

NUTS AND BOLTS OF A FINANCIALLY SUSTAINABLE INNOVATION ECOSYSTEM

**2 October 10:30–11:30 CET
Online Information Session**



Watch the introductory video [here](#).

TODAY'S AGENDA



Adam Rottenbacher
EIT Head of
Operations
(Knowledge and
Innovation
Communities)



David Tas
EIT Head of
Supervision and
Monitoring Unit



Alessandra Pala
EIT Head of Grant
Implementation Unit



Szabolcs Borda
EIT Head of Programme
Management Section



Eva Atanassova
EIT Head of Monitoring
and Evaluation Section

SOME RULES

- Ask your questions using the Q&A function
- All the slides will be available on our website
- If your question does not get answered today, you can find the answer on our website afterwards or directly in one of the next sessions
- This session is being recorded



THE GOVERNANCE MODEL OF THE EIT AND THE KICS

Adam Rottenbacher
Head of Operations, EIT
(Knowledge and Innovation Communities)

GOVERNANCE SYSTEM

EIT



Partnership Agreement

KIC (example structure)



EIT GOVERNING BOARD – ROLES AND RESPONSIBILITIES

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

KIC GOVERNANCE AND MANAGEMENT SYSTEMS

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

GOOD GOVERNANCE PRINCIPLES



Balanced
partnership



Checks and
balances



Ownership vs
Management



Size fit for
purpose



Quality decision-
making process



Acting in best
interest and
good conduct

EIT GOVERNING BOARD – FUNDING AND SUPERVISION

Performance-based funding

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

Supervision and steering

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

PERFORMANCE-BASED FUNDING

- Performance based funding allocation criteria
 - ✓ Progress in implementing **multiannual strategy**
 - ✓ **Financial sustainability**
 - ✓ Effectiveness of knowledge triangle integration measured by **key performance indicators**
 - ✓ Financial and non-financial performance
 - ✓ **Business Plan** (i) excellence; (ii) impact; and (iii) quality and efficiency of implementation
- Earmarked allocation for strategically important objectives
 - ✓ EIT Regional Innovation Scheme (10%-15% of the budget)
 - ✓ Joint EIT Community activities (cross-KIC) and shared services
 - ✓ EIT Higher Education Initiative

EIT GOVERNING BOARD – SUPERVISION FRAMEWORK

- Responsible for „steering and monitoring the activities of the EIT and the KICs”
- What are their tools?
 - Performance-based funding allocation
 - EIT Impact Framework
 - Principles for the Financial Sustainability of KICs
 - **Monitoring and evaluation strategy** (incl. GO/NO GO decisions at 7 and 15 years)
 - **Strategic recommendations**
 - **Corrective measures**

