

DECISION 06/2020  
OF THE GOVERNING BOARD OF  
THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (EIT)

ON THE ALLOCATION OF ADDITIONAL FINANCIAL CONTRIBUTION  
TO THE KNOWLEDGE AND INNOVATION COMMUNITIES (KICs)  
IN ORDER TO SUPPORT ACTIVITIES TARGETING THE COVID-19 PANDEMIC CRISIS IN 2020  
AND  
ON THE AMENDMENT OF DECISION 27/2019 OF THE EIT GOVERNING BOARD ON THE  
ADOPTION OF THE FINAL SINGLE PROGRAMMING DOCUMENT (2020-2022) OF THE EIT

**THE GOVERNING BOARD OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY,**

Having regard to Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 establishing the European Institute of Innovation and Technology<sup>1</sup> as amended by Regulation (EU) No 1292/2013 of the European Parliament and of the Council of 11 December 2013<sup>2</sup> (hereinafter referred to as the “EIT Regulation”), and in particular Articles 14 (7) and 20 (8), and Section 2 (a) and (b) of the Statutes annexed to the EIT Regulation;

Having regard to Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in “Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020)” and repealing Regulation (EC) No 1906/2006 (hereafter referred to as the “Horizon 2020 Rules for Participation”)<sup>3</sup>;

Having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (hereinafter referred to as the “EU Financial Regulation”)<sup>4</sup>, in particular Article 195 thereof;

Having regard to Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (hereafter referred to as the „Framework Financial Regulation”), in particular Article 91 thereof;

Having regard to the Decision 21/2019 of the Governing Board of the EIT on the Financial Regulation of the European Institute of Innovation and Technology<sup>5</sup> (hereinafter referred to as the “EIT Financial Regulation”), in particular Article 1 thereof;

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<sup>1</sup> OJ L 97 of 9.4.2008, p. 1.

<sup>2</sup> OJ L 347 of 20.12.2013, p. 174.

<sup>3</sup> OJ L 347, 20.12.2013, p. 81

<sup>4</sup> OJ L 193, 30.7.2018, p. 1–222

<sup>5</sup> Ares(2019)6810859

Having regard to Decision 35/2015 of the Governing Board of the EIT on the principles for financing, monitoring and evaluating KIC activities<sup>6</sup>;

Having regard to Decision 04/2019 of the Governing Board of the EIT on the principles for the determination of the 2020 EIT financial allocation<sup>7</sup>

Having regard to Decision 22/2019 of the Governing Board of the EIT on the allocation of the 2020 financial contribution to the Knowledge and Innovation Communities (KICs) and on the amendment of Decision 04/2019 of the EIT Governing Board on the principles for the determination of the 2020 EIT financial allocation<sup>8</sup>;

Having regard to Decision 27/2019 of the Governing Board of the EIT on the adoption of the Final Single Programming Document (2020-2022) of the EIT<sup>9</sup>;

## WHEREAS

- (1) The Governing Board determined the exact figures for the maximum 2020 EIT financial contribution in its Decision 22/2019. Subsequently, the 2020 specific grants to the KICs were awarded by the EIT Director and the 2020 Specific Grant Agreements were signed with all the eight KICs.
- (2) The outbreak of the COVID-19 pandemic requires a flexible and targeted approach from the EIT to provide the KICs with additional support in the newly emerged crisis situation, in order to allow them to contribute to the measures tackling the public health and economic challenges of the situation in Europe.
- (3) Article 195(b) of the EU Financial Regulation allows the EIT to award grants without a call for proposals in an exceptional and duly substantiated emergency situation.
- (4) The EIT therefore would like to allocate an additional amount of EUR 60,000,000 available in its budget, to the KICs for activities targeting the COVID-19 crisis and its negative economic effects. Due to the emergency situation, the EIT should ensure a simple and fast-track procedure to mobilise the additional funding.
- (5) In order to comply with the principle of transparency, it is necessary to amend Annex XI of the final Single Programming Document (2020-2022) of the EIT, as adopted by Decision 27/2019 of the Governing Board.

