

Brussels, 7 May 2025  
(OR. en)

8526/25  
ADD 13

RECH 187  
COMPET 316

**COVER NOTE**

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From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

date of receipt: 30 April 2025

To: Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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No. Cion doc.: SWD(2025) 110 annex

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Subject: PART 13/21 COMMISSION STAFF WORKING DOCUMENT EVALUATION Interim Evaluation of the Horizon Europe Framework Programme for Research and Innovation (2021 - 2024) Accompanying the document Communication from the Commission to the European Parliament and the Council Horizon Europe: Research and Innovation at the heart of competitiveness

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Delegations will find attached document SWD(2025) 110 annex.

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Encl.: SWD(2025) 110 annex



Brussels, 30.4.2025  
SWD(2025) 110 final

PART 13/21

**COMMISSION STAFF WORKING DOCUMENT**

**EVALUATION**

**Interim Evaluation of the Horizon Europe Framework Programme for Research and Innovation (2021 - 2024)**

*Accompanying the document*

**Communication from the Commission to the European Parliament and the Council**

**Horizon Europe: Research and Innovation at the heart of competitiveness**

{COM(2025) 189 final}

# Annex 21: Evaluation of EIT Climate-KIC

Annex to the Commission's interim evaluation of Horizon Europe

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## 1. Effectiveness

The EIT Climate Knowledge and Innovation Community ('KIC' or 'EIT Climate-KIC') was established in 2010 as part of the first wave of EIT KICs, in accordance with Article 9 of the EIT Regulation, Regulation (EU) 2021/819<sup>1</sup>. The first operational activities and calls were launched in 2011. It is part of the first wave of KICs and is currently in the phase-out stage. EIT Climate-KIC was established to help the EU mitigate and adapt to climate change. Its main goal is to accelerate the transition towards a decarbonised and resilient society through innovation. To achieve its objective, for the 2010-2024 period, EIT Climate-KIC received an EIT grant of EUR 720 million.

The EIT Climate-KIC has around 450 partners and has incubated over 2 100 climate-positive companies, which attracted over EUR 2.0 billion in capital and created more than 15 000 jobs<sup>2</sup>.

### Objectives and achievements

EIT Climate-KIC's 2021-2027 strategic agenda<sup>3</sup> has set the following objectives: (1) strengthening sustainable innovation ecosystems; (2) strengthening next-generation climate entrepreneurship; (3) achieving financial sustainability (4); boosting governance, capability and inclusion; and (5) increasing synergies and alignment.

The EIT Climate-KIC's goal is to help cities, regions, countries and industries implement solutions for climate innovation by mobilising funding, testing business models and opening pathways for institutional and behavioural change. Therefore, EIT Climate-KIC is contributing to reshape the innovation model to address the climate emergency. To maximise its impact, as set in the KIC's 2021-2027 strategic agenda, EIT Climate-KIC has focused on place-based efforts, deploying innovation in cities, regions and industry value chains to deliver systemic change and, therefore, help achieve its main objectives.

Since the launch of the European Green Deal in 2019, the need for a rapid systemic response to the climate emergency has increased. EIT Climate-KIC has successfully adapted its strategy, working towards the objectives of Horizon 2020 and Horizon Europe programmes aiming to achieve the Green Transition<sup>4</sup>.

All these strategic objectives are being implemented, and the results are delivered by the knowledge triangle integration concept, which brings together education, science and business. In the EIT Impact Framework, the EIT has defined several key performance indicators (KPIs) for the KIC's activities in innovation, business creation and education. Table 1 shows EIT Climate-KIC's achievements in terms of KPIs for 2014-2023.

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<sup>1</sup> [Regulation \(EU\) 2021/819 of the EIT \(2021\)](#) replaced the original regulation, Regulation (EC) 294/2008.

<sup>2</sup> Deloitte and White Research and White Research, [Final Review of EIT Climate-KIC - Final Report](#), November 2023 p. 8.

<sup>3</sup> [EIT Climate-KIC 2021-2027 Strategic Agenda](#)

<sup>4</sup> European Commission: Directorate-General for Research and Innovation, Stanislovaityte, I., Steinert, M. and Zhechkov, R., Partnership evaluation report – European partnership for EIT Climate-KIC – Horizon Europe and the Green Transition – Interim evaluation support study, Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2777/1601692> p. 37.

**Table 1: EIT Climate-KIC 2014-2023 KPIs; *targets (T)* and *achieved results (A)***

	2014		2015		2016		2017		2018		2019		2020		2021-2022		2023		Total	
	T	A	T	A	T	A	T	A	T	A	T	A	T	A	T	A	T	A	T	A
Innovations launched on the market	20	39	118	52	69	89	68	82	95	115	112	120	103	127	51	108			<b>636</b>	<b>732</b>
Designed/Tested innovations*	98	216	225	276	317	363									29	99			<b>669</b>	<b>954</b>
KIC Supported Start-ups/Scale-ups							195	266	221	321	311	345	272	330	169	464	50	185	<b>1218</b>	<b>1911</b>
Start-ups created of/for innovation							4	2	3	3	1	1	2	3	3	2	0	17	<b>241</b>	<b>150</b>
Start-ups created of EIT labelled MSc/PhD programmes	71	48	83	38	74	36													<b>19</b>	<b>5</b>
Investment attracted by KIC supported start-ups/scale-ups (EUR mil)							110	187	66	160	63,6	115	72	516	46,5	140,7	10	45,7	<b>368,1</b>	<b>1164,4</b>
Graduates from EIT labelled MSc/PhD programmes	50	46	123	117	135	90	121	80	66	92	91	81	150	125	440	254	10	10	<b>1186</b>	<b>895</b>
Participants in (non-degree) education and training*															10984	13850	0	307	<b>10984</b>	<b>14157</b>

\* Reported from 2021 only (the KPI on designed/tested innovations reports on IPR applications from 2021).

Source: EIT administrative and monitoring data (reported by KIC and verified by EIT); data for some years/KPIs not reported/collected due to changes in the KPI system / impact framework.

Overall and as the external evaluations highlight <sup>5</sup>, EIT Climate-KIC is making substantial progress towards achieving its KPI targets. The KIC has accomplished significant achievements across several areas, but the assessment of its performance also reveals areas that require further attention <sup>6</sup>.

