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*****I**

REPORT

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 294/2008 establishing the European Institute of Innovation and Technology
(COM(2011)0817 – C7-0467/2011 – 2011/0384(COD))

Committee on Industry, Research and Energy

Rapporteur: Philippe Lamberts

Rapporteur for the opinion (*): Chrysoulia Paliadeli, Committee on Culture and Education

(*): Associated Committee - Rule 50 of the Rules of Procedure

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

In amendments by Parliament, amendments to draft acts are highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the draft act which may require correction when the final text is prepared – for instance, obvious errors or omissions in a language version. Suggested corrections of this kind are subject to the agreement of the departments concerned.

The heading for any amendment to an existing act that the draft act seeks to amend includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend. Passages in an existing act that Parliament wishes to amend, but that the draft act has left unchanged, are highlighted in **bold**. Any deletions that Parliament wishes to make in such passages are indicated thus: [...].

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(*) Associated committee - Rule 50 of the Rules of Procedure

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 294/2008 establishing the European Institute of Innovation and Technology (COM(2011)0817 – C7-0467/2011 – 2011/0384(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2011)0817),
 - having regard to Article 294(2) and Article 173(3) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0467/2011),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Economic and Social Committee of 28 March 2012¹,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Industry, Research and Energy and the opinions of the Committee on Culture and Education, the Committee on Budgets and the Committee on Legal Affairs (A7-0403/2012),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Proposal for a regulation

Recital 1

Text proposed by the Commission

(1) The Europe 2020 strategy for smart, sustainable and inclusive growth assigns a

Amendment

(1) The Europe 2020 strategy for smart, sustainable and inclusive growth assigns a

¹ OJ C 181, 21.6.2012, p. 122.

prominent role to the European Institute of Innovation and Technology (hereinafter referred to as the EIT) which *contributes* to a number of flagship initiatives.

prominent role to the European Institute of Innovation and Technology (hereinafter referred to as the EIT) which *aims at contributing* to a number of flagship initiatives, *in particular, the flagships for an Innovation Union and Youth on the Move*.

Amendment 2

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) During the period 2014-2020 the EIT should contribute to ‘Horizon2020 - The Framework Programme for Research and Innovation’ established by Regulation No XX/XXXX of the European Parliament and of the Council (hereinafter referred to as ‘Horizon 2020’) objectives by integrating the knowledge triangle of research, innovation and education.

Amendment

(2) During the period 2014-2020 the EIT should contribute to ‘Horizon2020 - The Framework Programme for Research and Innovation’ established by Regulation No XX/XXXX of the European Parliament and of the Council (hereinafter referred to as ‘Horizon 2020’) objectives by integrating the knowledge triangle of research, innovation and education *in order to stimulate excellence and to accelerate innovation*.

Justification

The objective of the EIT is to integrate the three parts of the knowledge triangle, in order to stimulate excellence which accelerates innovation.

Amendment 3

Proposal for a regulation

Recital 4

Text proposed by the Commission

(4) The rules concerning the management of intellectual property rights are defined in the Rules for Participation.

Amendment

(4) The rules concerning the *dissemination of results through open access, licensing and the* management of intellectual property rights are defined in the Rules for Participation *and in the Strategic Innovation Agenda of the EIT*.

Amendment 4

Proposal for a regulation Recital 4 a (new)

Text proposed by the Commission

Amendment

(4a) As a leading European institute for innovation, the EIT and the Knowledge and Innovation Communities (hereinafter referred to as KICs) should play an innovative role in identifying and fostering innovative practices for the management of intellectual property rights, promoting transparency, knowledge transfer and dissemination.

Amendment 5

Proposal for a regulation Recital 6

Text proposed by the Commission

Amendment

(6) The EIT should directly engage with national and regional representatives and other stakeholders from across the innovation chain, generating beneficial effects on both sides. In order to render such dialogue and exchange more systematic, an EIT Stakeholder Forum should be organised, bringing together the wider community of stakeholders around cross-cutting issues.

(6) The EIT should directly engage with national and regional representatives and other stakeholders from across the innovation chain, generating beneficial effects on both sides. In order to render such dialogue and exchange more systematic, an EIT Stakeholder Forum should be organised, bringing together ***under a common platform, all KICs and*** the wider community of stakeholders, around cross-cutting issues. ***To ensure wider stakeholder engagement, the EIT should conduct relevant information campaigns targeting European universities, national, regional and local authorities involved in R&D&I policies. KICs should also set up processes for regular stakeholders' consultation in their particular field of action.***

Amendment 6

Proposal for a regulation Recital 6 a (new)

Text proposed by the Commission

Amendment

(6a) The EIT should pay attention to a good balance being achieved between the different actors from the knowledge triangle involved in the KICs, paying attention especially to smaller actors and private sector involvement. In particular it should seek to engage more closely with SMEs to ensure their active participation in the activities of the KICs. Furthermore, public companies and local authorities, as well as non-profit organizations, should be involved in the KICs, as appropriate.

Amendment 7

Proposal for a regulation Recital 6 a (new)

Text proposed by the Commission

Amendment

(6a) The EIT should further promote recognition by the Member States of EIT degrees and diplomas bearing its label of excellence.

Amendment 8

Proposal for a regulation Recital 6 b (new)

Text proposed by the Commission

Amendment

(6b) The EIT should promote, by its very nature and composition, multi-disciplinary and inter-disciplinary approaches to innovation and entrepreneurship, including the development of non-technological

solutions, organizational approaches, new business models, systems innovation and public sector innovations, as a necessary complement to technological and technical innovation activities.

Amendment 9

Proposal for a regulation Recital 6 c (new)

Text proposed by the Commission

Amendment

(6c) Social enterprises, being very innovative in nature through the goods and services they offer, may contribute to addressing the major societal challenges. Social innovation and social entrepreneurship should therefore constitute, as appropriate, an important part of the EIT's and the KICs' activities.

Amendment 10

Proposal for a regulation Recital 7

Text proposed by the Commission

Amendment

(7) The scope of the EIT contribution to the Knowledge and Innovation Communities (hereinafter referred to as KICs) should be defined and the origins of KICs' financial resources clarified.

(7) The scope of the EIT contribution to the Knowledge and Innovation Communities (hereinafter referred to as KICs) should be defined and the origins of KICs' financial resources clarified. *In particular, the EIT should act as an investor and its funding aim at leveraging other sources of private and public funding, including other EU funds. The level of this leverage should be clearly defined.*

Amendment 11

Proposal for a regulation Recital 8

Text proposed by the Commission

(8) The composition of the EIT bodies should be simplified. The functioning of the EIT Governing Board should be streamlined and the respective roles and tasks of the Governing Board and the Director should be further clarified.

Amendment

(8) The composition of the EIT bodies should be simplified, ***should reflect the three dimensions of the knowledge triangle, and gender balance should be sought.*** The functioning of the EIT Governing Board should be streamlined and the respective roles and tasks of the Governing Board and the Director should be further clarified. ***The Governing Board and the Director should act in the interests of the EIT in an independent, impartial and transparent way.***

Amendment 12

**Proposal for a regulation
Recital 9**

Text proposed by the Commission

(9) New KICs, ***including their priority fields and the organisation and timing of the selection process,*** should be launched on the basis of ***modalities defined in the Strategic Innovation Agenda.***

Amendment

(9) The EIT may allocate its budget to already established KICs or to newly selected KICs.

As of 2014, the EIT should launch the selection of up to four new KICs in the thematic priority areas as defined in the Strategic Innovation Agenda (SIA).

As of 2018, according to the budget available and following a stakeholders' consultation, the EIT should launch further calls for the selection of KICs in the remaining themes identified in the SIA or newly identified themes falling within the scope of Horizon 2020 objectives.

(9a) New KICs should be launched and selected by the EIT on the basis of an open, transparent and competitive process, providing clarity and predictability for potential participants. The KICs selection process should be

based on minimum conditions of eligibility criteria and fulfil selection criteria demonstrating the potential, quality and viability of the proposal.

(9b) The EIT should take into account the fact not all KICs will have the same financial needs, some being more capital intensive than others. The EIT should therefore define the amount of financial support it will provide to the KICs.

Amendment 13

Proposal for a regulation Recital 10

Text proposed by the Commission

(10) The KICs should broaden their educational activities, by providing professional training courses.

Amendment

(10) The KICs should broaden their educational activities, by providing professional *and summer* training courses, *distance learning courses and internships to post-graduate students. The EIT should invest in cultivating a world-class EIT brand-name in the area of innovative entrepreneurial education.*

Amendment 14

Proposal for a regulation Recital 10 a (new)

Text proposed by the Commission

Amendment

(10 a) The EIT and the KICs should develop educational synergies with the EU and Member States policies, in order to support the future availability of the necessary human capital that is essential to fulfil Europe's path towards scientific, technological and innovation leadership. To this end, Science, Technology, Engineering, and Mathematics (STEM) Education should be promoted and entrepreneurial coaching, internships and

grants for young Europeans and top high-school and university students should be created.

Amendment 15

Proposal for a regulation Recital 11

Text proposed by the Commission

(11) Cooperation on the organisation the monitoring and evaluations of the KICs between the Commission and the EIT is required to ensure coherence with overall EU level monitoring and evaluation system.

Amendment

(11) Cooperation on the organisation the monitoring and evaluations of the KICs between the Commission and the EIT is required to ensure coherence with overall EU level monitoring and evaluation system. ***In particular, the principles for monitoring the KICs and the EIT should be clarified. Cross-KIC coordination and cooperation should be ensured by the EIT in order to achieve synergies and added-value creation from the interaction of the numerous EIT partners.***

Amendment 16

Proposal for a regulation Recital 12

Text proposed by the Commission

(12) The KICs should seek synergies with relevant ***European Union initiatives***.

Amendment

(12) The KICs should seek synergies with relevant ***research and innovation initiatives and instruments established at European level, including with the European Innovation Partnerships, the European Industrial Initiatives under the SET-Plan and other public-private partnerships.***

Amendment 17

Proposal for a regulation Recital 12 a (new)

Text proposed by the Commission

Amendment

(12a) The KICs should act as "innovation catalysts", capable of producing a significant number of much-needed innovators, who will be the bearers of entrepreneurial culture and experience and able to create innovative, knowledge-based SMEs and transform existing businesses. The KICs should function as a reference and an easy-to-replicate collaboration model for other European, regional and national R&D&I communities and for consolidating Structural Funds for achieving the Union's innovation objectives.

Amendment 18

Proposal for a regulation

Recital 12 b (new)

Text proposed by the Commission

Amendment

(12b) The spending of Union and Member States' funds on research, innovation and education should be better coordinated in order to ensure complementarity, better efficiency and visibility, as well as to achieve better budgetary synergies.

Amendment 19

Proposal for a regulation

Recital 13

Text proposed by the Commission

Amendment

(13) In order to assure broader participation of organizations from different Member States in the KICs, the partner organizations should be established in at least three different Member States.

