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NOTE

From:	General Secretariat of the Council
To:	Delegations
No. Cion doc.:	11228/19+ADD1
Subject:	Proposal for a Regulation of the European Parliament and of the Council on the European Institute of Innovation and Technology (recast)

Delegations will find attached, for information purposes, a consolidated text of the proposal for a Regulation of the European Parliament and of the Council on the European Institute of Innovation and Technology (recast) reflecting the current state of play. Please note that the recitals are part of the mandate agreed by the Permanent Representatives Committee on 8 May 2020, whereas the rest of the text corresponds to the partial general approach adopted by the Council (Competitiveness) on 29 November 2019.

ANNEX

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 Committee[1],

Having regard to the opinion of the Committee of the Regions[2],

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) Regulation (EC) No 294/2008 of the European Parliament and of the Council[3] has been substantially amended[4]. Since further amendments are to be made, that Regulation should be recast in the interests of clarity.

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1 OJ C […], […], p. […].

2 OJ C […], […], p. […].

3 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).

4 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 Council[5] (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 Council[6].

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5 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).

6 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 Regulation[7] 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.

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[7] 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.

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter

A European Institute of Innovation and Technology ('EIT') is established.

Article 2

Definitions

For the purpose of this Regulation, the following definitions shall apply:

(1) 'innovation' means the process, including its outcome, by which new ideas respond to societal, environmental or economic needs and demand and generate new products, processes, services or business and organisational models that are successfully introduced into an existing market or that are able to create new markets and that provide value to society;

(2) 'Knowledge and Innovation Community' (KIC) means large-scale European partnership as referred to in Horizon Europe, of higher education institutions, research organisations, companies and other stakeholders in the innovation process in the form of a strategic network, regardless of its precise legal form, based on joint mid- to long-term innovation planning to meet the EIT challenges and contribute to attaining the objectives established under Horizon Europe;

(3) ‘partner organisation’ means any legal entity which is a member of a KIC and may include, in particular, higher education institutions, vocational education and training providers, research organisations, public or private companies, financial institutions, regional and local authorities, foundations and non-profit organisations;

(4) ‘research organisation’ means any public or private legal entity which undertakes research or technological development as one of its main objectives;

(5) ‘higher education institution’ means a university or any type of higher education institution which, in accordance with national legislation or practice, offers degrees and diplomas in particular at masters or doctoral level, irrespective of its denomination in the national context;

(6) ‘EIT Community’ means the EIT and the active community of all individuals and legal entities which benefited or benefit from the EIT support or financial contribution;

(7) ‘Strategic Innovation Agenda’ (‘SIA’) means an act setting out the priority fields and the strategy of the EIT for future initiatives, its capacity to generate the best innovation added-value, objectives, key actions, its mode of operation, expected results and resources needed covering Horizon Europe and the MFF;

(8) ‘Regional Innovation Scheme’ (‘RIS’) means scheme fostering knowledge triangle integration and the innovation capacity of countries, in particular by attracting and integrating new partners into the KICs;

(8a) Member States' Representatives Group means a group of representatives from Member States and associated countries that is informed of the performance, achievements and activities, in particular on results of monitoring and evaluation, of the EIT and the KICs and gives advice on strategically important issues to, and shares experience with, them.

(9) ‘Stakeholder Forum’ means a platform open to representatives of Union institutions, national, regional and local authorities, organised interests and individual entities from business, higher education, research, associations, civil society and cluster organisations, as well as other interested parties from across the knowledge triangle;

(10) ‘KIC business plan’ means a document describing the objectives, the ways to achieve them and the expected results of the KIC for the relevant period, as well as the planned KIC added-value activities and the related financial needs and resources and is annexed to the grant agreement;

(11) ’KIC added-value activities’ means activities carried out by partner organisations in accordance with the KIC business plan, contributing to the integration of the knowledge triangle of higher education, research and innovation, including the establishment, administrative and coordination activities of the KICs, and contributing to the overall objectives of the EIT;

(12) ‘memorandum of co-operation’ means an agreement between the EIT and a KIC, without any financial contribution from the EIT, aimed at keeping a KIC as an active member of the EIT Community after the end date of the framework partnership agreement, and which ~~may~~ includes the conditions for access to EIT competitive calls for some specific activities;

(13) ‘financial sustainability’ means a capacity of a KIC to finance its knowledge triangle activities independently of contributions from the EIT.

Article 3

Mission and objectives

The EIT’s mission is to contribute to sustainable Union economic growth and competitiveness by reinforcing the innovation capacity of all Member States and the Union in order to address major challenges faced by the society. It shall do this by promoting synergies, integration and cooperation among higher education, research and innovation of the highest standards, including by fostering entrepreneurship, thereby strengthening the innovation ecosystems in an open and transparent manner.

For the budget period of 2021-2027, the EIT shall contribute to deliver on the general and specific objectives of Horizon Europe taking fully into account the strategic planning.

Article 4

SIA

1. The SIA shall define the priority fields and strategy for the EIT for the seven-year period concerned, in line with the objectives and priorities of Horizon Europe, and shall include an assessment of its socioeconomic impact and its capacity to generate the best innovation added-value. The SIA shall be aligned with reporting, monitoring and evaluation and other requirements of Horizon Europe and shall take into account the results of the monitoring and evaluation of the EIT as referred to in Article 19.

