-KIC will have gained additional evidence-based practice to advance the work in this sphere, and further influence our portfolio.

Another area of intervention – where EIT Climate-KIC promotes the integration of the gender dimension and raises awareness with the stakeholders – is represented by the work done within the NetZeroCities project’s Call for Pilot Cities. The Call, formally opened in September 2022, includes the gender dimension among the selection criteria with diversity, inclusion, and accessibility. Additionally, in case of applications with equal overall scores and equal scoring on impact, priority in the assessment is given to those scoring highest on cross-cutting considerations, including the gender dimension. In the Call Guidelines, the 2020 EC’s Report Gendered Innovation 2 and the Gendered Innovation project were used as references to help the applicants integrating the gender dimension in their proposals. Especially, the methods and the tools introduced by the Gendered Innovation project – such as the Urban Planning and Design Checklist and the Climate Change case-study – will be further promoted when the 30 Cities will reach the implementation phase. Besides, the 30 Cities, it is expected that the Call will reach at least 300 organisations based on the over 350 cities which applied to be part of the Cities Mission.

As stated in the UN The Sustainable Development Goals Report 2022, ‘fundamental to this goal [Gender Equality] is ensuring that the allocation and spending of public financing takes gender equality into account. [...] Accelerated action is needed to expand comprehensive implementation of gender-responsive budgeting and strengthen its monitoring and evaluation.’ The work done within NetZeroCities specifically attempts to inform, influence and support decision-makers in including the gender dimension in their climate programmes. The gender -aware approach embraced within the NetZeroCities Call for Pilot Cities is already informing other recent awards where EIT Climate-KIC will manage cascade funding. It will be also promoted within the BP2023-2024 portfolio.

2. Impact

2.1 KIC's pathways towards impact

EIT Climate-KIC's overarching objectives – as set out in its Strategic Agenda 2021-2027 – are to reshape the innovation model for addressing climate change, enabling a new relationship between innovation demand and supply, using systems innovation approaches to transform places (cities, regions, countries) and industrial value chains. EIT Climate-KIC aims to rapidly scale impact in decarbonization and resilience, with core targets to:

- Contribute to the avoidance of over 500 million tonnes (CO₂e) of emissions (200mtCO₂e by end 2024)
- Strengthen the resilience of 10 million people to the impacts of climate change (3 million by end 2024)

As contributing outcomes, EIT Climate-KIC aims to have:

- Helped leverage over €100Bn in support of scale-up of innovations to tackle climate change (€30Bn by 2024).
- Generated 50,000 green jobs (20,000 by 2024).
- Become the strategic partner of choice for over 50 cities, regions and countries across Europe, orchestrating change through innovation to achieve net zero emissions and climate resilience aligned to the 2015 Paris Climate Change Agreement (30 by 2024).
- Enhanced the innovation and entrepreneurial skills of over 200,000 people across Europe, equipping them to be leaders of climate action (50,000 by 2024).

The pathways in place to deliver these significant impacts and achieve financial sustainability are as follows based on EIT Climate-KIC thematic priorities:

Cities:

EIT Climate-KIC position: globally significant leadership role as consortium lead for technical support to the EU Cities Mission supporting 112 European cities aiming to reach net zero emissions by 2030. This leadership role has already led to EIT Climate-KIC securing additional funding from cities outside those selected, for example to support Spanish cities platform, as well as interest from cities outside EU, to deploy innovation in service of climate targets.

Market Size: 377 cities across Europe applied to be part of the EU Cities Mission. Estimates of finance required to deliver climate targets are typically in the range of €10Billion per city – for energy, building, transport, green spaces infrastructure.

Funding available: public / private. EU has assigned €360M public funds initially to support the Mission, with major funding coming from private sector (such as institutional investors, private equity) and national and local government.

Regions (resilience, land use, forestry, food systems)

CKIC position: Significant European leadership role as consortium lead for technical support to over 150 regions in the EU Adaptation Mission. Significant European role as co-leader and orchestrator of programmes to deploy innovation in carbon farming and for soil living labs in the EU Soils Mission. Partner role on global programmes to transform forest supply chains for example into construction.

Market size: WEF reports that the cost of climate adaptation is likely to hit \$300Billion per year for developing countries, in comparison to the 2020 figure of \$46Billion. This remains an early market with major opportunities for companies with new business models.

Funding available: Tens of \$billions are already flowing from public sector sources – including €370M from Horizon Europe – for climate adaptation. The big growth prospects to make up the shortfall in funding/finance are from private investors (institutional, private equity).

Industry value chains

CKIC position: Significant European role partnering with national and regional governments to deploy innovation

in service of transforming industry value chains – such as supporting Slovenian government in their quest to make the Slovenian economy the most circular in the world and partnering with Irish Government to transform their economically and culturally important agri-food sector.

Market size: Estimates of the global market suggest compound growth of nearly 8% per year to a value of over \$650Billion by 2027. Strict regulations in Europe and elsewhere are driving more investment into effective circular economy outcomes for wood, plastic, food, glass, electronic and textile wastes. Key players in the market include Nestle (Food) and IKEA (materials), both of which EIT Climate-KIC is engaged with.

Funding available: Horizon Europe has €178M for 2023 for circular economy calls. National governments are also increasingly setting budgets for circular economy, but the real growth comes from private sector investment to meet government regulatory targets.

Ventures / solutions

CKIC position: EIT Climate-KIC has been Europe’s largest funder of early-stage climate solutions businesses over the past decade. We run the world’s largest climate ideas business competition. With equity stakes in over 90 early-stage businesses, Climate-KIC is also one of the biggest investors. This European leadership position has opened opportunities for running entrepreneurship programmes around the world, with contracts to support programmes in Africa, Latin America, and now Pacific Islands.

Market size: Climatetech has become the second biggest, and fastest growing segment in European tech, seeing 10 times growth in 4 years. The global ClimateTech market totaled nearly \$14Billion in 2021 and is expected to reach nearly \$150Billion by 2032, with compound growth of over 24%. ClimateTech accounts for nearly 14 cents in every venture dollar, led by US and EU.

Funding available: Funding is available from public agencies to support the growth of innovation ecosystems in different countries – seeding entrepreneurship programmes – to match supply of ideas with demand for solutions. In addition, investors are interested in sourcing pipelines of potential scale-up businesses.

In each of these segments, EIT Climate-KIC has a leadership position in deploying innovation in service of meeting climate targets supported by public funding, with growth opportunities from private and civic funding and finance. We have identified four target markets to secure initial funding for SIaaS:

- Securing EU Mission and international multilateral ‘platform’ grant funding to act as a building block for delivering SIaaS to multiple city, regional, national, and industry sectors.
- Securing philanthropic funding through a ‘funders alliance’ to support EIT Climate-KIC’s delivery of systems innovation across different locations and industry value chains.
- Securing funding via services to investors for access to portfolios of scalable solutions.
- Securing direct sales of SIaaS (both ‘Deep Demonstrations’¹ and their core building blocks) to national and sub-national governments and agencies.

Our current pipeline reflects success at securing the building blocks of public and philanthropic funding to develop the initial stakeholder engagement and intent, identification of leverage points, and developing capabilities with key stakeholders. EIT Climate-KIC leads the technical support in developing the NetZeroCities service platform to help the 112 cities named in the EU Cities Mission deliver the extremely ambitious target of net zero emissions by 2030. EIT Climate-KIC will also lead the equivalent service platform, PEERS, to help regions across Europe meet their climate resilience aspirations. In addition, success in selling SIaaS to national and regional governments (i.e. Slovenia, Ireland, and Cantabria) illustrate there exists direct demand for the SIaaS model, for matching and scaling solutions, for the learning at the heart of the Deep Demonstration model and illustrates that EIT Climate-KIC is well placed to capitalise on this opportunity in the coming years.