(13) In order to assure broader participation of organizations from different Member States in the KICs, the partner organizations should be established in at least three different Member States.
The EIT should promote a widening of participation and stimulate excellence

across Europe. It should ensure access to all high quality European universities, research communities, small research groups and private sector actors, including highly innovative startups.

(13a) The EIT and the KICs should develop outreach activities and establish communication and information exchange channels with institutions and other partners in emerging and potential centres of excellence, in particular where there is demonstrated demand so that they may engage and participate in their activities.

Amendment 20

Proposal for a regulation

Recital 14

Text proposed by the Commission

(14) The criteria and procedures for the financing, monitoring and evaluation of the activities of the KICs should be adopted by the EIT prior to launching the KIC selection process.

Amendment

(14) The criteria and procedures for the financing, monitoring and evaluation of the activities of the KICs should be adopted by the EIT prior to launching the KIC selection process. *In particular, a substantial part of the yearly financial contribution to the KICs should be allocated on the basis of a competitive review mechanism.*

Amendment 21

Proposal for a regulation

Recital 14 a (new)

Text proposed by the Commission

Amendment

(14a) It is important to ensure sound financial management of the EIT and the implementation of the KICs in the most effective and user-friendly manner possible. The EIT should seek to reduce administrative burdens for the KICs.

Amendment 22

Proposal for a regulation Recital 15

Text proposed by the Commission

(15) The EIT Triennial Work Programme should take into account the Commission's opinion *concerning the EIT's specific objectives, as defined in Horizon 2020, and its complementarities with European Union policies and instruments.*

Amendment

(15) The EIT Triennial Work Programme should take into account the Commission's opinion *and the views expressed by European Parliament and the Council. A regular dialogue between the EIT and the European Parliament should be established.*

Amendment 23

Proposal for a regulation Recital 17

Text proposed by the Commission

(17) The evaluation of the EIT should provide timely input to the evaluation of Horizon 2020 in 2017 and 2023.

Amendment

(17) The evaluation of the EIT should *allow for direct comparisons of performance and key-indicators with relevant Horizon 2020 instruments and should* provide timely input to the evaluation of Horizon 2020 in 2017 and 2023.

Amendment 24

Proposal for a regulation Recital 18

Text proposed by the Commission

(18) The Commission should *strengthen* its role in monitoring the implementation of specific aspects of EIT activities.

Amendment

(18) The Commission should *improve* its monitoring of the implementation of specific aspects of EIT activities, *while the EIT should improve its monitoring of the KICs. That monitoring should be results-oriented.*

Amendment 25

Proposal for a regulation Recital 19 a (new)

Text proposed by the Commission

Amendment

(19a) EIT activities should ensure the utmost transparency, accountability and democratic scrutiny of contributions from the Union budget, especially as regards their contribution, both expected and achieved, to attain Union objectives.

Amendment 26

Proposal for a regulation Article 1 - point 1 - point -aa (new) Regulation (EC) No 294/2008 Article 2 – paragraph 1

Text proposed by the Commission

Amendment

(-aa) Paragraph 1 is replaced by the following:

"1. 'innovation' means the process, including its outcomes, combining different types of knowledge, capabilities and skills, by which new ideas respond to societal or economic needs and generate new products, services, processes or business and organisational models that contribute value to society and can be successfully introduced into an existing market or would be able to create new markets;"

Amendment 27

Proposal for a regulation Article 1 – point 1 – point -a b (new) Regulation (EC) No 294/2008 Article 2 – paragraph 2

Text proposed by the Commission

Amendment

(-ab) Paragraph 2 is replaced by the following:

"2. 'Knowledge and Innovation Community' (KIC) means an autonomous partnership 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 2020;"

Justification

To fully embedd the EIT as an instrument to implement Horizon 2020 it is important to stress the link between the role of KICs and the specific objectives of Horizon 2020.

Amendment 28

Proposal for a regulation

Article 1 – point 1 – point aa (new)

Regulation (EC) No 294/2008

Article 2 – paragraph 5

Text proposed by the Commission

Amendment

(aa) Paragraph 5 is replaced by the following:

"5. 'partner organisation' means any organisation which is a member of a KIC and may include, in particular, higher education institutions, research organisations, public or private companies, financial institutions, regional and local authorities, foundations and non-profit organisations;"

Amendment 29

Proposal for a regulation

Article 1 – point 1 – point b

Regulation (EC) No 294/2008

Article 2 – paragraph 7

Text proposed by the Commission

7. higher education institution means an institution within the meaning of Article 2 of **Decision** (EC) No XXX/20XX of the European Parliament and of the Council establishing "Erasmus for all".

Amendment

"7. 'higher education institution' means an institution within the meaning of Article 2 of **Regulation** (EC) No XXX/20XX of the European Parliament and of the Council establishing "Erasmus for all"."

Amendment 30

Proposal for a regulation

Article 1 – point 1 – point b a (new)

Regulation (EC) No 294/2008

Article 2 – paragraph 9

Text proposed by the Commission

Amendment

(b a) Paragraph 9 is replaced by the following:

"9. 'Strategic Innovation Agenda' (SIA) means a policy document outlining the long-term strategy of the EIT for future initiatives, including an overview of planned higher education, research and innovation activities, over a period of seven years."

Amendment 31

Proposal for a regulation

Article 1 – point 1 – point b b (new)

Regulation (EC) No 294/2008

Article 2 – paragraph 9 a (new)

Text proposed by the Commission

Amendment

"9a. 'Regional Innovation Scheme' means a scheme aimed at widening participation in the KICs activities, and

targeted at partnerships between higher education institutions, research organisations, companies, SMEs and other stakeholders from emerging centres of excellence, that have the ambition and potential to move up the stairway to excellence and develop into eco-systems mirroring the main traits of co-location centres."

Amendment 32

Proposal for a regulation

Article 1 – point 1 – point c

Regulation (EC) No 294/2008

Article 2 – paragraph 10

Text proposed by the Commission

Amendment

10. 'Stakeholder Forum' means a **meeting** open to representatives of national **and** regional authorities, organized interests and individual entities from business, higher education, and research, cluster organisations, as well as other interested parties from across the knowledge triangle.

"10. 'Stakeholder Forum' means a **platform, involving physical and virtual conferencing and events**, open to representatives of national, regional **and local** authorities, organized 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."

Amendment 33

Proposal for a regulation

Article 1 – point 1 – point d

Regulation (EC) No 294/2008

Article 2 – paragraph 11

Text proposed by the Commission

Amendment

11. "KIC added value activities": means activities carried out by partner organisations contributing to the integration of the knowledge triangle of research, innovation and higher education,

"11. 'KIC added value activities': means activities carried out by partner organisations contributing to the integration of the knowledge triangle of research, innovation and higher education,

including establishment, administrative and coordination activities of the KICs.

including establishment, administrative and coordination activities of the KICs ***and contributing to the overall objectives of EIT.***"

Amendment 34

Proposal for a regulation

Article 1 – point 2

Regulation (EC) No 294/2008

Article 3

Text proposed by the Commission

Amendment

Mission and Objectives

Mission and *Objective*

The EIT's mission is to contribute to sustainable European economic ***growth*** and competitiveness by reinforcing the innovation capacity of the Member States and the ***Union***. It shall do this by promoting ***and integrating*** higher education, research and innovation of ***the highest standards*** .

The EIT's mission is to contribute to sustainable European economic ***and social development*** and competitiveness by reinforcing ***and accelerating*** the innovation ***and entrepreneurship*** capacity of the Member States and the ***Union in order to address the grand societal challenges facing European society***. It shall do this by promoting ***synergies, cooperation and integration of*** higher education, research, innovation ***and entrepreneurial activity of excellence***.

The EIT' General Objectives, Specific Objectives and result indicators for the period 2014-2020 are defined in Horizon 2020.

The EIT' General Objectives, Specific Objectives and result indicators for the period 2014-2020 are defined in Horizon 2020.

Amendment 35

Proposal for a regulation

Article 1 – point 2 a (new)

Regulation (EC) No 294/2008

Article 4 – paragraph 1 – point a

Text proposed by the Commission

Amendment

(2a) In Article 4(1), point (a) is replaced by the following:

"(a) A Governing Board consisting of and

respecting the balance between high-level members experienced in higher education, research, innovation and business. It shall be responsible for steering the activities of the EIT, for the selection, designation and evaluation of the KICs, and for all other strategic decisions;"

Justification

A balance between actors from education, research, innovation and business is necessary in the EIT bodies.

Amendment 36

Proposal for a regulation

Article 1 – point 4

Regulation (EC) No 294/2008

Article 5 – paragraph 1

Text proposed by the Commission

Amendment

In Article 5(1) is amended as follows:

(4) Article 5(1) is replaced by the following:

(a) point (a) is deleted.

"1. In order to achieve its objective, the EIT shall:

(a) identify its main priorities and activities to fulfil its general and specific objectives;

(b) The following point (j) is inserted:

(b) raise awareness among potential partner organisations, especially with SMEs and with emerging and potential centres of excellence, to encourage and facilitate their participation in its activities;

(c) select and designate KICs in accordance with Article 7 and define their rights and obligations by agreement; provide them with appropriate and fast support; apply appropriate quality control measures; monitor and periodically evaluate their activities; and ensure an appropriate level of coordination, facilitate effective communication and

thematic cooperation between the KICs and between co-locations centers;

(d) mobilise funds from public and private sources and use its resources in accordance with this Regulation. It shall in particular seek to raise a significant and increasing proportion of its budget from private sources and from income generated by its own activities;

(e) encourage the recognition in the Member States of degrees and diplomas which are awarded by higher education institutions that are partner organisations and which may be labelled EIT degrees and diplomas;

(f) promote the dissemination of good practices for the integration of the knowledge triangle in order to develop a common innovation and knowledge transfer culture;

(fa) actively establish links through the KICs with institutions from emerging centres of excellence with the potential to develop into co-location centres, in order to broaden the Union's innovation capacity. This may involve providing support for the teaming between the KICs and partnerships from emerging centres of excellence through a Regional Innovation Scheme, including twinning, staff exchanges, and structured mobility actions;

(g) develop its capacity and expertise to become a world class body for excellence in higher education, research, innovation and entrepreneurship;

(h) promote multidisciplinary approaches to innovation, in particular the integration of non-technological solutions, organizational approaches, new business models, systems innovation and public sector innovation;

(i) ensure complementarity, synergy and consistency between EIT activities and

"(j) convene, at least once a year, the Stakeholders Forum *to inform about* the activities of the EIT, its experiences, good practices and contribution to Union innovation, research and education policies and objectives. Stakeholders shall be invited to express their views."

other Union programmes.

(j) promote the KICs as excellent innovation partners inside and outside the Union;

(k) develop a 'best practices guide' to disseminate good practices and experiences of existing KICs to new KICs;

(l) convene, at least once a year, a Stakeholders Forum to share and discuss with stakeholders the activities of the EIT, its experiences, good practices and contribution to Union innovation, research and education policies and objectives and to receive input about the EIT's agenda, strategy and operations."