## HAS DECIDED AS FOLLOWS:

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<sup>6</sup> 02730.EIT.2015.I.GB38

<sup>7</sup> Ares(2019)2386514

<sup>8</sup> Ares(2019)7334740

<sup>9</sup> Ares(2019)7911528

### **Article 1**

#### ***Allocation of additional funding for KIC activities targeting the COVID-19 crisis in 2020***

- (1) In addition to the 2020 EIT financial contribution allocated to the KICs by Decision 22/2019 of the Governing Board and based on the 2020 funding allocation procedure, an additional funding of **EUR 60,000,000** shall be allocated to the KICs for activities defined in paragraph (2), and by following the allocation mechanism defined in paragraph (3) below.
- (2) The activities supported from the additional funds shall comply with the following:
  - The activities should be focussed on short-term response projects addressing directly the COVID-19 crisis and to support the high impact and growth potential start-ups and SMEs which can be essential in the post-crisis recovery.
  - The activities should have a common format and should be limited to two types of initiatives of the KICs:
    - o Start-up and SME Support Instrument;
    - o COVID-19 Crisis Response.
  - The funding has to be additional to what the KICs can achieve with their own savings from the 2020 Business Plan and any overlap with existing projects or between KICs has to be avoided.
- (3) To determine the additional funding for each KIC, after the fast-track assessment of the proposals, if the approved cumulative budget of all KICs is higher than the available appropriations, a pro-rata cut based on the share of each KIC's approved budget shall be applied.
- (4) The EIT GB will take the final decision on the allocation of the budget to the KICs, based on the assessment of the EIT following the outcome of the evaluation.

### **Article 2**

#### ***Award and implementation***

The EIT Director shall be responsible to implement this decision, in particular by determining the detailed conditions of the additional funding, awarding it following a fast-track assessment of the proposed activities of the KICs, and monitoring the implementation of the activities.

### **Article 3**

#### ***Amendment of Decision 27/2019 of the EIT Governing Board on the adoption of the final Single Programming Document (2020-2022) of the EIT***

Annex XI of Final Single Programming Document (2020-2022) as adopted by Decision 27/2019 of the EIT Governing Board, shall be replaced by the Annex of this Decision.

**Article 4**  
**Entry into force**

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

*Done in Budapest on 14 May 2020*

[Signed]

*Dirk Jan van den Berg*  
*Chair of the EIT Governing Board*

## Final Single Programming Document (2020-2022) of the EIT

### Annex XI: Grants 2020

#### XI.1: Grants to be awarded following 2009, 2014, 2016 and 2018 Call for KIC proposals

##### Basic act:

Regulation (EC) No 294/2008 establishing the European Institute of Innovation and Technology amended by Regulation (EU) No 1292/2013 of the European Parliament and of the Council of 11 December 2013 (“EIT Regulation”).

##### Legal basis:

- Article 1 of Decision 21/2019 of the Governing Board of the EIT of 25 September 2019 on the Financial Regulation of the European Institute of Innovation and Technology (“EIT Financial Regulation”);
- Article 91 of Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (“Framework Financial Regulation”);
- Article 130(5) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (“EU Financial Regulation”) for the award of specific grants.

**Budget line:** 3000 KIC grants

##### Priorities of the year, objectives to be fulfilled and expected results:

The Business Plans for 2020 grants must include initiatives that specifically contribute to the implementation of the KICs multiannual strategy. More specifically they should lay down:

- The links between the implementation of multiannual strategy and the individual KIC activities for 2020
- Expected achievements (outputs, outcomes/results)
- Partnership, governance and management, incl. co-location centres
- Financial sustainability strategy
- EIT Regional Innovation Scheme (RIS)
- Contribution to the EIT Community brand identity, communication, dissemination and outreach
- EIT Cross-KIC scheme

In line with Article 6 (1) of the EIT Regulation, KICs will undertake in particular:

- innovation activities and investments with European added value, fully integrating the higher education and research dimensions to attain a critical mass and stimulating the dissemination and exploitation of results;

- education and training activities at masters and doctoral level, as well as professional training courses, in disciplines with the potential to meet future European socio-economic needs and which expand the Union's talent base, promote the development of innovation-related skills, the improvement of managerial and entrepreneurial skills and the mobility of researchers and students, and foster knowledge-sharing, mentoring and networking among the recipients of EIT-labelled degrees and training;
- outreach activities and the dissemination of best practices in the innovation sector with a focus on the development of cooperation between higher education, research and business, including the service and financial sectors; and
- seek synergies and complementarities between KIC activities and existing European, national and regional programmes.