The next step is to secure – with local stakeholders - the private finance to scale up the deployment of innovations in the places we work.

This Business Plan is aligned with the pathway to this outcome by focusing on the financial sustainability of the KIC LE in the near term through improving sales and business development (WP2, 3, 4, 7), improving internal operational capabilities to reduce costs (WP1), and improving the quality and the ability to scale the Systems Innovation as a Service

model which underpins delivery of these overarching Strategic Agenda targets (WP5, WP6). Our baseline for these ambitious societal targets is the contracts on which EIT Climate-KIC is already contracted (or about to be contracted) to deliver. These include the NetZeroCities programme – supporting 112 cities to reach net zero by 2030; PEERS – supporting European regions to develop more effective climate resilience; and Deep Demonstrations in Slovenia, aiming to reshape the Slovenian economy into a circular economy; in Ireland to reshape their important agri-food sector to be both resilient and aligned with national climate targets; and in Saxony Anhalt to demonstrate the possibilities of reskilling communities in a post-coal world. These provide the building blocks for improving and scaling the SIaaS model and deliver on the Strategic Agenda targets.

In the context of the EIT Impact Framework, table 2.1 shows the core EIT KPIs for 2023/24 – alongside their relationship to existing Strategic Agenda targets (where relevant) - and EIT Climate-KIC's achievement to date (registered but not yet verified for 2021-22) and planned targets for 2023/24. There are two points of variance. Firstly, EIT Climate-KIC's focus on Systems Innovation as a Service rather than traditional innovation projects. Therefore, core KPI EITHE02.4 would not provide a useful measure of the impact of the planned innovation activities in 2023-24 and so it is not applicable metric in BP23-24.

Since core KPI EITHE07.1 does not provide a useful measure of our learning activities within Systems Innovation as a Service, it is therefore also not applicable metric in BP23-24.

Of the remaining core KPIs, we provide a conservative figure for EITHE04.4 since this is a new and very complicated KPI. EIT Climate-KIC's experience is that start-ups will be extremely reluctant to share commercial invoices to their clients with us, making it a difficult KPI to evidence. However, we will assume that at least one start-up within each one of the targeted four new SIaaS (Deep Demonstrations) programmes by 2024 will achieve this KPI.

In agreement with EIT, the KPI EITHE05.1- Start-ups created by students enrolled and graduates from EIT-labelled programmes is considered not applicable.

With respect to KPI EITHE06.1, until 2021 EIT Climate-KIC was focused on very early-stage start-ups and only recently is it focused on scale-ups which can be matched to demand in our SaaS model. Although EIT Climate-KIC will achieve the 2021-22 Business Plan (and Strategic Agenda) target for supported start-ups attracting investment, most of the start-ups attracting investment were accelerated in the UK and Swiss markets, and unfortunately, neither of these countries is now associated to Horizon Europe. It is therefore proposed to reduce the BP2023 target of investment attracted to €10M, whilst retaining the 2024 target at €15M, total €25M over the two years. While this is a variance compared with the Strategic Agenda target, it better reflects the different investment environment we are now in.

The core KPI EITHE18.1 target has been set to 50%, reflecting the strong desire to see a higher % of less represented gender in top governance and management positions through the period of this Business Plan.

The primary measure of success of this Business Plan is measured by core KPIs EITHE11.1 Total non-EIT financing generated by the KIC Legal Entity and EITHE11.2 Financial Sustainability Coefficient. Our aim is to ensure that we have both the income for core EIT Climate-KIC operations to ensure we thrive post 2024 and budget to continue building a vibrant innovation partnership community.

Separately, in table 2.1.1 below, we show the specific investment in each work package against the planned outcomes (as measured by EIT KPI metrics and Strategic Agenda targets).

The scale of the Business Plan's contribution to the expected outcomes and impacts within EIT Climate-KIC's Strategic Agenda is narrowly focused on delivering a positive outcome in terms of the financial sustainability of EIT Climate-KIC. However, the significance of the benefits that derive from that narrow focus is that the SaaS model will be scalable beyond the initial baseline of Net Zero Cities programme, and the small number of transformational programmes already running or preparing to run (Slovenia, Ireland, PEERs, Saxony Anhalt etc.) to become embedded in Member State, city, region and industry value chains across Europe.

The Business Plan provides a 'one-off' investment into EIT Climate-KIC core operations to increase sales of Systems Innovation as a Service (SaaS) to ensure KIC is financially independent of EIT by 2025 and will meet its ambitious impact goals.

A key determinant of whether EIT Climate-KIC can meet Business Plan targets – and so become financially sustainable through sales of SaaS in Member States, cities, and regions across Europe - is the stability of financial support over the 2023-24 timeline. The proposals in the Business Plan comprise a two-year plan to achieve financial sustainability. Without a clear financial framework, it will be much more difficult for EIT Climate-KIC to secure income to deliver EU Mission and multilateral organisation contracts in the coming year since they require guarantees of financial health prior to awarding contracts.

Table 2.1. List of EIT Core KPIs

EIT area	KPI Code	EIT KPI	Achieved to date in 2021+2022 ³	2023 target	2024 target	WP
Innovation	[EITHE02.4]	Innovations launched on the market with sales revenue of at least €10k documented	Not set in KIC SA or BP21-22	Not set in KIC SA. No aim to fulfil	Not set in KIC SA No aim to fulfil	Not included in this BP
Business Creation	[EITHE04.4]	Start-ups created having a financial transaction of at least €10k for a service/ product (result of KIC KAVA) sold	Not set in KIC SA or BP21-22	Not set in KIC SA. No aim to fulfill as no funding for start-ups in 23/24	Not set in KIC SA. No aim to fulfill as no funding for start-ups in 23/24	Not included in this BP
	[EITHE05.1]	Start-ups created by students enrolled and graduates from EIT-labelled programmes	7 (against target of 5)	Not applicable	Not applicable	Not included in this BP
	[EITHE06.1]	Investment attracted by KIC-supported start-ups and scale-ups	€25M (against target of €52M)	KIC SA - €30M. Propose €10M	KIC SA - €25M 2024 target €15M	WP5, 6
Education	[EITHE07.1]	Graduates from EIT-labelled programmes	440 (against target of 440)	KIC SA target of 230. No aim to fulfil, as per DRR	KIC SA target of 230. No aim to fulfil, as per DRR	Not included in this BP
Leveraging investments in R&I	[EITHE11.1]	Total non-EIT financing generated by the KIC Legal Entity	€5.7M – 2021 €9.5M - 2022	€10M	€14M	WP2, WP3, WP4
Leveraging investments in R&I	[EITHE11.2]	Financial sustainability coefficient - Total non-EIT financing generated by the KIC Legal Entity	Target of 18% in 2021, 25% in 2022	KIC SA target 39% BP23 target = 40%	KIC SA target 63% BP24 target = 70%	WP2, WP3, WP4, WP5
Leveraging investments in R&I	[EITHE12.1]	KICs SIA funding rate	Target of 50% in 2021	30% (Not more than 25% over 2 years BP)	20% (Not more than 25% over 2 years BP)	WP2, WP3, WP4
Horizontal outputs	[EITHE18.1]	% of under-represented gender in top governance and management positions	Not in KIC SA or BP21-22	Target = 50%	Target = 50%	WP1

³ Reported but not yet fully verified for 2022.