Amendment 37

Proposal for a regulation

Article 1 - point 5

Regulation (EC) No 294/2008

Article 6

Text proposed by the Commission

In Article 6(1), point (c) is replaced by the following:

Amendment

Article 6 is replaced by the following:

"Article 6

KICs

1. KICs shall undertake in particular:

(a) innovation activities and investments with European added value, fully integrating the higher education and research dimensions to attain a critical mass and stimulating the dissemination and exploitation of results;

(b) cutting-edge and innovation-driven research in areas of key economic and societal interest and drawing on the results of European and national research, with the potential to strengthen Europe's competitiveness at international

"(c) education and training activities at masters and doctoral level, as well as professional training courses, in disciplines with the potential to meet future European socio-economic needs and which promote the development of innovation-related skills, the improvement of managerial and entrepreneurial skills and the mobility of researchers and students;"

level and obtain solutions for the major societal challenges;

(c) education and training activities at masters and doctoral level, as well as professional training courses, in disciplines with the potential to meet future European socio-economic needs ***and the needs of the Union's employment market and which expand the Union's talent base, attract and retaining top talent;*** promote the development of innovation-related skills, the improvement of managerial and entrepreneurial skills and the mobility of researchers and students, ***including supporting the networking and entrepreneurial activities of the recipients of EIT degrees and trainings;***

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

(e) to integrate and coordinate as much as possible with existing European, national and regional initiatives and local instruments in the field of Research, Development and Innovation.

2. KICs shall have substantial overall autonomy to define their internal organisation and composition. In particular KICs shall:

a) establish a governing board whose composition respects the balance between representatives of higher education, research and business sectors;

b) be open to new members, in particular SMEs, that can add value to the partnership, keeping in mind the continuity of the partnership;

c) function in an open and transparent way and according to governance codes of good practice;

2a. KICs shall set out their precise agenda

and working methods. In particular, KICs shall:

a) establish a yearly business plan of activities with specific objectives, milestones and key performance indicators;

b) develop strategies for achieving financial sustainability leading to a gradual decrease in EU financing;

c) develop outreach activities in particular with emerging institutions and centres of excellence such as through the Regional Innovation Scheme, and perform regular stakeholders' consultation.

3. The relationship between the EIT and each KIC shall be based on a contractual agreement.

Justification

The KICs have a large autonomy however it is necessary to clarify what minimum features, general principles and tasks the KICs should have.

Amendment 38

Proposal for a regulation

Article 1 – point 6

Regulation EC/294/2008

Article 7

Text proposed by the Commission

Amendment

Article 7 is *amended as follows:*

Article 7 is *replaced by the following:*

"Article 7

(a) paragraph 1a is inserted:

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, and on the basis of their quality and provided they fulfill minimum eligibility and meet the selection criteria as outlined in paragraphs 3 and 4. Detailed criteria for the selection of the

"1a. The EIT shall launch the selection *and designation of KICs according to the priority fields and time schedule defined in the SIA.*"

(b) in paragraph 2, the following point (h) is added:

"(h) readiness to establish synergies with other European Union initiatives,"

(c) paragraph 3, is replaced by the following:

"3. The minimum *condition* to form a KIC is the participation of at least three partner organisations, established in at least three different Member States. All these partner organisations must be independent of each other, within the meaning of Article 7 of Rules for Participation".

KICs, based on the principles of excellence and innovation relevance, shall be adopted and published by the EIT; external and independent experts shall be involved in the selection process.

2. As of 2014, the EIT shall launch the selection of up to 4 new KICs in the thematic priorities as defined in the SIA. On the basis of the availability of financial resources, the EIT may as of 2018, following a stakeholders' consultation, launch a new selection process in other thematic areas of the SIA or in newly identified areas.

The number of KICs selected will depend on the maturity and readiness of European consortia to form credible KICs, the potential societal and economic impact, and opportunities for synergies with other initiatives, as well as the absorption capacity of the EIT and the budget available. The award of new KICs shall be based on each considered KICs own merits and potential, and should not be dependent on the performance of other KICs. The EIT shall define the appropriate size and duration of its contribution to the new KICs.

3. The minimum *eligibility criteria* to form a KIC *are:*

a) the participation of at least three partner organisations, established in at least three different Member States. All these partner organisations must be independent of each other, within the meaning of Article 7 of Rules for Participation;

(d) paragraph 4 is replaced by the following:

"4. The majority of the partner organisations forming a KIC shall be established in the Member States. At least one higher education institution and one private company shall be part of each KIC.
"

b) the contribution of the KIC to achieving specific objectives under the headings "Societal challenges" and "Leadership in enabling and industrial technologies" defined in Horizon 2020;

c) at least two thirds of the partner organisations forming a KIC shall be established in the Member States;

d) at least one higher education institution and one private company shall be part of each KIC.

4. The selection criteria for the designation of a KIC shall be able to demonstrate the following:

(a) the current and potential to drive innovation and entrepreneurship capacity within the partnership as well as its excellence in higher education, research and innovation;

(b) the partnership's capacity to contribute to meeting the specific objectives under the headings "Societal challenges" and/or "Leadership in enabling and industrial technology" as defined in Horizon 2020, and to achieve the goals of the SIA;

(c) the multidisciplinary approach to innovation such as the integration of non-technological solutions, organizational approaches, new business models, systems innovation and/or public sector innovation;

(d) the partnership's capacity to ensure sustainable and long-term self-supporting financing including a substantial and increasing contribution from the private sector, industry and services;

(e) the participation in the partnership of organisations active in the knowledge triangle of higher education, research and

innovation and the balance between these three elements;

(-f) the demonstration of openness and transparency of its governance, and its strategy for attracting new entrants;

(f) the demonstration of a plan for the management of intellectual property appropriate to the sector concerned and consistent with the EIT principles and guidelines for the management of intellectual property, including the way in which contributions from the various partner organisations have been taken into account;

(g) measures to support the involvement of and cooperation with the private sector, including the financial sector and in particular SMEs, as well as the creation of start-ups, spin-offs and SMEs, in view of the commercial exploitation of the results of the activities of KICs;

(h) measures to support the involvement of and cooperation with socio-economic actors including public authorities, public sector enterprises and non-profit organisations, as appropriate;

(i) readiness to interact with other organisations and networks outside the KIC with the aim of sharing good practices and excellence, including with emerging institutions and centers of excellence;

(j) readiness to establish synergies with other European Union initiatives in the field of Research, Development and Innovation and partnership complementarities with other European, national, regional and/or local innovation programmes.

4. The selection of emerging and potential centres of excellence that will be part of the 'Regional Innovation Scheme' shall be made through open and transparent calls managed and implemented by the KICs. The criteria used for the selection

shall be designed by the KICs (in accordance with the criteria outlined for the selection of KICs in paragraph 2) in cooperation with the EIT, and will be published by the EIT.

(e) the following paragraph 5 is added:

"5. The EIT shall adopt criteria and procedures for the financing, monitoring and evaluating of the activities of the KICs prior to the launching of the selection procedure for new KICs."

5. The EIT shall adopt criteria and procedures for the financing, monitoring and evaluating of the activities of the KICs prior to the launching of the selection procedure for new KICs.

Amendment 39

Proposal for a regulation

Article 1 – point 6 a (new)

Regulation EC/294/2008

Article 7 -a (new)

Text proposed by the Commission

Amendment

(6a) The following Article is inserted

"Article 7-a

Funding sources and financing principles

1. The EIT shall be financed through a contribution from the general budget of the European Union within the financial envelope as set out in Article 19 and other private and public sources.

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

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

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

(c) contributions from international bodies or institutions;

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

- (e) capital endowments, including those managed by the EIT Foundation;*
- (f) bequests, donations and contributions from individuals, institutions, foundations or any other national bodies;*
- (g) contribution from the EIT;*
- (h) financial instruments, including those funded from the general budget of the European Union.*

Contributions may include contributions in kind.

3. The modalities for accessing funding from the EIT shall be defined in the financial rules of the EIT referred to in Article 21(1).

4. The EIT contribution to the KICs:

(a) may cover up to 100% of the total eligible costs of KIC added-value activities.

(b) shall not exceed 25% of the KICs yearly annual budget, calculated on a three-yearly average.

5. The EIT shall establish a competitive review mechanism for the allocation of a substantial share of its yearly financial contribution to the KICs. The competitive review mechanism shall include assessing the quality and potential of the projects proposed in the KICs' annual business plans and the performance of previous years as evidenced by the continuous monitoring as defined in Article 7a;

(Article 14 of the Regulation is moved to Article 7-a)

Justification

For sake of clarity funding sources (Article 14) and financing principles have been consolidated in a unique article and amended to include the KIC leverage effects principles (maximum 25% EIT contribution, and maximum 50% total EU funds contribution) as well as the competitive review mechanism for the yearly KICs allocations.

Amendment 40

Proposal for a regulation

Article 1 – point 7

Regulation EC/294/2008

Article 7 a (new)

Text proposed by the Commission

Principles for the *evaluation and monitoring* of KICs

The EIT, shall on the basis of key performance indicators *and in cooperation with the Commission*, organise continuous monitoring and *periodic* external evaluations of the outputs, results and impact of each KIC."

Amendment

Principles for the *monitoring and evaluation* of KICs

The EIT, shall on the basis of *quantitative and qualitative* key performance indicators, organise continuous monitoring and *triennial* external evaluations of the output, results and impact of each KIC. *The outcomes of the evaluations shall be made public.*

The monitoring shall be result-oriented and provide comparable indicators so as to evaluate the contribution of the KICs compared to other relevant instruments of Horizon 2020 through a yearly EIT scoreboard.

The monitoring shall include:

- a) the contribution of KICs to achieving the specific objectives of Horizon 2020;*
- b) general KIC performance based on a set of common KIC core indicators;*
- c) specific-KIC performance based on individual targets and key performance indicators as laid down in the individual KIC business plans.*

2. The performance of KICs measured through the continuous monitoring shall serve as basis for the competitive review mechanism for allocation of the yearly EIT financial contribution to the KICs, as defined in Article 7a (4a).

3. In the development of the continuous monitoring system, the preliminary list of indicators provided in Annex II shall be taken into account."

Amendment 41

Proposal for a regulation

Article 1 – point 8

Regulation (EC) No 294/2008

Article 7b

Text proposed by the Commission

Article 7b

Duration, continuation and termination of a KIC

1. Subject to the outcomes of *periodic* evaluations *and to the specificities of particular fields, a KIC shall normally have a time-frame* of seven to fifteen years.

2. The Governing Board may decide to extend the operation of a KIC *beyond the period initially set if this is the most appropriate way* to achieve *the* objectives of the EIT.

3. In the event that evaluations of a KIC show inadequate results, the Governing Board shall take appropriate measures including reduction, modification or withdrawal of its financial support or termination of the agreement.

