

EUROPEAN PARLIAMENT

2004



2009

Session document

FINAL
A6-0293/2007

23.7.2007

*****I** **REPORT**

on the proposal for a regulation of the European Parliament and of the Council establishing the European Institute of Technology (COM(2006)0604 – C6-0355/2006 – 2006/0197(COD))

Committee on Industry, Research and Energy

Rapporteur: Reino Paasilinna

Draftswoman(*):

- Erna Hennicot-Schoepges, Committee on Culture and Education

(*) Enhanced cooperation between committees – Rule 47 of the Rules of Procedure

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

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

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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(*) Enhanced cooperation between committees – Rule 47 of the Rules of Procedure

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council establishing the European Institute of Technology (COM(2006)0604 – C6-0355/2006 – 2006/0197(COD))

(Codecision procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2006)0604)¹,
 - having regard to Articles 251(2) and 157(3) of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C6-0355/2006),
 - having regard to Rule 51 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, the Committee on Budgetary Control and the Committee on Legal Affairs (A6-0293/2007),
1. Approves the Commission proposal as amended;
 2. Considers that the compatibility of the Commission proposal with the ceilings of the multiannual financial framework (MFF) is not ensured;
 3. Calls on the Council to enter into negotiations with the Parliament on the financing of both the European Institute of Technology (EIT), in accordance with article 47 of the IIA and the financing of the Knowledge and Innovation Communities (KICs), using all possibilities offered by the IIA of 17 May 2006;
 4. Recalls that the position does not pre-empt the outcome of the procedure laid down in Point 47 of the IIA of 17 May 2006 which applies to the setting up of the EIT;
 5. Calls on the Commission to refer the matter to Parliament again if it intends to amend the proposal substantially or replace it with another text;
 6. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

Amendment 1
Recital 2 a (new)

¹ Not yet published in OJ.

(2a) In order to strengthen effectively the ties and links between innovation, research and education, the transfer of these three components to the industrial context and their application must be given priority and made the main focus of the EIT's actions.

Amendment 2
Recital 4

(4) A new initiative at Community level hereafter referred to as “the European Institute of Technology *Institute* (the EIT)” is needed to complement existing Community and national policies and initiatives by fostering the integration of the knowledge triangle - innovation, research and education- across the EU

(4) A new initiative at Community level hereafter referred to as “the European Institute of ***Innovation and*** Technology (the EIT)” ***should be established as a*** complement ***to*** existing Community and national policies and initiatives by fostering the integration of the knowledge triangle - innovation, research and education- across the EU, ***thereby facilitating cooperation and exchange, creating synergies between centres of excellence and SMEs in particular.***

Amendment 3
Recital 6

(6) The EIT should have the objective of contributing to the development of the Community and the Member States innovation capacity, by ***fully*** involving education, research and innovation activities at ***the highest*** standards.

(6) The EIT should ***mainly*** have the objective of contributing to the development of the Community and the Member States innovation capacity, by involving education, research and innovation activities at ***high*** standards ***of excellence, aiming at facilitating and enhancing networking and cooperation and creating synergies between innovation communities in Europe.***

Justification

By facilitating cooperation the EIT will bring added value by the natural synergy effects that arise in a dynamic and flexible system.

Amendment 4
Recital 7

(7) Through its Governing Board, the EIT should identify strategic long-term challenges for innovation in Europe,

(7) Through its Governing Board, the EIT should identify strategic long-term challenges for innovation in Europe,

particularly in trans- and/or interdisciplinary areas including those already identified at European level and should provide a transparent and excellence-based selection process for Knowledge and Innovation Communities (hereinafter referred to as “KICs”) in these fields; membership of the Governing Board of the EIT should balance experience from the business and the research/academic worlds.

particularly in trans- and/or interdisciplinary areas including those already identified at European level ***in the Strategic Research Agendas of the European Technology Platforms and Joint Technology Initiatives as well as the near-market cluster projects of the intergovernmental EUREKA initiative***, and should provide a transparent and excellence-based selection process for Knowledge and Innovation Communities (hereinafter referred to as “KICs”) in these fields; membership of the Governing Board of the EIT should balance experience from the business and the research/academic worlds.

Justification

For identifying the strategic innovation challenges to be addressed by the Knowledge and Innovation Communities (KICs), good use should be made of the strategic objectives and thematic priorities identified by industry and other stakeholders from the R&D community in the Strategic Research Agendas of the European Technology Platforms and Joint Technology Initiatives, as well as the near-market cluster projects of the intergovernmental EUREKA initiative. Furthermore, once selected, the KICs have to establish clear linkages with relevant initiatives at European level.