Table 2.1 bis List of EIT KPIs (excluding EIT Core KPIs which are included already in Table 2.1)

EIT area	KPI Code	EIT KPI	Target 2023-2024	Indicate WP(s)
Innovation	[EITHE02.1]	Innovations launched on the market Number of all innovations introduced on the market during the KAVA duration or within 3 years after completion. Innovations include new or significantly improved products (goods or services) sold	0, in agreement with EIT, we are not funding standalone innovation projects in BP23-24	WP5
	[EITHE02.2]	Innovations launched on the market by organisations from EIT RIS countries Products or processes (as per EITHE02.1 definition) launched on the market by organisations from the EIT RIS countries	0, in agreement with EIT, we are not funding standalone innovation projects in BP23-24	WP5
Business Creation	[EITHE03.1]	KIC Supported Start-ups/Scale-ups Number of start-ups and scale-ups supported by KICs for at least 2 months in year N, provided the KIC's services contribute to the company's growth (including potential growth)	0, EIT is not funding business creation/scale up activities in this BP	WP6
	[EITHE03.2]	KIC Supported Start-ups/Scale-ups registered in EIT RIS countries Number of start-ups and scale-ups registered in EIT RIS country supported by KICs for at least 2 months in year N	0, EIT is not funding business creation/scale up activities in RIS	WP6
	[EITHE04.1]	Start-ups created Number of start-ups established in year N as a result / based on the output(s) of KAVA(s), or start-ups created for the purpose of an innovation project to organise and support the development of an asset (but not later than three years after the completion of KAVA)	0, EIT is not funding business creation/scale up activities	WP6
	[EITHE04.2]	Start-ups created in EIT RIS countries Number of start-ups registered in EIT RIS country in year N and established	0, EIT is not funding business creation/scale up activities in RIS	WP6

		as a result/ based on the output(s) of KAVA(s), or start-ups created for the purpose of an innovation project to organise and support the development of an asset (but not later than three years after the completion of KAVA)		
	[EITHE06.2]	<p>Investment attracted by KIC-supported start-ups and scale-ups established in EIT RIS countries</p> <p>Total EUR amount of private and public capital attracted within year N by supported start-ups/scale-ups established in the EIT RIS countries, that have received KIC business creation services support or HEI CBI project support of total duration of at least two months, within a maximum of three years following the last received KIC KAVA incl. project support support activity.</p>	0, EIT is not funding business creation / scale up activities in RIS in 23-24	WP6
Education	[EITHE05.2]	<p>Start-ups established in EIT RIS countries by students enrolled and graduates from EIT-labelled programmes</p> <p>Number of start-ups established in EIT RIS countries in year N by students enrolled and graduates from EIT labelled MSc and PhD programmes or by learners / participants in other EIT labelled activities. To be eligible, a start-up should be created during EIT labelled programme (by students, participants) or within 3 years from the graduation (by graduates) or within 1 year in case of other EIT Label activities.</p>	0, EIT is not funding business creation activities or Label programme activities in 23-24	WP5
	[EITHE07.2]	<p>Graduates from EIT-labelled programmes with citizenship in EIT RIS Countries</p> <p>Number of graduates from EIT labelled master's, PhD programmes and other education activities awarded EIT Label (in year N) with citizenship in EIT RIS countries</p>	0, EIT is not funding EIT Climate-KIC education or Label activities in 23-24	WP6
	[EITHE08.1]	<p>Participants in non-labelled education and training</p> <p>Number of successful participants in EIT professional development courses, online training courses and other education/training activities delivered or in a process of delivery (by country and type of programme), including data on country of citizenship and gender. Only participants, who successfully finished the programme, will be counted. For this KPI, only those education and training activities which have clearly defined learning outcomes, and which carries out competency assessment method are applicable.</p>	0, EIT is not funding EIT professional development courses in 23-24	WP6

	[EITHE08.2]	<p>Participants in non-labelled education and training with citizenship in EIT RIS countries</p> <p>Number of successful participants in EIT professional development courses, online training courses and other education/training activity delivered or in a process of delivery with citizenship in EIT RIS countries. Only participants, who successfully finished the programme, will be counted. For this KPI, only those education and training activities which have clearly defined learning outcomes, and which carries out competency assessment method are applicable.</p>	<p>0, EIT is not funding EIT professional development courses in 23-24</p>	<p>WP6</p>
<p>Knowledge Triangle Integration/KIC ecosystems</p>	[EITHE10.1]	<p>Active partners collaborating in the KIC</p> <p>Number of active partners collaborating in the KIC per profile (research; business; HEIs; cities, regions, NGOs; other). Active partner means organisations signed contracts with KICs and with implementing activity role in the reported year (expressed in terms of costs in the budget).</p>	<p>160, as per Strategic Agenda target</p>	<p>WP5, 6</p>
	[EITHE10.2]	<p>Active partners registered in the EIT RIS countries collaborating in the KIC</p> <p>Number of active KIC partners registered in the EIT RIS countries. Active partner means organisations that signed contracts with KICs and with implementing activity role in the reported year (expressed in terms of costs in the budget).</p>	<p>20%, as per Strategic Agenda target</p>	<p>WP4</p>
<p>Leveraging investments in R&I</p>	[EITHE12.1]	<p>KICs SIA funding rate</p> <p>EIT funding divided by the total value of the entire portfolio of activities implemented by the KIC during a given implementation period, including both EIT Funded Activities (EFAs) and Non-EIT Funded Activities (NEFAs).</p>	<p>30%</p>	<p>WP2, 3, 4</p>
	[EITHE13.1]	<p>Financial asset valuation</p> <p>Value of Financial Assets held by KIC at end of the reporting year in EUR</p>	<p>€3.5Million</p>	<p>WP6</p>
<p>Strengthening entrepreneurship and innovation capacity of higher education</p>	[EITHE20.1]	<p>Number of new partnerships established as a result of the HEI Capacity Building Initiative</p> <p>New partnerships established by participating HEIs and businesses, research organisations, other actors</p>	<p>0, EIT is not funding HEI Capacity Building through this business plan but through the cross-KIC HEI initiative</p>	<p>WP6</p>

institutions				
RIS-specific indicators	[EITHE22.1]	<p>Number of new and established KIC Partners from RIS countries This indicator will measure:</p> <ul style="list-style-type: none"> • New KIC Partners from RIS countries • Established KIC Partners from RIS countries • Share (%) of KIC Partners from RIS countries among all KIC partners • Share (%) of KIC Partners from the EU-13 Member States among all KIC partners (for each KIC and overall) • Reference to a specific KAVA 	35	WP4

2.2. Measures to maximise impact – Communications, dissemination and exploitation, and stakeholder engagement

The main goal of EIT Climate-KICs communications, dissemination and stakeholder engagement efforts is to create a brand that will be synonymous with systems innovation as a service across the EU and beyond, with consistent visibility of our EU and EIT support and financing. This will position us as a strategic partner and trusted innovation practitioner and build a virtuous cycle of acquisition, delivery, and dissemination of SIaaS results, intelligence, and insights, leading back to acquisition. This is not only necessary to secure our financial sustainability, paving the path towards sales and attracting new partners, customers, and funders, but is crucial for rapid sharing of solutions necessary for tackling climate change through systems innovation. The cycle of knowledge creation and sharing amplifies and magnifies SIaaS, maximising the impact of the work by taking insights to stakeholders beyond the immediate reach of EIT Climate-KIC and creating a demand for climate action through systems innovation. Our activities will be guided by a Communication & Dissemination Strategy and Plan, and a Marketing Strategy and Plan.

2.2.1 Communication and dissemination

To set the virtuous cycle, EIT Climate-KIC's communications, dissemination and stakeholder engagement activities rely on two main pillars: content creation and content distribution. Our strategy will be broken down into a series of activities to both strengthen our capabilities to gather and create insightful and impactful content, and also distribute it to the right audiences in innovative and engaging ways.

