



OPINION 01/2022

OF THE MEMBER STATE REPRESENTATIVES GROUP

**ON THE EXTENSION OF THE EIT'S PARTNERSHIP AGREEMENTS WITH
EIT HEALTH AND EIT RAW MATERIALS****THE MEMBER STATE REPRESENTATIVES GROUP,**

Having regard to Regulation (EU) No 2021/819 of the European Parliament and of the Council of 20 May 2021 on the European Institute of Innovation and Technology (recast)¹ (hereinafter 'EIT Regulation'), in particular, Article 5 (3) and Article 6 (p) and Article 11 (5) thereof, and Section 3 (6) of the Statutes of the EIT annexed to the EIT Regulation;

Having regard to Regulation (EU) No 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013² (hereinafter 'Horizon Europe Regulation'), in particular, Article 10 and Annex III thereof;

Having regard to Decision 10/2022 of the EIT Governing Board of 16 March 2022 repealing and replacing Decision 2/2022 of the EIT Governing Board of 31 January 2022 on the cooperation with the Member State Representatives Group³ and in particular, Article 5 thereof;

Having regard to Decision 18/2021 of the EIT Governing Board of 7 May 2021 on the Rules of Procedure of the EIT Governing Board and Executive Committee⁴, in particular, Article 9 (2), (3) and (4) thereof;

Having regard to Decision 20/2022 of the EIT Governing Board of 16 March 2022 on the cooperation with the Member State Representatives Group, in particular Articles 5 and 6 thereof⁵;

Having regard to Decision 01/2022 of the Member States Representatives Group on the Rules of Procedure of the Member State Representative Group⁶, and in particular, Article 6.3 thereof;

I. THE REQUEST FOR AN OPINION**- BACKGROUND**

1. In line with the EIT Regulation, the EIT may establish a partnership agreement with a Knowledge Innovation Community (hereinafter 'KIC') for an initial period of seven years. Before expiry of the seven-year period, the EIT shall, under the supervision of the Governing Board, conduct a comprehensive assessment of the performance and activities of each KIC, with the support of independent external experts.
2. The partnership agreements with EIT Health and EIT RawMaterials were signed in 2016 for an initial period of seven years, from 1 January 2016 until 31 December 2022. Based on the elements and criteria defined

¹ OJ L 189/61 of 28.5.2021

² OJ L 170/58 of 12.5.2021

³ Ares(2022)777844

⁴ Ares(2021)3139636

⁵ Ares(2022)2127544

⁶ Ares(2022)2213139



in Article 11 of the EIT Regulation, the EIT GB may decide to extend the partnership agreements for a further period of up to seven years or discontinue the EIT's financial contribution and not extend the partnership agreement with a KIC.

3. According to Article 11 (5) of the EIT Regulation, for the purpose of deciding on whether to extend the partnership agreement with a KIC in line with Article 11 (4) of the EIT Regulation, the EIT Governing Board shall take into account the criteria for implementing, monitoring and evaluating the European Partnerships set out in Regulation (EU) 2021/695 and, with regard to the KICs, the following matters:
 - a) their relevance to the Union's global challenges;
 - b) their Union added value and relevance with regard to the objectives of the EIT;
 - c) the achievement of their objectives;
 - d) their efforts to coordinate their activities with other relevant research and innovation initiatives;
 - e) their capacity to ensure openness to new members;
 - f) their achievements in attracting new members from across the Union;
 - g) their compliance with good governance principles;
 - h) their efforts and results in designing and implementing gender-sensitive measures and activities; and
 - i) their capacity to develop sustainable innovation ecosystems and the achieved level of financial sustainability.
4. According to point 6 of Section 3 of Annex I of the EIT Regulation, as referred to in the Rules of procedure of the EIT Governing Board and in the decision of the EIT Governing Board on the cooperation with the Member States Representatives Group (MSRG), the EIT Governing Board shall seek the opinion of the MSRG prior to adopting that decision. The MSRG opinion shall not be binding on the Governing Board. It shall be issued without undue delay and in any event not later than two months after it has been requested.
5. The opinion of the MSRG concerning the extension or termination of the partnership agreement with EIT Health and EIT RawMaterials after 7 years was requested by the Governing Board of the EIT at its meeting of 16 March 2022. In this regard and in order to enable MSRG to give an informed opinion on the aforementioned subject matter, the following background information and documents were shared with them: Seven-year comprehensive assessment of EIT Health, Seven-year comprehensive assessment of EIT RawMaterials and Methodology of KIC 7-year comprehensive assessments, briefing note for MSRG.
6. Members of the MSRG submitted their preliminary observations on the extension of the partnership agreements with EIT Health and EIT RawMaterials prior to the MSRG's meeting scheduled for 16 May 2022.
7. Members of the MSRG further expressed their views on the extension of the partnership agreements with EIT Health and EIT RawMaterials at its meeting of 16 May 2022 before adopting the MSRG opinion by consensus of the Representatives present at the said meeting.