Amendment 5 Recital 7a (new)

(7a) Academic and business freedom must be secured for the EIT and its KICs so that they can develop their own entrepreneurial and innovative culture.

Justification

The most successful European research institutes, universities and foundations always select excellence, fund it and then trust it to deliver. Autonomy, trust and the possibility for trial and error will be crucial for the EIT's success, for it to deliver bold innovative results.

Amendment 6 Recital 7b (new)

7b (new) A pilot phase, with a limited amount of KICs, is needed in order to properly evaluate the functioning of the EIT and the KICs and where necessary introduce improvements. During this pilot

phase, the Governing Board should select KICs in areas that help the EU to face today's and tomorrow's challenges, such as climate change, sustainable mobility, energy efficiency or the next generation of information and communication technologies (ICT).

Amendment 7

Recital 8

(8) In order to contribute to the competitiveness and to reinforce the international attractiveness of the European economy, the EIT should be able to attract partner organisations, researchers and students from all over the world and to cooperate with third-countries organisations.

(8) In order to contribute to the competitiveness and to reinforce the international attractiveness of the European economy, ***and to make European innovation capacity more visible***, the EIT should be able to attract partner organisations, researchers and students from all over the world and to cooperate with third-countries organisations ***by encouraging mobility for researchers and students***.

Amendment 8

Recital 8 a (new)

(8a) Since the EIT is supposed to be a flagship for European innovation and research, it should be located near existing centres of European excellence and academic reputation in order to best benefit from existing infrastructure.

Justification

In line with President Barroso's call for an EIT its governing bodies should be located near or in an area of European importance.

Amendment 9

Recital 8b (new)

(8b) In order to increase its attractiveness, the EIT, together with partner institutions, should create an appropriate structure allowing students and graduates to obtain an apprenticeship and/or recruitment in

Amendment 10
Recital 9

(9) The EIT should primarily operate through excellence-driven long-term strategic partnerships on an inter and/or trans-disciplinary basis of key potential economic and societal interest for Europe. These partnerships shall be selected by the EIT and designated as KICs. The relations between the EIT and the KICs shall 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 evaluation of the KICs activities and outcomes.

(9) The EIT should primarily operate through excellence-driven long-term strategic partnerships on an inter and/or trans-disciplinary basis of key potential economic and societal interest for Europe. These partnerships shall be selected by the EIT and designated as KICs. ***While legally autonomous***, the relations between the EIT and the KICs shall 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 evaluation of the KICs activities and outcomes.

Amendment 11
Recital 10

(10) There is a need to support 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 EIT ***degrees and diplomas***. The EIT should promote the recognition of EIT ***degrees and diplomas*** in the Member States. All these activities should be carried out without prejudice to Directive 2005/36/EC on the recognition of professional qualifications.

(10) There is a need to support education as an integral but often missing component of a comprehensive innovation strategy. The agreement between the EIT and KICs should provide that the ***qualifications*** awarded through the ***higher education institutions which are partners of the KICs*** should ***bear the EIT mark***. The EIT should promote the recognition ***by the Member States*** of EIT ***qualifications bearing its mark of excellence*** in the ***EU Member States and outside the EU***. All these activities should be carried out without prejudice to Directive 2005/36/EC on the recognition of professional qualifications.

Amendment 12
Recital 11

(11) The EIT should establish guidelines for the management of intellectual property,

(11) The EIT should establish ***clear and transparent*** guidelines for the management

which should foster the use of intellectual property under appropriate conditions, including through licensing; provide appropriate incentives for the EIT and partners, including individuals involved, KICs and partner organisations as well as for spin-offs and for commercial exploitation. Where activities were funded under the Community Framework Programmes for Research and Technological Development, the rules of those programmes would apply.

of intellectual property, which should **take due account of the contributions made by the various partner organisations of the KICs and** foster the use of intellectual property under appropriate conditions, including through licensing; provide appropriate incentives for the EIT and partners, including individuals involved, KICs and partner organisations as well as for spin-offs and for commercial exploitation. Where activities were funded under the Community Framework Programmes for Research and Technological Development, the rules of those programmes would apply.

Justification

With industry supposed to provide a major part of the resources of the KICs, it would be counterproductive to make industry pay twice: on the input side by co-financing the activities of the KICs and on the output side by having to pay the full price for acquiring the ownership of or getting access rights to the KIC's results. To ensure that industry will be willing to exploit the results from the KICs for growth and jobs, due account will have to be taken of financial and other contributions by the various partner organisations when establishing the intellectual property provisions for the KICs.