2. The SIA shall take into account the strategic planning of Horizon Europe ensuring coherence with the challenges of that programme, as well as complementarity with the EIC established under Horizon Europe, and shall establish and foster appropriate synergies and complementarities between the EIT activities and other relevant Union, national and regional programmes supporting research and innovation, education and skills development, sustainable and competitive industry, entrepreunership, and regional development.

3. The SIA shall include an estimate of financial needs and sources in view of the future operation, long-term development and funding of the EIT. It shall also contain an indicative financial plan covering the period of respective MFF.

4. The EIT shall submit its contribution to the Commission's proposal on the SIA.

5. Acting on the proposal from the Commission, the European Parliament and the Council shall adopt the SIA in accordance with Article 173(3) of the Treaty on the Functioning of the European Union.

Article 5

EIT Governance

1. The bodies of the EIT shall be:

   (a) a Governing Board composed of high-level members experienced in education, research, innovation and business. It shall be responsible for steering the activities of the EIT, for the selection, designation, financing, monitoring and evaluation of the KICs, and for all other strategic decisions;

   (b) an Executive Committee composed of selected members and the Chairperson of the Governing Board. It shall assist the Governing Board in the performance of its tasks and prepare the Governing Board meetings in cooperation with the Director;

   (c) a Director, appointed by the Governing Board, who shall be the legal representative of the EIT and responsible for the implementation of Governing Board decisions, the EIT operations and day-to-day management;

   (d) an Internal Auditing Function, operating in complete independence and in compliance with the relevant international standards, which shall advise the Governing Board and the Director on financial and administrative management and control structures within the EIT, on the organisation of financial links with KICs and on any other subject requested by the Governing Board.

1a. A Member States' Representatives Group is composed of one representative from each Member State and associated country. It shall give advice to the Governing Board and the Director on strategically important issues.

2. The detailed provisions regarding the EIT governance are set out in the Statutes of the EIT, annexed to this Regulation.

Article 6

Tasks

In order to achieve its mission and objectives, the EIT shall in particular:

(a) identify, in accordance with the SIA, its main priorities and activities, and implement these in accordance with the applicable rules and provisions of Horizon Europe;

(b) ensure openness to and raise awareness among potential new partner organisations and encourage their participation in its activities across the Union, including through the RIS, by building on existing networks of information and structures;

(c) select and designate KICs in the priority fields in accordance with Article 9 and define their rights and obligations by framework partnership agreements and grant agreements, supervise and provide them with appropriate support and strategic guidance, by appropriate quality control measures, and closely monitor on an annual basis and periodically evaluate their activities, and take corrective measures when appropriate;

(d) ensure an appropriate level of coordination and facilitate communication and thematic cooperation between the KICs and launch calls for cross-KIC activities and shared services;

(e) strengthen the promotion outside the EIT Community of EIT-labelled degrees and diplomas which are awarded by participating higher education institutions and extend them to lifelong learning programmes;

(f) promote the dissemination of best practices for the integration of the knowledge triangle, including among KICs and across the Union inter alia through the EIT RIS, in order to develop a common innovation and knowledge transfer culture;

(g) foster excellence in higher education, research and innovation, in particular by promoting the KICs as excellent innovation partners;

(h) promote multidisciplinary approaches to innovation, including the integration of technological, social and non-technological solutions, organisational approaches and new business models;

(i) ensure complementarity and synergy between EIT activities and other Union programmes, where appropriate;

(j) organise regular meetings of a Stakeholder Forum to inform about the activities of the EIT, its experiences, best practices and contribution to Union innovation, research and education policies and objectives, as well as other Union policies and objectives when relevant, and to allow stakeholders to express their views;

(k) organise meetings of a Member States' Representatives Group, at least twice a year, independently from the meetings of the Stakeholder Forum. The Member States' Representatives Group shall also facilitate appropriate synergies and complementarities between EIT and KIC activities with national programmes and initiatives, including the potential national co-financing of KIC activities;

(l) 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.

Article 7

KICs

1. KICs shall in particular undertake:

(a) innovation activities and investments with European added value, including facilitating the creation of innovative start-ups and development of innovative businesses in complementarity with the EIC and InvestEU, fully integrating the higher education and research dimensions to attain a critical mass and stimulating the dissemination and exploitation of results;

(b) innovation-driven research, experimentation, prototyping and demonstration in areas of key economic, environmental and societal interest and drawing on the results stemming from Union and national research, with the potential to strengthen the Union's competitiveness at international level and find solutions for the major challenges faced by European society;

(c) education and training activities in particular at masters and doctoral level, as well as professional training courses, in areas with the potential to meet future European socio-economic needs and which expand the Union's talent base, promote the development of innovation-related skills, the improvement of managerial and entrepreneurial skills and the mobility of researchers and students, and foster knowledge-sharing, mentoring and networking among the recipients of EIT education and training activities, including EIT-labelled ones;

(d) outreach activities and the dissemination of best practices in the field of innovation with a focus on development of cooperation between higher education, research and business, including the service and financial sectors;

(e) to seek synergies and complementarities between KIC activities and existing European, national and regional programmes, and cooperate with other European Partnerships where appropriate;

(f) to mobilise funds from public and private sources. They shall in particular seek to raise an increasing proportion of their budget from private sources and from income generated by their own activities, in accordance with Article 17.