- OBSERVATIONS AND RECOMMENDATIONS

1. MSRG acknowledges the continuous relevance of EIT Health and EIT RawMaterials to the Union's global challenges, their Union added value and relevance in regard to the objectives of the EIT, based on the overall positive outcome of the seven-year comprehensive assessment of these two KICs. Both KICs have been successful in growing their partnership and developed new cooperation opportunities for within and beyond the Union.
2. With regard to EIT Health, MSRG in particular underlines the added value of EIT Health for the European innovation ecosystem helping to overcome the innovation divide, the introduction of innovative solutions in healthcare facilities and services and the transfer of good international practices including in the context of the EIT Regional Innovation Scheme, its successful support to high potential start-ups and its quick adaptation to unforeseen needs, for example in responding to the COVID-19 pandemic.



3. With regard to EIT RawMaterials, MSRGR positively notes in particular the results achieved in job creation, the high number of innovation projects initiated, financing and services provided in support of start-ups and SMEs, enhancing participation in the KIC via the EIT Regional Innovation Scheme, and network building including the operational support to local innovation actors as well as enabling links with global industry partners in their sector.
4. At the same time, MSRGR notes that besides the overall positive assessments, the reports also highlight a number of common weaknesses and areas for improvement for both KICs, in particular in the field of progress towards [financial sustainability through the diversification of revenue sources and returns from successful innovations brought to the market; the underachievement of several KIC objectives among others in the field of knowledge transfer and balance between R&I and business-oriented projects; generating start-ups through entrepreneurship education programmes and the fully effective application of good governance principles such as transparency and a high degree of openness in calls for projects.
5. As regards EIT Health, MSRGR recommends that the KIC improves in particular in its financial sustainability strategy and progress towards sustaining the ecosystem, in particular, the limited results in terms of generating revenues from innovative products as well as limitations to the openness, transparency and effectiveness in achieving some EIT and KIC specific KPIs.
6. As regards EIT RawMaterials, MSRGR recommends that the KIC improves in particular with regard to its limited results in terms of generating revenues from innovative products and lack of diversification of revenue sources beyond EIT funds and membership fees and the impact of the KIC activities and innovations supported.
7. In light of the above, MSRGR underlines the need for the two KICs to implement the recommendations foreseen in the comprehensive assessments, and to make significant improvements with regard to the weaknesses identified and the recommendations above in the coming years.
8. MSRGR highlights the importance of the close monitoring by the EIT of the KICs' impact in line with the EIT legal framework, the consistent follow-up in case of underperformance measured by the impact indicators as set out in the EIT SIA and the KIC Strategic Agendas and the EIT's Impact Framework, and the need for the KICs to collect and make available sufficient data with regard to the achievement of KIC objectives. KICs are also encouraged to more broadly disseminate their results.

II. CONCLUSIONS

In light of the above, the MSRGR takes the view that:

- (1) Considering the above observations and recommendations, the Director of the EIT shall be authorised to extend the partnership agreement with EIT Health for a further period of 7 years.
- (2) Considering the above observations and recommendations, the Director of the EIT shall be authorised to extend the partnership agreement with EIT RawMaterials for a period of 7 years.
- (3) MSRGR strongly recommends to the EIT Governing Board that the EIT closely monitors the progress made by EIT Health and EIT RawMaterials in the areas of improvement identified in the comprehensive assessment and in this opinion, in particular stressing the need to further enhance impact and to accelerate progress towards financial sustainability of these KICs, through the application of the EIT legal framework including the Governing Board Supervision Framework to the KICs.



- (4) The present opinion shall be communicated without delay by the EIT Director to the Governing Board of the EIT after its adoption.

Done at Budapest, 31 May 2022

For the MSRG

Martin Kern

Chairperson of the Member State Representative Group