The KIC has fostered innovation, with 732 products and processes launched on the market between 2014 and 2022 <sup>7</sup>, overachieving the target of 636. As regards entrepreneurship and business creation, EIT Climate-KIC also succeeded in supporting start-ups and scale-ups, with 1 911 companies being created since 2017 compared to the target of 1218. However, the KIC has failed to reach its targets in start-ups created under the EIT-labelled MSc/PhD programmes (with a total of 5 compared to the target of 19) and the number of start-ups created of/for innovation (with a total of 150 compared to the target of 241). When it comes to the investment attracted, EIT Climate- KIC has met the target of EUR 368.1 million attracting over EUR 1 164 million. The KIC has exceeded the targets set for each year, as shown in the table above. In 2024, The Financial Times ranked EIT Climate-KIC among the top 125 of Europe’s leading start-up hubs, together with four other KICs. EIT Climate-KIC was the top ranked KIC at number 14 <sup>8</sup>.

In 2021, in light of preparing the end of the Partnership Agreement with the EIT and the end of the EIT grant, the KIC has begun a transformative phase, shifting towards a model based on deep demonstrations, i.e. large-scale demonstrations that show what is possible when cycles of innovation and learning are designed to trigger decarbonisation and build resilient communities. As a result, EIT Climate-KIC has significantly changed its KPI objectives <sup>9</sup>. For example, the KIC agreed with the EIT to move away from the EIT-labelled MSc/PhD programmes towards learning that is more embedded in their deep demonstrations. As a result, the number of graduates has not reached the target of 1 186 (with a total of 895), but the number of participants in (non-degree) education and training has exceeded its target of 10 984 students with a total of 14 157.

As regards the KIC’s financial sustainability, there was little progress made until 2021. A positive development happened in 2022 when the KIC focused only on financially profitable

<sup>5</sup> Partnership evaluation report for EIT Climate-KIC (2024) p. 36 and Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023) p. 17.

<sup>6</sup> Partnership evaluation report for EIT Climate-KIC (2024) p. 36.

<sup>7</sup> Data for 2023 have not yet been reported by EIT Climate-KIC.

<sup>8</sup> [Ranking - Europe's leading start-up hubs | Incubator Accelerator Programmes Europe \(ft.com\)](https://www.ft.com/content/2024/04/15/eit-climate-kic-start-up-hubs)

<sup>9</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023) p. 58.

initiatives, thanks to the guidance of the EIT. The EIT Governing Board has highlighted specific weaknesses and issued strategic recommendations for improvement, given its increased responsibility in steering and monitoring the KIC's activities since the EIT Regulation (recast) from 2021. EIT Climate-KIC's response involved actions to diversify revenues, align governance systems, and participate in an independent assessment of the impact of deep demonstrations. Since 2022, and according to the last Governing Board Rapporteur visit, rapid progress has been made on the proposed adjustments<sup>10</sup>. While facing challenges in achieving certain targets, the KIC's overall trajectory is promising and EIT Climate-KIC is on track to achieve its seven-year KPI goals.

### **Long-term scientific, societal, economic and technological impacts**

EIT Climate-KIC has identified several societal long-term impact goals, defined in the EIT Impact Framework 2022-2027 as follows:

- 1) reduced CO<sub>2</sub> emissions;
- 2) strengthened resilience to the unavoidable impacts of climate change;
- 3) cities, regions, countries and large-scale businesses succeeding in tackling climate change at the speed and scale needed;
- 4) climate-friendly jobs created or sustained;
- 5) funding leveraged to support scale-up / diffusion of innovations to tackle climate change<sup>11</sup>.

The KIC also defined the following targets for 2021-2027:

- help prevent over 500 million tonnes (CO<sub>2</sub>eq) of emissions;
- strengthen the resilience of 10 million people to the impacts of climate change;
- help leverage over EUR 100 billion to support the scale-up of innovations to tackle climate change;
- generate 50 000 green jobs;
- become the strategic partner of choice for over 50 cities, regions and countries across Europe, orchestrating change through innovation (including in policy, business models, supply chains and public engagement) to achieve net-zero emissions and climate resilience aligned to the 2015 Paris Climate Change Agreement;
- boost the innovation and entrepreneurial skills of over 200 000 people across Europe.

The indicators were only introduced in 2021. The assessment therefore focuses on the relevance of the KIC's activities in helping to achieve these goals, rather than on the extent of the impact already achieved.

Actions under the EIT Climate-KIC, as set in its 2021-2027 strategic agenda, are focused on changing systems in cities, regions and industry value chains to create lead markets within which start-ups could scale up.

To track progress made towards preventing 500 million tonnes of CO<sub>2</sub> emissions in Europe, EIT Climate-KIC relies on existing monitoring evaluation and learning systems within flagship programmes. For example, it leads the Net Zero Cities (or NZC) initiative within the

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<sup>10</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023) p. 106.

<sup>11</sup> [EIT Impact Framework 2022-2027](#) p. 12.

[EU Climate Neutral and Smart Cities Mission](#), which aims to help 112 cities reach net-zero emissions by 2030. Achieving this goal would help reduce emissions by approximately 700 million tonnes of CO<sub>2</sub> emissions. The Barometer tool used in NZC aggregates emissions data for cities that have submitted greenhouse gas inventories as part of their Climate City contracts, giving a clear snapshot of the progress made in reducing emissions across multiple sectors. This approach is an *ex post* assessment, and figures from the Cities' tools are not yet available to report against the baseline provided last year in the City Contracts agreed with European Commission under this programme. In addition, findings from a survey conducted for the external evaluation<sup>12</sup> show that 75 of the supported start-ups have claimed that they have made a strong impact in reducing CO<sub>2</sub> emissions, 30 have claimed a medium impact, while 10 have claimed a weak impact, whereas 4 start-ups did not report any impact and 7 engaged in activities unrelated to CO<sub>2</sub>. However, as highlighted by the external evaluation report<sup>13</sup>, assessing the progress of the KIC in reducing CO<sub>2</sub> emissions can be challenging due to the lack of specific quantitative information about the actual emissions reductions achieved.

Furthermore, EIT Climate-KIC seeks to strengthen the resilience of 10 million people by improving the climate adaptation and resilience capacities and capabilities of public and private stakeholders that lead climate resilience actions in cities and regions. Through the [Pathways to Resilience \(P2R\)](#) project, 100 regions and their regional representatives will be trained to acquire and improve the key capacities required for climate adaptation. P2R is part of the [EU Mission on Adaptation to Climate change](#), helping improve the regional understanding of climate risks, develop regional climate adaptation pathways, and identify innovative solutions to build resilience to climate change. The project seeks to mobilise interest and networks to leverage political commitment towards the EU Mission on Adaptation to Climate change, elevating the ambition and capabilities of regional authorities. The process for engaging with P2R will be supported by wider public and stakeholder engagement at the regional level, co-creating the key components of a climate resilience strategy, such as regional vision and adaptation pathways, fostering local ownership and ensuring a positive long-term impact. Training under P2R includes technical understanding of climate adaptation pathways, development of investment plans, policy advocacy and multi-level governance, as well as stakeholder and public engagement for a co-created climate resilience strategy. These regions will be supported over an 18-month period through a capacity building programme that will allow them complete their [regional resilience journey \(RRJ\)](#), a comprehensive process for developing a transformative climate resilience strategy that can be implemented effectively. The regions are divided in two cohorts:

- first cohort of 40 regions for 2024-2025;
- second cohort of 60 regions for 2025-2026.