2. Without prejudice to the framework partnership agreements and grant agreements between the EIT and the KICs, the KICs shall have substantial autonomy to define their internal organisation and composition, as well as their agenda and working methods, as long as these result in progress towards achieving the KICs' and the EIT's objectives, while taking into account the strategic plan and the strategic directions of the EIT set out in the SIA and by the Governing Board. In particular, KICs shall:

(a) establish internal governance arrangements which reflect the knowledge triangle of higher education, research and innovation;

(b) ensure and promote their openness through clear and transparent accession criteria, including through open calls, to all potential new partner organisations across the Union that add value to the partnership;

(c) function in an open and transparent way;

(d) establish and implement the KIC business plans;

(e) establish and implement strategies for achieving financial sustainability.

3. The relationship between the EIT and each KIC shall be based on framework partnership agreements, grant agreements or, subject to the provisions of Article 11(4), memoranda of cooperation.

Article 8

Rules for participation and dissemination

The rules for participation and dissemination of Horizon Europe shall apply. By way of derogation from those rules:

(a) the minimum conditions to form a KIC are set out in Article 9(3) and (4) of this Regulation;

(b) specific rules on ownership, access rights, exploitation and dissemination may apply for KIC added-value activities.

Article 9

Selection of KICs

1. A partnership shall be selected and designated by the EIT to become a KIC following a competitive, open and transparent procedure. The conditions and criteria of Horizon Europe, as well as for the selection of European partnerships, shall apply. The EIT Governing Board may further specify those criteria, by adopting and publishing criteria for the selection of KICs based on the principles of excellence and innovation relevance.

2. The EIT shall launch the selection and designation of KICs according to the priority fields and time schedule defined in the SIA, taking into account the priorities as defined in the strategic planning of Horizon Europe.

3. The minimum condition to form a KIC is the participation of at least three independent partner organisations, established in at least three different Member States.

4. In addition to the condition set out in paragraph 3, at least two thirds of the partner organisations forming a KIC shall be established in the Member States. At least one higher education institution, one research organisation and one private company shall be part of each KIC.

5. The EIT shall adopt and publish criteria and procedures for financing, monitoring and evaluating the activities of the KICs prior to the launching of the selection procedure for new KICs. The Member States' Representatives Group shall be promptly informed of them.

Article 10

Principles for the evaluation and monitoring of KICs

The EIT shall, on the basis of indicators and monitoring provisions set out, inter alia, in Horizon Europe and in the SIA, and in close cooperation with the Commission, organise continuous monitoring and periodic external evaluations of the output, results and impact of each KIC. In the context of such monitoring and evaluation, the EIT shall monitor KICs progress towards financial sustainability, cost-efficiency and openness to new members. The results of such monitoring and evaluations shall be reported to the European Parliament and to the Council and shall be made public.

Article 11

Duration, continuation and termination of framework partnership agreement

1. By way of derogation from Article 130(4)(c) of the Financial Regulation, the EIT may establish a framework partnership agreement with a KIC for an initial period of seven years.

1.a Based on the annual monitoring of the KICs, in accordance with Article 10, the EIT under the supervision of the Governing Board shall prepare interim reviews of the KICs performance and activities covering the first three years of the framework partnership agreement and, in the case of extension, three years following its extension.

2. Subject to positive performance, the interim review and the outcome of a comprehensive assessment with support of external experts before the expiry of the initial period of seven years, and after consulting with the Member States' Representatives Group, the Governing Board may decide to extend the framework partnership agreement with a KIC beyond the initial period for another period of a maximum of seven years or to discontinue the EIT's financial contribution and not to extend the framework partnership agreement. The Governing Board shall take into account in particular the criteria of Horizon Europe for implementation, monitoring and evaluation of the European Partnerships, the achievement of the goals set by the KIC itself, the KIC's coordination efforts with other relevant research and innovation initiatives, achieved level of financial sustainability of a KIC, its capacity to ensure openness to new members and its achievement in attracting new members, within the limits of the Union financial contribution referred to in Article 20, the EU added value and relevance with regard to the objectives of the EIT.

3. In the event that the monitoring, the interim reviews or the comprehensive assessment of a KIC show inadequate progress in areas referred to in Article 10 or lack of European added value, the Governing Board shall take appropriate corrective measures, including the reduction, modification or withdrawal of the EIT's financial contribution or the termination of the framework partnership agreement.

4. Subject to the outcome of a final review before the expiry of the extended framework partnership agreement, the EIT may conclude a memorandum of cooperation with a KIC.

Article 12

Degrees and diplomas

1. Degrees and diplomas relating to the higher education activities referred to in point (c) of Article 7(1) shall be awarded by participating higher education institutions in accordance with national rules and accreditation procedures. The framework partnership agreements and grant agreements between the EIT and the KICs shall provide that these degrees and diplomas may also be labelled EIT degrees and diplomas.