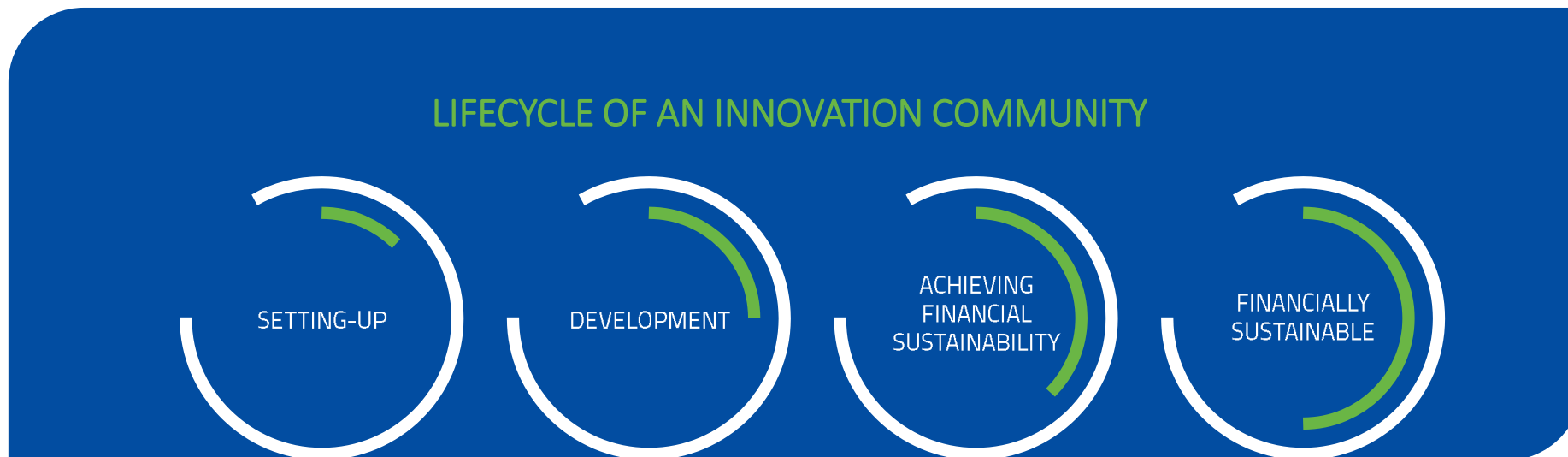
FINANCIAL SUSTAINABILITY

David Tas

Head of Supervision and Monitoring Unit, EIT

FINANCIAL SUSTAINABILITY

- Unique feature of the KIC model
- Capacity to finance knowledge triangle activities and maintain innovation ecosystem independently of EIT contributions
- Long-term objective



KEY ASPECTS

- Integral objective of business model and KIC strategy
- Suitable governance setup and corporate structure
- Diversification of sources of revenues and investments
- Lean, cost efficient structure
- Close monitoring of implementation through reporting, monitoring and reviews



POTENTIAL REVENUE SOURCES

- Short-term revenues from membership fees, linked to KIC's value proposition
- Developing financial assets and strong investment portfolio: equity, options, etc.
- Beneficial commercial agreements with projects: revenue sharing, success fees, IP revenues, etc.
- Developing value-added services: fees from education, consulting, etc.
- Synergies to attract funding and co-investment opportunities : EIF, EIB, EIC, Horizon Europe, other EU initiatives, etc.
- Developing investment initiatives: own investment funds, sponsoring the creation of funds of funds, etc.

CONTRACTUAL RELATIONS & EIT GRANTS

Alessandra Pala
Head of Grant Implementation Unit, EIT

EIT OPERATIONAL MODEL



EIT KICs are Institutionalised European Partnerships

- ✓ Alignment with Horizon Europe priorities and indicators
- ✓ Appropriate balance between the sides of the knowledge triangle



Continuous openess and transparency during implementation

- ✓ Expansion of partnership through clear accession and exit criteria
- ✓ Identifying and selecting projects through open calls, implement continuous monitoring and portfolio management



Compliance with EIT's good governance principles

- ✓ Efficient and cost-effective structure comprising of a Legal Entity and innovation hubs
- ✓ Clear decision making, supervision, and executive functions