Each cohort will be structured in a way that will encourage peer learning and collaboration among regions. This will be fostered and encouraged, increasing practice-based knowledge, tailor-made to local challenges and needs. In this respect, the project seeks to foster a multi-level integration with both local stakeholders as well as at national and EU level. It also seeks to foster, as well as horizontal integration across the board among peer regions.

Once each of the participant regions has finished their climate resilience strategy, they develop action plans and investment plans. Regions are then able to start implementing

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<sup>12</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023) p. 66.

<sup>13</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023) p. 66.

ambitious and transformative climate resilience strategies, benefiting about 53 million people (as per the first cohort).

Furthermore, the KIC has implemented a versatile funding strategy <sup>14</sup> that supports innovations at various stages of development of varying scales to advance in the target of over EUR 100 billion to support scale-up innovations by 2027.

- 15 start-ups received modest support of up to EUR 1 000. This seed funding likely enabled the initial stages of development and proof of concept.
- The KIC provided essential support to 32 start-ups of between EUR 1 000 to EUR 5 000, enabling them to progress from initial stages to more advanced development.
- A further 9 start-ups received between EUR 5 000 and EUR 10 000, potentially assisting in further refinement and scaling of their innovations.
- A substantial group of 35 start-ups benefited from funding worth between EUR 10 000 and EUR 25 000 range. This level of support likely enabled moderate scaling-up and expansion.
- For those reaching a more advanced stage, 19 start-ups received funding of between EUR 25 000 and EUR 50 000, allowing for a more significant expansion of their climate-focused initiatives.
- 15 start-ups received funding of between EUR 50 000 and EUR 100 000, signifying substantial progress and the potential for broader diffusion of their innovations.
- 6 start-ups received substantial funding exceeding EUR 100 000, indicating that the KIC is keen on supporting high-impact initiatives that can make a substantial difference in addressing climate change.

This indicator aggregates information about the total amount of funding allocated to work by partners or in partner communities that were influenced by collaborative work with Climate-KIC. The funding is considered leveraged specifically due to EIT Climate-KIC's involvement, rather than all funding spent on climate issues by the partners or in their locations. Many scenarios are possible, including:

1. Implementing a project – EIT Climate-KIC is directly involved and invested in gathering resources to implement a project or portfolio.
2. Supporting portfolio development – EIT Climate-KIC supports portfolio development by partners and funding is committed to the work within the portfolio (which the KIC is not generally involved in implementing).
3. Project co-funding – funds are leveraged to support financing from EIT Climate-KIC or because of collaboration with EIT Climate-KIC.
4. The cities component of the NZC initiative develops Climate City Contracts/City Action Plans, etc. and manages to secure funding to implement one of the plans that EIT Climate-KIC helped develop. This funding can comprise an increase in the city budget for climate action, funding from another EU programme, etc.
5. The Capital Hub under the NZC initiative supports cities by enabling them to access capital (connecting them to investors) and providing them with technical assistance.

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<sup>14</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023) pp. 66-70.

Any funding mobilised by the cities because of these engagements can be reported here.

## 6. Regions mobilising finance through P2R.

It is not yet possible to fully report against the target of over EUR 100 billion to support scale-up innovations by 2027, as the EU Mission's finance resource - Climate City Capital Hub - has launched only in 2024. It aims to leverage the large-scale finance required by cities innovating towards achieving net-zero targets. According to NZC calculations, the 112 selected cities require EUR 650bn to finance their decarbonisation efforts between now and 2030.<sup>15</sup>

In addition, supported start-ups have raised over EUR 5.91 billion in follow-on investments since exiting Climate-KIC's acceleration support, as per DealRoom data.

According to the external evaluation report <sup>16</sup>, The KIC's versatile funding approach has played a crucial role in nurturing and scaling climate-focused innovations, reflecting a commitment to addressing climate change comprehensively. While positive strides have been made, the need to keep efforts to ensure that all supported activities align with climate goals and more jobs transition into fully climate-friendly roles were identified. Therefore, in view of the external evaluation report <sup>17</sup>, the KIC's initiatives contribute significantly to the global climate action agenda and drive positive societal change.

EIT Climate-KIC aims to help generate 50 000 green jobs by 2027 through its support to start-ups. These jobs involve sectors such as renewable energy, sustainable agriculture, green technology development and other environmentally friendly fields. Overall, data suggests a positive trend according to the external evaluation report <sup>18</sup>, indicating a commitment to sustainable practices and environmental responsibility, even if efforts are still required. To date, EIT Climate-KIC has supported 21 000 climate-friendly jobs through its entrepreneurship activities<sup>19</sup>.

As regards the target to become a strategic partner of choice for over 50 cities, regions and countries across Europe, EIT Climate-KIC relies in his work as the coordinating partner leading the Net Zero Cities (or NZC) under the EU Cities Mission, supporting 112 cities, and the P2R programme under the EU Mission on Adaptation to Climate, which supports 100 regions.

In its aim to boost innovation and entrepreneurial skills of over 200 000 people across Europe by 2027, the KIC has trained 14 157 participants in non-degree programmes by the end of 2023, against a target of 10 984 (see Table 1 above). The KIC's work via the EIT's Higher Education Institutions (HEI) initiative has resulted in a further 9 192 participants in 2023 and 5 415 participants in 2024.

In addition, the KIC's activities contribute to other societal impacts. In 2023, EIT Climate-KIC invested in the following areas:

- 20% in biodiversity (e.g. supporting KIC Resilient Regions on landscapes, healthy soils, etc.);

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<sup>15</sup> <https://netzerocities.eu/capital-hub/>

<sup>16</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023) p. 70.

<sup>17</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023) p. 70.

<sup>18</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023) p. 70.

<sup>19</sup> Data extracted from the start-up database DealRoom, to track investment rounds and employment at start-ups supported by the KIC.

- 20% in clean air, as part of the KIC's work on cities;
- 20% in digital transformation, supporting the KIC's work on cities and regions as well as space, and the KIC Entrepreneurship, Ventures and Solutions team.