Detailed operational objectives, deliverables, indicators and expected results to be achieved by the KICs are established and set out by the KICs in their annual Business Plans for 2020 in accordance with Article 6 (2) (d) of the EIT Regulation.

#### **Award criteria:**

The 2020 EIT financial contribution to the KICs is determined as the sum of **support** and **competitive funding**, grant amount earmarked to the EIT RIS activities and contribution to the Cross-KIC activities, based on the decision of the EIT Governing Board on the principles for the determination of the 2020 EIT financial contribution to KICs that was taken in March 2019.

The support funding is divided equally among the KICs of the particular wave.

The competitive part of the financial allocation for the 2020 annual grants is based on the following criteria:

- I. Multiannual strategy**
- II. EIT core KPIs (2018)**
- III. Financial performance (2018)**
- IV. Fulfilment of non-financial requirements**
- V. 2020 Business Plans fit into the strategic agenda,**

The grant amount earmarked for EIT RIS activities and cross-KIC activities is awarded based on the criteria of added value, effectiveness and efficiency/economy.

The EIT Governing Board took a decision on maximum EIT financial contribution for 2020 in November 2019. The decision is subject to the final adoption of the EIT budget depending on the adoption of the EU budget. The Director will take the award decisions concerning the grants.

#### **Indicative amount of award:**

EIT may award up to EUR 550 million to the eight KICs in 2020 – subject to the amount of available commitment appropriations in the EIT Budget 2020.

#### **Maximum possible rate of co-financing:**

In line with the financial sustainability principles (GB Decision 04/2015)), up to 80% of KIC added Value expenditure may be financed for EIT Digital, EIT InnoEnergy and EIT Climate-KIC and up to 100% of KIC Added Value expenditure may be financed for each other KIC.

#### Specific grant agreements:

The actions are implemented through specific grants awarded under framework partnerships, in accordance with Article 91 of the Framework Financial Regulation. The following six Framework Partnership Agreements provide the basis for the conclusion of the yearly Specific Grant Agreements:

1. Framework Partnership Agreement with the Knowledge and Innovation Community Climate-KIC, represented by Climate-KIC Holding B.V., signed on 2 March 2016.
2. Framework Partnership Agreement with the Knowledge and Innovation Community EIT Digital, represented by EIT Digital IVZW, signed on 26 January 2016.
3. Framework Partnership Agreement with the Knowledge and Innovation Community EIT InnoEnergy, represented by KIC InnoEnergy SE, signed on 7 March 2016.
4. Framework Partnership Agreement with the Knowledge and Innovation Community EIT Health, represented by EIT Health e.V., signed on 25 February 2016.
5. Framework Partnership Agreement with the Knowledge and Innovation Community EIT Raw Materials, represented by EIT Raw Materials GmbH, signed on 8 February 2016.
6. Framework Partnership Agreement with the Knowledge and Innovation Community EIT Food, represented by EIT Food IVZW, signed on 1 March 2018.
7. Framework Partnership Agreement with the Knowledge and Innovation Community EIT Urban Mobility will be concluded in early 2020.
8. Framework Partnership Agreement with the Knowledge and Innovation Community EIT Manufacturing will be concluded in early 2020.

#### Indicative timetable:

Activity	Indicative deadline
GB decision on the determination of the EIT financial allocation for year N	March of year N-1
Invitation to submit the Business Plans	April of year N-1
Submission of the Business Plans	September of year N-1
GB decision on the allocation of the financial contribution of year N to the KICs	November of year N-1
SGA award decision	December of year N-1

## XI.2: Additional grants to be awarded to target the COVID-19 crisis

### Basic act:

Regulation (EC) No 294/2008 establishing the European Institute of Innovation and Technology amended by Regulation (EU) No 1292/2013 of the European Parliament and of the Council of 11 December 2013 (“EIT Regulation”).

### Legal basis:

- Article 1 of Decision 21/2019 of the Governing Board of the EIT of 25 September 2019 on the Financial Regulation of the European Institute of Innovation and Technology (“EIT Financial Regulation”);
- Article 91 of Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (“Framework Financial Regulation”);
- Article 195(b) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (“EU Financial Regulation”) for the award of the additional funding in the emergency situation.

**Budget line:** 3000 KIC grants

### Objectives to be fulfilled and expected results:

The activities supported from the additional funds should be focussed on short-term response projects addressing directly the COVID-19 crisis and to support the high impact and growth potential start-ups and SMEs which can be essential in the post-crisis recovery.