CONTRACTUAL RELATIONS AND EIT GRANT

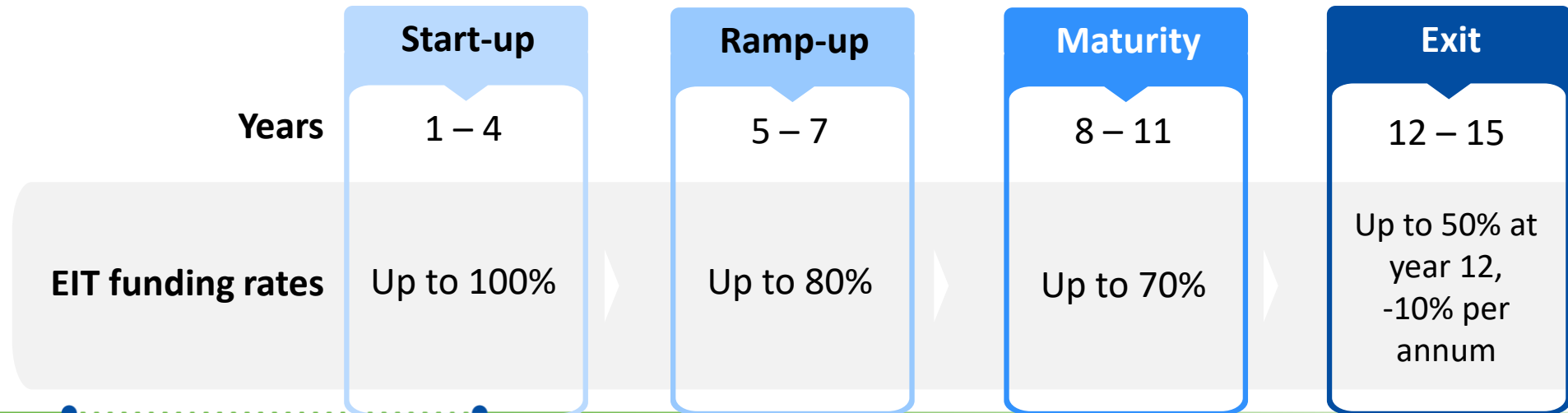


- Innovation Communities are selected through Call for Proposals
- **Start-up Grant Agreement** in first year after designation
- After start-up, long-term cooperation established by a **Partnership Agreement** including **Strategic Agenda**
- EIT finances activities through **Specific Grant Agreements;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

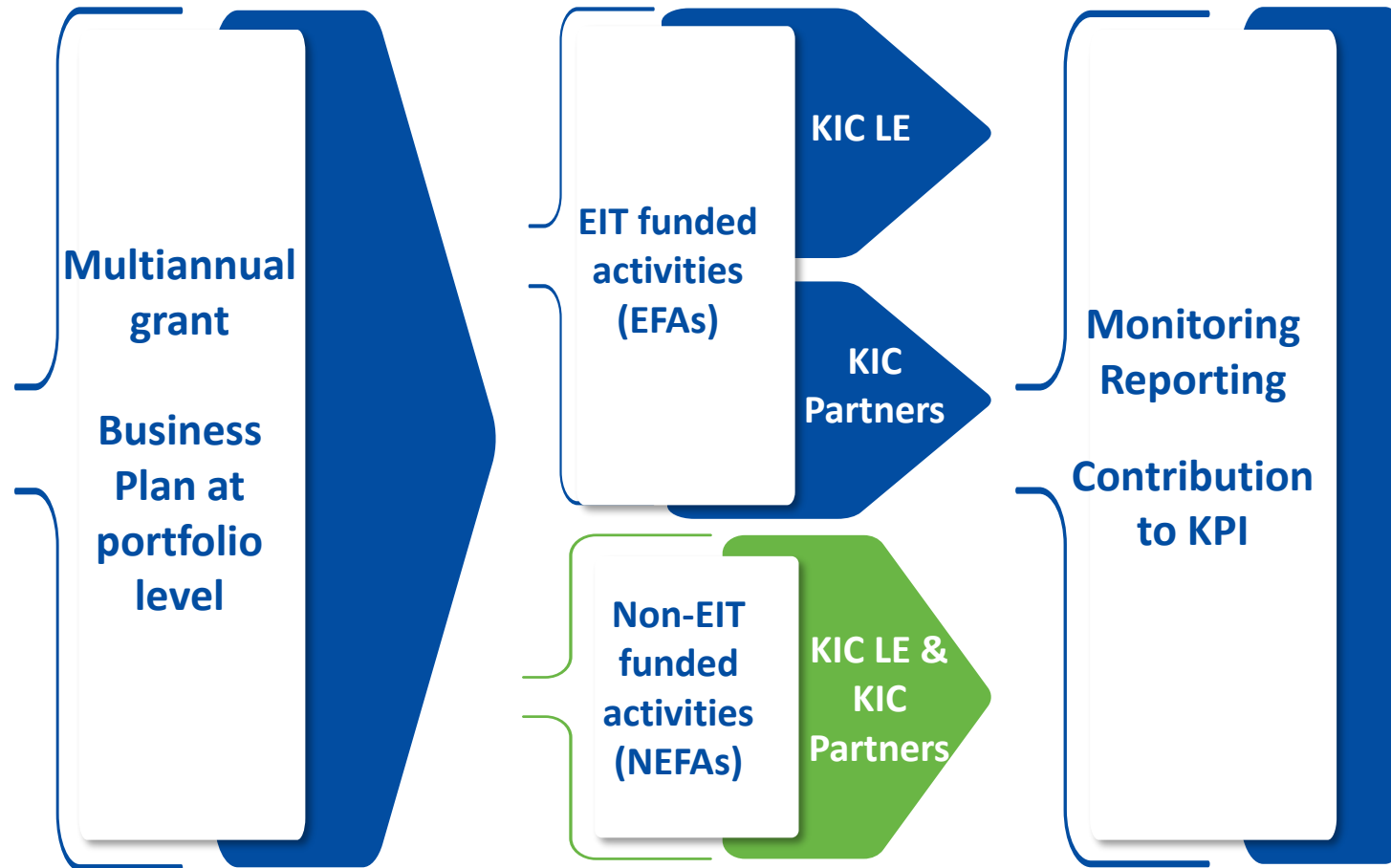
CONTRACTUAL RELATIONS AND EIT GRANT: EIT FUNDING MODEL