Amendment 42

Proposal for a regulation

Article 1 – point 8 a (new)

Regulation (EC) No 294/2008

Article 8 – paragraph 2 – point b a (new)

Text proposed by the Commission

Amendment

Article 7b

Duration, continuation and termination of *financing* of a KIC

1. *The EIT may establish a framework agreement with a KIC for an initial period* of seven years.

2. Subject to the outcomes of *the continuous monitoring and* evaluations *as defined in Article 7a*, the Governing Board may decide to extend the *financing of* operation of a KIC if *it has been proven* to achieve *its* objectives *and those* of the EIT. *The Governing Board shall apply a tailor-made approach taking into account that not all KICs would have the same financial needs, size and duration.*

3. In the event that evaluations of a KIC show inadequate results, the Governing Board shall take appropriate measures including reduction, modification or withdrawal of its financial support or termination of the agreement.

(8a) In Article 8(2), the following point is added:

"(ba) disseminate best practices on common issues, such as mutual recognition of qualifications and effective teaching practices".

Amendment 43

Proposal for a regulation

Article 1 – point 9 a (new)

Regulation (EC) No 294/2008

Article 13 – paragraph 2

Text proposed by the Commission

Amendment

(9a) Article 13 (2) is replaced by the following:

"2. The EIT shall make public its rules of procedure, its specific financial rules referred to in Article 21(1) and the detailed criteria for the selection of the KICs referred to in Article 7 before the calls for proposals for the selection of the KICs."

Amendment 44

Proposal for a regulation

Article 1 – point 10 – introductory part

Regulation (EC) No 294/2008

Article 14

Text proposed by the Commission

Amendment

(10) Article 14 *paragraph 2* is *replaced by the following:*

(10) Article 14 is *deleted*.

(See Article 7-a new)

Justification

For sake of clarity funding sources (Article 14) and financing principles have been consolidated in a unique article (Article 7-a)

Amendment 45

Proposal for a regulation

Article 1 – point 12

Regulation N° 294/2008

Article 15

Text proposed by the Commission

The EIT shall adopt:

(a) a rolling triennial work programme, based on the SIA, once it is adopted, containing a statement of the major priorities and planned initiatives of the EIT and the KICs, including an estimate of financing needs and sources. It shall also contain appropriate indicators for monitoring the KICs and EIT activities. The preliminary rolling triennial work programme shall be submitted by the EIT to the Commission by 31 December each N-2. The Commission shall deliver an opinion within three months ***with regard to EIT specific objectives as defined in Horizon 2020 and its complementarities with Union policies and instruments.*** The EIT shall take a due account of the ***Commission opinion***, and in case of disagreement justify its position. The final work programme shall be transmitted by the EIT to the European Parliament, the Council, the Commission, the European Economic and Social Committee and the Committee of the Regions for information;

(b) an annual report by 30 June each year. The report shall outline the activities conducted by the EIT and the KICs during the preceding calendar year and 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.

Amendment

The EIT shall adopt:

(a) a rolling triennial work programme, based on the SIA, once it is adopted, containing a statement of the major priorities and planned initiatives of the EIT and the KICs, including an estimate of financing needs and sources, ***taking into account the financial viability of each KIC.*** It shall also contain appropriate indicators for monitoring the KICs and EIT activities ***using a results-oriented approach.*** The preliminary rolling triennial work programme shall be submitted by the EIT to the Commission, ***the European Parliament and the Council*** by 31 December each N-2. The Commission shall deliver an opinion ***and the European Parliament and the Council may express their views***, within three months. The EIT shall take a due account of the ***expressed opinions and views***, and in case of disagreement justify its position. The final work programme shall be transmitted by the EIT to the European Parliament, the Council, the Commission, the European Economic and Social Committee and the Committee of the Regions for information;

(b) an annual report ***to be made public*** by 30 June each year. The report shall outline the activities conducted by the EIT and the KICs during the preceding calendar year and 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. ***Every year the EIT Director shall present the annual report to the competent Committees of the***

Amendment 46

Proposal for a regulation

Article 1 – point 13

Regulation (EC) No 294/2008

Article 16

Text proposed by the Commission

Article 16 is *amended as follows*:

(a) in paragraph 2, the word "five" is replaced by the word "three";

(b) the following paragraph 2a is inserted:

Amendment

Article 16 is *replaced by the following*:

"Article 16

Monitoring and evaluation of the EIT

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

2. By June 2011 and every three and a half years after the entry into force of a new financial framework, the Commission shall present a report on the mid term-evaluation of the activities of the EIT and its KICs. This shall be based on an independent external evaluation and shall examine how the EIT fulfils its mission. It shall cover all activities of the EIT and the KICs and shall assess the added value of the EIT, the impact, effectiveness, sustainability, efficiency and relevance of the activities pursued and their relationship and/or complementarity with existing national and Community policies, to support higher education, research and innovation. It shall take into account the views of stakeholders, at both European and national level.

3. The evaluation shall assess aspects relating to the promotion of the involvement of participants from emerging institutions and centres of excellence and the participation of SMEs. Moreover, the evaluation shall take into account the contribution of the EIT to the priorities of the Europe 2020 strategy and its flagship initiatives.

The evaluation of the EIT shall be coordinated with the evaluation conducted within the framework of Horizon 2020 of similar instruments (Joint Technology Initiatives, Public Private Partnerships) and ensure alignment with Horizon 2020 indicators.

"2a. The Commission may carry out further evaluations on themes or topics of strategic relevance, with the assistance of independent experts, to examine the progress made by the EIT towards the objectives set, identify the factors contributing to the implementation of the activities and identify good practices."

4. The Commission may carry out further evaluations on themes or topics of strategic relevance, with the assistance of independent experts, to examine the progress made by the EIT towards the objectives set, identify the factors contributing to the implementation of the activities and identify good practices.

5. The Commission shall forward the results of the evaluation, together with its own opinion and, where appropriate, any proposals to amend this Regulation, 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."

Amendment 47

Proposal for a regulation

Article 1 – point 14 – point-a a (new)

Regulation (EC) No 294/2008

Article 17 – paragraph 2

Text proposed by the Commission

Amendment

(-aa) Article 17(2) shall be replaced by the following:

"2. The SIA shall define the long-term strategy for the EIT within the Union's innovation landscape and shall include an assessment of its impact and its capacity to generate innovation added-value for the Union. The SIA shall take into account the results of the monitoring and evaluation of the EIT as referred to in Article 16."

Amendment 48

Proposal for a regulation

Article 1 – point 14 – point b (new)

Regulation (EC) No 294/2008

Article 17 – paragraph 4

Text proposed by the Commission

Amendment

(b) Article 17(4) shall be replaced by the following:

"4. The Commission shall take into account and integrate the relevant aspects of the SIA into the future proposal for a common strategic framework for research and innovation for the next programming period".

Amendment 49

Proposal for a regulation

Article 1 – point 15

Regulation (EC) No 294/2008

Article 19

Text proposed by the Commission

Amendment

The financial envelope from Horizon 2020 for the implementation of this Regulation during the period from 1 January 2014 to

Within the meaning of point [17] of the Interinstitutional Agreement of xxx/201z between the European Parliament, the

31 December 2020 is set at EUR 3.182,230 million. The annual appropriations shall be authorised by the budgetary authority *within* the *limits* of the financial framework. The EIT financial contribution to the KICs shall be provided under this financial envelope.

Council and the Commission on cooperation in budgetary matters and sound financial management, the financial envelope from Horizon 2020 for the implementation of this Regulation during the period from 1 January 2014 to 31 December 2020 is set at a maximum of [EUR 3.182,230 million]. That amount shall constitute the prime reference for the budgetary authority during the annual budgetary procedure. The annual appropriations shall be authorised by the budgetary authority *without prejudice* to the *provisions* of the *Regulation laying down the multiannual financial framework for the years 2014-2020 and to the Interinstitutional Agreement of xxx/201z between the European Parliament, the Council and the Commission on cooperation in budgetary matters and sound financial management.* The EIT financial contribution to the KICs shall be provided under this financial envelope."

Amendment 50

Proposal for a regulation Annex – section 1 – point 2 – paragraph 3

Text proposed by the Commission

The Commission shall have regard to the balance between higher education, research, innovation and business experience as well as to gender balance and *an appreciation* of the higher education, research and innovation environments across the Union.

Amendment

The Commission shall have regard to the balance between higher education, research, innovation and business experience as well as to gender balance and *the widening participation* of the higher education, research and innovation environments across the Union.

Amendment 51

Proposal for a regulation Annex – section 1 – point 2 – paragraph 4

Text proposed by the Commission

The Commission shall appoint the member(s) **and inform** the European Parliament and the Council about the selection process and the final appointment of those members of the Governing Board.

Amendment

The Commission shall appoint the member(s) **after informing** the European Parliament and the Council about the selection process and the final appointment of those members of the Governing Board. ***Before the Commission makes any such appointments, the European Parliament and the Council may express an opinion concerning the candidates selected.***

Justification

The aim is to ensure the transparency of the procedure for appointing Board members.

Amendment 52

Proposal for a regulation

Annex – section 1 – point 2 – paragraph 6 a (new)

Text proposed by the Commission

Amendment

The Commission shall dismiss any member or members of the Governing Board who fail to perform the duties of their office in accordance with the interests of the Union. It shall do so on the basis of the opinion of the European Parliament and the Council.

Amendment 53

Proposal for a regulation

Annex – section 1 – point 4

Text proposed by the Commission

Amendment

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

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

Amendment 54

Proposal for a regulation

Annex – section 2 – point 1 – point o

Text proposed by the Commission

(o) *decide on EIT's language regime, taking into account the existing principles on multilingualism and the practical requirements of its operations;*

Amendment

(o) *ensure that the EIT complies with the existing principles on multilingualism;*

Amendment 55

Proposal for a regulation

Annex – section 2 – point 1 – point p

Text proposed by the Commission

(p) promote the EIT globally, so as to raise its attractiveness and make it a world-class body for excellence in higher education, research and innovation.

Amendment

(p) promote the EIT globally, so as to raise its *scientific, academic and in particular business* attractiveness and make it a world-class body for excellence in higher education, research and innovation.

Amendment 56

Proposal for a regulation

Annex – section 2 – point 1 – point p a (new)

Text proposed by the Commission

Amendment

(pa) promote the Union through the EIT.

Amendment 57

Proposal for a regulation

Annex – section 4 – point 3 – point m (new)

Text proposed by the Commission

Amendment

(m) ensure sound communications with the Union's institutions;

Amendment 58

Proposal for a regulation

Annex – section 4 – point 3 – point n (new)

Text proposed by the Commission

Amendment

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

Amendment 59

Proposal for a regulation

Annex I a (new)

Text proposed by the Commission

Amendment

Annex I a

Non-exhaustive list of general performance indicators for monitoring the KICs

Input:

a) Breakdown of partner contributions (in kind and in cash) to the annual budget

b) Breakdown of the budget by type of activity (research, education, innovation, overheads)

Output and impact:

a) Number of curricula developed and students trained

b) Number of research projects and publications

c) Number of participating companies, including the share of SMEs, research institutes and universities;

e) Number of patents granted per euro invested and number of patents transferred

g) Number of spin-off companies created

*h) Number of innovation activities
undertaken in participating businesses.*

EXPLANATORY STATEMENT

Introduction

To recover from the multiple crises it is currently facing, Europe must find ways to develop its innovation capacity, towards the delivery of sustainable and efficient solutions to the societal challenges such as those identified in Horizon 2020, but also employment and value creation.