Effective content gathering begins with strong links between teams and work packages, including communications (WP7), SIaaS programme delivery and associated monitoring, evaluation and learning (MEL) (WP5), and the tools and capabilities being built to scale SIaaS like scalable business solutions from Accelerators and learning programmes (WP6). This will ensure that knowledge, results and successes achieved through SIaaS (both Deep Demonstrations and individual components) are robust and the content created from it will engage multiples audiences. This includes audiences for dissemination and exploitation, as well as media, influencers, and the public.

This content can, in turn, serve as proof-points for impactful system interventions and strengthen our position as a seasoned practitioner and strategic partner. It will highlight our important role in the EU Horizon Europe Missions, especially in the Cities and Adaptation Missions, build on our EIT legacy of fostering innovation, and begin to showcase emerging efforts outside of Europe to build credibility.

The second and equally important element of our activities is the content distribution itself. Effective content is worthless if it isn't distributed to the right audiences, at the right times and in the right ways. Within the Communications & Dissemination Strategy and Plan, we will analyse our key audiences and formulate key messages for each. We will draw up a calendar so that communications are timed with other important media moments or events, and we will explore new and more engaging ways of presenting content tailored to key audiences including videos, podcasts or "high-profile media platforms".

- Potential challenge owners, including national, regional and local authorities, and business sectors, as per our Strategic Agenda goal of being a strategic partner of choice for over 50 cities, regions, countries and large-scale business.
- Policy makers at local/regional/EU levels, including mayors, governors and regional politicians, representatives of national governments, MEPs, and EU DGs, as per Strategic Agenda goal of helping Europe avoid over 500million tCO₂e
- Decision makers within intergovernmental and multilateral agencies, including the UNFCCC, with specific focus on COP28 (2023) and COP29 (2024), the New York and London Climate Weeks, and World Economy Forum, as per Strategic Agenda to leverage €100Billion to support scale up of innovation
- The research, innovation and scientific community, including academia, researchers, other innovation communities with the aim of enhancing the entrepreneurial and innovation skills of over 200,000 across Europe to be climate leaders.
- The KIC community of members, alumni and entrepreneurs with the aim of sourcing the competences and scalable business solutions needed by our supported cities, regions and business sectors to reach transformational climate goals.
- Citizens, youth, communities and civil society organisations (CSOs)

For communication and dissemination, key target audiences have been determined based on their potential to lead to future funding and business development, and according to their relevance to our strategic agenda:

Table 2.2.1 Target Audience as per Strategic Agenda

STRATEGIC AGENDA POINT	TARGET AUDIENCE
<i>Become a strategic partner of choice for over 50 cities, regions, countries and large-scale business</i>	Potential challenge owners, including national, regional and local authorities, and business sectors
<i>Help Europe avoid over 500million tCO2e</i>	Policy makers at local/regional/EU levels, including mayors, governors and regional politicians, representatives of national governments, MEPs, and EU DGs
<i>Leverage €100billion to support scale up of innovation</i>	Decision makers within intergovernmental and multilateral agencies, including the UNFCCC, target philanthropic and private sector funders
<i>Enhance the entrepreneurial and innovation skills of over 200,000 across Europe to be climate leaders</i>	Research, innovation and scientific community, including academia, researchers, other innovation communities
<i>Source the competences and scalable business solutions needed by our supported cities, regions and business sectors to reach transformational climate goals.</i>	EIT Climate-KIC and EIT community of members, alumni and entrepreneurs
<i>Strengthen the resilience of 10 million people to the impacts of climate change</i>	Citizens, youth, communities and civil society organisations (CSOs)

Communication

Our communications activities will widely promote and ensure the visibility EIT Climate-KIC, raising awareness and understanding not only of the specific work we do, but of systems innovation itself.

Table 2.2.2 Communication, Dissemination Audiences, Channels and KPIs

CHANNEL OR ACTIVITY	TARGET AUDIENCE	KPIs	IMPACT	
EIT Climate-KIC and associated websites	All target audiences	2023: av. 70k pageviews/month 2024: av. 75k pageviews/month	Wide communication of news, insights and results from EIT Climate-KIC and its community, information on who we are and what we stand for	
EIT Climate-KIC social media channels	LinkedIn	All target audiences	Av. growth rate >2%; Av. engagement rate >4%	Wide communication of open calls, news, events, and campaigns
	Twitter	All target audiences	Av. growth rate >1%; Av. engagement rate >2%	Wide communication of open calls, news, insights, milestones, campaigns
	Facebook	All target groups with a focus on citizens, youth and CSOs	Av. growth rate >0.5%; Av. engagement rate >3%	Wide communication of key messages, stories of impact, events
	Instagram	All target groups with a focus on citizens, youth and CSOs	Av. growth rate >1%; Av. engagement rate >3%	Wide communication of key messages, stories, events, visual representation of results, and campaigns
Innovation Review Newsletter	Challenge owners, members, partners, academia	2023: subscribers > 8500 2024: subscribers > 9500	Targeted communication and dissemination of news, results, lessons, insights and discussions	
Press releases, Op-eds and media kits	All target audiences, specialized media, influencers	> 12 press releases or Op-eds	Targeted communication and dissemination of success stories, results and discussions	
Factsheets, lessons notes	Challenge owners, decision-makers, academia	> 200 downloads	Targeted dissemination of lessons and insights	
Publications, white papers	Academia, R&I sector	>3 publications/year	Targeted dissemination of results, lessons and insights	
Events	All target audiences	> 30 speaking engagements/year	Targeted dissemination and greater awareness/engagement	
Videos	All target audiences	> 6 videos/year	Wide communication of key messages and targeted dissemination of results	
Podcasts	Challenge owners, members, partners	> 6 episodes/year	Targeted communication and dissemination of news, results, lessons, insights and discussions	

Dissemination

A crucial form of targeted distribution of content is dissemination of results, lessons and insights with peers and partners within Europe and the global innovation community to facilitate their own use of SIaaS for climate action. After a rigorous process of content gathering (see above) and tailoring content for the specific needs of dissemination, EIT Climate-KIC will spread knowledge and foster discussions building on our communications activities (see table 2.2.2) but using more specific tools for key dissemination audiences. This includes:

- **Using EIT Climate-KIC specific channels**, such as the website, social media and newsletters
- **Targeted media outreach** to channels that specifically specialized audiences that can learn from and exploit the results of EIT Climate-KIC work.
- **Factsheets, lessons notes, publications and/or white papers** will be published in open-access platforms and journals like OpenAIRE, as well as the EIT Website and the Horizon Results Platform, ensuring the results of our SIaaS work can easily consumed and exploited.
- **Creating synergies with communications of mission work, deep demos and other business endeavours.** Every project that we participate in will have its own set of communications and dissemination goals, so ensuring synergies and linkages are found will help all parties involved to reach a large audience. Synergies will be forged where possible, such as participating in each other's events as speakers, submitting contributions to newsletters, sharing findings and aligning communications plans.
- **Participation events** is a critical element of communication and dissemination, but it is especially important for dissemination as they are places to share results and engage in discussions with peers. Specifically, we will focus on coordinating our COP 28 - where it will be especially important to highlight nature-based system innovations solutions - and COP 29 efforts, as well as participating in EU Research and Innovation Days, Mission Events, and UNFCCC events.

2.2.2 Marketing and Brand Building

As the financial sustainability of EIT Climate-KIC is of the utmost important, in this last grant cycle we will place special emphasis on improving our marketing capabilities and building our brand to build on our EIT legacy and take us beyond the 15 years. For marketing, although many of the same channels and activities apply, messages must be much more tailored to either clients or potential clients or funders/donors. These include:

- Challenge owners and potential challenge owners, including national, regional and local authorities, and public administration offices
- Philanthropic organisations and other funders and donors
- Private sector: companies, investors, private donors

For this work, strong ties will be created with our future funding and business development teams to ensure that communications and marketing is strongly aligned with our fundraising and sales goals.