Lean funding model to enhance impact and incentivise commitment from partners

- Gradually **reducing EIT funding rate** linked to maturity to increase the level of private and public investment and facilitate transition towards financial sustainability
- **Performance-based** funding linked to progress made in pertinent areas
- Reinforced mechanisms through **continuous monitoring** and periodic reviews, applying preventive and/or corrective actions



CONTRACTUAL RELATIONS AND EIT GRANT: EIT FUNDING MODEL

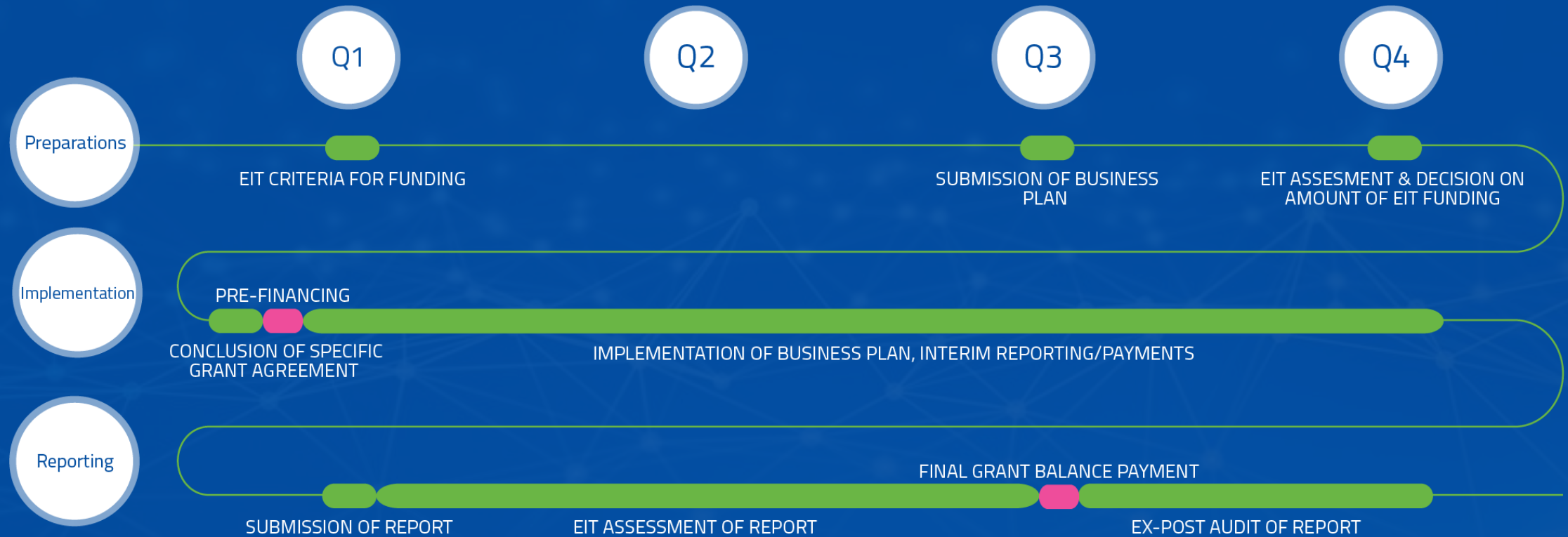


- Alignment with **Horizon Europe** in terms of funding, implementation mechanisms, payment modalities, cost eligibility rules and control strategies
- Use of **multiannual grants** and Commission systems / models for sake of simplification

