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European Economic and Social Committee

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Strategic agenda 2021-2027/EIT/Recast

OPINION

European Economic and Social Committee

Proposal for a Decision of the European Parliament and of the Council on the Strategic Innovation Agenda of the European Institute of Innovation and Technology (EIT) 2021-2027: Boosting the Innovation Talent and Capacity of Europe
[COM(2019) 330 final – 2019/00152 (COD)]
and
Proposal for a Regulation of the European Parliament and of the Council on the European Institute of Innovation and Technology (recast)
[COM(2019) 331 final – 2019/00151 (COD)]

Rapporteur-general: **Antonello PEZZINI**

Referral	European Parliament, 18/07/2019 Council, 26/07/2019
Legal basis	Articles 173(3) and 304 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Bureau decision	24/09/2019
Adopted at plenary	31/10/2019
Plenary session No	547
Outcome of vote (for/against/abstentions)	168/0/1

1. Conclusions and recommendations

1.1 The European Economic and Social Committee (EESC) fully supports the synergy between the EIT and the multiannual EU framework programme for research and innovation, as proposed in the revised regulation, as part of the process of rationalisation introduced by Horizon Europe, setting out a simplified architecture with regard to research and innovation.

1.2 The EESC is convinced that Horizon Europe's "Open Innovation" will offer a one-stop-shop to high-potential innovators through the European Innovation Council, and will step up cooperation with ecosystems and operators, in synergy with the EIT, avoiding duplication and overlaps and ensuring effective complementarities, as set out by the Council in connection with the proposal for the programme implementing Horizon Europe[1].

1.3 In this regard, the EIT should represent one of the main drivers for target-focused innovation, capable of meeting challenges to society in areas such as: sustainable innovation ecosystems; innovation and business skills with a view to lifelong learning; more efficient institutions of higher education; new market-oriented solutions to face global challenges; synergies and added value throughout the Horizon Europe programme.

1.4 In the EESC's view, the EIT and its Knowledge and Innovation Communities (KICs) should play a more central role on the EU's national and regional innovation scene; they should fine-tune their own capacities to achieve closer and more effective coordination with all other stakeholders at the different levels; and they should step up their work with businesses of every size, with the aim of fostering a culture of entrepreneurship in the EU.

1.5 The EESC recommends that the EIT maintain and highlight its unique added value as a European leader in high-skill, specialist business education applying a "learning-by-doing" approach, identifying and trialling new teaching and learning methods. The EIT label should be recognised by the main international accreditation bodies and exported beyond the KICs and their partners in order to foster an ever-growing innovation community, in cooperation with non-EU countries, in Asia and with the USA in particular.

1.6 In the EESC's view, the EIT should support the development of new products of strong commercial value, enriched by educational experiences and disseminated internationally, based on the industrial doctorate model. This would undoubtedly facilitate wider and more active involvement by commercial partners in KIC activities.

1.7 In order to involve SMEs more effectively, the KICs should sound out new systems for harnessing and promoting the "proximity effect", bringing in local centres in particular: they should provide an access point to global innovation platforms from regional and local actors.

1.8 The EIT and KICs should, each from their side, build up their own strategies for financing businesses and development, in order to support the process of consolidating innovative

[1] Interinstitutional file 2018/0225 (COD) – 8550/19, 15.4.2019.

enterprises. Network links with the financial sector and risk capital funds should also be strengthened.

1.9 The EESC recommends that the way KICs are spread should better reflect the geopolitical balance and ensure better cover of the EU's territory, beginning with the cultural and creative industries, with a view to covering areas such as the Adriatic/Balkan and Chinese areas.

1.10 With regard to the proposed decision on the Strategic Innovation Agenda (SIA) for the 2021-2027 period, the EESC considers that the process should be marked by a holistic approach, and should cover all types of partnership (P2P, PPP, EIT-KIC and FET Flagships), as urged in the Council conclusions, in order to provide a complete picture of what is being done through partnerships and to achieve the policy objectives.

1.11 The EESC broadly agrees with the Strategic Innovation Agenda, as set out in the annex to the proposal for a decision, insofar as the implementation of the measures put forward is fully aligned with the Horizon Europe strategic plan, as set out in the common understanding of the European Parliament and the Council on the 9th framework Programme (FP)[2].