In the framework of the Lisbon Strategy for Growth and Jobs, the European Institute of Technology (EIT) was established in 2008 with the aim of reinforcing Europe's innovation capacity.

It represents the first EU attempt to integrate the three sides of the Knowledge Triangle (higher education, research and innovation). The EIT became operational in 2010 with an EU budgetary contribution of € 309 millions over 2008-13.

Through the activities of the Knowledge and Innovation Communities (KICs), the EIT promotes closer interaction between universities, research centres and enterprises with the objective to close the gap between research, education, and the entrepreneurial activities to enhance EU's innovation capacity.

Three KICs are up and running since 2010 (Climate-KIC, EIT ICT Labs and the KIC InnoEnergy) through 16 "co-location centres" in 12 EU Countries and engaging more than 200 partners.

The experiences so far with KICs have shown increasing number of participants (including industry), good leverage effect, streamlining effects and already tangible outputs (students trained, start-ups).

Proposal by the Commission

The Commission proposes to provide the EIT with a budget of about € 3 billions and integrate the EIT scope under the Horizon 2020 Programme. The budget would be released in 2 allocations: the first to finance the consolidation of the existing KICs and establish 3 new ones in 2014; the second following a review at the end of 2017, to continue activities of the created KICs and to start 3 more.

The proposed Commission amendments to the EIT Regulation further clarify the scope of EIT contributions to the KICs, the criteria for establishing them and the principles for their evaluation, duration and termination.

The Strategic Innovation Agenda (to be adopted in a separate document) accompanying the EIT Regulation, outlines, on the other hand, the EIT priorities for the period 2014-2020, the work programme and the modalities for its operation and funding of the KICs.

Position of the rapporteur

1. The EIT budget and objectives

The EIT appears so far a successful and promising instrument to perform innovation-oriented activities in a comprehensive and straightforward way, engaging private and public sector / university partners in a dynamic process of innovation.

Also, compared to other forms of public-private partnership initiatives, the interlinking of research, innovation with the education component gives the EIT an added value that currently other initiatives do not have.

The rapporteur therefore supports the gradual scaling up of the budget over 2014-2020 as proposed by the Commission and the launching of new KICs.

The new KICs should be established in priorities fields of Horizon 2020 and in particular under the “societal challenges” and “leadership in enabling and industrial technology” pillars.

These are the areas where the EU needs to put its effort together to find and implement innovative solutions and promote entrepreneurial initiatives.

The rapporteur supports the proposal of a mid-term evaluation of the EIT to assess its performance, however, being embedded in Horizon 2020 there is no specific reason why it should be subject to a differentiated assessment compared to other parts of the Horizon 2020 programme.

2. Principles for selecting the KICs

The rapporteur believes that the subject and number of KICs that the EIT should establish should not be prescribed.

The phasing and prioritisation of new KICs currently proposed by the Commission is not sufficiently well justified. Other themes can be deemed as urgent or as promising than those put forward.

The rapporteur proposes that the KIC selection should instead be subject to an open, transparent and competitive procedure. Based on the received proposal, the EIT would designate as many KICs as financially possible, provided they meet selection and quality criteria and their scope falls under priorities of Horizon 2020.

In the selection, the EIT should also take into account that some KICs may not necessarily be as capital intensive as others.

3. Principles for financing the KICs

Competitive review mechanism

As already initiated in 2012 by the EIT, the KICs should compete yearly for the available budget. This would ensure that only the most promising and valuable projects effectively get funded, avoiding the potential windfall effect that a predetermined allocation could generate.

Yearly contribution would be based on the evaluation of KICs yearly business plans, objectives, obtained results and further potential.

The rapporteur suggests that the principles of the competitive allocation should be included in the Regulation.

Leverage effect

The EIT has provided so far about 25% of the KICs budget, with 75% to be matched by other public or private partners (including partner's own resources, public funding from Member States, funds from other EU initiatives such as the FP7 and structural funds and, in the future, Horizon 2020).

The rapporteur proposes to include this principle in the Regulation.

There is moreover a need to prevent undermining the EIT synergic effect by using too widely EU funds to "leverage" other EU funds. The rapporteur proposes a further threshold of maximum 25% of EU funds to be raised by the KICs in addition to the EIT contribution.

Ensuring sustainability

Finally, to ensure sustainability of funding in the long-term, the Commission envisages self-financing of some KICs activities in the medium-term. To achieve this, developing a strategy for financing should be clearly a part of the tasks of the KICs.

4. Programming, monitoring and evaluation

The rapporteur proposes that in the future, the SIA is adopted by the Governing Board and integrated in the future framework for research and innovation (Horizon 2021 and beyond). On the other hand more oversight should be given to the decision-makers on the adoption of the EIT triennial work-programmes.

In the EIT initial phase, the first draft triennial work-programme was submitted for comment to the Parliament, the Council and the Commission. The rapporteur believes this should be again the case for the next EIT triennial work-programmes.

In addition, a regular dialogue with the EIT Director and the European Parliament at the occasion of the publication of the EIT annual report is suggested.

The EIT furthermore foresees to establish a monitoring system addressing the four activity

levels (the Horizon 2020 level, the EIT level, the cross-KIC level, the individual KIC level). The rapporteur proposes to include these principles in the Regulation.

5. Broadening the concept of innovation

More than technological solutions

Today, the EIT activities are mostly oriented towards supporting the delivery of technological and industrial solutions. Although these are necessary they are by no means sufficient to address the challenges that the EU faces today.

The rapporteur believes that non-technological, organisational, systems innovation and public sector innovation require the same attention as technology driven solutions.

Similarly, the promotion of social entrepreneurship should be considered as social enterprises are usually very innovative in nature, through the goods or services they offer or their organisational models.

Intellectual property rights

In a context where China is becoming the first depository of patents, the EU needs to develop a "smart" intellectual property rights policy that would allow it to make its mark.¹

Market failures related to IPR practices are penalising particularly SMEs, for instance preventing participation to IPRs exchanges, happening generally between bigger market players, and suffer from the judiciary valorisation of patents.

As the leading European institute for innovation, the EIT should develop and promote innovative practices that are adapted to standard European players.

The EIT and the KICs would be a "laboratory" to support the development of differentiated IPR policies that can answer to the needs and interests of different sectors and actors across Europe, in particular SMEs, universities and public authorities.

6. Governance and participation

Although KICs are innovative types and self-organising business-like structures, some common minimum features should be defined for all KICs, to ensure principles of openness, transparency and balance of interest are met. This need is even more important considering that KICs are partly financed by the public budget.

In particular KICs structure must enable them to evolve and avoid lock-in or close-shop effects. New partners must be able to join the KIC and participate in the activities, while IPR rules proposed must provide the same opportunities for all players.

¹ In 2010 the ratio of domestic patent applications to total patent volume was 15.1% in Europe (stagnating), 53.6% in the US (decreasing), 82.1% in Japan (stagnating) and 72.7% in China (strongly increasing).

Widening participation to new entrants and in particular increasing participation of SMEs should be part of the EIT and KICs strategy.

The KICs should, as foreseen for the EIT, also establish a Stakeholder Forum in its particular field of action, to be convened once a year.

The EIT should also give opportunities to less performing regions of Europe to benefit from and participate in the KICs, in particular those currently in most need of innovating themselves out of the crisis.

7. Complementarities with other Horizon 2020 instruments

The complementarities of the KICs with other activities undertaken in Horizon 2020 still need to be further clarified.

There are several open questions concerning the specific role of the KIC's in the complex EU Research landscape, in particular vs. Joint Programming Initiatives, European Technology Platforms, Joint Technology Initiatives, ERA-Nets but also with Erasmus for all, Knowledge Alliances & Sector Skills Alliances and with the Marie Curie Actions.

The rapporteur believes that the Commission should in particular undertake a comprehensive evaluation of all the different types of public-private partnerships established under its different research and innovation programmes.

The aim should be to assess the most effective partnership models, identify essential features for success and aim at rationalising and simplifying the landscape for research and innovation in the future financing framework.

20.9.2012

OPINION OF THE COMMITTEE ON CULTURE AND EDUCATION (*)

for the Committee on Industry, Research and Energy

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 294/2008 establishing the European Institute of Innovation and Technology
(COM(2011)0817 – C7-0467/2011 – 2011/0384(COD))

Rapporteur (*): Chrysoula Paliadeli(*) Associated committee – Rule 50 of the Rules of Procedure

SHORT JUSTIFICATION

The European Institute of Innovation and Technology (EIT) was set up in 2008 by a Regulation of the European Parliament and the Council, for the purpose of contributing to sustainable economic growth and competitiveness. This goal shall be achieved by reinforcing the innovation capacity of the EU and its Member States. Hence, the EIT aims to foster integration of the knowledge triangle of higher education, research and innovation, mainly via its Knowledge and Innovation Communities (KICs).

The Commission's Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 294/2008, establishing the EIT, proposes a number of changes.

These changes seek to address issues raised during a consultation on the role and functioning of the EIT, and also take into account the proposed new Strategic Innovation Agenda for the EIT, for the period from 2014 to 2020.

The draftsman welcomes and fully supports the Commission's intention to give the EIT a distinctive role in implementing the Horizon 2020 programme. This role shall focus on deepening the synergies between the academic, research and business communities, and draw into its ambit a wide range of stakeholders.

However, the draftsman believes that more work needs to be put into awareness-raising about the role and existence of the EIT.

The EIT, for its part, should further encourage the higher education institutions, part of the KICs, to share their best practices on any common issues which may, and shall inevitably, arise in the course of the coming years. Such issues may include mutual recognition of

qualifications, common accreditation processes for degrees and diplomas, teaching practices, and other such matters.

The proposal to include new professional training courses in the educational activities of the KICs should not, for the time being, exceed the framework of postgraduate education.

The draftswoman also supports plans to streamline the EIT governance and administration structures and to clarify further their respective tasks.

AMENDMENTS

The Committee on Culture and Education calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Proposal for a regulation Recital 4

Text proposed by the Commission

(4) The rules concerning the management of intellectual property rights are defined in the Rules for Participation.

Amendment

(4) The rules concerning the management of intellectual property rights are defined in the Rules for Participation. ***However, the EIT should play an innovative role in developing tools to manage intellectual property rights that promote transparency and exchanges, to enable public and private players (particularly small and medium-sized undertakings (SMEs)) to become involved in research and take advantage of inventions.***

Amendment 2

Proposal for a regulation Recital 6 a (new)

Text proposed by the Commission

Amendment

(6a) The EIT should further promote recognition by the Member States of EIT degrees and diplomas bearing its label of excellence.