EIT GRANT LIFECYCLE

Szabolcs Borda
Head of Programme Management Section, EIT

EIT GRANT CYCLE



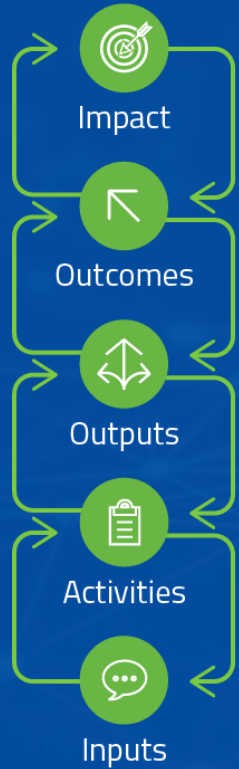
- EIT+KICs are under the well known EU grant management IT systems (**Funding and Tender Portal, eGrants**)
- Horizon Europe grant management and IT tool related **guidance, templates and helpdesk are accessible**
- **Start-up grant-** typically **annual cycle** following the designation to set up the Consortium as a KIC
- **Multiannual Grant agreements** under Partnership Agreements typically set to 3 years (duration may change)
- **EIT Invitation** to submit Business Plans with Guidelines
- **EIT Funding Allocation** - Hearings & Governing Board Decision: initial large allocation + **eventual top ups**
- **eGrants** used for submission, evaluation of proposals, grant agreement signature, amendments, reporting
- **Payments** pre-financing/additional prefinancing /interim/final – relatively stable cash flow
- **Monitoring** implementation against the KIC Strategic Innovation Agenda/governance principles
- **Reporting**-continuous (eg. deliverables) and periodic (prefinancing/interim/final)
- Grant **assurance** (combination of ex- ante and ex-post checks)

