



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Industry, Research and Energy

2011/0384(COD)

30.5.2012

*****I**

DRAFT 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

(*) 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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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 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 (A7-0000/2012),
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 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 flagship for an Innovation Union and Youth on the**

Move.

Or. en

Amendment 2
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. ***In addition, as leading European institutes for innovation, the EIT and the Knowledge and Innovation Communities (hereinafter referred to as the KICs) should seek to develop innovative practices for the management of intellectual property rights.***

Or. en

Amendment 3
Proposal for a regulation
Recital 6

Text proposed by the Commission

(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.

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. ***Each KIC should also establish a Stakeholders' Forum in their particular field of activity.***

Or. en

Amendment 4
Proposal for a regulation
Recital 6 a (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 5
Proposal for a regulation
Recital 6 b (new)

Text proposed by the Commission

Amendment

(6 b) The EIT should promote multi-disciplinary approaches to innovation, including the development of non-technological solutions, organizational approaches, new business models, systems innovation and public sector innovations, as a necessary complement to technology-focused innovation activities.

Or. en

Amendment 6
Proposal for a regulation
Recital 6 c (new)

Text proposed by the Commission

Amendment

(6 c) Social-enterprises being very innovative in nature through the goods or services they offer, their organisation or the production methods they resort to, the promotion of social entrepreneurship

activities should be part of EIT and KICs activities.

Or. en

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 KICs should be defined and the origins of KICs' financial resources clarified. ***In particular, EU funding should be acting as leverage for other sources of private or public funding, and the level of this leverage should be clearly defined.***

Or. en

Amendment 8
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 ***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 and the Director should be further clarified.

Or. en

Amendment 9
Proposal for a regulation
Recital 9

Text proposed by the Commission

Amendment

(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.***

(9) New KICs ***should be launched and selected through an open, transparent and competitive*** process.

Or. en

Amendment 10
Proposal for a regulation
Recital 9 a (new)

Text proposed by the Commission

Amendment

(9 a) The EIT should designate as many KICs as financially possible, provided that their scope falls within the objectives of Horizon 2020, that they meet the minimum conditions of establishment and that they can demonstrate performance according to defined selection criteria.

Or. en

Amendment 11
Proposal for a regulation
Recital 9 b (new)

Text proposed by the Commission

Amendment

(9 b) The EIT should designate KICs whose scope fall within specific objectives of the "societal challenges" and/or "leadership in key industrial technologies" pillars of Horizon 2020, or is at the interface between those objectives. Furthermore, in the process of designating the KICs the EIT should take into account that not all KICs would have the same financial needs, some being more capital-intensive than others.

Amendment 12
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.***

Or. en

Amendment 13
Proposal for a regulation
Recital 13

Text proposed by the Commission

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

Amendment

(13) In order to assure broader participation of organizations from different Members States in the KICs, the partner organizations should be established in at least three different Member States. ***In addition, the EIT and the KICs should seek to further develop outreach activities and should establish links with institutions, centres of excellence and other partners from less performing regions, so that they may also engage and participate in their activities.***

Or. en

Amendment 14
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 competitive review mechanism should be established for the allocation of the yearly financial contribution to the KICs.***

Or. en

Amendment 15
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, ***the European Parliament's and the Council's*** opinion; ***a yearly dialogue between the EIT and the European Parliament should also be established.***

Or. en

Amendment 16
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 ***and the EIT*** should strengthen ***their roles*** in monitoring the implementation of specific aspects of EIT ***and KICs*** activities.

Or. en

Amendment 17

Proposal for a regulation

Article 1 – point 1 – point -a (new)

Regulation (EC) No 294/2008

Article 2 – paragraph 1

Text proposed by the Commission

Amendment

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

""innovation' means the process, including its outcomes, combining different types of knowledge, capabilities and skills, by which new ideas respond to societal or economic demand and generate new products, services, processes or business and organisational models that contribute value to society;"

Or. en

Justification

To fully embedded 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 18

Proposal for a regulation

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

Regulation (EC) No 294/2008

Article 2 – paragraph 2

Text proposed by the Commission

Amendment

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

""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

Justification

To fully embedded 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 19

Proposal for a regulation

Article 1 – point 1 – point a a (new)

Regulation (EC) No 294/2008

Article 2 – paragraph 5

Text proposed by the Commission

Amendment

(a a) Paragraph 5 is replaced by the following:

'''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, non-profit organisations;''

Or. en

Amendment 20

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:

'''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."