1.12 The EESC welcomes the announced intention that "the EIT will continue its efforts towards simplification in order to alleviate unnecessary administrative burden of the KIC, allowing the implementation of their annual Business Plan and multi-annual strategy in an agile and efficient way".

1.13 The EESC considers that the EIT should be required to produce a value-for-money report on all successful innovative products placed on the market over its ten years of experience.

1.14 The EESC attaches similar importance to: reporting and monitoring work, with specific impact indicators; evaluation of the KICs' operational performance; real achievements; results and progress towards meeting objectives, in line with the Horizon Europe framework.

2. Introduction

2.1 Europe's difficulties in turning inventions into marketable products and services have prompted the EU to review its research policies, seeking to remedy its inability to convert its excellence in fundamental research into market-oriented innovation, and to do so rapidly.

2.2 The European Institute of Innovation and Technology (EIT), on which the EESC has previously issued a number of opinions[3], was set up by the European Union in 2008 in order to strengthen its capacity for innovation, and is a constituent part of the European Framework Programme for Research and Innovation (FP).

2.3 As things stand, the EIT is Europe's largest integrated innovation ecosystem. It brings together partners from business, research and educational bodies and supports the KICs. These

2 Interinstitutional file 2018/0224 (COD) – 7942/19, 27.3.2019.

3 OJ C 161, 13.7.2007, p. 28, OJ C 181, 21.6.2012, p. 122, OJ C 62, 15.2.2019, p. 33.

communities represent a wide range of European partnerships, capable both of tackling specific global challenges and of strengthening development ecosystems, promoting the integration of education with research in order to create a favourable climate and to simulate the creation of innovative businesses, in close alignment with the European Innovation Council (EIC).

2.4 The current 2014-2020 FP (Horizon 2020) explicitly finances innovation with new public instruments that have been brought in to boost innovation in Europe and further encourage businesses to be involved in innovation, such as: public-private partnerships, e.g. the Joint Technology Initiatives (JTI); loan and guarantee schemes, such as the RSFF; and risk capital, such as the GIF[4].

2.5 With a budget of more than EUR 300 million for the 2008-2013 period, EUR 2.7 billion for 2014-2020 and EUR 3.1 billion for 2021-2027, the EIT is set to play an important role within the Europe 2020 strategy[5].

2.6 The EIT's purpose is to improve innovation processes, by integrating training and entrepreneurship with research and innovation, with the specific aim of focusing on tangible results and benefits[6].

2.7 The EIT's activity is channelled through the KICs: large-scale European partnerships which address specific societal challenges by bringing together education, research and business organisations. The EIT awards grants to the KICs and is required to monitor their activities, with effective verification and publication of results.

2.8 The EIT is now integrated into Horizon Europe as part of the third pillar (Innovative Europe), but synergies and complementarity also need to be generated with the other components of the programme[7]. As an integral part of the EIT, KICs are considered to be "institutionalised European partnerships".

2.9 More specifically, the EIT's overall objectives are reflected in its areas of work, as identified by Horizon Europe, which also establishes the selection, implementation, monitoring, evaluation and termination criteria for European partnerships, including KIC-EIT ones.

2.9.1 It is worth pointing out the main areas of work:

- strengthening sustainable innovation ecosystems across Europe;
- fostering the development of entrepreneurial and innovation skills in a lifelong learning perspective;

4 JTI – the Joint Technology Initiatives were introduced to respond better to industry's needs in dedicated fields of research. They are independent EU bodies in which industry, and in some cases the Member States, participate. RSFF – a risk-sharing finance facility was set up to improve access to debt financing for researchers, in particular for high-risk investment in the research, technological development and innovation sector. GIF – a tool for innovative, high-growth SMEs under the programme for competitiveness and innovation, which supplies risk capital to innovative, high-growth capacity SMEs.

5 Article 3 of Regulation (EU) No 1292/2013, (OJ 347, 20.12.2013, p. 174).

6 Decision No 1312/2013, (OJ L 347, 3.10.2009, p. 892).

7 See footnote 1.

– supporting transformation towards a business culture in universities;
– bringing new solutions to the market to tackle global challenges facing society.

2.10 The EIT operates as a decentralised EU body. It is based in Budapest. The EIT is not a research centre and does not directly contribute to funding individual projects, but offers grants to KICs.

2.11 The KICs are selected by open call based on priority topics with a high social impact. The EIT is currently supporting eight KICs that bring together businesses, universities and research centres in cross-border partnerships[8].