Amendment 13 Recital 11a (new)

In order to guarantee structured cooperation and regular exchanges of views the EIT should ensure periodic dialogue between the KICs and civil society.

Amendment 14 Recital 12

(12) Appropriate provisions ***must be made to guarantee*** the liability and transparency of the EIT. ***Appropriate rules governing its functioning*** are adopted in the Statutes of the EIT.

(12) Appropriate provisions ***guaranteeing*** the liability, ***autonomy*** and transparency of the EIT are adopted in the Statutes of the EIT.

Amendment 15 Recital 13

(13) In order to guarantee the functional autonomy and independence of the EIT, it should administer its own budget whose

(13) In order to guarantee the functional autonomy and independence of the EIT, it should ***possess legal personality and***

revenue should include a contribution from the Community as well as contributions from Member States and private organisations, national or international bodies or institutions, revenues generated by the EIT's own activities or endowments. The EIT should seek to attract an increasing financial contribution from private organisations.

administer its own budget whose revenue should include a contribution from the Community as well as contributions from Member States and private organisations, national or international bodies or institutions, revenues generated by the EIT's own activities ***in connection with intellectual property management*** or endowments. The EIT should seek to attract an increasing financial contribution from private organisations.

Justification

Legal personality for the EIT, as provided for in the Commission proposal, is an important aspect of its autonomy given the intended wide range of its activities. Resources deriving from intellectual property management should be a vital source of income for the EIT.

Amendment 16

Recital 15

(15) This Regulation establishes a financial framework for the period 2008 to 2013 ***which is to be the principal point of reference for the budgetary authority, within the meaning of point 37*** of the Inter-institutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management.

(15) This Regulation establishes a financial framework for the period 2008 to 2013. ***However, by virtue of point 14*** of the Inter-institutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management, ***no act adopted under the codecision procedure by the European Parliament and the Council nor any act adopted by the Council which involves exceeding the appropriations available in the budget or the allocations available in the financial framework may be implemented in financial terms until the budget has been amended and, if necessary, the financial framework has been appropriately revised in accordance with the relevant procedure for each of these cases.***

Amendment 17

Recital 16

(16) The EIT is a body set up by the Communities in the sense of Article 185(1)

(16) The EIT is a body set up by the Communities in the sense of Article 185(1)

of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities and should adopt *its* financial rules accordingly.

of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ***and point 47 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management***, and should adopt ***appropriate*** financial rules accordingly.

Justification

The EIT, in the form the Commission proposes, is structured like an agency. This fact should be stressed in the legal basis envisaged by this regulation.

Amendment 18

Recital 17

(17) The Governing Board should adopt a rolling triennial work programme that should be examined by the Commission, with regard to its complementarity with Community policies and instruments, and an annual report, including a full statement of accounts, which should be transmitted to the Commission ***and communicated to*** the European Parliament, the Council and the Court of Auditors.

(17) The Governing Board should adopt a rolling triennial work programme that should be examined by the Commission, with regard to its complementarity with Community policies and instruments, and an annual report, including a full statement of accounts, which should be transmitted to the Commission, the European Parliament, the Council and the Court of Auditors.

Amendment 19

Recital 19

(19) ***It is appropriate to review the operation of the EIT at regular intervals.***

(19) ***Since the EIT is a new initiative, the effects of which are uncertain and difficult to predict, the Commission should extensively and regularly review the operation and effects of the EIT, taking into account alternative design options for the EIT and, where necessary, make proposals to amend the Regulation.***

Justification

The Commission should continue to explore other avenues for the EIT and regularly compare different options to the chosen one. One alternative could be to create virtual EIT-community clusters in very few, specific areas of high public and scientific concern (e.g. climate change), where progress can be achieved in the foreseeable future and where a natural connection exists between research and the creation of services, products and business models.

Amendment 20

Recital 20

(20) Since the objectives of the action cannot be sufficiently achieved by the Member States, and can by reason of scale and of trans-nationality, 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 set out in that Article, *the* Regulation does not go beyond what is necessary to achieve those objectives

(20) Since the objectives of the action cannot be sufficiently achieved by the Member States ***acting individually***, and can by reason of scale and of trans-nationality, 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 set out in that Article, *this* Regulation does not go beyond what is necessary to achieve those objectives

Amendment 21

Recital 20 a (new)

(20a) The proposal for the EIT was tabled after the adoption of the multiannual financial framework and the adoption of the multiannual Community programmes in codecision. Funds allocated to other Community programmes in the fields of education, research or innovation should not be used to finance the EIT, and all possibilities offered by the IIA of 17 May 2006 should be explored.

Justification

New funding must be found for this initiative and any Community funds must be additional to existing programmes.

