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'I' ITEM NOTE

From:	Presidency
To:	Permanent Representatives Committee (Part 1)
Subject:	Regulation on European Institute of Innovation and Technology (EIT) Decision on Strategic Innovation Agenda (SIA) of the European Institute of Innovation and Technology (EIT) - Recitals of the Regulation and the SIA and the Articles of the SIA - Mandate for negotiations with the European Parliament

I. INTRODUCTION

1. On 12 July 2019, the European Commission presented, based on Article 173(3) TFEU, its proposals for the Regulation of the European Parliament and of the Council on the European Institute of Innovation and Technology (EIT) and for the Decision of the European Parliament and of the Council on the Strategic Innovation Agenda (SIA) for the European Institute of Innovation and Technology (EIT) 2021-2027, including their impact assessments¹. A corrigendum to the impact assessments was issued by the Commission on 1 August 2019².

¹ 11227/19 + ADD 1-2, 11228/19 + ADD1-2

² 11227/19 ADD 2 REV 1 and 11228/19 ADD 2 REV 1

2. The European Parliament has appointed MEP Maria da Graça CARVALHO (EPP) as rapporteur on the Strategic Innovation Agenda of the EIT. The vote of the European Parliament's Industry, Research and Energy Committee on both proposals is expected in June 2020. The European Economic and Social Committee adopted its opinion on 31 October 2019³.

II. WORK WITHIN THE COUNCIL

3. Following the presentation by the Commission of the two proposals in July 2019, the Research Working Party considered the Commission's impact assessment. As a conclusion for this consideration, delegations recognised that the Commission's impact assessment had no major omissions or factual mistakes. Accordingly, the Working Party proceeded with the examination of the proposals⁴.
4. On 29 November 2019, the Council adopted a partial general approach on the EIT Regulation⁵ (not including the recitals, nor the provisions with budgetary implications that are in brackets). On 28 February 2020, the Council adopted a partial general approach on the Annex to the EIT SIA⁶ (not including the recitals and the SIA Articles, nor the provisions with budgetary implications that are in brackets).
5. At its meeting on 9 March 2020, the Research Working Party started the discussions on the recitals of the EIT Regulation and the EIT SIA, as well as the EIT SIA Articles.
6. Following the cancellation of subsequent meetings of the Research Working Party due to the current exceptional situation, the Presidency launched informal written consultations of the Working Party on 18 and 27 March in order to have the views of delegations on the support to the Presidency compromise proposals.

³ 14042/19 (opinion covers both the EIT Regulation and the Strategic Innovation Agenda)

⁴ 12193/19

⁵ 14658/1/19 REV 1

⁶ 6426/20

7. In the light of the written consultations, the Presidency considers that the latest Presidency compromise text dated 17 April 2020 benefits from a large support of delegations. The Presidency therefore suggests that the Presidency compromise proposal on the recitals of the EIT Regulation and of the EIT SIA, as well as on the EIT SIA Articles be approved as set out in the Annex to this note.

III. CONCLUSION

8. The Permanent Representatives Committee (Part 1) is therefore invited to confirm the agreement reached by the Research Working Party and to agree on the mandate for negotiations with the European Parliament on the recitals of the EIT Regulation and of the EIT SIA, as well as the EIT SIA Articles as set out in the Annex to this note to enable the Presidency to conduct negotiations with the European Parliament.
9. Unless objected by the Permanent Representatives Committee (Part 1), the mandate will be made public by the General Secretariat of the Council after the endorsement.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the European Institute of Innovation and Technology (recast)

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 173(3) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee⁷,

Having regard to the opinion of the Committee of the Regions⁸,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Regulation (EC) No 294/2008 of the European Parliament and of the Council⁹ has been substantially amended¹⁰. Since further amendments are to be made, that Regulation should be recast in the interests of clarity.

⁷ OJ C [...], [...], p. [...].

⁸ OJ C [...], [...], p. [...].

⁹ 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 (OJ L 097, 9.4.2008, p. 1).

¹⁰ See Annex II.

- (1a) The periodic evaluations of the EIT and the experience in applying Regulation (EC) No 294/2008 show that substantial changes are necessary to further improve the EIT model and its underlying processes. Moreover, the EIT interim evaluation and the ex-ante impact assessment have identified a number of areas for improvement, inter alia the KICs' funding model, the integration of EIT KICs in local innovation ecosystems, KICs' openness and transparency and the EIT monitoring. This recast offers the opportunity to address also these aspects.
- (2) Member States are primarily responsible for sustaining a strong European industrial, competitive and innovative base. However, the nature and scale of the innovation challenge in the Union also require action to be taken collaboratively at Union level.
- (3) The European Institute of Innovation and Technology ('EIT') is established to complement existing Union and national policies and initiatives by fostering the integration of the knowledge triangle — higher education, research and innovation — across the Union.
- (3a) The EIT should contribute to reinforcing the innovation capacity of all Member States and the Union in order to tackle major challenges faced by society.
- (4) The EIT, through its Knowledge and Innovation Communities ('KICs'), should aim to strengthen innovation ecosystems across the Union in an open and transparent manner. In order to achieve this objective, the EIT should facilitate and enhance networking, integration and cooperation and promote synergies between different innovation communities across Europe.