2. The EIT shall encourage participating higher education institutions to:

   (a) award joint or multiple degrees and diplomas, reflecting the integrated nature of the KICs. However, these may also be awarded by a single higher education institution;

   (b) disseminate best practices on horizontal issues;

   (c) take into account:

      (i) Union action undertaken in accordance with Articles 165 and 166 of the Treaty;

      (ii) action undertaken in the context of the European Higher Education Area.

Article 13

Operational independence of the EIT and consistency with Union, Member State or intergovernmental action

1. The EIT shall carry out its activities independently of national authorities and external pressures, while being consistent through coordination with other action and instruments to be implemented at Union level, in particular in the fields of higher education, research and innovation.

3. The EIT shall also seek synergies and complementarities by taking appropriate account of policies and initiatives at regional, national and intergovernmental levels in order to make use of best practices, well established concepts and existing resources.

Article 14

Legal status

1. The EIT shall be a Union body and shall have legal personality. In each of the Member States, it shall enjoy the widest possible legal capacity accorded to legal persons under national legislation. In particular, it may acquire or dispose of movable and immovable property and be a party to legal proceedings.

2. Protocol No 7 on the Privileges and Immunities of the European Union shall apply to the EIT.

Article 15

Liability

1. The EIT shall be solely responsible for meeting its obligations.

2. The contractual liability of the EIT shall be governed by the relevant contractual provisions and the law applicable to the contract in question. The Court of Justice shall have jurisdiction pursuant to any arbitration clause contained in a contract concluded by the EIT.

3. In the case of non-contractual liability, the EIT shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by it or its servants in the performance of their duties.

   The Court of Justice shall have jurisdiction in any dispute relating to compensation for such damage.

4. Any payment by the EIT for covering the liability referred to in paragraphs 2 and 3 and the costs and expenses incurred in connection therewith shall be considered expenditure of the EIT and shall be covered by the resources of the EIT.

5. The Court of Justice shall have jurisdiction in actions brought against the EIT under the conditions provided for in Articles 263 and 265 of the Treaty.

Article 16

Transparency and access to documents

1. The EIT and the KICs shall ensure that their activities are conducted with a high level of transparency. In particular, the EIT and the KICs shall set up an accessible, free website providing information about their activities and opportunities they provide.

1.a Detailed information on the monitoring and evaluation processes and results from all calls for proposals issued by EIT or its KICs is to be made available timely and made accessible in the common database of Horizon Europe.

2. The EIT shall make public its rules of procedure, its specific financial rules referred to in Article 22(1) and the detailed criteria for the selection of the KICs referred to in Article 9 before issuing calls for proposals for the selection of the KICs.

3. The EIT shall make public without delay its single programming document and consolidated annual activity report referred to in Article 18.

4. Without prejudice to paragraphs 5 and 6, the EIT shall not divulge to third parties confidential information it has received for which confidential treatment has been requested and is justified.

5. The members of the EIT bodies shall be subject to the confidentiality requirement referred to in Article 339 of the Treaty.

The information gathered by the EIT in accordance with this Regulation shall be subject to Regulation (EU) 2018/1725 of the European Parliament and of the Council[8].

6. Regulation (EC) No 1049/2001 of the European Parliament and of the Council[9] shall apply to the documents held by the EIT.

7. Council Regulation No 1 of 15 April 1958[10] shall apply to the EIT. The translation services required for the functioning of the EIT shall be provided by the Translation Centre for bodies of the European Union, set up by Council Regulation (EC) No 2965/1994[11].

Article 17

Financing of the KICs

1. The KICs shall be financed, in particular, from the following sources:

   (a) contributions from partner organisations, forming a substantial source of funding;

   (b) voluntary contributions from Member States, associated countries or third countries or public authorities within them;

   (c) contributions from international bodies or institutions;

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8 Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC.(OJ L 295, 21.11.2018, p. 39).

9 Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents (OJ L 145, 31.5.2001, p. 43).

10 Council Regulation No 1 of 15 April 1958 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385/58).

11 Council Regulation (EC) No 2965/1994 of 28 November 1994 setting up a Translation Centre for bodies of the European Union (OJ L 314, 7.12.1994, p. 1).

(d) revenue generated by the KICs' own assets and activities and royalties from intellectual property rights;

(e) capital endowments;

(f) bequests, donations and contributions from individuals, institutions, foundations or any other bodies established under national law;

(g) the financial contribution from the EIT;

(h) financial instruments, including those funded from the general budget of the Union.

2. The modalities for accessing funding from the EIT shall be defined in the financial rules of the EIT referred to in Article 22(1).

3. Budgetary commitments for actions extending over more than one financial year may be broken down over several years into annual instalments, subject to adequate monitoring of estimated financial needs of the KICs to be established on an annual basis.

4. The EIT financial contribution to the KICs may cover up to 100 % of the total eligible costs of KIC added-value activities in the initial stages of the KIC life. Such contribution shall gradually decrease over time in compliance with the funding rates defined in the SIA.

5. The KICs or their partner organisations may apply for Union financial contribution, in particular in the framework of Union programmes and funds, in accordance with their respective rules. In that case, such contribution shall not cover the same costs already funded under another Union programme.

