Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 establishing the European Institute of Innovation and Technology

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THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 157(3) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Economic and Social Committee[(1)],

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

Acting in accordance with the procedure laid down in Article 251 of the Treaty[(3)],

Whereas:

(1) The Lisbon Growth and Jobs Agenda underscores the need to develop conditions which are attractive to investment in knowledge and innovation in Europe in order to boost competitiveness, growth and jobs in the European Union.

(2) Member States are primarily responsible for sustaining a strong European industrial, competitive and innovative base. However, the nature and scale of the innovation challenge in the European Union also require action to be taken at Community level.

(3) The Community should provide support to foster innovation, in particular through the Seventh Framework Programme for Research, Technological Development and Demonstration Activities, the Competitiveness and Innovation Framework Programme, the Lifelong Learning Programme and the Structural Funds.

(4) A new initiative at Community level, the European Institute of Innovation and Technology (hereinafter referred to as the EIT) should be established to complement existing Community and national policies and initiatives by fostering the integration of the knowledge triangle — higher education, research and innovation — across the European Union.

(5) The European Council of 15 and 16 June 2006 invited the Commission to prepare a formal proposal for the establishment of the EIT to be presented in autumn 2006.

(6) The EIT should primarily have the objective of contributing to the development of the Community's and the Member States' innovation capacity, by involving higher education, research and innovation activities at the highest standards. In so doing, the

EIT should facilitate and enhance networking and cooperation and create synergies between innovation communities in Europe.

(7) The activities of the EIT should address strategic long-term challenges for innovation in Europe, particularly in trans- and/or inter-disciplinary areas including those already identified at European level. In so doing, the EIT should promote periodic dialogue with civil society.

(8) The EIT should give priority to the transfer of its higher education, research and innovation activities to the business context and their commercial application, as well as to supporting the creation of start-ups, spin-offs and small and medium-sized enterprises (SMEs).

(9) The EIT should primarily operate through excellence-driven, autonomous partnerships of higher education institutions, research organisations, companies and other stakeholders in the form of sustainable and long-term self-supporting strategic networks in the innovation process. These partnerships should be selected by the Governing Board of the EIT on the basis of a transparent and excellence-based process and designated as Knowledge and Innovation Communities (hereinafter referred to as KICs). The Governing Board should also steer the activities of the EIT and evaluate the activities of the KICs. Membership of the Governing Board should balance experience from the business and the higher education and/or research worlds as well as from the innovation sector.

(10) In order to contribute to the competitiveness and to reinforce the international attractiveness of the European economy and its innovation capacity, the EIT and the KICs should be able to attract partner organisations, researchers and students from all over the world, including by encouraging their mobility, as well as to cooperate with third-country organisations.

(11) Relations between the EIT and the KICs should be based on contractual agreements, which will set out the KICs' rights and obligations, ensure an adequate level of coordination and outline the mechanism for monitoring and evaluating KICs' activities and outcomes.

(12) There is a need to support higher education as an integral, but often missing, component of a comprehensive innovation strategy. The agreement between the EIT and KICs should provide that the degrees and diplomas awarded through the KICs should be awarded by participating higher education institutions, which should be encouraged to label them also as EIT degrees and diplomas. Through its activities and work, the EIT should help promote mobility within the European Research Area and the Higher Education Area as well as encourage the transferability of grants awarded to researchers and students in the context of the KICs. All these activities should be carried out without prejudice to Directive 2005/36/EC of the European Parliament and of the Council of 7 September 2005 on the recognition of professional qualifications[(4)].

(13) The EIT should establish clear and transparent guidelines for the management of intellectual property, which should foster the use of intellectual property under appropriate conditions. These guidelines should provide that due account is taken of the

contributions to be made by the various partner organisations of the KICs, irrespective of their size. In the event of the activities being funded under the Community Framework Programmes for Research and Technological Development, the rules of those programmes should apply.

(14) Appropriate provisions should be made to guarantee the liability and transparency of the EIT. Appropriate rules governing its functioning should be laid down in the Statutes of the EIT.

(15) The EIT should possess legal personality and, in order to guarantee its functional autonomy and independence, it should administer its own budget whose revenue should include a contribution from the Community.

(16) The EIT should seek to raise an increasing financial contribution from the private sector and from income generated by its own activities. Therefore, it is expected that industry, the finance and service sectors will contribute significantly to the budget of the EIT and, in particular, to the budget of the KICs. The KICs should aim at maximising the share of contributions from the private sector. The KICs and their partner organisations should publicise the fact that their activities are undertaken in the context of the EIT and that they receive a financial contribution from the general budget of the European Union.

