# European Institute of Innovation and Technology (EIT). Recast

2019/0151(COD) - 11/07/2019 - Legislative proposal

PURPOSE: to update the legal base of the European Institute of Innovation and Technology (EIT).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the European Institute of Innovation and Technology was established in 2008 by Regulation (EC) No 294/2008, as amended by Regulation (EC) No 1292/2013, and has its headquarters in Budapest. Its overall mission is to stimulate sustainable European economic growth and competitiveness by strengthening the innovative capacity of Member States and the Union.

The functioning of the EIT is based on its Knowledge and Innovation Communities (KICs). These are large-scale European partnerships bringing together educational institutions, research institutes and professional organisations to address specific societal challenges.

The EIT is an integral part of the Commission's proposal to establish Horizon Europe, the EU's next research and innovation programme (2021-2027). It is one of the three components of its "Innovative Europe" pillar.

The Horizon Europe proposal sets out the budget for the EIT for the next MFF as well as its rationale, added value, areas of intervention and broad lines of activity. However, the Horizon Europe proposal itself does not provide the legal basis for continuing the EIT operations as from 2021. The legal base of the EIT remains the EIT Regulation which defines its mission, its main tasks and the framework for its operation.

As a number of provisions of the EIT Regulation refer directly to the current Horizon 2020 programme for the period 2014-2020, the Commission proposes to amend these provisions in order to make them compatible with the next Union framework programmes supporting research and innovation.

The proposal builds on the external evaluation of the EIT carried out in 2017 which confirmed that the rationale behind the establishment of the EIT is valid.

IMPACT ASSESSMENT: the preferred option is based on the baseline scenario (continuation of the EIT's activities in their current form, with the necessary adjustments to bring the EIT into line with the Horizon Europe proposal). In addition, it provides for the adoption of a number of technical measures to improve the functioning of the EIT and proposes a new action to encourage entrepreneurial education across Europe.

CONTENT: the proposal for a revised EIT Regulation aims to ensure greater legal clarity and alignment with the EU Framework Programme for Research and Innovation.

The Commission proposes to make the new EIT Regulation time neutral so that amendments to it at the end of each MFF would in principle not be necessary or only minimal.

The EIT's Strategic Innovation Agenda (SIA) would define the priority areas and long-term strategy for EIT action for a period of seven years. It should ensure that it is in line with the objectives of the relevant EU framework programme for support for research and innovation and with the requirements of that programme for multi-annual strategic planning, monitoring and other activities, and promote synergies with other relevant programmes under each new MFF.

In concrete terms, the recast proposal:

- clarifies the missions of the EIT and assigns it a new mission to design and coordinate support actions undertaken by the KICs for the development of entrepreneurial and innovation capacity of Higher Education Institutions and their integration in innovation ecosystems;

- updates the reference to the Union framework programme supporting research and innovation as regards the indicators for the continuous monitoring and periodic external evaluations of the KICs;

- reinforces the comprehensive mid-term review of each KIC before the expiry of the initial framework partnership agreement and introduces the notion of a memorandum of cooperation, as a facultative means to ensure EIT-KICs relation following the end date of the framework partnership agreement.

- provides the EIT with a light and simplified funding model, designed to more effectively encourage additional private and public investment: the EIT's contribution to the KICs could only cover up to 100 % of the total eligible costs of KIC added-value activities only in the initial stages of the KIC life. Such contribution shall gradually decrease over time in compliance with the co-funding rates defined in the SIA. It also emphasises the importance of financial sustainability of KICs within the EIT’s competitive allocation mechanism;

- strengthens the governance structure of the EIT: the amendments aim to clarify the roles of the EIT Governing Board, Executive Committee and Director, strengthen the Governing Board’s role in the monitoring, supervision and steering of KICs and clarify the Commission’s role vis-à-vis the EIT to reflect its obligations in terms of monitoring and sound financial management.