6. Contributions from partner organisations to the financing of the KICs shall be determined in accordance with the funding rates refered to in paragraph 4 of this Article and reflect the KICs strategy for achieving financial sustainability.

7. The EIT shall establish a performance-based allocation mechanism for granting its financial contribution to the KICs. It shall include assessing the KICs' business plans and performance as measured by continuous monitoring in accordance with Article 10 and as described in the SIA.

Article 18

Programming and reporting

1. The EIT shall adopt a single programming document based on the SIA, in accordance with its financial rules, containing the following:

   (a) a statement of the major priorities and planned initiatives of the EIT and the KICs;

   (b) an estimate of financing needs and sources;

   (c) appropriate indicators for monitoring the KICs and EIT activities using an impact-oriented approach;

   (d) other components as laid down in its financial rules.

2. The EIT shall adopt a consolidated annual activity report, which shall include comprehensive information on the activities conducted by the EIT and the KICs during the preceding calendar year and on the EIT's contribution to the objectives of Horizon Europe, and to the Union innovation, research and education policies and objectives. It shall also assess the results with respect to the objectives, indicators and timetable set, the risks associated with the activities carried out, the use of resources and the general operation of the EIT. The consolidated annual activity report shall include further comprehensive information in accordance with the EIT's financial rules.

Article 19

Monitoring and evaluation of the EIT

1. The EIT shall ensure that its activities, including those managed through KICs, shall be subject to continuous and systematic monitoring and periodic independent evaluation in accordance with its financial rules, to ensure both the highest quality of outcome, scientific excellence and the most efficient use of resources. The outcomes of the monitoring and of the evaluations shall be made public.

2. The Commission shall provide for evaluations of the EIT with the assistance of external independent experts selected on the basis of a transparent process in accordance with its financial rules. Those evaluations shall examine how the EIT fulfils its mission and objectives, cover all activities of the EIT and the KICs and assess the European added value of the EIT, the impact across the Union, openness, effectiveness, sustainability, efficiency and relevance of the activities pursued and their coherence and/or complementarity with relevant national and Union policies, including synergies with other parts of Horizon Europe. They shall take into account the views of stakeholders, at both European and national level and feed into the Commission programme evaluations provided for in Horizon Europe.

3. The Commission may carry out further evaluations of themes or topics of strategic relevance, with the assistance of external independent experts selected on the basis of a transparent process, to examine the progress made by the EIT towards the objectives set, identify the factors contributing to the implementation of the activities and identify best practices. By carrying out those further evaluations, the Commission shall fully consider the administrative impact on the EIT and the KICs.

4. The Commission shall communicate the results of the evaluations, accompanied by its observations, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. The Governing Board shall take due account of the findings of evaluations in the programmes and operations of the EIT.

Article 20

EIT budget

1. The revenue of the EIT shall consist of a contribution from the Union. The revenue of the EIT may also include a contribution from other private and public sources.

   The Union contribution shall be provided through a financial contribution from Horizon Europe set at [EUR 3 000 000 000] during the period from 1 January 2021 to 31 December 2027. Additional financial resources from other Union programmes may be received by the EIT.

2. The EIT financial contribution to the KICs shall be provided from the Union contribution referred in paragraph 1.

Article 21

Preparation and adoption of the annual budget

1. The content and structure of the budget of the EIT shall be established in accordance with its financial rules. The expenditure of the EIT shall include the staff, administrative, infrastructure and operational expenses. Administrative expenditure shall be kept to a minimum. Revenue and expenditure shall be in balance.

2. The Director shall draw up an estimate of the revenue and expenditure of the EIT for the following financial year and shall forward it to the Governing Board.

3. The Governing Board shall adopt the draft estimate of EIT's revenue and expenditure, accompanied by a draft establishment plan, and forward them as a part of the single programming document by the date specified in the EIT's financial rules to the European Parliament, the Council and the Commission.

4. The Governing Board shall adopt the EIT budget, which shall become final following the final adoption of the general budget of the European Union. Where appropriate, it shall be adjusted accordingly.

5. The Governing Board shall, as soon as possible, notify the budgetary authority of its intention to implement any project which may have significant financial implications for the funding of the EIT budget, in particular any projects relating to property such as the rental or purchase of buildings. It shall inform the Commission thereof.

6. Any substantial modification of the budget shall follow the same procedure.

Article 22

Implementation and control of the budget

1. The EIT shall adopt its financial rules in accordance with Article 70(3) of the Financial Regulation. Appropriate consideration shall be given to the need for adequate operational flexibility in order to enable the EIT to achieve its objectives and attract and retain private sector partners.

2. The financial contribution to the EIT from Horizon Europe and other Union programmes shall be implemented in accordance with the rules of those programmes.

3. The Director shall implement the budget of the EIT.

4. The accounts of the EIT shall be consolidated with the Commission's accounts.

Article 23

[**Protection of the financial interests of the Union**

1. With a view to combating fraud, corruption and other illegal acts, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council[12] shall apply to the EIT in its entirety.

2. The EIT shall accede to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council of the European Union and the Commission of the European Communities concerning internal investigations by the European Anti-fraud Office (OLAF)[13]. The Governing Board shall formalise this accession and adopt the necessary measures to help OLAF carry out internal investigations.]

