EIT & KNOWLEDGE & INNOVATION
COMMUNITIES GOVERNANCE

Good governance & supervision framework
GOVERNANCE SYSTEM

**EIT**
- EIT Governing Board
- EIT Director

*Authorising officer*

**KIC (example structure)**
- KIC Partner Assembly
- KIC Supervisory Board
- KIC Management Team

**Partnership Agreement**
EIT GOVERNING BOARD – ROLES AND RESPONSIBILITIES

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

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

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

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

- Balanced partnership
- Checks and balances
- Ownership vs Management
- Size fit for purpose
- Quality decision-making process
- Acting in best interest and good conduct
FINANCIAL SUSTAINABILITY
FINANCIAL SUSTAINABILITY

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

• Developing short and mid-term revenues (fees, equity, revenue-sharing, IP revenues...) from core activities, but also from EIT Regional Innovation Scheme (RIS) and Global Outreach activities

• Developing investment initiatives (own investment funds, sponsoring the creation of funds of funds, investing own funds...) for mid to long-term income / revenues

• Developing strong programmes ("assets") that can attract increasing co-funding from partners and/or financing from other organisations to activities (Innovation, Education, Business Creation...) and ecosystems activities

• Developing close collaborations with partner organisations such as EIF, EIB and EIC, including for co-investment opportunities in supported start-ups / scale-ups / innovation projects, for mid- to long-term income / revenues

• Developing a Financial Sustainability mentality / approach including with EIT Alumni members ("next generation")
KEY ASPECTS

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

- EIT KICs are Institutionalised European Partnerships
  - Alignment with Horizon Europe priorities and indicators
  - Appropriate balance between the sides of the knowledge triangle

- Continuous openness and transparency during implementation
  - Expansion of partnership through clear accession and exit criteria
  - Identifying and selecting projects through open calls, continuous monitoring and portfolio management

- Compliance with EIT’s good governance principles
  - Efficient and cost-effective structure comprising of a Legal Entity and innovation hubs
  - Clear decision making, supervision, and executive functions
EIT FUNDING MODEL

• Lean funding model to enhance impact and incentivise commitment from partners
  ✓ Gradually reducing EIT funding rate linked to maturity in order to increase the level of private and public investment and facilitate transition towards financial sustainability
  ✓ Performance-based funding linked to progress made in pertinent areas
  ✓ Reinforced mechanisms through continuous monitoring and periodic reviews, applying preventive and/or corrective actions

• Alignment with Horizon Europe in terms of funding implementation mechanisms, payment modalities, cost eligibility rules and control strategies

• Use of multiannual grants and Commission systems / models for sake of simplification
PERFORMANCE-BASED FUNDING

• Performance based funding allocation criteria
  ✓ Progress in implementing multiannual strategy
  ✓ Financial sustainability
  ✓ Effectiveness of knowledge triangle integration measured by key performance indicator
  ✓ Financial performance (grant absorption, error rate)
  ✓ Non-financial performance (diversity, EIT/EU co-branding)
  ✓ Business Plan (i) excellence; (ii) impact; and (iii) quality and efficiency of implementation

• Earmarked allocation for strategically important objectives
  ✓ EIT Regional Innovation Scheme
  ✓ Joint EIT Community activities (cross-KIC) and shared services
  ✓ EIT Higher Education Initiative
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**.
EIT GRANT LIFECYCLE

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

- Guarantees in legal framework
- Guidance provided to KICs
- Continuous monitoring
- Ex-post audits
- Ex-ante verifications
EIT IMPACT MODEL

Building, supporting and growing an innovation ecosystem

Economic and Societal Outcomes

- New Businesses
- New Products and Services
- Entrepreneurs
- Access to Finance and Markets
- Financial

Societal

- Human
- Material

Educational

- Intellectual
- Human
- Material

Impact

Outcomes

Outputs

Activities

Inputs
## HORIZON EUROPE IMPACT PATHWAY INDICATORS

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

A body of the European Union
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

1. Innovations addressing societal challenges developed
2. Innovations launched on the market
3. Innovation-based growth & societal benefits
BUSINESS CREATION IMPACT PATHWAY

1. Start-ups created and supported
2. Start-ups up-scaled and sustained
3. Economic growth
   New and better jobs
   Societal benefits
EDUCATION IMPACT PATHWAY

1. EIT programmes for entrepreneurial education
   Critical mass of entrepreneurial people

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

3. Economic growth
   New and better jobs
   High employment
   Societal benefits
VALUE OF THE IMPACT FRAMEWORK

Start

EIT Innovation Communities

Strategic alignment

Strong benefits

Impact needs & aspirations

Plan activities & interventions

Plan resources needed

Socio/Economic impact

Medium/term results

Short/term results

Outputs

Planning

Impact

Assess Impact

Assess medium-term results

Assess short-term results

Measure outputs

Monitoring & Evaluation

End
## STRATEGY AND PLANNED IMPACT

<table>
<thead>
<tr>
<th>Vision</th>
<th>Vision in one sentence (max 30 words)</th>
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<tr>
<td>Mission</td>
<td>Mission in one sentence (max 30 words)</td>
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<tr>
<td>Strategic objective (max 5 strategic objectives)</td>
<td>Problem/issue related to the societal challenge</td>
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# How to Use the Impact Framework for Your Application

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<th>Code</th>
<th>KPIs</th>
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EVALUATIONS

First Partnership Agreement

Y1  
3-year interim reviews

Y4  
7-year comprehensive assessments

Y 6-7  
3-year interim reviews

Second Partnership Agreement

Y10  
Final Review

Y15

3-year interimreviews