2.12 Each KIC seeks to strengthen innovation capacity, managing a balanced portfolio of activities across three sectors:

– innovation support projects intended to support and develop new and innovative products, services and solutions;
– education, innovative education and training programmes, supplied by each KIC in the form of postgraduate programmes (MSc/PhD); management/professional development programmes; lifelong learning modules; summer schools, with an EIT quality mark;
– business creation and support activities, with start-up programmes to help entrepreneurs and potential entrepreneurs to turn their ideas into successful businesses, concentrating mainly on market access, online financing, mentoring and coaching.

2.13 At the same time, as part of the awareness-raising strategy, each KIC is committed to carrying out awareness-raising, communication and dissemination activities, including the development of Regional Innovation Schemes (RIS) in close synergy with the EIT.

2.14 The EESC has previously emphasised that the KICs "should guarantee the representation of different European countries, namely regarding the innovation hubs' location" and that "the entrepreneurship fostered by the academic pillar [...] should be reinforced"[9].

2.15 The EESC has also noted the "concentration of KICs" in a small number of countries, and declared that it "would like to see a focused effort being made to forge links with laboratories, businesses and research institutions in as many Member States as possible"[10].

2.16 The European Parliament has called on the Commission to keep KICs in the current EIT structure, stressing the importance of transparency and extensive stakeholder involvement, and

8 *EIT Climate-KIC*: Drivers of climate innovation in Europe and beyond; *EIT Digital*: For a strong, digital Europe; *EIT Food*: EIT Food connects businesses, research centres, universities and consumers; *EIT Health*: Together for healthy lives in Europe; *EIT InnoEnergy*: Pioneering change in sustainable Energy; *EIT Manufacturing*: Strengthening and increasing the competitiveness of Europe's manufacturing; *EIT RawMaterials*: Developing raw materials into a major strength for Europe; *EIT Urban Mobility*: Smart, green and integrated transport.

9 OJ C 62, 15.2.2019, p. 33.

10 OJ C 181, 21.6.2012, p. 122.

inviting the Commission "to analyse how EIT and KICs may interact with the EIC" (European Innovation Council)[11].

2.17 The European Parliament has also noted from the report of the Court of Auditors that the KICs have not fully used the grants awarded by the Institute, mainly due to incomplete implementation of the business plans[12]. The special report of the Court of Auditors on the EIT indicated that its complex operational framework and management problems have impeded its overall effectiveness, with a number of weaknesses.

2.18 The Council has recognised the proven added value of strategic partnerships and initiatives, such as the EIT and the Marie Skłodowska-Curie actions[13] and, in the third pillar of the agreement on the future Horizon Europe programme (Innovative Europe), the focus will be on scaling up breakthrough and disruptive innovation by establishing the European Innovation Council. The latter will offer a one-stop-shop for high-potential innovators[14].

3. The European Commission's proposals

3.1 The proposals seek to reinforce the openness and transparency of KICs and the alignment of the EIT with the forthcoming EU research and innovation programme (2021-2027) and, in particular, with the proposed approach for European partnerships under Horizon Europe, with the aim of further boosting the EU's innovation potential.

3.2 With a proposed budget of EUR 3 billion, representing an increase of EUR 600 million (+ 25%) over the current strategic agenda for innovation (2014-2020), it is considered that the EIT could effectively finance existing activities and new KICs, and support the innovation capacity of 750 higher education institutions.

3.3 The EIT should launch activities aimed at:

- strengthening sustainable innovation ecosystems across Europe;
- fostering the development of entrepreneurial and innovation skills in a lifelong learning perspective and supporting the entrepreneurial transformation of EU HEIs;
- bringing new solutions to the market to tackle global challenges.

3.4 The proposal to recast the EIT regulation[15] is intended to ensure greater legal clarity and closer alignment with the EU's Framework Programme for Research and Innovation with a new legal basis, and also introduces a simplified financing model for the EIT so as to more efficiently encourage additional public and private investment, strengthening the EIT's administrative structure.

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11 European Parliament resolution of 13 June 2017, (OJ L 331, 20.12.2013, p. 30).