Article 24

Winding up of the EIT

In the event of the EIT being wound up, its liquidation shall take place under the supervision of the Commission in accordance with the applicable laws. The framework partnership agreements or grant agreements with the KICs shall lay down the appropriate provisions in such situation.

Article 25

Statutes

The Statutes of the EIT are set out in Annex I.

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12 Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

13 OJ L 136, 31.5.1999, p. 15.

Article 25a

Review clause

By [31 December 2026], the Commission shall, based on the results of the evaluations referred to in Article 19(2) and (3), submit, where appropriate, any proposals for amendments to this Regulation which it considers necessary, in particular in relation to the EIT's mission and objectives and with a view to extend the EIT budget beyond the period specified in [Article 3 and Article 20] in accordance with the relevant Union framework programme for research and innovation.

Article 26

Repeal

Regulation (EC) No 294/2008 is repealed.

References to the repealed Regulation shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex III.

Article 27

Entry into force

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

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament	*For the Council*
The President	The President

ANNEX I

Statutes of the European Institute of Innovation and Technology

SECTION 1

COMPOSITION OF THE GOVERNING BOARD

1. The Governing Board shall, when executing its responsibilities, act under the supervision of the Commission in implementing the EIT's mission and objectives.

   The Governing Board shall be composed of 15 members, appointed by the Commission, providing a balance between those with experience in business, higher education and research. The term of office of the members of the Governing Board shall be four years. The Commission may extend that term of office once by a two-year period on the proposal of the Governing Board.

   Whenever necessary, the Governing Board shall submit to the Commission a shortlist of candidates for the purpose of appointment of a new member or members.
   The shortlisted candidates shall be selected on the basis of the outcome of a transparent and open procedure initiated by the EIT.

   The Commission shall have regard to the balance between higher education (including vocational education and training), research, innovation and business experience as well as to gender and geographical balance and an appreciation of the education, research and innovation environment across the Union.

   The Commission shall appoint the member or members and inform the European Parliament and the Council of the selection process and of the final appointment of those members of the Governing Board.

In the event that a member is unable to complete his/her term of office, a substitute member shall be appointed by the same procedure as the incapacitated member in order to complete the latter's term of office. A substitute member who has served for a period of less than two years may be reappointed by the Commission for an additional period of four years at the request of the Governing Board.

The Commission shall appoint three additional members of the Governing Board to reach the number of 15 within eighteen months of entry into force of this Regulation. The Board members appointed before the entry into force of this Regulation shall complete their non-renewable term of office.

In exceptional and duly justified circumstances, in particular in order to maintain the integrity of the Governing Board, the Commission may, on its own initiative, terminate the term of office of a member of the Board.

2. The Governing Board members shall act in the interests of the EIT, safeguarding its goals and mission, identity, autonomy and coherence, in an independent and transparent way.

SECTION 2

RESPONSIBILITIES OF THE GOVERNING BOARD

1. The Governing Board, in exercising its responsibility for steering and monitoring the activities of the EIT, shall take strategic decisions, in particular:

   (a) adopt the EIT’s contribution to the Commission’s proposal on the EIT's Strategic Innovation Agenda (SIA);

   (b) adopt the EIT’s single programming document, budget, annual accounts and balance sheet and consolidated annual activity report;

(c) adopt sound criteria and clear and transparent procedures for performance-based financing of the KICs, including the decision on the maximum allocation of EIT funding contribution to them, in view of implementing the relevant KIC business plan and achieving the objectives described in the SIA and in accordance with Article 10 of this Regulation, including their progress in achieving financial sustainability;

(d) adopt the selection procedure of the KICs, in accordance with Article 9 of this Regulation and the SIA;

(e) select and designate a partnership as a KIC or withdraw the designation;

(f) authorise the Director to prepare, negotiate and conclude framework partnership agreements and grant agreements with the KICs;

(fa) authorise the Director to prepare and negotiate Memoranda of Cooperation with the KICs and, after having examined the negotiated Memoranda, authorise the Director to conclude them;

(g) authorise the Director to extend framework partnership agreements with the KICs beyond the period initially set, subject to the satisfactory outcome of the comprehensive assessment, as described in the SIA and in accordance with Article 10 of this Regulation, before the expiry of this period in accordance with Article 11;

(h) authorise the Director to prepare, negotiate and conclude grant agreements with other legal entities;

(i) adopt effective, efficient, transparent and continuous monitoring and evaluation procedures, including a sound set of indicators in accordance with Articles 10, 11, 18 and 19 of this Regulation, and supervise their implementation by the Director;

(j) take appropriate corrective measures on underperforming KICs, including the reduction, modification or withdrawal of the EIT's financial contribution to the KICs or the termination of the framework partnership agreements with them, based on the monitoring and the assessment results, in accordance with the objectives of the EIT and the KICs and Articles 10, 11 and 17 of this Regulation;

(ja) encourage the KICs to adopt operational models for openness towards new partner organisations;

(k) promote the EIT across the Union and globally, so as to raise its attractiveness, and for this purpose authorise the Director to sign memoranda of understanding with Member States, associated countries or third countries;

(l) decide on the design and coordination of support actions undertaken by the KICs to broaden the impact of the EIT across the Union for the development of entrepreneurial and innovation capacity of higher education institutions, as well as vocational education and training institutions where approriate, and their integration in innovation ecosystems, in order to reinforce the knowledge triangle integration.