EIT IMPACT FRAMEWORK: PLANNING, MONITORING & EVALUATION

Eva Atanassova

Head of Monitoring and Evaluation Section, EIT

EIT IMPACT MODEL



HORIZON EUROPE IMPACT PATHWAY INDICATORS





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

IMPACT OF EIT COMMUNITY IN INNOVATION

ECONOMIC IMPACT

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

SOCIETAL IMPACT

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

EDUCATIONAL IMPACT

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

INNOVATION IMPACT PATHWAY



Innovations addressing
societal challenges
developed

Innovations launched on
the market
Revenue

Revenue growth &
societal benefits

BUSINESS CREATION IMPACT PATHWAY

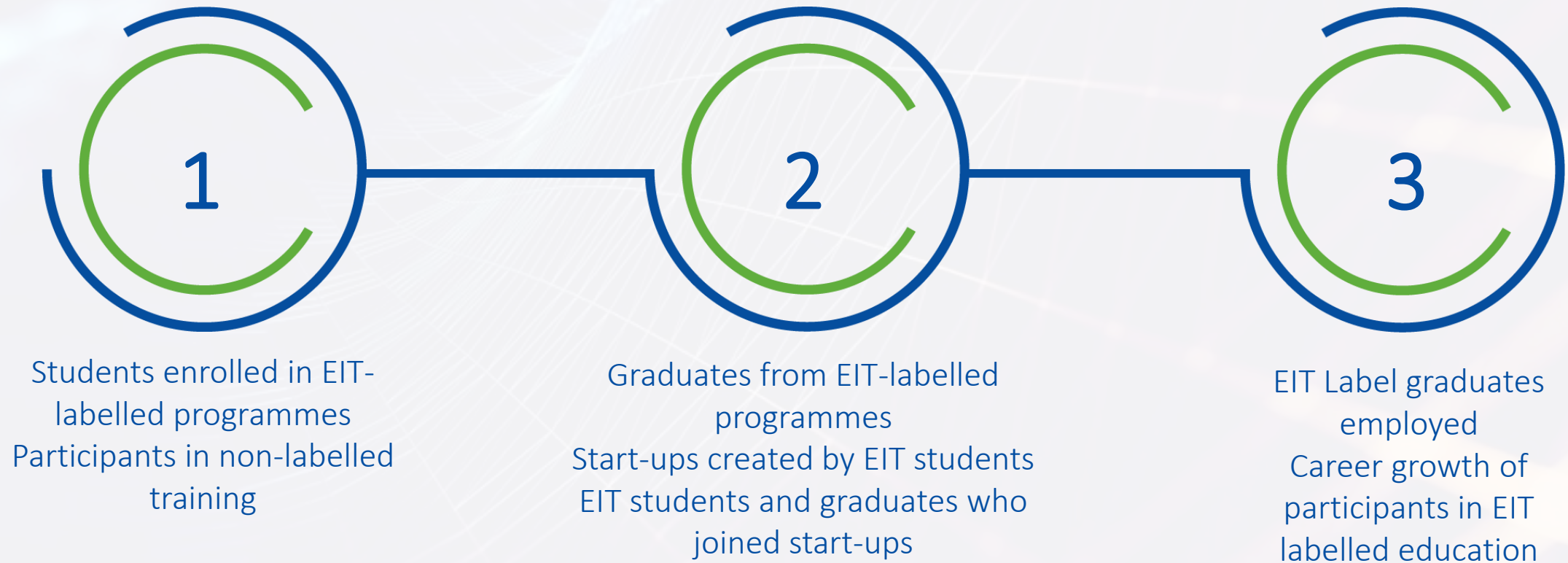


Start-ups created
Start-ups/scale-ups
supported by KICs

Investment
attracted by KIC-supported
startups/scale-ups

Number and revenue of
ventures trading 3 years
after KIC support ceased
New jobs created...