- (4a) In order to contribute to tackling disparities in innovation in Europe, the EIT should, notably through its Regional Innovation Scheme (RIS) and as further defined in the SIA, support the innovation capacity of countries and integrate new partner organisations in KICs' communities.
- (5) The strategic priority fields and financial needs for the EIT for a period of seven years, covering the respective Multiannual Financial Framework ('MFF'), should be laid down in a Strategic Innovation Agenda ('SIA'). The SIA should ensure alignment with Horizon Europe, including in reporting, monitoring and evaluation, and should take into account its strategic planning. It should foster synergies with other parts of Horizon Europe, other relevant Union programmes of the MFF as well as with other relevant Union, national and regional initiatives, policies and instruments, in particular with those supporting research and innovation, education and skills development, sustainable and competitive industry, entrepreneurship and regional development. Given the importance of the SIA for Union innovation policy and the expected socio-economic impact for the Union, the SIA should be adopted by the European Parliament and the Council on the basis of a Commission proposal based on a contribution provided by the EIT.
- (6) In line with Horizon Europe, the activities of the EIT should address strategic long-term challenges, particularly in trans- and/or inter-disciplinary areas including those already identified at European level. In so doing, the EIT should also promote dialogue with civil society and other stakeholders.
- (7) The EIT should, through its KICs, give priority to the transfer of its higher education, research and innovation activities to the business context and their commercial application, and support the creation and development of innovative businesses, in complementarity with the European Innovation Council (EIC), as well as other relevant parts of Horizon Europe, and the InvestEU Programme.

- (8) The EIT should operate through excellence-driven and innovation-relevant large-scale European Partnerships of higher education institutions, research organisations, companies and other stakeholders in the form of sustainable and long-term self-supporting strategic networks in the innovation process. Those European partnerships should be selected and designated as KICs by the Governing Board of the EIT, according to the priority fields and time schedule defined in the SIA, taking into account the priorities as set out within the Horizon Europe strategic planning, on the basis of a competitive, open and transparent process, in accordance with the criteria of Horizon Europe for the selection of European Partnerships.
- (9) Taking into account the specificity of KICs, it is necessary to provide for special minimum conditions to form a KIC, derogating from the rules for participation and dissemination of Horizon Europe. Similarly, specific rules on ownership, access rights, exploitation and dissemination may be necessary for KIC added-value activities.
- (10) The Governing Board should steer the activities of the EIT and be responsible for the selection, designation, financing, monitoring and evaluation of the activities of the KICs in line with the provisions of Horizon Europe and the SIA. Membership of the Governing Board should balance experience in education, research, innovation and business, as well as gender and geographical coverage.

- (10a) The EIT should organise continuous monitoring and periodic external evaluations of the output, results and impact of each KIC, including the progress of KICs towards financial sustainability, cost-efficiency and openness to new members. These periodic evaluations should notably include interim reviews, covering the first three years of the framework partnership agreement and, in the case of extension, three years following its extension, comprehensive assessments, conducted before the end of the seventh year of the Framework Partnership Agreement, and final reviews, conducted before the end of the Framework Partnership Agreement in case of extension. The EIT, through its Governing Board, should take corrective measures towards the KICs when appropriate.
- (10b) The Member States' Representatives Group should be regularly informed of the performance, achievements and activities of the EIT and the KICs, and should advise the Governing Board and the Director on strategically important issues.
- (11) In order to contribute to the competitiveness and to reinforce the international attractiveness of the European economy and its innovation capacity, the EIT and the KICs should be able to attract partner organisations, researchers and students from across the Union and beyond, including by encouraging their mobility.