2. The Governing Board shall take other procedural and operational decisions necessary for the fulfilment of its tasks and the activities of the EIT, in particular:

(a) adopt its rules of procedure, those for the Executive Committee, as well as the specific financial rules of the EIT;

(aa) delegate specific tasks to the Executive Committee;

(b) define appropriate fees for members of the Governing Board and of the Executive Committee, which shall be benchmarked against similar remuneration in the Member States;

(c) adopt a procedure for selecting the members of the Executive Committee;

(d) appoint the Director and if necessary extend his/her term of office or remove the Director from office, in accordance with Section 5;

(e) appoint the Accounting Officer and the members of the Executive Committee;

(f) adopt a code of good conduct regarding conflicts of interest;

(g) establish, where appropriate, advisory groups which shall have a defined objective, tasks and duration;

(h) set up an Internal Auditing Function in accordance with EIT's financial rules;

(i) decide on the working languages of the EIT, taking into account existing principles on multilingualism and the practical requirements of its operations;

(j) convene an annual senior-level meeting with the KICs;

(k) report on KICs co-operation with other European partnerships.

3. The Governing Board shall take decisions in compliance with the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Union, laid down in Council Regulation (EEC, Euratom, ECSC) No 259/68[14], relating to the EIT staff and the conditions of its employment, in particular:

(a) adopt the implementing measures for giving effect to the Staff Regulations and the Conditions of Employment of Other Servants, in accordance with Article 110(2) of the Staff Regulations;

(b) exercise in accordance with point (c) the powers conferred by the Staff Regulations on the Appointing Authority and by the Conditions of Employment of Other Servants on the Authority Empowered to Conclude a Contract of Employment (the 'appointing authority powers');

[14] OJ L 56, 4.3, 1968, p. 1.

(c) adopt, in accordance with Article 110(2) of the Staff Regulations, a decision based on Article 2(1) of the Staff Regulations and Article 6 of the Conditions of Employment of Other Servants, delegating relevant appointing authority powers to the Director and defining the conditions under which this delegation of powers can be suspended. The Director shall be authorised to sub-delegate those powers;

(d) adopt a decision to temporarily suspend, where exceptional circumstances so require, the delegation of the appointing authority powers to the Director and those sub-delegated by the latter and exercise them itself or delegate them to one of its members or to a staff member other than the Director.

SECTION 3

FUNCTIONING OF THE GOVERNING BOARD

1. The Governing Board shall elect its Chairperson from among its members. The term of office of the Chairperson shall be two years, renewable once.

2. The representative of the Commission shall participate in the meetings of the Governing Board, without the right to vote, but his/her agreement shall be required in accordance with paragraph 5. He/she shall have the right to suggest points on the agenda of the Governing Board.

3. The Director shall participate in the meetings of the Governing Board, without the right to vote.

4. The Governing Board shall adopt decisions by simple majority of members having a right to vote.

   However, decisions under points (a), (b), (c), (d), and (l) of Section 2(1) and points (d) and (i) of Section 2(2), as well as under paragraph 1 of this Section shall require a majority of two thirds of its members having the right to vote.

5. Decisions of the Governing Board under points (c), (e), (g), (i) and (k) of Section 2(1), point (b) of Section 2(2) and point (a) of Section 2(3) shall require agreement of the Commission, expressed by its representative in the Governing Board.

5a. The Governing Board shall seek the opinion of the Member States' Representatives Group prior to decisions concerning the extension or termination of the framework partnership agreements with the KICs in accordance with points (g) and (j) of Section 2(1), and on the conclusion of the Memorandum of Cooperation with a KIC in accordance with point (fa) of Section 2(1).

6. The Governing Board shall meet in ordinary session at least four times a year and in extraordinary session when convened by its Chairperson or at the request of at least one third of all its members or the representative of the Commission.

SECTION 4

THE EXECUTIVE COMMITTEE

1. The Executive Committee shall assist the Governing Board in the performance of its tasks.

2. The Executive Committee shall consist of five members, including the Chairperson of the Governing Board, who shall also chair the Executive Committee. The four members other than the Chairperson shall be chosen by the Governing Board from among the Governing Board's members, providing a balance between those with experience in business, higher education and research. The term of office of the members of the Executive Committee shall be two years, renewable once.

3. The Executive Committee shall prepare the meetings of the Governing Board in cooperation with the Director.

4. The Governing Board may request the Executive Committee to supervise and monitor the implementation of decisions and recommendations of the Governing Board.

5. The Executive Committee shall prepare the discussion and adoption of the Governing Board on the draft EIT's contribution to the Commission's proposal on the SIA. In addition, the Executive Committee shall prepare the discussion of the Governing Board on the draft single programming document, the draft consolidated annual activity report, the annual budget and the draft annual accounts and the balance sheet before their submission to the Governing Board.