Very much aligned to both our marketing approach and our communications and disseminations efforts, brand building will be crucial during 2023 and 2024. Not only must we transition EIT Climate-KICs brand narrative fully towards SIaaS and exit some of our long-standing programmes, but we must build and create a robust new brand to take us into 2025 and beyond.

In the for-profit space, a successful brand is one of the company's most valuable assets. This is also true for non-profits. A compelling brand will not only help us attract clients and raise funds, but it will give us a competitive advantage establishing SIaaS as a tool for climate action, as well as recruit and retain staff, and galvanize our community. We must build a brand will serve our mission and cause, as well as our organisation, EIT and the EIT community, leaving a legacy that can be celebrated as a success well beyond 2025.

2.3. Expected impact of the activities for 2023-2025 under the Regional Innovation Scheme

The impact of our RIS activities will be to contribute effectively to the financial sustainability of EIT Climate-KIC. To do so, we will identify and respond to the local demand for systems-innovation-as-a-service (SlaaS) in the well-established expanding markets of the RIS region. This will involve working closely with other KIC Hubs – through the cross-KIC RI programme – to explore opportunities for developing local systems innovation demand opportunities in line with country strategies. In addition, we will use our expanding presence through non-EIT funded programmes (multiple cities and regions right across the RIS region arising from, for example, EU Cities, Soils and Adaptation Mission funding), to ensure we maintain an active KIC brand and presence in RIS.

We will further develop and institutionalise SlaaS to secure revenues and financial sustainability from priority areas, where demand has been identified:

- Just Transformation for coal regions;
- Net zero transformation for cities;
- Adaptation of regions and circularity.

All the above will build the grounds for the local Mission Leadership Platforms and Deep Demonstrations. In parallel, we will continue scanning the expanding markets of the RIS region in search of new business opportunities. As main activities, we will focus on:

- Finetuning our offer, cultivating demand and growing excellence in the well-established markets of the RIS region
- Developing Capability-building on systems innovation for RIS challenge owners
- Ensuring stable SlaaS pipeline focused on Just Transformation of coal and industrial regions

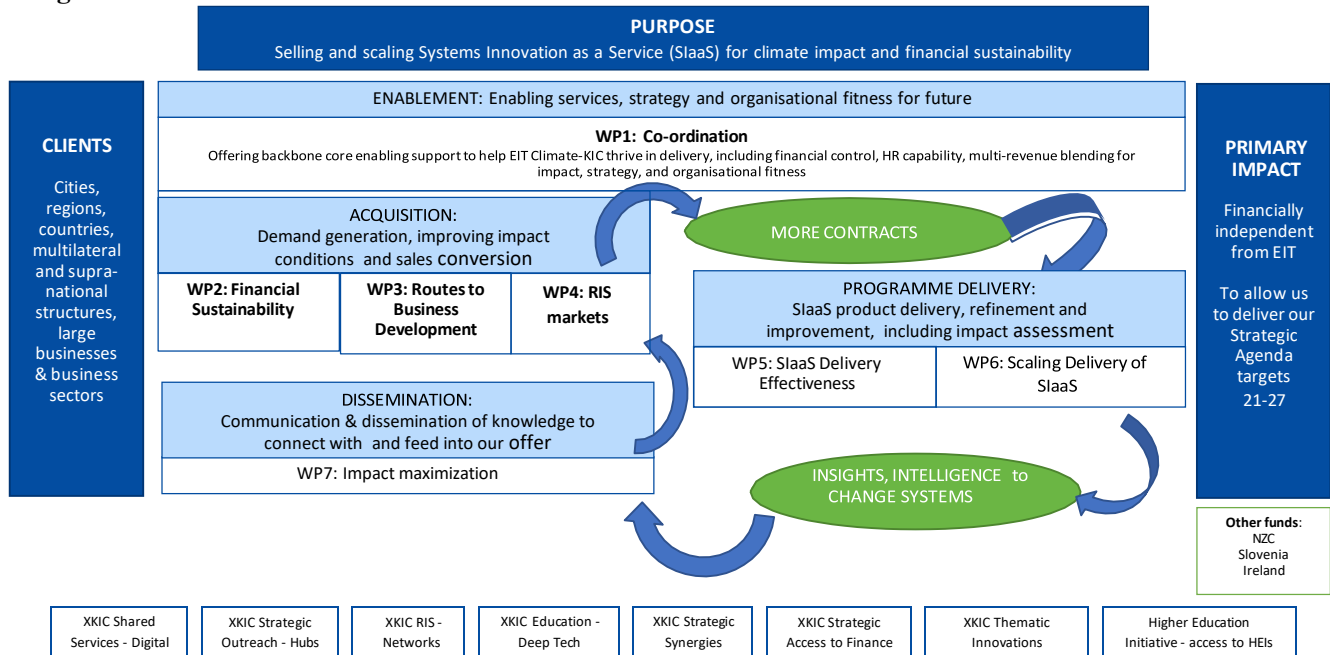
In addition to the RIS WP4, impact in RIS markets is expected from WP6 too. With the portfolio approach interlinking Deep Demonstration challenge-owners and accelerating climate-minded start-ups and alumni companies in WP6, we will be building green ecosystems in RIS markets. From the impact assessment of the start-ups addressing these challenges, we will achieve the capabilities to scale SlaaS climate-positive CO2 impact with start-ups and support EIT Climate-KIC financial sustainability in the RIS markets in 2024.

3. Quality and efficiency of the implementation

3.1 Work plan and resources

This section sets out the structure of the work plan and explains the rationale behind the work packages chosen. This work plan ensures that our systems innovation approach can be delivered and scaled through a commercial service model of “Systems Innovation as a Service” (SIaaS). As depicted in the image below, our work package structure deliberately reflects the sales process of our SIaaS offering. This sales process consists of the four areas of enablement, acquisition, programme delivery and dissemination.

Image 3.1a



WP1 Co-ordination represents the “enablement” pillar and sets out the work required to enable EIT Climate-KIC thrive in a commercial setting. It encompasses tasks such as ensuring sound financial control when managing multiple revenue sources including digital transformation, enhanced resource fitting to projects, and refinement of the underlying business model.

The “acquisition” pillar concentrates on generating demand for and sales of SIaaS, improving impact conditions and on sales conversion, and consists of Work Packages 2 (“Financial Sustainability: Revenue Generation”), 3 (“Financial Sustainability: Routes to Business Development”) and 4 (“EIT RIS ecosystems”). WP 2 builds the required capabilities and strengthens existing processes in sales pipeline generation and conversion, with a focus on selling SIaaS and associated constituent sub-products) to both public and private funding sources. WP 3 complements this work, aiming to generate a pipeline of direct customers. Here, programmes such as Climathons and Learning Partnerships (SILPs) play an important role in building trust and credibility among potential funders, and in effect “opening doors”. WP 4 supports the acquisition in RIS markets. The nature of these markets, their maturity and their structure require a specialised approach to generating demand for SIaaS.

The ‘programme delivery’ pillar is split into two work packages, WP 5 “SIaaS Delivery Effectiveness” and WP 6 “Scaling Delivery of SIaaS”. WP 5 will increase quality and reduce cost of delivery of practical applications of the SIaaS product to places (cities, regions, countries), value-chains and Missions (e.g., “Adaptation to Climate Change: support at least 150 European regions and communities to become climate-resilient by 2030” or “100 Climate-Neutral and Smart Cities by 2030”). WP6 strengthens the capability and skills required to scale our SIaaS offer, namely around portfolio development, insight generation, matching of commercial solutions to challenge owner needs and finance mobilization. This is complemented by a community of practice that analyses and structures the insights generated and makes them available to customers and the wider EIT Climate-KIC community.