In view of the external evaluation report <sup>20</sup>, EIT Climate-KIC has effectively pursued its strategic objectives, despite minor shortcomings in its activities. The KIC's progress towards its ambitious targets, including emission reduction, resilience strengthening, funding mobilization, job creation, and innovation skills development, is evident <sup>21</sup>.

EIT Climate-KIC has also identified several economic long-term impact goals. These are defined in the 2022-2027 EIT Impact Framework as follows:

- contribution to the revenue growth of organisations trading or employing innovations developed with KIC support;
- number and revenue of start-ups and scale-ups supported by KICs trading three years after KIC support ceased,
- new jobs created in start-ups and scale-ups;
- impact on employment growth as a result of companies being engaged with KICs;
- number and type of jobs in existing businesses sustained through innovations;
- number and type of skill gaps and/or skill shortages filled, by KIC sector;
- visible innovation ecosystems; not previously in existence,
- share of indicated innovation ecosystems that covers RIS countries <sup>22</sup>.

Overall, EIT Climate-KIC funding has had a varied impact on the revenue growth of different start-ups. As mentioned above, start-ups that have exited Climate-KIC's acceleration support have raised over EUR 5.91 billion in follow-on investments. Based on the answers provided to the survey conducted for the external evaluation <sup>23</sup>, most startups experienced some level of positive impact, with 37% reporting moderate to substantial growth (from 10-20% to over 50% growth). From the KIC's perspective, considering that it is working with very early-stage companies that have just experienced the COVID-19 crisis, the economic fallout from Russia's war of aggression against Ukraine and the high inflation rates across the EU, the survey shows a positive picture. The KIC's view is that, if half of the startups see a positive impact of more than 5% on its revenue growth thanks to the KIC's support, this is a positive outcome.

According to the survey <sup>24</sup>, 59% of respondents indicated that one or more new jobs have been created thanks to their engagement with the KIC, which shows a positive impact on job creation, even though it might not be universal across all entities.

The external evaluation concludes <sup>25</sup> that supported start-ups created a moderately higher number of jobs than the control group. In addition, based on the survey results <sup>26</sup>, 61 entities reported being able to sustain jobs while 64 entities indicated that their ability to sustain jobs

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<sup>20</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023) p. 58.

<sup>21</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023) p. 58.

<sup>22</sup> EIT Impact Framework 2022-2027, pp. 7-11.

<sup>23</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 70.

<sup>24</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 74.

<sup>25</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 74.

<sup>26</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 75.

was not a direct result of their engagement with the KIC. This variability in job sustainability outcomes is mostly influenced by the factor that the responders are mainly start-ups that are more likely to create new jobs than to sustain existing ones. Furthermore, there are other influencing aspects to this indicator such as the nature of the industry, market conditions and the specific support provided by EIT Climate-KIC <sup>27</sup>.

Regarding the number of jobs and skills, as mentioned above, EIT Climate-KIC has supported 21 000 climate-friendly jobs through its entrepreneurship activities. The external evaluation report concludes <sup>28</sup> that EIT Climate-KIC’s engagement has been particularly effective in filling skill gaps related to entrepreneurship, innovation, technical expertise, sustainability, creativity, and leadership, indicating a comprehensive approach to addressing various dimensions of skill shortages within the sector. Moreover, according to the survey<sup>29</sup>, 68 respondents believe that their engagement with EIT Climate-KIC has helped fill skill gaps and/or skill shortages, while 23 respondents disagreed and 34 were unsure. Among the skill gaps and shortages addressed thanks to engagement with EIT Climate-KIC, entrepreneurship skills and competencies appear to be the most prominent, with 56 respondents indicating their positive impact.

On the long-term impact of education on career growth of participants in EIT-labelled education, EIT Climate-KIC shows a general trend of graduates moving from internships to more stable and advanced roles, with a reasonable number of individuals maintaining their positions within entry-level, intermediate, and executive levels. A decrease in senior staff and self-employed positions might be influenced by various factors such as industry trends, personal choices and market conditions <sup>30</sup>.

## 2. Additionality

Table 2 provides the basic financial figures for EIT Climate-KIC since it started operating in 2010. EIT Climate-KIC was able to achieve a direct leverage factor <sup>31</sup> of 0.22 in 2010-2023 (if one only takes co-funding from partners related to the EIT grant into consideration) and 0.29 (if one adds direct revenues created through KIC activities (EUR 204 million vs EIT grant of EUR 703 million)). The direct leverage factor increased to 1.19 in the 2021-2023 Horizon Europe period.

**Table 2: EIT Climate-KIC financial figures (in EUR million.)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
EIT grant	4,7	9,1	27,3	42,1	70,5	85,1	70,0	70,6	81,0	85,0	92,0	31,0	23,4	11,5	<b>703,3</b>
Co-funding	0,0	2,5	1,7	6,0	6,1	2,2	7,8	10,2	21,4	27,9	23,0	24,5	23,3	0,0	<b>156,8</b>
Revenues						1,9	2,6	4,2	4,1	4,3	4,0	6,0	20,8		<b>48,0</b>
Activities not funded by EIT	39,5	105,8	145,1	392,0	200,4	258,3	196,8	277,0	310,8	264,6	149,2	1,0	14,4	0,0	<b>2354,9</b>
Co-investment, i.e. investments attracted by start-ups								188,0	160,0	115,0	160,8	92,3	41,4	45,7	<b>803,3</b>

Source: EIT financial data reported by KICs and validated by the EIT (also available in Corda). EIT Grant 2023 figures are derived from two-year business plans

In terms of leverage effects for EIT KICs, the specificity of the EIT model requires the monitoring of additional leverage not only through co-funding and the revenues of EIT KICs that are directly reinvested back into the KIC’s activities, but also through the activities not

<sup>27</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 75.  
<sup>28</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 77.  
<sup>29</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 76.  
<sup>30</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 77.  
<sup>31</sup> Ratio of the direct leverage to the EU contribution. This is calculated as: direct leverage factor = (1/(funding rate))-1.

funded by the EIT <sup>32</sup> as well as the co-investments attracted by the companies supported through the EIT.

When the activities funded by direct contributions by partners and affiliated entities (activities not funded by the EIT) are considered, EIT Climate-KIC achieved a leverage factor of 3.64 in 2010-2023. When the co-investments (i.e. investments attracted by start-ups of EUR 803 million) are also included, the leverage factor rises to 4.78 over the period of the EIT Climate-KIC lifecycle to date. This means for every euro of EIT funding spent, EIT Climate-KIC activities have helped attract close to EUR 5 in external investment.