6. Decisions of the Executive Committee shall be adopted on the basis of a majority of the members present. Each member shall have one vote.

7. The representative of the Commission shall participate in the meetings of the Executive Committee, without the right to vote. The representative of the Commission shall have the right to suggest points on the agenda of the Executive Committee.

8. The Director shall participate in the meetings of the Executive Committee, without the right to vote.

9. The members of the Executive Committee shall act in the interests of the EIT, safeguarding its goals and mission, identity, autonomy and coherence, in an independent and transparent way. They shall regularly report to the Governing Board on the adopted decisions and tasks assigned to them by the Governing Board.

SECTION 5

THE DIRECTOR

1. The Director shall be a person with expertise and high reputation in the areas where the EIT operates. The Director shall be a member of the EIT staff and shall be engaged as a temporary agent under Article 2(a) of the Conditions of Employment of Other Servants.

2. The Director shall be appointed by the Governing Board from a list of candidates proposed by the Commission, following an open and transparent selection procedure. For the purpose of concluding the contract with the Director, the EIT shall be represented by the Chairperson of the Governing Board.

3. The term of office of the Director shall be four years. The Governing Board, acting on a proposal from the Commission that takes into account its evaluation of the Director's performance and the EIT's future tasks and challenges, may extend that term of office once for a period of up to two years. A Director whose term of office has been extended may not participate in another selection procedure for the same post.

4. The Director may be removed from office only upon a decision of the Governing Board acting on a proposal from the Commission.

5. The Director shall be responsible for operations and for the day-to-day management of the EIT and shall be its legal representative. The Director shall be accountable to the Governing Board and report to it on an ongoing basis on the development of the EIT activities and all activities falling under his/her responsibility.

6. The Director shall in particular:

   (a) organise and manage the activities of the EIT;

   (b) support the Governing Board and the Executive Committee in their work, provide the secretariat for their meetings and supply all information necessary for the performance of their duties;

   (c) support the Governing Board in preparing the EIT's contribution to the Commission's proposal on the SIA;

   (d) prepare the draft single programming document, the draft consolidated annual activity report and the draft annual budget for submission to the Governing Board;

(e) prepare and administer the KICs selection process and ensure that the various stages of that process are carried out in a transparent and objective manner, under the supervision of the Governing Board. A detailed report of the selection process shall be annexed to the consolidated annual activity report;

(f) prepare, negotiate and conclude, under the authorisation of the Governing Board, framework partnership agreements and grant agreements with the KICs;

(fa) prepare and negotiate Memoranda of Cooperation with the KICs and, subject to final approval by the Governing Board, conclude them in accordance with Section 2(1)fa of the Statutes;

(g) prepare, negotiate and conclude, with the agreement of the Governing Board, grant agreements with other legal entities;

(h) organise the meetings of the Stakeholder Forum and of the Member States' Representatives Group and ensure effective communication with them, under the supervision of the Governing Board;

(i) sign, with the authorisation of the Governing Board, memoranda of understanding with Member States, associated or third countries with the aim to promote the EIT globally;

(j) ensure the implementation of effective monitoring, assessment and evaluation procedures relating to the performance of the KICs in accordance with Section 2.1 point (i), under the supervision of the Governing Board;

(k) be responsible for administrative and financial matters, in accordance with the principle of sound financial management, including the implementation of the EIT budget, taking due account of advice received from the Internal Auditing Function;

(l) submit the draft annual accounts and balance sheet to the Internal Auditing Function, and subsequently to the Governing Board;

(m) ensure that the obligations of the EIT with regard to the contracts and agreements it has concluded are met, under the supervision of the Governing Board;

(n) ensure effective communication with the Union's institutions, under the supervision of the Governing Board. In addition, inform the Member States' Representatives Group on the results of the monitoring, assessment and evaluation, and transmit the opinions of the Member States' Representatives Group to the Governing Board;

(o) act in the interests of the EIT, safeguarding its goals and mission, identity, autonomy and coherence, in an independent and transparent way.

7. The Director shall perform any other tasks entrusted to him/her by the Governing Board and under its responsibility.

SECTION 5a

MEMBER STATES' REPRESENTATIVES GROUP

1. The Member States' Representatives Group shall:

a) give advice to and share experience with the EIT and the KICs;
b) advice the Governing Board and the Director on strategically important issues;
c) advice the Governing Board and the Director on the extension or termination of the framework partnership agreements with the KICs and on the conclusion of the Memorandum of Cooperation with a KIC, in accordance with Section 3(5a.).

2. Member States' Representatives Group shall be regularly informed and gives views on the performance, achievements and activities of the EIT and the KICs, on the monitoring and evaluation results, the performance indicators and the corrective measures.

SECTION 6

STAFF OF THE EIT AND SECONDED NATIONAL EXPERTS

1. The staff of the EIT shall consist of personnel employed directly by the EIT. The Staff Regulations, the Conditions of Employment of Other Servants and the rules adopted by agreement between the institutions of the Union for giving effect to them shall apply to the staff of the EIT.

2. National experts may be seconded to the EIT for a limited period. The Governing Board shall adopt provisions enabling seconded national experts to work at the EIT and defining their rights and responsibilities.