### Award criteria (indicative):

The fast-track assessment of the proposals should be based on the following criteria:

- Suitability and impact of the proposed activity to target the COVID-19 crisis;
- Maturity of the proposed activity.

### Indicative amount of award:

Maximum EUR 60 million to the eight KICs in 2020 – subject to the amount of available commitment appropriations in the EIT Budget 2020.



**Maximum possible rate of co-financing:**

The same as indicated under point XI.1.

**Specific grant agreements:**

The same as indicated under point XI.1.

**Indicative timetable:**

Activity	Indicative deadline
GB Decision on the allocation of the additional funding targeting the COVID-19 crisis	End of April/early May
Invitation to submit the short proposal	End of April/early May
Submission of the short proposal	End of May
Amended 2020 award decisions	End of June

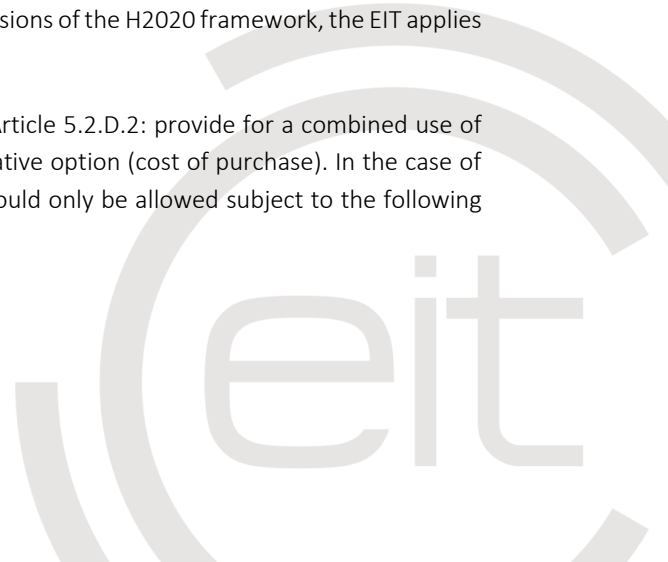
**A - Eligible costs for equipment, infrastructure and other assets**

According to the Horizon 2020 legal framework, as a default option in terms cost eligibility, the depreciation costs of equipment, infrastructure or other assets (new or second-hand) as recorded in the beneficiary's accounts are eligible. Nevertheless, the H2020 model specific agreement allows for an alternative option to declare the costs of purchasing equipment, infrastructure or other assets (new or second-hand) as recorded in the beneficiary's accounts. The alternative option is to be used as an exception, only if justified by the nature of the action and the context of the use of the equipment or assets, if provided for in the work programme.

The KIC Legal Entity (LE) and the Co-location Centres (CLC) are established specifically for the purpose of facilitating the coordination and operation of a KIC. In order to achieve its objectives, the KIC LE and CLCs must have appropriate infrastructure in place, including office space, office equipment, IT equipment, etc. Such infrastructure is established uniquely for the EIT programme and used only for the purposes of the KIC. Setting up the necessary infrastructure requires upfront investment, and KIC LEs and CLCs have limited financial means to support it.

Based on the above justification, in order to bring KICs closer to their objectives while limiting costs to the minimum necessary and respecting the purpose of the relevant provisions of the H2020 framework, the EIT applies the following:

- **Specific Grant Agreement 2020 (SGA 2020)**, in particular Article 5.2.D.2: provide for a combined use of the default option (cost of depreciation) and of the alternative option (cost of purchase). In the case of the SGA 2019, the alternative option (cost of purchase) would only be allowed subject to the following limitations:



- Purchase costs could only be claimed by the KIC LE and CLCs for the area “management and coordination of the KIC”, for KIC added value activities identified upfront;
- The purpose of incurring the relevant costs would be limited to the set-up and development of KIC LE and CLCs;
- The relevant costs could only be claimed up to EUR 750 000 per KIC Business Plan.

## B – Use of KIC Partners’ premises for the purpose of KIC Legal Entity / Co-location Centre offices

The KIC Legal Entities (LE) and their Co-location Centres (CLCs) located in different countries need office space to operate, this is a core component of the action supported by the EIT. In some cases a lease agreement exists with third parties, which is a typical subcontracting situation. However, in other instances KIC LEs and/or CLCs are using the premises of certain KIC partners. This is advantageous not only for a better integrated partnership, but also from a financial point of view the costs are usually lower than rental of similar office space would be at the same area.