Amendment 3

Proposal for a regulation Recital 6 b (new)

Text proposed by the Commission

Amendment

(6b) The EIT should promote multi-disciplinary approaches to innovation, including the development of non-technological solutions, organizational approaches, new business models, open research and other collaborative approaches.

Amendment 4

Proposal for a regulation Recital 8

Text proposed by the Commission

Amendment

(8) The composition of the EIT bodies should be simplified. The functioning of the EIT Governing Board should be streamlined and the respective roles and tasks of the Governing Board **and** the Director should be further clarified.

(8) The composition of the EIT bodies should be simplified **and should reflect the three dimensions of the knowledge triangle**. The functioning of the EIT Governing Board should be streamlined and the respective roles and tasks of the Governing Board, the Director **and the Executive Committee** should be further clarified.

Amendment 5

Proposal for a regulation Recital 10

Text proposed by the Commission

Amendment

(10) The KICs should broaden their educational activities, by providing professional training courses.

(10) The KICs should broaden their educational activities, by providing professional training courses **to post-graduate students**.

Amendment 6

Proposal for a regulation

Recital 11

Text proposed by the Commission

(11) Cooperation on the organisation the monitoring and evaluations of the KICs between the Commission and the EIT is required to ensure coherence with overall EU level monitoring and evaluation system.

Amendment

(11) Cooperation on the organisation the monitoring and evaluations of the KICs between the Commission and the EIT is required to ensure coherence with overall EU level monitoring and evaluation system. ***In particular, the principles for monitoring the KICs and the EIT should be clarified.***

Amendment 7

Proposal for a regulation

Article 1 – point 1 – point b

Regulation (EC) No 294/2008

Article 2 – paragraph 7

Text proposed by the Commission

"higher education institution" means an institution within the meaning of Article 2 of ***Decision*** (EC) No XXX/20XX of the European Parliament and of the Council establishing "Erasmus for all".

Amendment

"higher education institution" means an institution within the meaning of Article 2 of ***Regulation*** (EC) No XXX/20XX of the European Parliament and of the Council establishing "Erasmus for all".

Amendment 8

Proposal for a regulation

Article 1 – point 1 – point c

Regulation (EC) No 294/2008

Article 2 – paragraph 10

Text proposed by the Commission

10. 'Stakeholder Forum' means a ***meeting*** open to representatives of national and regional authorities, organised interests and

Amendment

10. 'Stakeholder Forum' means a ***platform*** open to representatives of national and regional authorities, organised interests and

individual entities from business, higher education, **and** research, cluster organisations, as well as other interested parties from across the knowledge triangle.

individual entities from business, higher education, research, **civil society organisations and** cluster organisations, as well as other interested parties from across the knowledge triangle.

Amendment 9

Proposal for a regulation

Article 1 – point 2

Regulation (EC) No 294/2008

Article 3 – paragraph 1

Text proposed by the Commission

The EIT's mission is to contribute to sustainable European economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the Union. ***It shall do this by promoting and integrating*** higher education, research and innovation ***of*** the highest standards.

Amendment

The EIT's mission is to contribute to sustainable European economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the Union. ***This shall be achieved through synergies, cooperation and integration of*** higher education, research ***activities*** and innovation ***at*** the highest standards.

Amendment 10

Proposal for a regulation

Article 1 – point 3 a (new)

Regulation (EC) No 294/2008

Article 4 – paragraph 2

Text proposed by the Commission

Amendment

(3a) Article 4(2) is replaced by the following:

"2. The Commission shall appoint observers representing the three dimensions of the knowledge triangle to take part in the meetings of the Governing Board."

Amendment 11

Proposal for a regulation

Article 1 – point 4 – point b

Regulation (EC) No 294/2008

Article 5 – paragraph 1 – point j

Text proposed by the Commission

(j) convene, at least once a year, the Stakeholders Forum to inform about the activities of the EIT, its experiences, good practices and contribution to Union innovation, research and education policies and objectives. **Stakeholders** shall be invited to express their views.

Amendment

(j) convene, at least once a year, the Stakeholders Forum to inform about the activities of the EIT, its experiences, good practices and contribution to Union innovation, research and education policies and objectives. **All stakeholders** shall be invited to express their views.

Amendment 12 Proposal for a regulation

Article 1 – point 6 – point a

Regulation (EC) No 294/2008

Article 7 – paragraph 1a

Text proposed by the Commission

1a. The EIT shall launch the selection and **designation of KICs according to the priority fields and time schedule defined in the SIA.**

Amendment

1a. The EIT shall launch the selection **of KICs and designate as many KICs as financially feasible, on the basis of their quality and provided that they fulfil minimum selection and award criteria.**

Amendment 13

Proposal for a regulation

Article 1 – point 6 – point a a (new)

Regulation (EC) No 294/2008

Article 7 – paragraph 2 – point g

Text proposed by the Commission

Amendment

(aa) in paragraph 2, point (g) is replaced by the following:

"(g) readiness to interact with other organisations and networks outside the KIC, with the aim of sharing good practices and excellence, including with less performing regions."

Amendment 14

Proposal for a regulation

Article 1 – point 6 – point c

Regulation (EC) No 294/2008

Article 7 – paragraph 3

Text proposed by the Commission

3. The minimum condition to form a KIC is the participation of at least three partner organisations, established in at least three different Member States. All these partner organisations must be independent of each other, within the meaning of Article 7 of Rules for Participation.

Amendment

3. The minimum condition to form a KIC is the participation of at least three partner organisations, established in at least three different Member States. ***When one of the partner organisations is a European grouping of territorial cooperation (EGTC), the EIT shall lay down specific provisions that take account of the fact that the EGTC is international in nature.*** All these partner organisations must be independent of each other, within the meaning of Article 7 of the Rules for Participation;

Amendment 15

Proposal for a regulation

Article 1 – point 8 a (new)

Regulation (EC) No 294/2008

Article 8 – paragraph 2 – point b a (new)

Text proposed by the Commission

Amendment

(8a) In Article 8(2), the following point is added:

“(ba) disseminate best practices on common issues, such as mutual recognition of qualifications and effective teaching practices”.

Amendment 16

Proposal for a regulation

Article 1 – point 12

Regulation (EC) No 294/2008

Article 15 – point b

Text proposed by the Commission

(b) an annual report by 30 June each year. The report shall outline the activities conducted by the EIT and the KICs during the preceding calendar year and 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.

Amendment

(b) an annual report ***to be made public*** by 30 June each year. The report shall outline the activities conducted by the EIT and the KICs during the preceding calendar year and 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. ***Every year, the EIT Director shall present the annual report to the competent committees of the European Parliament.***

PROCEDURE

Title	Amendment of Regulation (EC) No 294/2008 establishing the European Institute of Innovation and Technology		
References	COM(2011)0817 – C7-0467/2011 – 2011/0384(COD)		
Committee responsible Date announced in plenary	ITRE 13.12.2011		
Opinion by Date announced in plenary	CULT 13.12.2011		
Associated committee(s) - date announced in plenary	20.4.2012		
Rapporteur Date appointed	Chrysoula Paliadeli 2.2.2012		
Discussed in committee	25.4.2012	19.6.2012	20.6.2012
Date adopted	19.9.2012		
Result of final vote	+: -: 0:	26 1 0	
Members present for the final vote	Zoltán Bagó, Malika Benarab-Attou, Lothar Bisky, Piotr Borys, Jean-Marie Cavada, Silvia Costa, Cătălin Sorin Ivan, Petra Kammerevert, Morten Løkkegaard, Emilio Menéndez del Valle, Marek Henryk Migalski, Katarína Neveďalová, Doris Pack, Chrysoula Paliadeli, Marie-Thérèse Sanchez-Schmid, Marietje Schaake, Marco Scurria, Emil Stoyanov, Hannu Takkula, László Tőkés, Marie-Christine Vergiat		
Substitute(s) present for the final vote	François Alfonsi, Heinz K. Becker, Nadja Hirsch, Iosif Matula, Mitro Repo, Kay Swinburne		

18.9.2012

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Industry, Research and Energy

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 294/2008 establishing the European Institute of Innovation and Technology
(COM(2011)0817 – C7-0467/2011 – 2011/0384(COD))

Rapporteur: Ivars Godmanis

AMENDMENTS

The Committee on Budgets calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Draft legislative resolution
Paragraph 1a (new)

Text proposed by the Commission

Amendment

1a. Points out that the financial envelope specified in the legislative proposal constitutes only an indication to the legislative authority and cannot be fixed until agreement is reached on the proposal for a regulation laying down the multiannual financial framework for the years 2014-2020;

Amendment 2

Draft legislative resolution
Paragraph 1 b (new)

1b. Recalls its resolution of 8 June 2011 on "Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe"¹; reiterates that sufficient additional resources are needed in the next MFF in order to enable the Union to fulfil its existing policy priorities and the new tasks provided for in the Treaty of Lisbon, as well as to respond to unforeseen events; points out that even with an increase in the level of resources for the next MFF of at least 5% compared to the 2013 level only a limited contribution can be made to the achievement of the Union's agreed objectives and commitments and the principle of Union solidarity; challenges the Council, if it does not share this approach, to clearly identify which of its political priorities or projects could be dropped altogether, despite their proven European added value;

¹ *Texts adopted, P7_TA(2011)0266.*

Amendment 3

Draft legislative resolution Paragraph 1c (new)

Text proposed by the Commission

Amendment

1c. Recalls, furthermore, its position that next MFF should see a greater concentration of budgetary resources in areas that stimulate economic growth and competitiveness, such as research and innovation, according to the principles of European added value and excellence;

Amendment 4

Proposal for a regulation
Recital 1

Text proposed by the Commission

(1) The Europe 2020 strategy for smart, sustainable and inclusive growth assigns a prominent role to the European Institute of Innovation and Technology (hereinafter referred to as the EIT) which *contributes* to a number of flagship initiatives.

Amendment

(1) The Europe 2020 strategy for smart, sustainable and inclusive growth assigns a prominent role to the European Institute of Innovation and Technology (hereinafter referred to as the EIT) which *aims at contributing* to a number of flagship initiatives, *in particular the flagships for an Innovation Union and Youth on the Move*.

Amendment 5

Proposal for a regulation
Recital 1 a (new)

Text proposed by the Commission

Amendment

(1a) The EIT will also attract significant private sector funds for its activities, hence, reinforcing the innovation capacity of the EU.

Amendment 6

Proposal for a regulation
Recital 6 a (new)

Text proposed by the Commission

Amendment

(6a) The impact of Union EIT funding should be maximised by mobilising, pooling and leveraging public and private financial resources.

Amendment 7

Proposal for a regulation
Recital 7

Text proposed by the Commission

(7) The scope of the EIT contribution to the Knowledge and Innovation Communities (hereinafter referred to as KICs) should be defined and the origins of KICs' financial resources clarified.