The final area, “dissemination”, is synonymous with WP 7 “Communication and Dissemination: Impact Maximisation” where we tailor client approaches and deliver stories of impact through a variety of channels. This will position us as a strategic partner and innovation practitioner and build a virtuous cycle of acquisition, delivery and dissemination of SaaS results, intelligence, and insights, leading back to acquisition, which is necessary both to secure financial sustainability and share solutions for tackling climate change through systems innovation. This WP7 closes the sales loop, supporting acquisition.

This Business Plan is our last application for EIT funding. Hence, we will finalise the transition of our business model to be fully independent from EIT support by end 2024 and generate revenue covering our core costs. This requires refocusing our priorities to align around our business development successes (i.e., double down where we are creating traction and stop activities/value proposition that are not delivering income fast enough). We will revise our value propositions and sales targets accordingly (linking closely with activities in WP2, WP3 and WP4). To transition to a diversified funding model, we will review delivery costs and service levels to ensure we operate more cost-effectively.

Due Diligence Recommendations

We have woven feedback from the Due Diligence exercise commissioned by EIT on how EIT Climate-KIC could become financially self-sustaining and improve its governance structures into this work plan.

1. Reinforcing EIT Climate-KIC’s internal infrastructure and capabilities

Reflecting the request for strengthening financial control in a multi-funder environment, **WP1 Co-ordination puts a priority on governance and processes for operational decision making and financial management and control.** This reinforcement of internal infrastructure and capabilities includes a one-off investment in people and a one-off investment in the underpinning digital architecture in Climate-KIC to improve capabilities to deliver effective monitoring and reporting on multiple sources of income, from commercial contracts, grants, service contracts and management of assets such as equity stakes in start-ups, directly linked to the EIT Principle on Monitoring financial sustainability. At present, existing data infrastructure involves too many disconnected systems which leads to high cost, manual management of multiple income streams and delivery programmes. Investment in re-configuring the digital infrastructure so as to integrate disconnected systems for a seamless end-to-end contract management process will both improve financial controls and reduce costs (and staffing) required to deliver both this business plan and our goal for financial sustainability. In this WP, we will also focus on the evolution of our relationship with EIT, in preparation of the phasing out of EIT funding. Through WP2, 3 and 4 (‘acquisition’) we will review what we learnt from contacts with challenge owners and existing customers to fine tune our business model, supported by solid data analysis and assessment of our financial viability.

2. Focus on non-EIT funding and commercial sales

The focus on securing new, non-EIT funding and commercial sales is reflected in the fact that we have three work packages dedicated to this: WP2 generates revenue from three different types of public and private funding sources, WP3 targets direct sales, and WP4 targets RIS ecosystems & demonstrations, making the most of our eight years of engaging in RIS markets. WP7 closes the sales loop, by packaging and disseminating insights and actionable intelligence from our outputs of WP5 and WP6 and marketing this to secure new funding and commercial sales.

WP2: Financial Sustainability: Revenue generation from public and private funding sources

Task 2.1 focuses on growing our funding from the EU and International donors, where we aim to retain a prevalent position within the EU and Member State funding and policy landscape, with a focus on cementing our profile as the systems innovation implementation agency for the EU Missions on Cities, on Adaptation and on Soil. This type of revenue stream gives us seed funding covering a significant part of our cost base; helps position EIT Climate-KIC in strategic areas at the EU level, as well as helps marketing our services to potential customers.

Task 2.2 focuses on attracting unrestricted funding from the global and European philanthropic and corporate community since we know that building financial sustainability cannot rely solely on EU programmatic grants. It allows us to recover actual costs (i.e., no profit/margin) and build partnerships supporting generation of demand for future service contracts with a profit margin.

Task 2.3 focuses on SaaS for investors since we discovered strong interest for our SaaS value proposition from investors and fund managers through our 2022 work in the Cross-KIC Access 2 Finance cluster. We have already

executed a strategic partnership agreement with Just Transition Capital (JTC) to build the 1.5 Scale fund independent of EIT funding with a range of SIaaS processes embedded into the fund activities. In addition, we are in discussion with competing firms to build the 1.5 Seed Fund, a similar Climate-KIC supported Fund (without EIT funding) focused on seed stage investments.

WP3: Financial Sustainability: routes to business development and commercialisation

Task 3.1. Acceleration of our customer acquisition process is about making the most of our access to over 150- 200 challenge owners through active, structured engagement and upselling. A key component here is training EIT Climate-KIC staff and establishing solid processes.

Task 3. 2. Generate leads from our Systems Innovation Learning Programmes (SILP) and training activities

This task aims to maximise the relationships we have built through these activities. Over the past 2 years, these programmes have proven to be a good ‘entry point’ for challenge owners from a variety of backgrounds.

Task 3.3. Generating leads from our most successful outreach programs builds on 7 years of successful implementation of the Climathon. This is a city-based campaign that offers a pathway to action for citizens and cities to develop ideas that solve local climate challenges. The Climathon movement has grown from 35 to over 200 cities worldwide and keeps growing. It lays the foundation for SIaaS work in Madrid, Silesia, Piraeus and elsewhere.

WP4: EIT RIS ecosystems & demonstrations

This WP will work closely with WP2 and WP3 to develop a pipeline of customers in RIS. This is a separate work package, as we have learnt over the past eight years of engaging in RIS markets that direct sales of full-scale Deep Demonstrations require a different approach to tap into the proven demand for systems-innovation-as-a-service (as evidenced by our connections with potential and existing clients in Poland, Greece, Malta, Spain, Portugal, Slovenia, and Serbia). We will work with those challenge owners to help them unlock the significant public funding available to transform RIS economies (Next Generation EU Funding, Structural Funds, etc.). Given the diversity of RIS countries, we need to target the markets that have the highest potential for income in the short term. This means we will discontinue all 13 existing RIS Hubs and will instead work with specific organisations on a case-by-case basis with the aim of building a commercially viable pipeline. We will actively and systematically approach clients to ensure an efficient match between the local demand and our offer.

WP7: Communication and Dissemination: Impact Maximisation

Task 7.3 Refining the Marketing Strategy to attract new revenue will build capabilities to effectively market and drive further demand for SIaaS as a tool for climate action. In close collaboration with WPs 2, 3 and 4, a marketing strategy and marketing materials will be created for both sales and fundraising.

3. Ensuring that existing and pipeline SIaaS contracts are delivered successfully

WP 5 will build the delivery effectiveness of our SIaaS approach through a platform approach and through direct sales, while enhancing the impact evidence base (MEL) of our SIaaS approach. Through WP 6 we will scale the delivery of our Systems Innovation as a Service offer and through WP7 we will ensure that the insights and lessons gathered through our delivery are effectively packaged and disseminated.

WP5: SIaaS Delivery Effectiveness

Task 5.1 SIaaS delivered through a platform approach

Having been awarded highly strategic mandates as part of the EU Missions, EIT Climate-KIC is developing platform approaches to enable hundreds of cities and regions to implement systems innovation at scale. Through the delivery of these programmes, we will (a) connect and build support infrastructure for cities to enable the profound changes required by cities; (b) support tailored pilots in 30 European cities and, in subsequent rounds of engagement, more than 100 cities to achieving carbon neutrality by 2030 and 2050 respectively (c) develop a Regional Resilience Journey framework to equip more than 100 regions and communities in developing climate resilience pathways and connected innovation agendas; (d) increase knowledge on adaptation innovations across Key Community Systems (KCS) and boost access to adaptation finance; (e) provide capability development of regional policymakers, practitioners and researchers, as well as exchange good practices from our ongoing deep demonstrations, also in support of the Partnerships for Regional Innovation (PRI); (f) build, enhance and expand our network of partners.