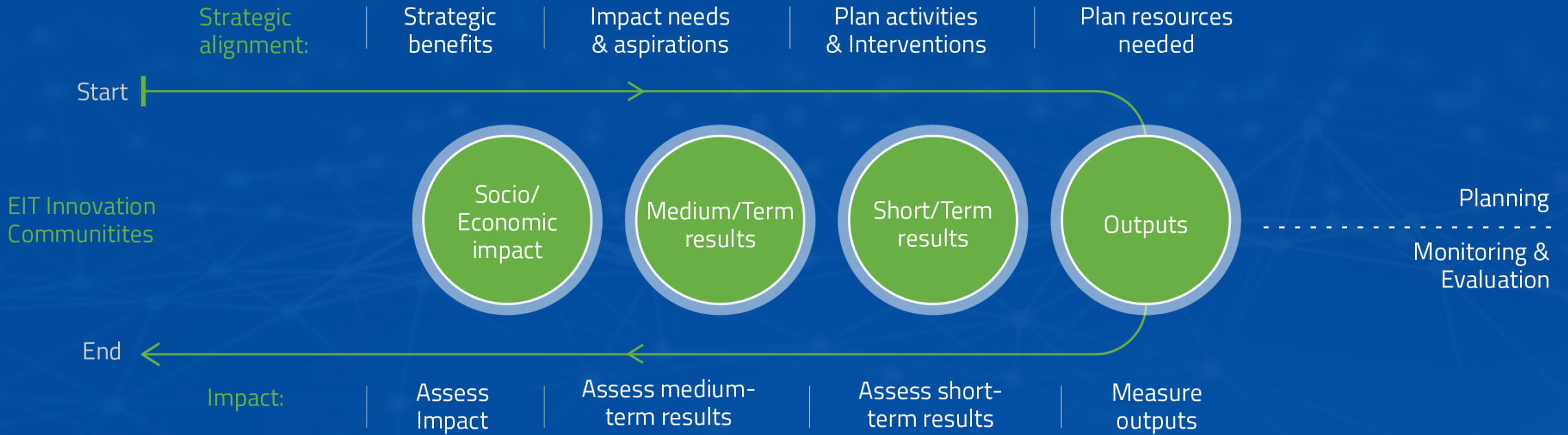
EDUCATION IMPACT PATHWAY



CORE KPIs – FUNDING ALLOCATIONS

- Number of **innovations** introduced on the market during the project duration or within 3 years after completion with a sales revenue of at least **10 000 EUR documented**
- Number of **start-ups** established in year N as a result / based on the output(s) of the project/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 project) having **financial transactions of at least 10 000 EUR** for services/products sold to customers
- **Start-ups created by students** enrolled and graduates from EIT-labelled programmes
- **Investment attracted** by KIC supported startups and scale-ups
- **Graduates** from EIT-labelled programmes
- Total **non-EIT financing** generated by the KIC Legal Entity
- % of less represented **gender** in top governance and management positions combined

VALUE OF THE IMPACT FRAMEWORK



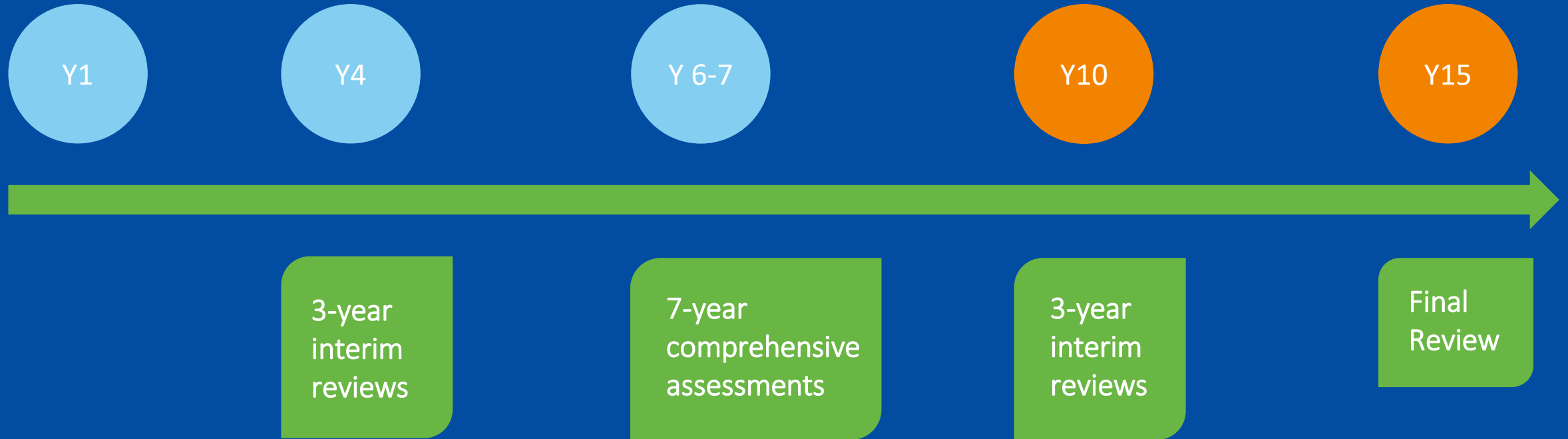
STRATEGY AND PLANNED IMPACT

Vision	Vision in one sentence (max 30 words)					
Mission	Mission in one sentence (max 30 words)					
Strategic objective (max 5 strategic objectives)	Problem/ issue related to the societal challenge	Main activities to reach strategic objectives	Societal and economic impact to be created by 2033 (definitions)	Impact KPIs	Targets to be achieved by 2033	Source of verification (to be completed only for the societal impacts)