12 Resolution (EU) 2019/1483, OJ L 249, 27.9.2019, p. 229.

13 Council conclusions on moving towards a vision of a European Education Area (23 May 2018).

14 Council of the EU – Press release 27 March 2019.

15 OJ L L347, 13.12.2016, p. 174.

3.5 The proposal for a decision on the Strategic Innovation Agenda (SIA) 2021-2027 – which must be in line with the Horizon Europe Framework Programme for Research and Innovation – sets out to pursue the following objectives:

- to increase the regional impact of the KICs through stronger EIT networks, involving more higher education institutions, businesses and research organisations, linked to the regional smart specialisation strategies;
- to boost the innovation capacity of higher education;
- to launch new KICs. The EIT will set up two new KICs, selected in fields most relevant to Horizon Europe policy priorities. The first will focus on the cultural and creative industries and the second will be identified at a later stage, in 2025.

4. General comments

4.1 The EESC welcomes the role of the EIT in promoting EU competitiveness through its support for the innovation ecosystem, insofar as the Institute has successfully contributed to the growth of the "knowledge triangle".

4.2 The EESC is convinced that "Open Innovation" will offer a one-stop-shop to high-potential innovators through the European Innovation Council, and will step up cooperation with ecosystems and operators of innovative processes.

4.3 In this regard, the EIT should be one of the main drivers for target-focused innovation in order to tackle the challenges facing society in areas such as:

- sustainable innovation ecosystems across Europe;
- entrepreneurial innovation and capacity in a lifelong learning perspective, including greater capacity for higher education institutions;
- new market-oriented solutions to tackle global challenges;
- synergies and added value within the whole of Horizon Europe.

4.4 The EIT and KICs should play a more central role on the EU's national and regional innovation scene, and should boost their own capacities by means of closer and better coordination with all the stakeholders.

4.5 The EIT should address all companies, regardless of size, boosting the EU's culture of entrepreneurship by involving all the social interest groups, generate synergies with the European Innovation Council (EIC) and give added value to a wide range of projects under Horizon Europe.

4.6 The EESC is of the view that the EIT and the KICs should give priority both to systematically stepping up contacts between the large and medium-sized companies that are active in the KICs and to new start-ups involved in KIC initiatives.

4.7 The EIT and KICs should develop their own strategies to finance businesses, in order to help strengthen innovative companies through targeted links with the financial sector and risk capital funds.

4.8 The EESC considers that EIT financial support should be balanced on the basis of the sector's dimensions, type and maturity. Small and medium-sized enterprises experience greater difficulty with regulatory burdens and should be supported financially.

4.9 In order to involve SMEs more effectively, the KICs should sound out ways of harnessing and promoting the "proximity effect", in particular through local centres that should provide an access point to global innovation platforms from regional and local actors.

4.10 The EESC sees local centres as key to the future of the KICs. The integration of local innovation systems and an efficient gatekeeper function for external partners are two crucial aspects for the future financial sustainability of the KICs.

4.11 KIC openness and transparency should be increased. The procedures and criteria for selection as a KIC partner (full, associate, etc.) should be made public. The rules for selecting activities/projects (e.g. for innovation proposals) should be made widely available throughout the EU, and suitable feedback mechanisms should be introduced and monitored by independent bodies.

4.12 The EESC recommends that the EIT maintain and highlight its unique added value in the field of education, as a European leader in high-level education, and develop specialist business education skills applying a "learning-by-doing" approach. The EIT label should be recognised by the main international accreditation bodies.

4.13 In the EESC's view, the EIT should support the development of new products with a strong commercial presence as part of an international educational experience, based on the industrial doctorate model.

4.13.1 The EESC fully supports the alignment of the EIT with the EU's multiannual Framework Programme for Research and Innovation as proposed in the revised regulation, as part of Horizon Europe and the proposed "European partnerships".

4.14 According to the EESC, there is a need for further simplification of the way both the EIT – the governance of which must be reinforced – and the KICs function: all following the same rules, they should have annual reports and adopt multiannual, rather than yearly, business plans.

4.15 The EESC emphasises the need to take effective remedial action in response to the comments made by the EU Court of Auditors concerning a number of key aspects of the EIT model which are not properly designed to ensure that it provides an effective and innovative public system.

4.16 With regard to the proposed decision on the Strategic Innovation Agenda (SIA) 2021-2027, the EESC considers that the process should be marked by a holistic approach, and should cover all

types of current partnership (P2P, PPP, EIT-KIC and FET Flagships), as urged in the Council conclusions.

Brussels, 31 October 2019

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