(17) The Community contribution to the EIT should finance the costs arising from the establishment, administrative and coordination activities of the EIT and the KICs. In order to avoid double funding, these activities should not benefit simultaneously from a contribution from other Community programmes, such as the Framework Programme for Research, Technological Development and Demonstration Activities, the Competitiveness and Innovation Framework Programme, the Lifelong Learning Programme, or from the Structural Funds. Furthermore, in the event that a KIC or its partner organisations apply directly for Community assistance from these programmes or funds, their applications should be treated without any preference over other applications.

(18) The Community budgetary procedure should be applicable as far as the Community subsidy and any other grants chargeable to the general budget of the European Union are concerned. The auditing of accounts should be undertaken by the Court of Auditors in accordance with Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities[(5)].

(19) This Regulation establishes a financial envelope for the period 2008 to 2013 which is to be the prime reference for the budgetary authority, within the meaning of point 37 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management[(6)].

(20) The EIT is a body set up by the Communities within the meaning of Article 185(1) of Regulation (EC, Euratom) No 1605/2002 and should adopt its financial rules accordingly. Consequently Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to

in Article 185 of Council Regulation (EC, Euratom) No 1605/2002[7] should apply to the EIT.

(21) The EIT should produce an annual report, outlining the activities conducted in the preceding calendar year and a rolling triennial work programme outlining its planned initiatives and allowing the EIT to respond to internal and external developments in the fields of science, technology, higher education, innovation and other relevant areas. These documents should be transmitted to the European Parliament, the Council, the Commission, the Court of Auditors, the European Economic and Social Committee and the Committee of the Regions for information. The European Parliament, the Council and the Commission should be entitled to present an opinion on the draft of the EIT's first triennial work programme.

(22) The strategic, long-term priority fields and financial needs for the EIT for a period of seven years should be laid down in a Strategic Innovation Agenda (hereinafter referred to as SIA). Given the importance of the SIA for the Community innovation policy and the resulting political significance of its socio-economic impact for the Community the SIA should be adopted by the European Parliament and the Council on the basis of a Commission proposal prepared on the basis of a draft provided by the EIT.

(23) It is appropriate that the Commission initiate an independent, external evaluation of the operation of the EIT, in particular with a view to preparing the SIA. Where appropriate, the Commission should make proposals to amend this Regulation.

(24) It is appropriate to pursue a gradual, phased implementation of the EIT in view of its long-term development. An initial phase with a limited number of KICs is needed in order to evaluate properly the functioning of the EIT and the KICs and, where necessary, to introduce improvements. Within a period of 18 months from its creation, the Governing Board should select two or three KICs in areas that help the European Union to face current and future challenges, which could include such fields as climate change, renewable energy and the next generation of information and communication technologies. The selection and designation of further KICs should be enabled after the adoption of the first SIA, which, in order to address the long-term perspective, should also include detailed modalities on the operation of the EIT.

(25) Since the objective of the action to be taken, namely to establish the EIT, cannot be sufficiently achieved by the Member States and can therefore, for reasons of scale and transnationality, be better achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective,

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter

A European Institute of Innovation and Technology (hereinafter referred to as the EIT) is hereby established.

Article 2

Definitions

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

1. **[**[F1]'innovation' means the process, including its outcome, by which new ideas respond to societal or economic needs and demand and generate new products, services or business and organisational models that are successfully introduced into an existing market or that are able to create new markets and that provide value to society;**]**

2. '**[**[F1]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 Regulation (EU) No 1291/2013 of the European Parliament and of the Council[(8)] ('Horizon 2020');**]**

3. **[**[F1]'co-location centre' means a geographical area where the main knowledge triangle partners are based and can easily interact, providing the focal point for the KICs' activity in that area;**]**

4. **[**[F2]. . . . .**]**

5. **[**[F1]'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;**]**

6. 'research organisation' means any public or private legal entity which undertakes research or technological development as one of its main objectives;

7. 'higher education institution' means a university or any type of higher education institution which, in accordance with national legislation or practice, offers degrees and diplomas at masters or doctoral level, irrespective of its denomination in the national context;

8. 'degrees and diplomas' means qualifications resulting in masters or doctorates awarded by participating higher education institutions in the context of higher education activities undertaken in a KIC;

9. **[**[F1]'Strategic Innovation Agenda' (SIA) means a policy document outlining the priority fields and 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;**]**