### 3. Transparency and openness

According to the external evaluation report <sup>33</sup>, EIT Climate-KIC has addressed the EIT good governance principles related to the openness to new members effectively, through open and accessible calls by providing clear criteria for partners. EIT Climate-KIC's membership application process is fully open, with clear instructions on the KIC's website <sup>34</sup>. The KIC has also adapted its membership fees to the size of the applicant organisation. SMEs can typically enjoy lower fees than those for large corporations <sup>35</sup>.

As concluded by the external evaluation report <sup>36</sup>, EIT Climate-KIC has made considerable strides in building a diverse partner community, aiming for a broad inclusion of stakeholders. Its composition appears wide-ranging and aligned with the KIC's goals, offering a comprehensive response to climate challenges. The KIC has achieved a well-balanced representation of key players in the knowledge triangle, including businesses (49%), higher education institutions (14%), research organisations (14%) as well as cities, regions and NGOs (23%) <sup>37</sup>. In 2021-2022, 17% of the total EIT grant went to SMEs. As of October 2024, SMEs represented 25% of the total active partners under the EIT grant agreement for 2023-2025. EIT Climate-KIC's extensive collaboration with SMEs implies a commitment to supporting entrepreneurship and innovation at grassroots level. This collaboration may involve funding, mentorship and access to the KIC's resources and networks <sup>38</sup>.

The EIT Climate-KIC community of partners has been growing in line with the targets set out in the Strategic Agenda until 2022. The strategic shift to a new innovative community model in 2021-2022 combined with a lower level of EIT funding in the final years of the KIC led to a temporary disruption in growth <sup>39</sup>. This disruption is not necessarily problematic, as it is an unavoidable consequence of the KIC needing to adjust to a new reality at the end of the EIT funding phase. Based on survey responses<sup>40</sup>, the KIC's new partnership model and value proposition was able to attract new partners, most of which see the value proposition of the model viable for the KIC's future. By participating in the EIT regional innovation scheme

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<sup>32</sup> Non-EIT financed activities (NEFAs) are fully implemented without an EIT grant but must contribute to KIC's Strategic Agenda and must be based on the EIT Knowledge Triangle Integration concept. They replaced the former KIC complementary activities (KCAs) applied in 2014-2020 under Horizon 2020.

<sup>33</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 20.

<sup>34</sup> Partnership evaluation report for EIT Climate-KIC (2024), p. 34.

<sup>35</sup> Partnership evaluation report for EIT Climate-KIC (2024), p. 34.

<sup>36</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 19.

<sup>37</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 20.

<sup>38</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 98.

<sup>39</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 91.

<sup>40</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 94.

(RIS) and working with associated countries, the partnership has also attempted to expand its network to countries and regions with a lower innovation performance.

On transparent processes to ensure that relevant stakeholders help identify the KIC’s priorities, in April 2023, EIT Climate-KIC hosted the ‘EIT Climate-KIC Meets Climate Change to 2030’ workshop, with around 160 participants including stakeholders, members from the EIT Climate-KIC community and beyond. The contributions served as input to shape the KIC’s new strategic agenda: Transformation with Urgency: 2024-2030.

### 4. Efficiency

Table 3 sets out EIT Climate-KIC’s operational budget and administrative expenditures (or running costs). The running costs include the management, governance, coordination, organisation and overhead expenditures paid from the EIT grant. This does not include the contribution from EIT Climate-KIC partners.

**Table 3: EIT Climate-KIC operational and administrative expenditures (in euro)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operational Expenditures	69 113 729 €	77 703 668 €	62 815 765 €	69 722 847 €	93 307 730 €	103 011 052 €	107 290 618 €	51 316 368 €	42 759 411 €
Running Costs	9 638 429 €	12 284 724 €	16 018 920 €	13 751 945 €	12 220 078 €	11 439 398 €	10 168 327 €	4 178 965 €	3 997 308 €
<b>Total budget</b>	<b>78 752 158 €</b>	<b>89 988 392 €</b>	<b>78 834 685 €</b>	<b>83 474 792 €</b>	<b>105 527 808 €</b>	<b>114 450 449 €</b>	<b>117 458 946 €</b>	<b>55 495 333 €</b>	<b>46 756 719 €</b>

Source: EIT financial data reported by KICs and validated by the EIT.

Table 3 indicates that the running costs covering EIT Climate-KIC's headquarters and co-location centres (or CLCs) for 2014-2022 ranged between 7.5% and 20.3%, with an average of 12.2%. When considering only the period of Horizon Europe (2021-2022), these costs constituted 8% of the overall operational costs.

The impact of the CLCs network on the administrative expenses is obvious because the administrative expenses decrease considerably once the costs related to the CLCs are excluded.

The EIT KICs are pan-European networks with many offices on the ground across Europe. These offices are an operational activity carried out by the KICs at a corresponding administrative cost. The EIT, in order to keep these administrative costs at an acceptable level, has, in its guidelines to KICs, set maximum thresholds for the EIT-funded share of the KIC’s administrative costs, depending on the KIC’s maturity. The values range from 18% and 15% in the first and second years of a KIC, respectively, to a constant of 12% from the third year until the end of the partnership lifecycle. If the EIT KICs were, as beneficiaries of EIT grants, to follow the rules of EU public entities, the expenses related to CLCs would be treated as operational expenditure related to ground operations rather than as administrative expenditure. In such circumstances and considering that one of the core operational aspects of the EIT model is to support location-based innovation locally and in regions, it would be more appropriate to take only the administrative expenses of the EIT KICs’ headquarters into account.

EIT Climate-KIC headquarters are located in Amsterdam and the KIC activities are supported locally through CLCs in nine countries: Germany, Denmark, Spain, France, Hungary, Italy, Poland, Switzerland and the United Kingdom.

Until the end of 2022, the EIT Climate-KIC ran climate-specific RIS hubs that served as national ‘focal points’ in 13 countries (Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Latvia, Malta, Portugal, Romania, Serbia, Slovakia and Slovenia). They acted as innovation community catalysts and local knowledge brokers for innovation in the field of climate,

promoting the knowledge triangle locally. Since 2023, EIT Climate-KIC has been expanding its activities to all RIS-eligible countries thanks to the EIT Community RIS hubs.

In 2021, the EIT Governing Board asked EIT Climate-KIC to reduce its cost base, refocusing its portfolio on activities that can ensure EIT Climate-KIC's long-term financial sustainability. The subsequent corrective measures have led to systemic improvements in the financial management and controlling system, with all necessary resources focused on 'systems innovation as a service', i.e. deep demonstrations, in the 2023-2024 business plan.

2023 data indicate that the average time-to-grant for calls launched by EIT Climate-KIC was 2.6 months.

Together with the other first wave KICs, EIT Climate KIC has pioneered the EIT innovation model, reaching its 15th year of operation in good financial health, having made a significant impact on Europe in the field of climate change.