Task 5.2 SIaaS delivered through Deep Demonstrations for direct customers will ensure the quality and cost-effective delivery of ongoing Deep Demonstrations projects and create a model that is replicable and further

strengthens the positioning of EIT Climate-KIC as a leader in the field. We will focus on place-based programmes.

Task 5.3 Enhancing the impact evidence base (MEL) of SIaaS is an important differentiator for our work and focused on further development of our ability to measure success and demonstrate impact. This is a key requirement from all donors who require strong evidence that our innovation approach is indeed effective and impactful and hence fundamental to our work.

WP6 Scaling delivery of SIaaS

Task 6.1 Portfolio composition and insight processes will systematise our innovation portfolio composition and insight generation processes; and is both a key enabler of the communication and dissemination of knowledge and a key part of our SIaaS offer.

Task 6.2 Design and implementation of a learning platform for SIaaS makes the insights developed throughout our work available via a learning platform to partners, stakeholders and future customers in order to support new education programmes, portfolio management and future business acquisition.

Task 6.3 Generates portfolios of scalable business solutions that are essential for the delivery of our systems innovation work by curating a community of ESOs (entrepreneur support organisations). Their accelerator programmes will provide us with a continuous fresh supply of new innovations. Additionally, we will pilot a “match-making program” bringing challenge owners and solutions together with a diversified business model.

Task 6.4 supports cities and regions in their transition by developing **financial advisory service** that helps challenge owners access innovative financing structures to implement SIaaS at scale. The challenge owners who have so far purchased SIaaS from EIT Climate-KIC have all expressed a strong demand for assistance accessing new and novel forms of finance to help respond to the climate emergency. In response to this demand, we aim to build a new finance advisory service that helps challenge owners access the complex financing they need to act and builds investor confidence. The scale of the Missions and our existing Deep Demonstrations relationships places EIT Climate-KIC in a strong position to deliver a highly impactful and financially sustainable service that will form an integral part of our wider SIaaS offering.

WP7 Communication and Dissemination: Impact Maximisation

Task 7.1 Content production based on robust data and strategic learning help deliver maximum impact of our Deep Demonstrations and most strategic programmes, creating proof-points for impactful systems interventions and inform decision-makers and other systems innovations practitioners.

Regarding non-EIT funded activities (NEFAs), we have a mix of funding sourced from the Horizon Europe Programme (NetZeroCities, PEERS, Cities FPA), National and Regional funders (Ireland, Slovenia, Saxony Anhalt), Systems Innovation Learning Partnerships: SILP), and agencies (GIZ – Catalyst). The image below shows the match-funding for the BP2023-2024 and the synergies across the Work Packages.

Image 3.1b Match-funding and synergies per Work Package

	Budget (€)	WP1	WP2	WP3	WP4	WP5	WP6	WP7
NetZeroCities	11,898,598							
PEERS	9,475,000							
Cities FPA	30,000,000							
Ireland	1,046,250							
Saxony Anhalt	3,078,000							
Slovenia	1,425,000							
SILP	1,206,000							
GIZ - Catalyst	2,000,000							
TOTAL	60,128,848							

Knowledge Triangle Integration

The EIT was created with the recognition that a competitive, knowledge-based economy capable of sustainable growth requires integration of the three sides of the so-called Knowledge Triangle: education, research and innovation achieved by industry. By bringing the three sides of the Knowledge Triangle closer together, EIT enables the

innovation that will help Europe flourish economically while growing sustainably.

EIT Climate-KIC applied this approach to tackling the climate emergency and concluded that ‘business as usual’ innovation alone is not delivering climate action fast enough to meet Europe’s own ambitious climate targets. Out of this recognition came our whole systems innovation approach, which has been described as a form of “advanced knowledge triangle integration”; it embeds education, research and business in a model of market development and orchestration with stakeholders to test, learn and develop actionable intelligence from a suite of connected innovations.

3.1 Budget tables

Table 3.1a

Budget in '000s EURO	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Total
EIT Personnel	3,501	1,080	1,329	1,345	1,896	2,946	859	12,960
EIT Subcontracting	1,082	213	377	154	356	589	203	2,976
EIT Travel and subsistence	16	26	37	42	53	107	55	338
EIT Other goods, works and services	0	0	50	40	0	60	120	271
EIT Grants	0	0	0	0	0	253	0	253
EIT Indirect costs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,392
<i>Sub-total EIT</i>	<i>4,599</i>	<i>1,319</i>	<i>1,794</i>	<i>1,582</i>	<i>2,307</i>	<i>3,704</i>	<i>1,238</i>	<i>20,194</i>
TOTAL (EIT+non-EIT)	4,599	1,319	3,000	1,582	59,229	5,704	1,238	80,322

3.2 Capacity of participants and KIC Partnership as a whole

The EIT Climate-KIC Community has comprised a well-balanced representation of research (12%) Higher Education (17%), cities, regions and non for profit (21%) and businesses (50%), including corporates (34%) and SMEs and Micro SMEs (66%). Geographically, EIT Climate-KIC has had partners in 37 European countries with a proportional representation of all European regions (Mediterranean 29%, CEE 6%, Nordics 8%, RIS 14%, UK & Ireland 13%, Benelux 14%, DACH 16%, and Mediterranean 29%).

This network is changing as a result of a major change in value proposition described in section 1.2. In future, EIT Climate-KIC will work with and draw on the KIC Partnership to support its SaaS activities, both in co-bidding for funding and for accessing deep content knowledge in service of the SaaS outcomes. For this to work, EIT Climate-KIC needs to provide much more regular observations, insights, and intelligence to partners arising from our work on cities, landscapes and industry value chains. This draws on the programme teams at the heart of the delivery of SaaS.

EIT Climate-KIC presence across Europe is represented through 12 subsidiaries to the Climate-KIC Holding company headquartered in the Netherlands. However, practical engagement between partners and EIT Climate-KIC takes place through our programme teams (Entrepreneurship, Learning, Deep Demonstrations, etc.) rather than via Co-Location Centres, except for RIS geographies. In RIS, we have been working through a series of Innovation Hubs for some years. However, in agreement with EIT, we will wind these down by 2023 since few if any were going to achieve financial sustainability in the near term. Instead, we will be using the building blocks of our place-based programmes such as Net Zero Cities and PEERS (regional adaptation) which have footprints across Europe to build local ecosystems.

We will also take advantage of the relationships and networks built in the past and maximise synergies with other KICs where this makes sense in achieving the strategic and financial sustainability goals of this business plan. The existing cross-KIC CLCs will continue to be actively engaged in community and ecosystem development.

EIT Climate-KIC facilitates a systemic approach to problem-solving through innovation with a local, regional or national scope. Through the Systems Innovation approach, Climate-KIC promotes big and ambitious programs that have the “problem owners” at the centre and that require the confluence of the most significant stakeholders. The variety of actors within our Community gathers the commitment of the problem owners (municipalities, regional or national governments, and industry), the strength and knowledge of very different place-based stakeholders (corporates, civil society...), together with the knowledge of research centres and universities.

The diversity of countries in which Climate-KIC is present through the Community Members opens new business opportunities to offer SaaS all around Europe. Separately, EIT Climate-KIC is pursuing international (outside EU) opportunities to develop and sell SaaS, working with non-EU stakeholders.

Anti-Fraud elements in line with the KIC policy as published in the KIC website.