Or. en

Amendment 21

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

Or. en

Amendment 22

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

Amendment

The EIT's mission is to contribute to sustainable European economic **development** 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 entrepreneurship activities** of the highest standards.

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

2020".

2020".

Or. en

Justification

The EIT mission should be to strengthen all three dimensions of the knowledge triangle. The promotion of entrepreneurship being an important aspect of the business/innovation dimension of the triangle, and one of the main tasks of the EIT, it should be made more explicit.

Amendment 23

Proposal for a regulation

Article 1 – point 3 a (new)

Regulation (EC) No 924/2008

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."

Or. en

Amendment 24

Proposal for a regulation

Article 1 – point 4 – point a

Regulation (EC) No 294/2008

Article 5 – point (a)

Text proposed by the Commission

Amendment

(a) point (a) is deleted.

(a) Point (a) is replaced by the following:

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

Or. en

Amendment 25

Proposal for a regulation

Article 1 – point 4 – point a a (new)

Regulation (EC) No 294/2008

Article 5 – point (b)

Text proposed by the Commission

Amendment

(a a) Point (b) is replaced by the following:

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

Or. en

Justification

Centre of excellence from less performing EU regions find it more difficult to participate in KICs compared to those in more developed regions. The EIT should develop outreach activities to increase their opportunities for participation in EIT activities and especially in the KICs. Similarly, it is important to provide for SMEs the opportunity to fully participate in the KICs.

Amendment 26

Proposal for a regulation

Article 1 – point 4 – point a b (new)

Regulation (EC) No 294/2008

Article 5 – point (c)

Text proposed by the Commission

Amendment

(a b) Point (c) is replaced by the following:

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

coordination between them;"

Or. en

Amendment 27

Proposal for a regulation

Article 1 – point 4 – point a c (new)

Regulation (EC) No 294/2008

Article 5 – point (f a) (new)

Text proposed by the Commission

Amendment

(a c) The following point is inserted:

-"(f a) assess intellectual property rights (IPR) practices in the EU innovation landscape and their impact on EU innovation capacity, in particular the economic impact on SMEs; develop and provide guidance on innovative IPR models promoting knowledge transfer and dissemination, both within the context of the KICs and more widely across the EU;"

Or. en

Justification

As the leading European institute for innovation, the EIT should have a role in developing and promoting innovative practices. For instance, the EIT should be a "laboratory" to support the development of innovative IPR that are adapted to European players, and that can answer to the needs and interests of different sectors and actors across Europe.

Amendment 28

Proposal for a regulation

Article 1 – point 4 – point a d (new)

Regulation EC/294/2008

Article 5 – point (g)

Text proposed by the Commission

Amendment

(a d) Point (g) is replaced by the following:

"(g) develop its capacity and expertise to

become a world class body for excellence in higher education, research, innovation and entrepreneurship;"

Or. en

Justification

To achieve its objective of becoming a world class body for excellence, the EIT must developing further its own capacity and expertise.

Amendment 29

Proposal for a regulation

Article 1 – point 4 – point a e (new)

Regulation N°294/2008

Article 5 – point (g a) (new)

Text proposed by the Commission

Amendment

(a e) The following point is inserted:

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

Or. en

Justification

The EIT activities should not be exclusively oriented towards supporting the delivery of technological solutions and innovation into the market.

Amendment 30

Proposal for a regulation

Article 1 – point 4 – point b

Regulation (EC) No 294/2008

Article 5 – point (j)

Text proposed by the Commission

Amendment

(j) convene, at least once a year, *the* Stakeholders Forum to *inform about* the activities of the EIT, its experiences, good

(j) convene, at least once a year, *a* Stakeholders' Forum to *share and discuss with stakeholders* the activities of the EIT,

practices and contribution to Union innovation, research and education policies and objectives. *Stakeholders shall be invited to express their views.*

its experiences, good practices and contribution to Union innovation, research and education policies and objectives.

Or. en

Amendment 31

Proposal for a regulation

Article 1 – point 5 a (new)

Regulation (EC) No 294/2008

Article 6 – paragraph 1 – point d a (new)

Text proposed by the Commission

Amendment

5 a) The following point is added:

"(d a) establishing a repository mapping out the relationship between inventions and patents held by the KICs and the identification of their owners."