According to standard H2020 rules, the use of premises would be covered by indirect costs calculated on a 25% flat-rate basis over direct costs. However in case of KICs this activity is directly linked to the implementation of the action and therefore can be attributed to it directly, as a consequence in line with the respective definitions it shall be reported as direct cost. Furthermore, based on the same argumentation, the EIT does not allow KIC LEs/CLCs to claim indirect costs.

In accordance with article 55.4 of the H2020 rules for participation, *‘In the case of the Knowledge and Innovation Communities of the EIT, the grant agreement may lay down specific provisions, in particular on ownership, access rights, exploitation and dissemination’*. Therefore, based on the possibility to lay down specific provisions in order to preserve the specificities and distinctive features of the KIC model, the EIT applies the following:

- **Specific Grant Agreement 2020 (SGA 2020)**, in particular Article 11: allow for declaring as direct cost of subcontracting the expenditure linked to the use of KIC partners’ premises by KIC LE / CLCs, subject to the following conditions:
  - The use of premises is limited to the purpose of day-to-day management and operations functions of the KIC;
  - The specific eligibility rules laid down for subcontracting apply, in particular best value for money, which can be demonstrated by comparison to available benchmarks, such as usual rental fees of similar quality office space at the same area;
  - The tasks to be implemented and the estimated cost of each subcontract shall be set out in Annex 1 of the SGA (Business Plan).

## C – Financial support to third parties

The Horizon 2020 Rules for participation foresee, as an optional scheme, that the action may involve financial support to third parties. In this case, the relevant provisions of the H2020 model agreements on financial support to third parties are to be introduced. Financial support to third parties involves funding provided by the beneficiary (i.e. a KIC partner) to one or more recipients that are not party to the grant agreement. The scheme is also called ‘cascade funding’.

In order to realise the objectives laid down in the EIT Regulation and the Strategic Innovation Agenda of the EIT, KIC Partners shall be allowed to provide financial support to third parties. The rules governing the provision of financial support to third parties are laid down in the Specific Grant Agreement 2020 (SGA 2020), Article 13, in line with the H2020 specific agreement template.

Financial support to third parties includes sub-grants (financial support to third parties, Article 13.1 SGA 2019) and financial support in the form of prizes (Article 13.2 SGA 2019).

Sub-grants may be provided by the KICs in particular in the following areas:

- Education programmes (e.g. EIT labelled master schools and doctoral schools),
- Participation of entities from EIT RIS countries in EIT RIS activities,
- Business creation services (e.g. venture, start-up and scale-up support),
- Innovation projects.

In the case of sub-grants, the maximum amount of financial support may only exceed EUR 60 000 in exceptional cases, where the EIT has approved that it is necessary to achieve the objectives of the specific action, as described in Annex 1 to the SGA 2020.

For the additional funding provided for KIC activities addressing directly the COVID-19 crisis, the above mentioned EUR 60 000 threshold for financial support to third parties shall be automatically extended to EUR 500 000.

## D – Targets for EIT core Key Performance Indicators

The target values for EIT core KPIs based on the 2020 Business Plans submitted by the eight KICs are as follows:

Area	EIT core KPI	Target value (total)
Education	# Graduates from EIT labelled MSc and PhD programmes	950
Education	# Start-ups created by students enrolled and graduates from EIT labelled MSc and PhD programmes	35
Innovation	# Products (goods or services) or processes launched on the market	350
Innovation	# Start-ups created as a result of innovation projects	50
Entrepreneurship	# Start-ups supported by KICs	1,000

Entrepreneurship	Investment attracted by start-ups supported by KICs	EUR 300,000,000
Communication, Dissemination and Outreach	# Success stories submitted to and accepted by EIT	200
Communication, Dissemination and Outreach	# External participants in EIT RIS programmes	3,800
Management and Coordination	Financial Sustainability (FS): revenue of KIC LE	EUR 65,000,000

## E – Cross-KIC activity on circular economy collaboration

The cross-KIC activity on circular economy collaboration foreseen for 2020, may be provided with additional funding from the LIFE Programme (European Programme for the Environment and Climate Action) via the signature of a contribution agreement between the EIT and DG Environment of the European Commission.