Amendment

(7) The scope of the EIT contribution to the Knowledge and Innovation Communities (hereinafter referred to as KICs) should be defined and the origins of KICs' financial resources clarified. ***EIT should build greater synergy and as much complementarity as possible with the structural funds.***

Amendment 8

Proposal for a regulation

Recital 12

Text proposed by the Commission

(12) The KICs should seek synergies with relevant European Union initiatives.

Amendment

(12) The KICs should seek synergies with relevant European Union initiatives. ***These synergies should not compromise the principle of research, innovation and education excellence that the EIT should pursue.***

Amendment 9

Proposal for a regulation

Recital 12 a (new)

Text proposed by the Commission

Amendment

(12a) The spending of EU and Member States' funds on research, innovation and education should be better coordinated in order to assure complementarity, better efficiency and visibility, as well as to achieve better budgetary synergies.

Amendment 10

Proposal for a regulation

Recital 13 a (new)

Text proposed by the Commission

Amendment

(13a) Excellence should be the main driver for EIT as a whole while promoting the widening of participation in order to stimulate excellence across Europe, including the concept of "stairway to excellence", to encourage the participation of strong units of embryonic excellence.

Amendment 11

Proposal for a regulation

Recital 14

Text proposed by the Commission

Amendment

(14) The criteria and procedures for the financing, monitoring and evaluation of the activities of the KICs should be adopted by the EIT prior to launching the KIC selection process.

(14) The criteria and procedures for the financing, monitoring and evaluation of the activities of the KICs should be adopted by the EIT prior to launching the KIC selection process, ***being of utmost importance the implementation of simplification measures.***

Amendment 12

Proposal for a regulation

Recital 14 a (new)

Text proposed by the Commission

Amendment

(14a) It is important to ensure sound financial management of the EIT and the implementation of the KICs in the most effective and user-friendly manner possible.

Amendment 13

Proposal for a regulation Recital 18 (new)

Text proposed by the Commission

(18) The Commission should strengthen its role in monitoring the implementation of specific aspects of EIT activities

Amendment

(18) The Commission should strengthen its role in monitoring the implementation of specific aspects of EIT activities. ***The Commission should annually monitor the implementation of the programme with the aid of key indicators for assessing results and impacts. These indicators, including relevant baselines, should provide the minimum basis for assessing the extent to which the objectives of the EIT have been achieved.***

Amendment 14

Proposal for a regulation Recital 19 a (new)

Text proposed by the Commission

Amendment

(19a) EIT activities should ensure utmost transparency, accountability and democratic scrutiny of contributions from the Union budget, especially as regards their contribution, both expected and achieved, to reaching Union objectives.

Amendment 15

Proposal for a regulation Article 1 – point 1 – point c Regulation (EC) No 294/2008 Article 2 – paragraph 10

Text proposed by the Commission

10. 'Stakeholder Forum' means a meeting open to representatives of national and regional authorities, organized interests and

Amendment

10. 'Stakeholder Forum' means a meeting open to representatives of national and regional authorities, organized interests and

individual entities from business, higher education, *and* research, cluster organisations, as well as other interested parties from across the knowledge triangle.

individual entities from business, higher education, research, cluster organisations, *civil society organisations*, as well as other interested parties from across the knowledge triangle.

Amendment 16

Proposal for a regulation

Article 1 – point 2

Regulation (EC) No 294/2008

Article 3

Text proposed by the Commission

The EIT's mission is to contribute to sustainable European economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the Union. It shall do this by promoting and integrating higher education, research and innovation of *the highest standards*. The EIT' General Objectives, Specific Objectives and result indicators for the period 2014-2020 are defined in Horizon 2020.

Amendment

The EIT's mission is to contribute to sustainable European economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the Union. It shall do this by promoting and integrating higher education, research and innovation of *excellence*. The EIT' General Objectives, Specific Objectives and result indicators for the period 2014-2020 are defined in Horizon 2020.

Amendment 17

Proposal for a regulation

Article 1 – point 7

Regulation (EC) No 294/2008

Article 7a

Text proposed by the Commission

The EIT, shall on the basis of key performance indicators and in cooperation with the Commission, organise continuous monitoring and periodic external evaluations of the outputs, results and impact of each KIC.

Amendment

The EIT shall on the basis of key performance indicators and in cooperation with the Commission, organise continuous monitoring and periodic external evaluations of the outputs, results and impact of each KIC. *These indicators, including relevant baselines, shall provide the minimum basis for assessing the extent to which the objectives of the EIT have been achieved. In order to improve*

the delivery of the EIT outputs, the activities performed by the KICs shall have a measurable impact on the creation of sustainable innovative start ups and spin-offs, notably by way of supporting the networking and entrepreneurial activities of the receivers of EIT degrees and trainings.

Amendment 18

Proposal for a regulation

Article 1 – point 15

Regulation (EC) No 294/2008

Article 19

Text proposed by the Commission

The financial envelope from Horizon 2020 for the implementation of this Regulation during the period from 1 January 2014 to 31 December 2020 is set at EUR 3.182,230 million. The annual appropriations shall be authorised by the budgetary authority *within* the *limits* of the financial framework. The EIT financial contribution to the KICs shall be provided under this financial envelope.

Amendment

Within the meaning of point [17] of the Interinstitutional Agreement of xxx/201z between the European Parliament, the Council and the Commission on cooperation in budgetary matters and sound financial management, the financial envelope from Horizon 2020 for the implementation of this Regulation during the period from 1 January 2014 to 31 December 2020 is set at *a maximum of* EUR 3.182,230 million. *This amount shall constitute the prime reference for the budgetary authority during the annual budgetary procedure.* The annual appropriations shall be authorised by the budgetary authority *without prejudice to the provisions of the Regulation laying down the multiannual financial framework for the years 2014-2020 and to the Interinstitutional Agreement of xxx/201z between the European Parliament, the Council and the Commission on cooperation in budgetary matters and sound financial management.* The EIT financial contribution to the KICs shall be provided under this financial envelope.

PROCEDURE

Title	Amendment of Regulation (EC) No 294/2008 establishing the European Institute of Innovation and Technology
References	COM(2011)0817 – C7-0467/2011 – 2011/0384(COD)
Committee responsible Date announced in plenary	ITRE 13.12.2011
Opinion by Date announced in plenary	BUDG 13.12.2011
Rapporteur Date appointed	Ivars Godmanis 6.2.2012
Date adopted	6.9.2012
Result of final vote	+: 32 –: 2 0: 1
Members present for the final vote	Marta Andreasen, Richard Ashworth, Reimer Böge, Zuzana Brzobohatá, Jean-Luc Dehaene, Isabelle Durant, James Elles, Göran Färm, José Manuel Fernandes, Eider Gardiazábal Rubial, Jens Geier, Lucas Hartong, Jutta Haug, Monika Hohlmeier, Sidonia Elżbieta Jędrzejewska, Anne E. Jensen, Sergej Kozlík, Jan Kozłowski, Alain Lamassoure, Giovanni La Via, George Lyon, Claudio Morganti, Jan Mulder, Juan Andrés Naranjo Escobar, Dominique Riquet, Derek Vaughan, Angelika Werthmann
Substitute(s) present for the final vote	Burkhard Balz, Maria Da Graça Carvalho, Edit Herczog, Jürgen Klute, Constanze Angela Krehl, Peter Šťastný, Georgios Stavrakakis
Substitute(s) under Rule 187(2) present for the final vote	Luigi Berlinguer

13.7.2012

OPINION OF THE COMMITTEE ON LEGAL AFFAIRS

for the Committee on Industry, Research and Energy

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 294/2008 establishing the European Institute of Innovation and Technology
(COM(2011)0817 – C7-0467/2011 – 2011/0384(COD))

Rapporteur: Alajos Mészáros

SHORT JUSTIFICATION

The European Institute of Technology and Innovation (EIT) has been set up by Regulation (EC) 294/2008 with the aim of reinforcing Europe's innovation capacity. It represents the first EU attempt to integrate higher education, research and innovation, into the so called "knowledge triangle". This integration takes place primarily via the Knowledge and Innovation Communities (KICs), which bring together organisations on a long-term basis around societal challenges. The EIT became operational in 2010 and its seat is in Budapest.

The Commission presents now amendments to the regulation establishing EIT. The proposed changes are based on lessons learnt during the initial period, the recommendations of the external evaluation reports, as well as the results of broad consultations with EIT stakeholders. This amending Regulation is also closely linked to the the proposal for the EIT Strategic Innovation Agenda, which builds on the proposal of the EIT Governing Board.

Your rapporteur focuses in his opinion mainly on the following aspects:

Improving the governance structures of EIT and the dialogue with the EU institutions

The experience shows that the composition of the EIT bodies should be simplified. In particular, tasks of the Governing Board and the Director should be further clarified. The Governing Board and the Director must always act in the interests of the EIT in an independent and impartial way. Your rapporteur also stresses the importance of adequately involving the EU institutions when the EIT Work Programmes are established.

Widening of participation across all Member States and fostering synergies of EIT structures for the benefit of, in particular, SMEs

Principles of openness, transparency and balance of interests need to be at the core of the governance principles and the widening participation to new entrants across the whole EU bringing new ideas and in particular increasing participation of small and medium-sized enterprises (SMEs) should therefore be part of the KICs strategy for growth. Even though not all markets have the same structure, it is important to provide for SMEs the opportunity to fully participate in all the Knowledge and Innovation Communities (KICs). Public companies and local authorities, as well as non-profit organisations, should be also involved in the KICs, as appropriate.

Management of Intellectual Property Rights

Your rapporteur is of the view that the rules concerning the management of intellectual property rights must ensure the right balance between the right holders and the users. The rules should provide guidance and models promoting knowledge transfer and dissemination, both within the context of the KICs and more widely across the EU.

AMENDMENTS

The Committee on Legal Affairs calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Proposal for a regulation Recital 4

Text proposed by the Commission

The rules concerning the management of intellectual property rights are defined in the Rules for Participation.

Amendment

The rules concerning the management of intellectual property rights ***and dissemination of results*** are defined in the Rules for Participation ***and must ensure the right balance between the right holders and the users. The European Commission, in consultation with the EIT, should provide guidance on innovative intellectual property rights models promoting knowledge transfer and dissemination, both within the context of the KICs and more widely across the EU.***

Amendment 2

Proposal for a regulation Recital 6 a (new)

Text proposed by the Commission

Amendment

The EIT should engage closely with small and medium-sized enterprises (SMEs) to ensure their active participation in the activities of the KICs. Public companies and local authorities, as well as non-profit organisations, should be also involved in the KICs, as appropriate.

Amendment 3

Proposal for a regulation Recital 7

Text proposed by the Commission

Amendment

(7) The scope of the EIT contribution to the Knowledge and Innovation Communities (hereinafter referred to as KICs) should be defined and the origins of KICs' financial resources clarified.