- (12) Relations between the EIT and the KICs should be based on framework partnership agreements and grant agreements, which will set out the KICs' rights and obligations as well as the EIT performance-based financial contribution to a KIC. By way of derogation from Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council¹¹ (the 'Financial Regulation'), the EIT should be able to establish such framework partnership agreement for an initial period of seven years and, subject to positive performance, interim review and outcome of comprehensive assessment of the KIC, extend it beyond that period for another period of a maximum of seven years. After the end date of the framework partnership agreement, the EIT and a KIC can conclude a Memorandum of Cooperation with the aim of maintaining active cooperation.
- (13) There is a need to support higher education as an integral component of the knowledge triangle. The framework partnership agreements, grant agreements and memoranda of cooperation between the EIT and KICs should provide that the degrees and diplomas awarded through the KICs by participating higher education institutions, in accordance with national rules and accreditation procedures, can also be labelled as EIT degrees and diplomas. In addition, the EIT should strengthen the promotion of the EIT-labelled degrees and diplomas outside the EIT Community and extend them to lifelong learning programmes. Through its activities and work, the EIT should help promote mobility for students, researchers and staff. All those activities should be carried out without prejudice to Directive 2005/36/EC of the European Parliament and of the Council¹².

¹¹ 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 (OJ L 193, 30.7.2018, p. 1).

¹² Directive 2005/36/EC of the European Parliament and of the Council of 7 September 2005 on the recognition of professional qualifications (OJ L 255, 30.9.2005, p. 22).

- (14) Appropriate provisions should be made to guarantee the liability, openness and transparency of the EIT. Appropriate rules regulating its governance and functioning should be laid down in the Statutes of the EIT.
- (15) The EIT should possess legal personality and, in order to guarantee its functional autonomy and independence of national authorities and external pressures, it should administer its own budget whose revenue should include a contribution from the Union.
- (16) It is expected that industry, the finance and service sectors will contribute significantly to the budget of the KICs. The KICs should in particular aim to maximise the share of contributions from private sources and from income generated by their activities and to pursue and achieve financial sustainability at the latest before the expiry of the 15 years of EIT financial support. The KICs and their partner organisations should publicise the fact that their activities are undertaken in the context of the EIT and that they receive a financial contribution from the general budget of the Union.
- (17) The Union budgetary procedure should be applicable as far as the Union financial contribution chargeable to the general budget of the Union is concerned. The auditing of accounts should be undertaken by the Court of Auditors in accordance with the Financial Regulation.
- (17a) The revenue of the EIT should include the contribution from the Union provided through the financial contribution from Horizon Europe and can include contributions from other private and public sources.

- (18) The EIT is a body set up by the Union within the meaning of Article 70 of the Financial Regulation and should adopt its financial rules accordingly. Consequently 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 the Financial Regulation¹³ should apply to the EIT.
- (19) The EIT should produce a consolidated annual activity report, outlining the activities conducted and results of the operations in the preceding calendar year. The EIT should also produce a single programming document based on the SIA and in accordance with EIT financial rules, outlining its planned initiative in terms of annual and multiannual programming and allowing the EIT to respond to internal and external developments in the fields of science, society, technology, higher education, innovation and other relevant areas.
- (20) It is appropriate that the Commission initiate independent, external evaluations of the operation of the EIT, including the activities managed through the KICs, in particular with a view to preparing the SIA. Those evaluations should examine how the EIT fulfils its mission, cover all activities of the EIT and KICs and should assess the European added value of the EIT, the impact across the Union, openness, effectiveness, sustainability, efficiency, relevance of activities pursued and their coherence and/or complementarity with relevant national and Union policies, including synergies with other parts of Horizon Europe. Those evaluations should feed into the Commission programme evaluations provided for in Horizon Europe.

¹³ 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 (OJ L 122, 10.5.2019, p. 1).

(21) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States but can rather, for reasons of scale and transnationality, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.

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**

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 173(3) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Regulation (EC) [add number of new Regulation], and in particular Article 4 thereof, provides for the adoption of a Strategic Innovation Agenda ('SIA').

- (2) The SIA should define the priority fields and the strategy for the European Institute of Innovation and Technology ('EIT') for the seven-year period concerned, in coherence with Horizon Europe, and include an assessment of its socio-economic impact and its capacity to generate best innovation added value. The SIA should take into account the results of the monitoring and evaluation of the EIT.
- (3) The SIA should take into account the strategic planning of Horizon Europe and should establish and foster appropriate synergies and complementarities between EIT activities and other relevant Union, national and regional initiatives, instruments and programmes and should ensure consistency with EU priorities and commitments, including those related to the European Green Deal.
- (3a) The SIA should additionally include an estimate of financial needs and sources for the future activities of the EIT. It should also include an indicative financial plan covering the period of the respective MFF.

HAVE ADOPTED THIS DECISION:

Article 1

The Strategic Innovation Agenda of the European Institute of Innovation and Technology for the period from 2021 to 2027 as set out in the Annex is hereby adopted.

Article 2

The SIA shall be implemented in accordance with Regulation (EU) No on the European Institute of Innovation and Technology¹⁴.

¹⁴ Reference to the adopted recast EIT Regulation.

Article 3

This Decision shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

Done at Brussels,

For the European Parliament

For the Council

The President The President