## 5. Coherence and synergies

The external evaluation study<sup>41</sup> confirmed that EIT Climate-KIC has pursued and achieved relevant synergies and complementarities, as outlined in its strategic agenda. The KIC has forged many synergies with diverse education, research and innovation initiatives, at both national and global level.

EIT Climate-KIC has been successful in aligning its activities and vision with relevant EU policy<sup>42</sup>. The KIC helps in particular to achieve the EU's climate objectives as part of the 'Fit for 55' package and the national energy and climate plans. Therefore, EIT Climate-KIC is fully aligned with the European Green Deal and the 2030 Climate Target Plan.

EIT Climate-KIC has forged synergies and collaborations with the LIFE programme, the Just Transition Platform, the New European Bauhaus and the NextGenerationEU recovery plan. It has also directly collaborated with DG CLIMA on the Innovation Fund, financed through the EU emissions trading system. In addition, EIT Climate-KIC has created synergies with the common agricultural policy through its 'deep demonstration' model<sup>43</sup> and with the InvestEU programme, establishing links with other EU instruments including the European Innovation Council (EIC), the European Investment Bank and the European Investment Fund. Collaboration mechanisms between EIT Climate-KIC and the EIC have begun, aiming to: i) increase the impact of the EIC's innovation portfolio; ii) creating a pipeline of impactful innovations addressing the goals of the European Green Deal; and iii) strengthen climate-relevant entrepreneurship capacities. The KIC's engagement and active involvement in these initiatives showcase its commitment to extensively addressing climate change<sup>44</sup>.

As regards Horizon Europe, EIT Climate-KIC's 2021-2027 Strategic Agenda was updated in 2021 in line with the new programme priorities, ensuring consistency and alignment with its main objectives. The KIC runs large-scale EU initiatives funded by Horizon Europe, e.g. NetZeroCities, bringing its knowledge and experience into the play.

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<sup>41</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 85.

<sup>42</sup> Partnership evaluation report for EIT Climate-KIC (2024), p. 27.

<sup>43</sup> <https://www.climate-kic.org/sustainablefoodireland/>.

<sup>44</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 84

On synergies and collaboration with other European partnerships and missions within Horizon Europe, the EIT KIC's community is clearly the most active, as highlighted in the two-yearly monitoring report from 2024<sup>45</sup>. From the design stage, the KIC has been involved in several missions, namely: i) 'Adaptation to Climate Change'; ii) 'Societal Transformation'; iii) 'Climate Neutral and Smart Cities'; iv) 'Soil Health and Food'; and v) 'Healthy Oceans, Seas Coastal and Inland Waters'.<sup>46</sup> It also played a major role in these, for example in 'Climate Neutral and Smart Cities' EU Mission. All these missions have become a central part of the KIC's current strategy. The Commission has integrated the lessons learned from EIT Climate-KIC's approach to deep demonstrations into the design of these missions. This is reflected through the acknowledgement of the systems transformation approach of EIT Climate-KIC in the draft mission board texts of the EU Missions on Climate Adaptation, Cities and Soil<sup>47</sup>. Currently, EIT Climate-KIC is also part of the consortium of the Mission Soil implementation platform<sup>48</sup> and leads the consortium of the flagship project under the EU Mission for Adaptation to Climate Change – Pathways2Resilience<sup>49</sup>.

Furthermore, the EIT KICs have established several EIT Community activities, thereby forging synergies with other KICs. EIT Climate-KIC has always paid special attention to these activities. For example, it has played a leading role in the EIT Community activities on artificial intelligence, water scarcity and resource efficient society. This shows EIT Climate-KIC's dedication to cross-disciplinary synergies when addressing multifaceted challenges.

According to the 2020 EIT RIS Evaluation Report, at regional and national levels, EIT Climate-KIC has strengthened its cooperation with the managing authorities and ministries in several RIS countries, especially in Estonia, Bulgaria, Slovenia and Cyprus. This progress has been underpinned by long-term cooperation with the respective ministries and regional agencies, bolstering start-up support and the KIC's business creation activities. EIT Climate-KIC is also cooperating with local authorities in all RIS participating countries, focusing on knowledge exchange. In addition, it builds upon collaborations with the Joint Programming Initiative (JPI), for example in 'Connecting Climate Knowledge for Europe' (JPI Climate), which provides an opportunity to align the respective strategies and help bring the results of the partnerships' work closer to the market<sup>50</sup>.

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<sup>45</sup> European Commission: Directorate-General for Research and Innovation, Performance of European partnerships – Biennial monitoring report 2024 on partnerships in Horizon Europe, Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2777/991766>, p.56.

<sup>46</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023) p. 84

<sup>47</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023) p. 19.

<https://www.climate-kic.org/wp-content/uploads/2021/11/EU-Affairs-Update-November-2021.pdf>.

<sup>48</sup> <https://www.climate-kic.org/news/eit-climate-kic-joins-eu-mission-soil/>.

<sup>49</sup> <https://www.climate-kic.org/news/call-open-for-100-european-regions-to-step-up-transformative-climate-adaptation/>.

<sup>50</sup> Joint Programming is a strategic engagement process by Team Europe and other European partners. It starts with a joint analysis of the challenges and opportunities in a partner country and then develops a joint response at country level based on the EU's values and interests and in support of that country's national development priorities and associated financing strategy. The aim is to pool national efforts and make better use of national research programmes. [EIT Climate-kic.pdf \(europa.eu\)](#).

## 6. EU added value

According to the external evaluation report <sup>51</sup>, EIT-Climate KIC has created EU added value by integrating the knowledge triangle by building an innovation ecosystem that has developed concrete solutions to societal challenges. By nurturing climate entrepreneurs, promoting transformative innovations and supporting start-ups at EU level, the KIC has contributed to economic growth and has been able to address environmental challenges at a wider scale.

As highlighted in the KIC's partnership report <sup>52</sup>, EIT Climate-KIC continues to be an influential and well-known European institutionalised partnership that operates closely with stakeholders in the field of climate. The EIT Climate-KIC network enables stakeholders to be part of a wide ecosystem that expands across the EU, therefore enabling coordination and collaboration across EU Member States. Within the network, there is potential to share good practices and data, increase capacity through peer-to-peer learning, promote standardisation of methodologies, integrate research efforts across borders, and ensure comprehensive and accessible knowledge generation at a European scale <sup>53</sup>. This allows stakeholders to align their efforts towards mitigating and adapting to climate change. Therefore, the level of coordination facilitated by EIT Climate-KIC would be challenging to replicate through national or regional support mechanisms <sup>54</sup>. In addition, EIT Climate-KIC works with EU Member States, cities, and regions across Europe, through climate leadership coalitions <sup>55</sup>, EIT Climate-RIS hubs (until the end of 2022) and the national secretaries who run EIT Community RIS hubs (since 2023) <sup>56</sup>. The emphasis that EIT Climate-KIC places in building place-based innovation ecosystems reflects a broader European approach to innovation, which seeks to leverage partnerships, networks and regional strengths to drive innovation and economic growth that could not be achieved at national or regional level, or with a fully centralised institution.