Or. en

Justification

This repository would enable mapping out the technological environment from a patent point of view and enable new actors wishing to engage into the KICs fields of research and innovation to have a clearer picture and evaluate their opportunities.

Amendment 32

Proposal for a regulation

Article 1 – point 5 b (new)

Regulation (EC) No 294/2008

Article 6 – paragraph 2

Text proposed by the Commission

Amendment

5 b) Article 6(2) is replaced by the following:

"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;

(c) function in an open and transparent way and according to governance codes of best practice"

Or. en

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 33

Proposal for a regulation

Article 1 – point 5 c (new)

Regulation (EC) No 294/2008

Article 6 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

5 c) The following paragraph is inserted:

"2 a. KICs shall set out their precise agenda and working methods. In particular, KICs shall:

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

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

(c) develop outreach activities, in particular with emerging institutions and centres of excellence in less performing EU regions;

(d) convene a Stakeholders' Forum once a year to inform and consult relevant and interested stakeholders;"

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 34**Proposal for a regulation****Article 1 – point 6 – point a**

Regulation EC/294/2008

Article 7 – paragraph 1 a (new)

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.***

Or. en

Justification

The subject and number of KICs to be established during the 2014-2020 period should not be pre-defined. The rapporteur proposes instead to mandate the EIT to establish as many KICs as financially possible, provided that selection and quality criteria are met and that they are aligned with Horizon 2020 priorities under the "societal challenges" and "leadership in enabling and industrial technologies" pillars.

Amendment 35**Proposal for a regulation****Article 1 – point 6 – point a a (new)**

Regulation (EC) No 294/2008

Article 7 – paragraph 1 b (new)

*Text proposed by the Commission**Amendment*

(a a) the following paragraph is inserted:

"1b. The minimum selection 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 the Rules for Participation";

(b) The contribution of the KIC to achieving the specific objectives under the "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 and one SME shall be part of each KIC. "

Or. en

(See Article 1 point 6 point (c) and (d) of the amending regulation.)

Justification

For reasons of clarity the minimum criteria for forming a KIC have been put together in one article and complemented with new criteria: the alignment with Horizon 2020 and the involvement of SMEs.

Amendment 36

Proposal for a regulation

Article 1 – point 6 – point a b (new)

Regulation (EC) No 294/2008

Article 7 – paragraph 2 – introductory part

Text proposed by the Commission

Amendment

(a b) in paragraph 2, the introductory part is replaced by the following:

"2. The award criteria for designation of a KIC shall include at least:"

Or. en

Amendment 37

Proposal for a regulation

Article 1 – point 6 – point a c (new)

Text proposed by the Commission

Amendment

(a c) in paragraph 2, the following point is inserted:

"(-a) the partnership's capacity to contribute to meeting specific objectives under the "societal challenges" and/or "leadership in enabling and industrial technology" priorities as defined in Horizon 2020"

Or. en

Justification

KICs must be aligned with thematic priorities of Horizon 2020 and they must demonstrate this as part of the evaluation process.

Amendment 38

Proposal for a regulation

Article 1 – point 6 – point a c (new)

Regulation (EC) No 294/2008

Article 7 – paragraph 2 – point a a (new)

Text proposed by the Commission

Amendment

(a c) in paragraph 2, the following point is inserted:

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

Or. en

Amendment 39

Proposal for a regulation

Article 1 – point 6 – point - a d (new)

Regulation (EC) No 294/2008
Article 7 – paragraph 2 – point (b)

Text proposed by the Commission

Amendment

(a d) paragraph 2(b) is deleted;

Or. en

Amendment 40

Proposal for a regulation

Article 1 – point 6 – point -a e (new)

Regulation (EC) No 294/2008

Article 7 – paragraph 2 – point (d)

Text proposed by the Commission

Amendment

(a e) paragraph 2(d) is replaced by the following:

"(d) the balance of participation in the partnership of organisations active in the knowledge triangle of higher education, research and innovation"

Or. en

Justification

The principles of openness, transparency and balance of interests need to be at the core of the governance principles of both KICs and the EIT.