(7) The scope of the EIT contribution to the Knowledge and Innovation Communities (hereinafter referred to as KICs) should be defined and the origins of KICs' financial resources clarified. ***In particular, EU funding should be considered as leverage to encourage KICs to pursue other sources of private or public funding, and a review of the use of EU funding as leverage should be considered in future by EU institutions.***

Amendment 4

Proposal for a regulation Recital 8

Text proposed by the Commission

Amendment

(8) The composition of the EIT bodies should be simplified. The functioning of the EIT Governing Board should be

(8) The composition of the EIT bodies should be simplified. The functioning of the EIT Governing Board should be

streamlined and the respective roles and tasks of the Governing Board and the Director should be further clarified.

streamlined and the respective roles and tasks of the Governing Board and the Director should be further clarified. ***The Governing Board and the Director must act in the interests of the EIT in an independent, impartial and transparent way.***

Amendment 5

Proposal for a regulation Recital 15

Text proposed by the Commission

The EIT Triennial Work Programme should take into account the Commission's ***opinion*** concerning the EIT's specific objectives, as defined in Horizon 2020, and its complementarities with European Union policies and instruments.

Amendment

The EIT Triennial Work Programme should take into account the ***opinions of the Commission, the European Parliament and the Council*** concerning the EIT's specific objectives, as defined in Horizon 2020, and its complementarities with European Union policies and instruments. ***These EU institutions should be adequately involved when this programme is established.***

Amendment 6

Proposal for a regulation Article 1 – paragraph 1 – point c Regulation (EC) No 294/2008 Article 2 – paragraph 10

Text proposed by the Commission

10. Stakeholder Forum means a meeting open to representatives of national and regional authorities, organized interests and individual entities from business, higher education, and research, cluster organisations, as well as other interested parties from across the knowledge triangle.

Amendment

10. Stakeholder Forum means a meeting open to representatives of national and regional authorities, organized interests and individual entities from business, higher education, and research, cluster organisations, as well as other interested parties from ***civil society and from*** across the knowledge triangle.

Justification

Following paragraph 10 as added by the Commission proposal 2011/0384(COD).

Amendment 7

Proposal for a regulation

Article 1 – paragraph 2

Regulation (EC) No 294/2008

Article 3 – subparagraph 1

Text proposed by the Commission

The EIT's mission is to contribute to sustainable European economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the Union. It shall do this by promoting and integrating higher education, research **and** innovation of the highest standards.

Amendment

The EIT's mission is to contribute to sustainable European economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the Union. It shall do this by promoting and integrating higher education, research, innovation **and entrepreneurial activities** of the highest standards.

Amendment 8

Proposal for a regulation

Article 1 – point 4 – point b

Regulation (EC) No 294/2008

Article 5 – paragraph 1 – point j

Text proposed by the Commission

(j) convene, at least once a year, the Stakeholders Forum to inform about the activities of the EIT, its experiences, good practices and contribution to Union innovation, research and education policies and objectives. **Stakeholders** shall be invited to express their views.

Amendment

(j) convene, at least once a year, the Stakeholders Forum to inform about the activities of the EIT, its experiences, good practices and contribution to Union innovation, research and education policies and objectives. **All stakeholders** shall be invited to express their views.

Justification

Following paragraph 10 as added by the Commission proposal 2011/0384(COD).

Amendment 9

Proposal for a regulation

Article 1 – point 6 – point d

Regulation (EC) No 294/2008

Article 7 – paragraph 4

Text proposed by the Commission

4. The majority of the partner organisations forming a KIC shall be established in the Member States. *At least one higher education institution and one private company shall be part of each KIC.*

Amendment

4. The majority of the partner organisations forming a KIC shall be established in the Member States. ***Each KIC shall be constituted by at least one higher education institution and one private entity.***

Justification Following paragraph 10 as added by the Commission proposal 2011/0384(COD).

Amendment 10

Proposal for a regulation

Article 1 – paragraph 12

Regulation (EC) No 294/2008

Article 15 – subparagraph a

Text proposed by the Commission

(a) a rolling triennial work programme, based on the SIA, once it is adopted, containing a statement of the major priorities and planned initiatives of the EIT and the KICs, including an estimate of financing needs and sources. It shall also contain appropriate indicators for monitoring the KICs and EIT activities. The preliminary rolling triennial work programme shall be submitted by the EIT to the Commission by 31 December each N-2. The Commission shall deliver an opinion within three months with regard to EIT specific objectives as defined in Horizon 2020 and its complementarities with Union policies and instruments. The EIT shall take a due account of ***the Commission opinion***, and in case of

Amendment

(a) a rolling triennial work programme, based on the SIA, once it is adopted, containing a statement of the major priorities and planned initiatives of the EIT and the KICs, including an estimate of financing needs and sources ***taking into account the financial viability of each KIC***. It shall also contain appropriate indicators for monitoring the KICs and EIT activities. The preliminary rolling triennial work programme shall be submitted by the EIT to the ***European Parliament, the Council and the Commission*** by 31 December each N-2. The ***European Parliament, the Council and the Commission*** shall deliver an opinion within three months with regard to EIT specific objectives as defined in Horizon

disagreement justify its position. The final work programme shall be transmitted by the EIT to the European Parliament, the Council, the Commission, the European Economic and Social Committee and the Committee of the Regions for information;

2020 and its complementarities with Union policies and instruments. The EIT shall take a due account of *these opinions*, and in case of disagreement justify its position. The final work programme shall be transmitted by the EIT to the European Parliament, the Council, the Commission, the European Economic and Social Committee and the Committee of the Regions for information;

Amendment 11

Proposal for a regulation

Annex – section 1 – point 2 – subparagraph 3

Text proposed by the Commission

The Commission shall have regard to the balance between higher education, research, innovation and business experience as well as to gender balance and *an appreciation* of the higher education, research and innovation environments across the Union.

Amendment

The Commission shall have regard to the balance between higher education, research, innovation and business experience as well as to gender balance and *the widening participation* of the higher education, research and innovation environments across the Union.

Amendment 12

Proposal for a regulation

Annex – section 1 – point 4

Text proposed by the Commission

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

Amendment

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

Amendment 13

Proposal for a regulation

Annex – section 2 – point 1 – subparagraph g

Text proposed by the Commission

(g) define, with the Commission's agreement, appropriate honoraria for members of the Governing Board and of the Executive Committee; ***these honoraria shall be benchmarked against similar provision in the Member States;***

Amendment

(g) define, with the Commission's agreement, appropriate honoraria for members of the Governing Board and of the Executive Committee;

Amendment 14

Proposal for a regulation

Annex – section 2 – point 1 – subparagraph p

Text proposed by the Commission

(p) promote the EIT globally, so as to raise its attractiveness and make it a world-class body for excellence in higher education, research and innovation.

Amendment

(p) promote the EIT globally, so as to raise its ***scientific, academic and in particular business*** attractiveness and make it a world-class body for excellence in higher education, research and innovation.

Amendment 15

Proposal for a regulation

Annex – section 4 – point 3 – subparagraph m (new)

Text proposed by the Commission

Amendment

(m) ensure a sound communication with the EU institutions;

Amendment 16

Proposal for a regulation

Annex – section 4 – point 3 – subparagraph n (new)

Text proposed by the Commission

Amendment

(n) act in the interests of the EIT,

*safeguarding its goals and mission,
identity, autonomy and coherence, in an
independent, transparent and impartial
way.*

PROCEDURE

Title	Amendment of Regulation (EC) No 294/2008 establishing the European Institute of Innovation and Technology	
References	COM(2011)0817 – C7-0467/2011 – 2011/0384(COD)	
Committee responsible Date announced in plenary	ITRE 13.12.2011	
Opinion by Date announced in plenary	JURI 13.12.2011	
Rapporteur Date appointed	Alajos Mészáros 19.12.2011	
Discussed in committee	30.5.2012	19.6.2012
Date adopted	10.7.2012	
Result of final vote	+: 23 -: 0 0: 0	
Members present for the final vote	Luigi Berlinguer, Sebastian Valentin Bodu, Françoise Castex, Christian Engström, Marielle Gallo, Giuseppe Gargani, Lidia Joanna Geringer de Oedenberg, Sajjad Karim, Klaus-Heiner Lehne, Antonio López-Istúriz White, Antonio Masip Hidalgo, Jiří Maštálka, Alajos Mészáros, Bernhard Rapkay, Evelyn Regner, Francesco Enrico Speroni, Rebecca Taylor, Alexandra Thein, Cecilia Wikström, Tadeusz Zwiefka	
Substitute(s) present for the final vote	Piotr Borys, Luis de Grandes Pascual, Eva Lichtenberger, Dagmar Roth-Behrendt, József Szájer, Axel Voss	

PROCEDURE

Title	Amendment of Regulation (EC) No 294/2008 establishing the European Institute of Innovation and Technology			
References	COM(2011)0817 – C7-0467/2011 – 2011/0384(COD)			
Date submitted to Parliament	30.11.2011			
Committee responsible Date announced in plenary	ITRE 13.12.2011			
Committee(s) asked for opinion(s) Date announced in plenary	BUDG 13.12.2011	EMPL 13.12.2011	CULT 13.12.2011	JURI 13.12.2011
Not delivering opinions Date of decision	EMPL 19.1.2012			
Associated committee(s) Date announced in plenary	CULT 20.4.2012			
Rapporteur(s) Date appointed	Philippe Lamberts 20.1.2012			
Discussed in committee	23.1.2012	18.6.2012	17.9.2012	8.10.2012
Date adopted	28.11.2012			
Result of final vote	+ : 46 - : 0 0 : 0			
Members present for the final vote	Amelia Andersdotter, Josefa Andrés Barea, Jean-Pierre Audy, Zigmantas Balčytis, Ivo Belet, Jan Březina, Maria Da Graça Carvalho, Giles Chichester, Pilar del Castillo Vera, Dimitrios Droutsas, Christian Ehler, Vicky Ford, Gaston Franco, Adam Gierek, Norbert Glante, András Gyürk, Fiona Hall, Edit Herczog, Kent Johansson, Romana Jordan, Krišjānis Kariņš, Lena Kolarska-Bobińska, Philippe Lamberts, Bogdan Kazimierz Marcinkiewicz, Marisa Matias, Judith A. Merkies, Aldo Patriciello, Herbert Reul, Paul Rübig, Amalia Sartori, Salvador Sedó i Alabart, Britta Thomsen, Patrizia Toia, Evžen Tošenovský, Catherine Trautmann, Ioannis A. Tsoukalas, Marita Ulvskog, Kathleen Van Brempt, Alejo Vidal-Quadras			
Substitute(s) present for the final vote	Yves Cochet, Satu Hassi, Jolanta Emilia Hibner, Seán Kelly, Vladimír Remek, Silvia-Adriana Țicău			
Substitute(s) under Rule 187(2) present for the final vote	Alexandra Thein			
Date tabled	12.12.2012			