## 7. Relevance

According to the external evaluation report <sup>57</sup>, EIT Climate-KIC's activities have been aligned with the EU's objectives, particularly in boosting economic growth, strengthening EU countries' innovation capacity as well as fostering innovation and entrepreneurship. By running the one of the largest incubation and acceleration programmes for climate-oriented business ideas and start-ups, EIT Climate-KIC has helped the start-up community in Europe to grow <sup>58</sup>. The data collected during the evaluation highlight the relevance of EIT Climate-KIC and its activities in tackling EU challenges overall. In particular, EIT Climate-KIC is dedicated to reaching the objectives of the European Green Deal and it is aligned with the UN climate agenda through its systems innovation, which acts as a service model.

Furthermore, EIT Climate-KIC has shown flexibility by diversifying its activities to adapt to the end of EIT funding <sup>59</sup>. Based on lessons learned from 2014-2020, EIT Climate-KIC also modified its impact logic as part of its 2021-2027 strategy, moving from a supply-led to a

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<sup>51</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 42.

<sup>52</sup> Partnership evaluation report for EIT Climate-KIC (2024), p. 30.

<sup>53</sup> Partnership evaluation report for EIT Climate-KIC (2024), p. 30.

<sup>54</sup> Partnership evaluation report for EIT Climate-KIC (2024), p. 31.

<sup>55</sup> <https://www.climate-kic.org/partners/climate-leadership-coalition/>.

<sup>56</sup> <https://www.climate-kic.org/our-community/our-partners/eit-climate-kic-ris/>.

<sup>57</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 38.

<sup>58</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 38.

<sup>59</sup> Partnership evaluation report for EIT Climate-KIC (2024), p.26.

demand-led model. This shift reflects an innovative approach to fostering transformative change. By embedding single-point solutions within demand-led initiatives, Climate-KIC ensures that innovations created by start-ups are aligned with real-world challenges.

Moreover, by integrating start-ups, researchers and innovators from EIT RIS countries into its ecosystem, EIT Climate-KIC has shown its commitment to stepping up innovation capacity across Europe. The KIC has incorporated various technological, scientific and socio-economic characteristics of different Member States through CLCs and RIS innovation hubs. By providing targeted support, coaching and incubation programmes to start-ups from EIT RIS countries, EIT Climate-KIC helps bridge the innovation gap and promotes entrepreneurship in regions with lower business maturity<sup>60</sup>.

## 8. Directionality

EIT Climate-KIC's progress towards achieving its strategic vision is evident in its capacity to engage and mobilise a diverse spectrum of stakeholders across Europe, activity areas and cross-activity collaborations<sup>61</sup>. It has been facilitating the transformation of places and industries by means of implementing large-scale, place-based demonstrations, which serve as test beds for ambitious climate action. These initiatives help in developing climate-resilient regions, advancing climate-neutral and smart cities and steering land and agri-food systems towards climate neutrality.<sup>62</sup> The KIC is strategically placed to deal with the urgent need for transformative action and systemic change to combat climate change. It emphasises innovation across multiple sectors, has a collaborative network of diverse stakeholders and is committed to nurturing future climate leaders and innovators. EIT Climate-KIC has played a valuable role in advancing climate solutions and influencing policy discussions at a global scale.<sup>63</sup>

The KPIs encompass metrics such as: i) supported start-ups/scale-ups; ii) investment attracted by KIC-supported ventures; iii) innovation-focused start-ups; iv) EIT-labelled MSc and PhD programme graduates; and v) participants in non-degree education and training. However, they remain relatively modest when compared to the scale of challenges. This indicates that there is room for improvement in the KIC's efforts to foster innovation and accelerate the transition to a sustainable and low-carbon economy. Nevertheless, the KIC's initiatives remain a vital force in driving climate action and in facilitating a greener, more innovative Europe. Therefore, EIT Climate-KIC's potential to have a positive impact should not be underestimated<sup>64</sup>.

## 9. International positioning

As highlighted in the external evaluation report<sup>65</sup>, EIT Climate-KIC has launched global initiatives, including Climathon and the Journey, and participates in international climate summits. This demonstrates its active engagement in passing on climate knowledge and fostering innovation worldwide. Its global outreach aligns with the EU's efforts to have a wider influence on public policy beyond EU programmes.

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<sup>60</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 39.

<sup>61</sup> Partnership evaluation report for EIT Climate-KIC (2024), p. 32.

<sup>62</sup> [Place-based transformations - Climate-KIC](#)

<sup>63</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p.15

<sup>64</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), pp. 38-41.

<sup>65</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 38.

EIT Climate-KIC cooperates with international partners and associated countries. Specific examples provided in the partnership evaluation report <sup>66</sup>, include the launch of EIT Climate-KIC Australia and its participation in the EIT Hubs in Silicon Valley and Israel. Other examples are initiatives such as ‘Accelerating Climate Tech Solutions for a Net-Zero Africa in 2021/2022’ <sup>67</sup>, the EIT Climate-KIC Climathon in Latin America <sup>68</sup>, investments in South Asian start-ups <sup>69</sup>, and the Adaptation Innovation Cluster Tanzania <sup>70</sup>.

EIT Climate-KIC has also established a programme called ‘Gender Mainstreaming for Entrepreneurship’. To implement pilot initiatives that support women entrepreneurs, the KIC collaborated with five partners in the Global South from September 2022 to May 2023 <sup>71</sup>.

At COP26, the United Nations Framework Convention on Climate Change (UNFCCC) and EIT Climate-KIC announced that they intend to form a partnership to establish a new climate change global innovation hub. This will help promote transformative innovations for a low-emission and climate-resilient future <sup>72</sup>. Furthermore, a significant number of EIT Climate-KIC partners are from associated countries, including Norway, Iceland, Bosnia and Herzegovina, Serbia, Türkiye, the United Kingdom and Israel.