EIT Climate-KIC have a firm commitment to acting ethically, transparently and with professional integrity in all that we do. Anti-Fraud is a cornerstone of our activities that spans our governance structure, management, employees and range of activities. EIT Climate-KIC operate a Strategy & Policy Anti-Fraud, Bribery and Corruption, that articulates our zero tolerance to fraud. The Policy is supported by a range of controls and actions, including an Action Plan with specific and measurable outputs. The Policy and Anti-Fraud Action Plan is updated periodically in line with our wider organisational risk management Framework.

The controls and actions in EIT Climate-KIC’s commitment to Anti-Fraud extend to staff training, access to whistleblowing, periodic surveys, and management of conflicts of interest and gifts. Annually, the Legal & Procurement team conduct all staff training on Anti-Fraud, Conflicts and Ethics. This both serves as a reminder of key concepts, and shares knowledge on topical matters to enable colleagues to prevent and detect potential fraud risks. Our Anti-Fraud Policy is harmonised with the Whistleblowing Directive and offers staff and applicable third-parties access to a confidential and independent third-party whistleblowing platform to raise concerns. EIT Climate-KIC conducts an annual staff survey on Anti-fraud attitudes and observations to inform training and control measures. Alongside our Anti-Fraud Policy & Strategy is the Conflicts of Interest and Gifts Policy, which is enabled up by an internal declaration of interest process to ensure conflicts do not influence EIT Climate-KIC’s activities.

Policies, relevant links and more is maintained by EIT Climate-KIC’s Legal & Procurement Team on internal

SharePoint to ensure all colleagues always have the most up to date advice and access to prior training material available. In the interests of transparency, the Anti-Fraud and Conflict Policies are publicly available on our website, <https://www.climate-kic.org/policies/>.

Audit control system, grant assurance and monitoring Integrated Internal Control Framework.

Climate-KIC aims to implement a proper Integrated Internal Control Framework. This is an on-going process which is in its initial phase. The objective is to use as far as possible existing control measures and to modify/improve them in order to make them fit with the Framework. We have started by improving/implementing different basic pieces that will contribute to the elaboration of the overall Integrated Internal Control Framework. This corresponds to the organisation's approach and culture while providing assurance that objectives have been achieved in the critical areas of operations, reporting, and compliance. The present document is presenting at a high level the main internal control processes that are in place and give an overview of what is currently on-going.

Different existing key control processes

Budget Monitoring & Forecasting

The Budget, Budget Monitoring & Forecasting is a process managed by the finance department and more specifically the Financial Planning & Analysis (FP&A) and consolidation teams.

This process supports and meet the needs of the business (EIT WPs & non-EIT projects managers/owners) and responds to the accountability requirements to both internal and external stakeholders (Supervisory Board, Audit and Risk committee, EIT, partners, other funders).

In order to do so, the finance department produces business related information through the whole cycle (Budget, Monitoring & Forecasting, Actuals) at different levels (WP, projects, EIT/non-EIT, organization wide) corresponding to the different uses (project management, organisational management, accountability reporting) which becomes even more important in this multi-funder/multi-projects environment.

The budget and forecasting process monitors and projects the budget of EIT Climate-KIC and enables it to plan and guarantee its short and long-term financial goals.

In accordance with the EIT Climate-KIC financial objectives and strategy, the budget details the planning of the resources which will be carried out throughout the year. The Climate-KIC fiscal year runs from January to December. As a result, an annual budget must be elaborated for this period during the prior year (e.g., the budget for the fiscal year N must be elaborated in the year N-1). Budgeting creates a baseline to compare actual figures with.

The budget monitoring, on the other hand, is a monthly exercise in which we analyse how the actual figures vary from the expected result. This variation analysis may lead to discussions with the business and the Board. After Board review, a potential revisit of our initial financial framework can occur, with a new forecast created.

Forecasting is intrinsically linked to the budget monitoring. It takes past and current data into account to anticipate and make predictions on the future business results. The forecast is a projection of our revenue and expenses over the year based on the most up-to-date actuals.

The purpose of this process is to produce accurate information, in time, structured in a way that facilitates the decision making. It ensures that our strategy is aligned with our financial objectives and allows us to effectively steer the organisation.

Time-sheeting

Staff cost represents a significant portion of the Climate-KIC budget. As it is the main cost driver it is important to track and forecast that cost category accurately. Additionally, under Horizon Europe it becomes a requirement to get a system that register employee time. Our time-sheeting becomes therefore an important element of our Budget monitoring and Forecasting.

To report accurately staff costs to donors it is first important to budget time allocation for each staff. Since reality can deviate from the plan, time-sheeting becomes an essential piece of information for our Monthly Budget monitoring & Forecasting exercise.

It is therefore important to ensure that people are booking the reality of their time spent that correspond to their contractual time. Any over-time should be dealt by managers following the principle of "time off in lieu". Project managers are responsible for ensuring that people in their teams are booking their time based on the above principles.

Choosing what sales and business development leads we should follow

The future funding process aims to transform a lead in a concrete opportunity of funding for our organisation.

It consists of a process which should help teams to determine if an opportunity is worth dedicating time to transform it into a submission. This process is complemented by a “Bid - No Bid” template that helps to reach the objective using several objective criteria.

The final arbitration is made by the Future Funding team, while the deal desk carries out critical compliance checks for any bid: cost-benefit of bid to EIT Climate-KIC, reputational issues, regulatory compliance issues, key risks, etc.

Risk Management

The existing Risk Management Framework sets out EIT Climate-KIC's approach to risk management. The purpose of our approach to risk management is to increase the confidence of EIT Climate-KIC's stakeholders that relevant risks have been properly identified, adequately assessed, appropriately mitigated or that the implementation of the mitigation measures have been properly prioritised and regularly monitored and reported to the Management Team and the Finance Audit and Risk Committee.

EIT Climate-KIC defines risk management as a structured process to identify and address uncertainties - both opportunities and threats, i.e., risks that can impact EIT Climate-KIC's achievement of its strategy and overall objectives. Within EIT Climate-KIC risk management is seen as key to sustaining our current and future performance. This proves to be especially true given our ever-changing organisational landscape.

The Legal, Compliance & Risk Team coordinates and communicates the overall Risk Management Framework and organise the reporting to the relevant bodies on a Quarterly basis. At the day-to-day level, risk management is the responsibility of everyone in the organisation, working through team ‘point people’. Execution Risk Owners are responsible for specific key risks identified to them - to define action plans and follow-up on agreed actions, liaising with the Executive Sponsor and others where necessary.

Programme Governance & Project Selection - Policy Handbook

The policy Handbook describes the processes and principles used to manage the selection and monitoring of activities and partners in the relevant EIT Climate-KIC SGA and its KAVAs/WPs. EIT Climate-KIC has developed and embedded an approach that enables not only project selection on the merits of the individual project but also in relation their contribution to a portfolio of activities focused on a systems intervention and transformation logic.

The Handbook covers the following annual grant cycle policies and processes:

1. Commissioning Routes
 - a. Open Calls for Proposals
 - b. Rolling Programmes
 - c. Direct Commissioning
2. Portfolio Monitoring & Development
 - a. Portfolio Composition
 - b. Governance
3. Award Letters
 - a. Task Confirmation Letters
 - b. Task Change Requests
4. Grant Monitoring & Performance
 - a. Grant & KAVA Monitoring
 - b. Underspend Management & Mechanisms

Positioning Risk management as a cornerstone of the internal Control Framework

We intend to update the current Risk Management process and to turn it as a Risk Management Tool for the management team as a core element of a broader Integrated Internal Control Framework. This evolution started in August 2022 with the launch of individual interviews with the management team and key stakeholders.

The objective is twofold: updating the risk register to make it closer to the current reality and provide to the newly composed management team a transversal vision of the risks. This will ensure that effective risk management is one of the main tools to pilot the organisation.