Amendment 41

Proposal for a regulation

Article 1 – point 6 – point -a f (new) Regulation (EC) No 294/2008

Article 7 – paragraph 2 – point (d a) (new)

Text proposed by the Commission

Amendment

(a f) in paragraph 2, the following point is inserted:

"(d a) the demonstration of openness and transparency of its governance, and its strategy for attracting new entrants;"

Amendment 42

Proposal for a regulation

Article 1 – point 6 – point -a g (new)

Regulation (EC) No 294/2008

Article 7 – paragraph 2 – point (f a) (new)

Text proposed by the Commission

Amendment

(a g) in paragraph 2, the following point is inserted:

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

Or. en

Justification

Cooperation with KICs should not be limited to the private sector, but it should be possible with any type of organisation involved in the innovation process in a specific area.

Amendment 43

Proposal for a regulation

Article 1 – point 6 – point a h (new)

Regulation (EC) No 294/2008

Article 7 – paragraph 2 – point (g)

Text proposed by the Commission

Amendment

(a h) 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."

Or. en

Amendment 44

Proposal for a regulation

Article 1 – point 6 – point c

Regulation (EC) No 294/2008

Article 7 – paragraph 3

Text proposed by the Commission

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. All these partner organisations must be independent of each other, within the meaning of Article 7 of Rules for Participation". ***deleted***

Or. en

(See Amendment on Article 7 Paragraph 1b)

Amendment 45

Proposal for a regulation

Article 1 – point 6 – point d

Regulation EC/294/2008

Article 7 – paragraph 4

Text proposed by the Commission

Amendment

"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." ***deleted***

Or. en

(See Amendment on Article 7 Paragraph 1b)

Amendment 46

Proposal for a regulation

Article 1 – point 6 a (new)

Regulation EC/294/2008

Article 7 -a (new)

(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 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;

6. The KICs or their partner organisations may apply for Union assistance, in particular within the framework of Union programmes and funds, in accordance with their respective rules and on an equal footing with other applications. In that case, such assistance shall not be allocated to activities already funded through the general budget of the European Union. The financial contribution from other Union programmes and funds shall not exceed 25% of the KICs yearly annual budget, calculated on a three-yearly average."

Or. en

(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 47

Proposal for a regulation

Article 1 – point 7

Regulation EC/294/2008

Article 7 a (new) – title

Text proposed by the Commission

Amendment

Principles for the evaluation *and monitoring* of KICs

Principles for the *monitoring and* evaluation of KICs

Or. en

Amendment 48

Proposal for a regulation

Article 1 – point 7

Regulation EC/294/2008

Article 7 a (new)

Text proposed by the Commission

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.

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

The continuous monitoring shall include:

a) the contribution of KICs to achieving the specific objectives of Horizon 2020;

b) general KICs performance based on a set of common KICs core indicators;

c) specific KICs performance based on individual targets and key performance indicators as laid down in the individual KIC business plans;"

Or. en

Justification

The monitoring principles of KICs should be more clearly defined.

Amendment 49

Proposal for a regulation

Article 1 – point 7 a (new)

Regulation (EC) No 294/2008

Article 7a – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The performance of KICs measured through 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).

Or. en

Amendment 50

Proposal for a regulation

Article 1 – point 7 b (new)

Regulation (EC) No 294/2008

Article 7a – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. The performance of KICs measured through continuous monitoring shall serve as basis for the competitive review mechanism for defining the yearly KICs financial contribution by the EIT. For the development of the monitoring system by the EIT and the Commission, the preliminary list of indicators provided in Annex II shall be taken into account.

Or. en

Amendment 51

Proposal for a regulation

Article 1 – point 8

Regulation (EC) No 294/2008

Article 7b – title

Text proposed by the Commission

Amendment

Duration, continuation and termination of a KIC

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

Or. en

Justification

A KIC may continue to operate without EU financing. It is the financing of the KIC that needs to be set in time and not the lifetime of the KIC itself.

Amendment 52

Proposal for a regulation

Article 1 – point 8

Regulation EC/294/2008

Article 7b – paragraph 1

Text proposed by the Commission

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.

Amendment

1. *The initial duration of EIT financing* of a KIC shall *be three* years.

Or. en

Amendment 53

Proposal for a regulation

Article 1 – point 8

Regulation EC/294/2008

Article 7b – paragraph 2

Text proposed by the Commission

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.

Amendment

2. *Subject to the outcomes of the continuous monitoring and periodic evaluations as defined in Article 7a*, the Governing Board may decide *every three years* to extend the *financing of* the operation of a KIC if *it proves* to achieve *its* objectives *and those* of the EIT.