EIT Climate-KIC participates in the EIT Global Outreach Programme’s <sup>73</sup> activities and the Strategic Regional Innovations (SRI) <sup>74</sup>. The Programme was established in 2018 and links the EIT’s innovation ecosystem with innovation valleys worldwide, forging synergies with global innovation leaders and creating significant value for the EU economy as well as local ecosystems. The Programme currently comprises established and successful EIT hubs in Silicon Valley (USA) <sup>75</sup>, Tel Aviv (Israel) <sup>76</sup> and London (UK) <sup>77</sup>. The cross-KIC Global Outreach programme has strengthened EIT Climate-KIC’s international positioning and visibility <sup>78</sup>. Under the SRI, activities are currently being developed in the Western Balkans, Türkiye and Ukraine. These will in the future expand into Moldova and potentially Georgia, in line with the EU’s enlargement policy priorities.

According to the partnership evaluation report <sup>79</sup>, the global operations of the Climate-KIC International Foundation – a charitable organisation that attracts and consolidates funding from philanthropic and public sources – contribute to EIT Climate-KIC’s role as a global ambassador and ensure its global relevance and visibility in the area of climate resilience and sustainable development. In the future, this will be further strengthened by the recent strategic

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<sup>66</sup> Partnership evaluation report for EIT Climate-KIC (2024), p. 34.

<sup>67</sup> <https://www.climate-kic.org/news/eit-climate-kic-accelerates-climate-tech-solutions-for-a-net-zero-africa/>.

<sup>68</sup> <https://www.climate-kic.org/news/latina-climathon-green-opportunities-latin-america-climate-action-helps-local-development/>.

<sup>69</sup> <https://www.climate-kic.org/news/climate-adaptation-solutions-in-african-and-south-asian-countries/>.

<sup>70</sup> <https://www.climate-kic.org/adaptation-innovation-cluster-tanzania/>. Partnership evaluation report for EIT Climate-KIC (2024), p. 34.

<sup>71</sup> <https://www.climate-kic.org/news/five-partners-global-south-gender-mainstreaming-into-entrepreneurship/>. Partnership evaluation report for EIT Climate-KIC (2024), p. 34.

<sup>72</sup> <https://www.climate-kic.org/news/new-innovation-hub-launched-at-cop26/>.

<sup>73</sup> <https://go-eit.eu/>.

<sup>74</sup> <https://eit-ris.eu/>.

<sup>75</sup> <https://go-eit.eu/eit-silicon-valley-hub/>.

<sup>76</sup> <https://go-eit.eu/eit-israel-hub/>.

<sup>77</sup> <https://go-eit.eu/eit-uk-hub/>.

<sup>78</sup> Partnership evaluation report for EIT Climate-KIC (2024), p. 34.

<sup>79</sup> Partnership evaluation report for EIT Climate-KIC (2024), p. 35.

alliance between the International Institute for Environment and Development (IIED) and EIT Climate-KIC <sup>80</sup>.

## 10. Phasing-out preparedness

The EIT Regulation <sup>81</sup> defines ‘financial sustainability’ as the EIT KICs’ capacity to finance their knowledge triangle activities independently from the EIT contributions. It asks the EIT KICs to pursue this goal by implementing an effective financial sustainability strategy that involves mobilising funds from other public and private sources before the end of the 15-year period of EIT funding. The closer the EIT KIC gets to the end of its EIT funding period, the less EIT funding it receives and the more alternative funding sources it has to find. The emphasis is on encouraging KICs to secure a larger share of their funding from external sources in order to ensure their long-term viability and continue their activities effectively. The challenge is for the KICs to secure adequate co-funding from other sources.

As required by the EIT Regulation, EIT Climate-KIC has a strategy in place to ensure financial sustainability and has KPIs that are set to measure how it performs in implementing this strategy. Looking at the KPIs set for 2017-2020 and 2021-2027, until the end of 2021, the KIC underperformed on financial sustainability, particularly on the level of revenues <sup>82</sup>.

The KIC started systematically reporting financial sustainability revenues to the EIT in 2016 <sup>83</sup>. It reported revenues from membership fees, alternative funding sources, services and consulting fees, and educational services. However, revenue diversification remained low with a high dependence on membership fees and alternative funding sources. The KIC started to build its financial assets portfolio in 2018, and generated its first revenues from returns on investments (RoI) and equity in 2022. At that time, the KIC did not seem to be fully prepared for the decrease of EIT funding. In addition, the COVID-19 pandemic and staff problems made its situation more challenging <sup>84</sup>.

In the years up to 2020, it became clear that the financial sustainability mechanisms in place were insufficient and the KIC’s financial sustainability was at high risk. This prompted the EIT to take action and its Governing Board launched an independent external due diligence process in 2021. Following the findings provided under this process, the KIC narrowed its focus on deep demonstration projects that yield revenues. In addition to the strategic shift, the KIC underwent a significant reduction of its cost base. This translated into crucial changes to the KIC's financial sustainability strategy.

2022 was a turning point when the KIC delivered a positive income balance, met revenue targets and collected revenues in all categories, including RoI and equity, marking a significant milestone <sup>85</sup>. As of the end of 2023, the KIC’s investment portfolio covered acquisitions in 111 companies, with a current value of EUR 6.7 million. The true valuation is certainly higher, as many investments are recorded at a low level due to national accounting standards.

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<sup>80</sup> <https://eit.europa.eu/news-events/news/eit-climate-kic-announces-new-strategic-alliance-iied-tackle-climate-crisis>. Partnership evaluation report for EIT Climate-KIC (2024), p. 34.

<sup>81</sup> In particular, Article 2, (16) and Article 6 (i). [Regulation \(EU\) 2021/819 of the EIT \(2021\)](#)

<sup>82</sup> Partnership evaluation report for EIT Climate-KIC (2024), pp. 29-30.

<sup>83</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 117.

<sup>84</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), pp. 117-118.

<sup>85</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 118.

Since 2022, EIT Climate-KIC has in particular improved its self-sustainability, with a clear roadmap for financial independence and a promising hybrid model, based on which it achieved strong results in building up alternative sources of income in addition to and as future replacement for EIT grant income. The shift from 2022 thus points towards financial sustainability without EIT funds.<sup>86</sup>

Looking ahead to 2025-2027, memoranda of cooperation (MoCs) were signed in 2024 by the EIT with first-wave KICs (including EIT Climate-KIC). Under the MoCs, KICs (including their partner organisations) agreed to continue to undertake knowledge triangle integration activities aligned with their strategic agendas and thus with the EIT strategic innovation agenda, independent of contributions from the EIT. However, for those activities which could be discontinued because they typically do not bring in revenues for the KICs but rather involve costs (i.e. some education and training or RIS activities), the EIT may decide to allocate a smaller and clearly earmarked grant for 2025.

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<sup>86</sup> Deloitte and White Research, Final Review of EIT Climate-KIC – Final report (2023), p. 121.