EVALUATIONS

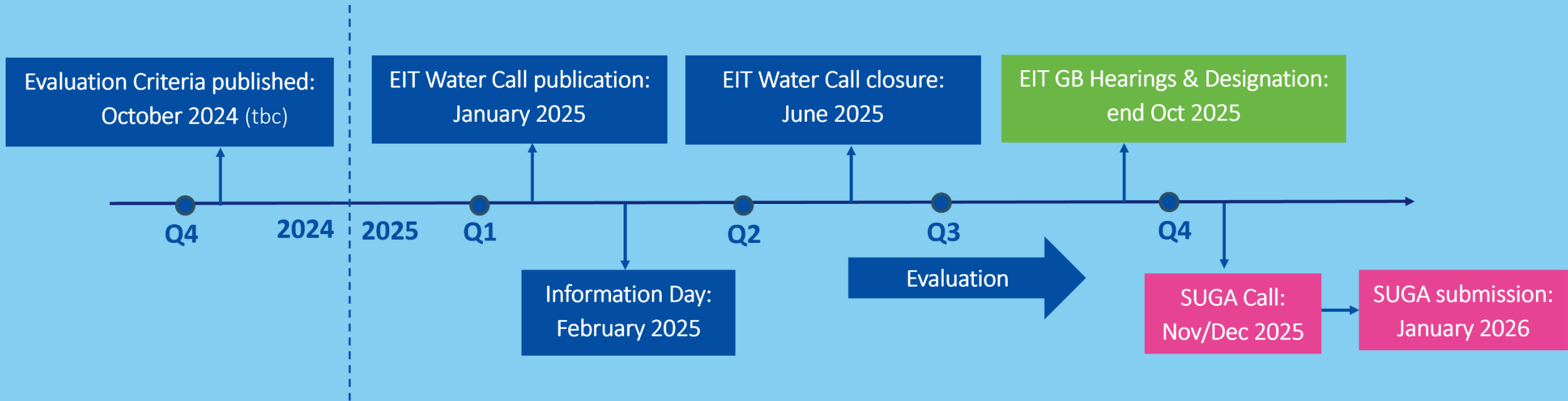
First Partnership Agreement

Second Partnership Agreement



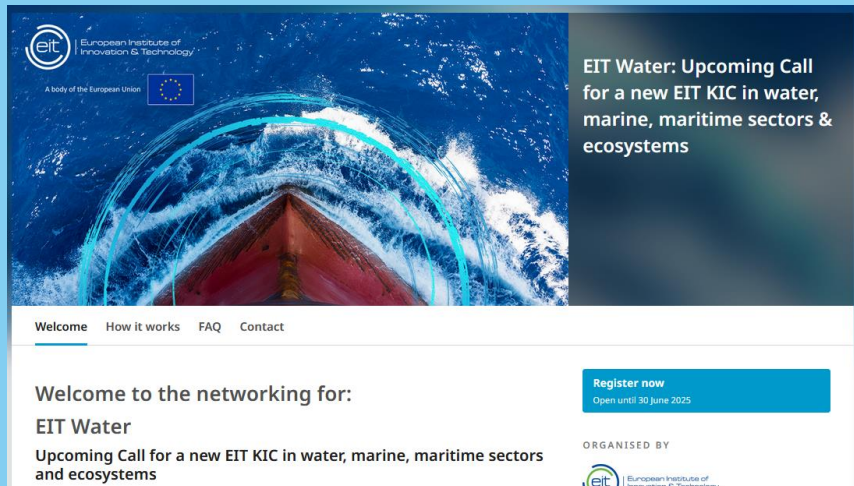
STAY TUNED!

Tentative timeline



STAY TUNED!

Discover potential partners through our networking platform!



EIT Water: Upcoming Call for a new EIT KIC in water, marine, maritime sectors & ecosystems

Welcome How it works FAQ Contact

Welcome to the networking for:
EIT Water
Upcoming Call for a new EIT KIC in water, marine, maritime sectors and ecosystems

Register now
Open until 30 June 2025

ORGANISED BY
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Meet potential collaboration partners:

- Register to browse the list of potential applicants (currently over 200 registrations)
- Contact the organisations you are interested in
- Schedule one-to-one meetings online.

[LINK to the NETWORKING PLATFORM](#)

USEFUL LINKS

[Dedicated section on the EIT website](#)

[European Commission Study on the relevance of the proposed future EIT KIC](#)

[European Commission Staff Working Document on the relevance of a new Knowledge and Innovation Community](#)

[EIT Water factsheet](#)

[EIT Strategic Innovation Agenda 2021-2027](#)



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