Or. en

Amendment 54

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."

Or. en

Amendment 55

Proposal for a regulation

Article 1 – point 9 b (new)

Regulation (EC) No 294/2008

Article 13 – paragraph 3

Text proposed by the Commission

Amendment

(9b) Article 13 (3) is replaced by the following:

"3. The EIT shall make public without delay its strategic innovation agenda, its rolling triennial work programme and annual activity report referred to in Article 15, and the results of the monitoring and evaluation of the EIT and the KICs;"

Or. en

Amendment 56

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*

(10) Article 14 is *deleted*.

the following:

Or. en

(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 57

Proposal for a regulation

Article 1 – point 10

Regulation (EC) No 294/2008

Article 14 – paragraph 2

Text proposed by the Commission

Amendment

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

deleted

(a) contributions from partner organizations, 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;

(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.

(See Article 7-a)

Justification

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

Amendment 58

Proposal for a regulation

Article 1 – point 11

Regulation (EC) No 294/2008

Article 14 – paragraph 4

Text proposed by the Commission

Amendment

4. The EIT contribution may cover, up to 100% of total eligible costs of KIC added value activities.

deleted

Or. en

(see Article 7-a)

Justification

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

Amendment 59

Proposal for a regulation

Article 1 – point 12

Regulation N° 294/2008

Article 15 point (a)

Text proposed by the Commission

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. It shall also contain appropriate indicators for monitoring the KICs and EIT activities.

(a) a rolling triennial work programme, containing a statement of the major priorities and planned initiatives of the EIT and the KICs, including an estimate of financing needs and sources, **and the intention to continue or not to finance each KICs**. It shall also contain appropriate indicators for monitoring the KICs and EIT

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;

activities. 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, *the European Parliament and the Council* shall deliver an opinion within three months. The EIT shall take a due account of the *opinions expressed*, 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;

Or. en

Justification

More oversight should be given to the decision-makers on the adoption of the triennial work-programmes. As per the EIT initial phase whereby the draft of the first triennial work-programme was submitted for comment to the Parliament, the Council and the Commission, the future work-programmes of the EIT should be subject to a review procedure by the Parliament and Council.

Amendment 60
Proposal for a regulation
Article 1 – point 12
 Regulation N° 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 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.*

Justification

The rapporteur proposes the establishment of a regular dialogue with the EIT and the European Parliament at the occasion of the publication of its annual report.

Amendment 61

Proposal for a regulation

Article 1 – point 13 – point b a (new)

Regulation (EC) No 294/2008

Article 16 – paragraph 2 b (new)

Text proposed by the Commission

Amendment

(13ba) The following paragraph is inserted:

"2b. The evaluation shall assess aspects relating to the promotion of the involvement of participants from less performing regions 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".

Or. en

Justification

The evaluation of EIT must be broader. Indeed, it must look at general objectives of the Union long term strategy and not only to its proper ones.

Amendment 62

Proposal for a regulation

Article 1 – point 14 -a (new)

Regulation (EC) No 294/2008

Article 17 – paragraph 1

Text proposed by the Commission

Amendment

(14-a) Article 17(1) shall be replaced by the following:

1. By 30 June 2011 at the latest and every seven years thereafter, the EIT shall

prepare a seven-year draft SIA, submit it to the Commission and make it available to the public.

Or. en

Justification

xxx.

Amendment 63

Proposal for a regulation

Article 1 – point 14 -a a (new)

Regulation (EC) No 294/2008

Article 17 – paragraph 2

Text proposed by the Commission

Amendment

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

2. The SIA shall define the long-term strategy for the EIT within the EU 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.

Or. en

Amendment 64

Proposal for a regulation

Article 1 – point 14 a (new)

Regulation (EC) No 294/2008

Article 17 – paragraph 4

Text proposed by the Commission

Amendment

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

"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".

Or. en

Amendment 65
Proposal for a regulation
Article 1 – point 15
Regulation N°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

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.

Or. en

Justification

The final amount should be inserted later once the MFF negotiations will be terminated.

Amendment 66
Proposal for a regulation
Article 1 – point 20 a (new)
Regulation N°294/2008
Annex I a (new)

Text proposed by the Commission

Amendment

(20a) The following Annex is inserted:
"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."

Or. en

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 2021-2018). 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 depositary 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.

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

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).

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.