Amendment 22

Article 1

A European Institute of Technology

A European institute of ***Innovation and***

(hereinafter referred to as "the EIT"), is established.

Technology (hereinafter referred to as "the EIT"), is *hereby* established. ***It is a body set up in accordance with Article 185 of the Financial Regulation and Point 47 of the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management.***

(The change of the name is a horizontal amendment. The rest of the text should be adapted accordingly)

Amendment 23
Article 2, point 1

1. "Innovation" means the process and the outcomes of this process through which new ideas respond to societal or economic demand and generate new products, services, or ***business*** models that are successfully introduced in an existing market or that are able to create new markets.

1. "Innovation" means the process and the outcomes of this process through which new ideas respond to societal or economic demand and generate new products, services, or ***organisational*** models that are successfully introduced in an existing market or that are able to create new markets.

Amendment 24
Article 2, point 2

2. "Knowledge and Innovation Community" means ***a joint-venture of partner organisations, whatever its precise legal form, selected and designated by the EIT to carry out at the highest level integrated innovation, research and education activities in a specific field.***

2. "Knowledge and Innovation Community" ("***KIC***") means ***a legally autonomous partnership between higher education institutions, research organisations, companies and other stakeholders in the innovation process in the form of a strategic network with a joint mid to long-term innovation plan designated to achieve the EIT objectives.***

Or. en

Amendment 25
Article 2, point 2a (new)

2a. "Participating State" means a Member State of the European Union or any country having an agreement with the Community in relation to the EIT.

Amendment 26
Article 2, point 3

3. "University" means any type of **higher education** institution which offers recognised degrees or other recognised tertiary level qualifications, irrespective of its denomination in the national context.

3. "Higher education institution" means any type of institution which offers recognised degrees or other recognised tertiary level qualifications, irrespective of its denomination in the national context.

(This is a horizontal amendment. If adopted, the rest of the text should be adapted accordingly)

Amendment 27
Article 2, point 6 a (new)

6a "Qualifications" means qualifications awarded by participating universities on completion of higher education activities.

Justification

It should be clarified that universities are responsible for awarding qualifications.

Amendment 28
Article 3

The objective of the EIT is to **contribute to industrial** competitiveness by reinforcing the innovation capacity of Member States and the Community. It shall do this by **involving and integrating** innovation, research and education at the highest **standards**.

The objective of the EIT is to **enhance European** competitiveness **and contribute to sustainable economic growth** by reinforcing the innovation capacity of Member States and the Community. It shall do this by **promoting and coordinating** innovation, research and **higher** education at the highest **levels**.

Amendment 29

Article 4

1. In order to achieve **this** objective, the EIT shall:

(a) identify strategic long-term challenges in fields of key potential economic and societal interest for Europe, which are likely to generate on a long term basis the best innovation added value;

(b) define its own priorities among those challenges, and select those in which it will take initiatives and invest resources;

(c) raise awareness among potential partner organisations;

(d) select and designate KICs in the priority fields 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;

(e) mobilise the necessary funds from public and private sources and use its resources in accordance with this Regulation. It will in particular seek to raise an increasing proportion of its budget from private sources and from its own resources;

(f) promote the recognition of EIT degrees and diplomas in the Member States.

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

(b) identify its priority areas;

(c) raise awareness among potential partner organisations and promote their participation in its activities;

(d) select and designate KICs in the priority areas; 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;

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

(f) encourage the recognition of qualifications awarded by higher education institutions which are partners in the KICs and bear the EIT mark in the Member States;

(fa) promote the dissemination of good practices for the integration of the knowledge triangle in order to develop a common culture of innovation with a high level of knowledge transfer;

(fb) seek to become a world class body for excellence in innovation, higher education

and research;

(fc) ensure complementarity and synergy between EIT activities and other Community programmes;

(fd) complement existing national and regional policies, instruments and networks in the field of innovation, research and higher education in Europe;

2. *A Foundation (hereinafter referred to as "the EIT Foundation"), may be established, particularly at the initiative of the EIT, with the specific objective of promoting and supporting the activities of the EIT.*

The EIT may contribute up to 3% of its annual budget to such a Foundation.

2. *The EIT shall have power to establish a Foundation (hereinafter referred to as "the EIT Foundation") with the specific objective of promoting and supporting the activities of the EIT.*

Amendment 30
Article 5, paragraph 1

1. *Knowledge and Innovation Communities* shall undertake in particular:

(a) innovation activities and investments *fully integrating the* research and education dimensions, stimulating the dissemination and exploitation of results.

(b) cutting-edge research in *fields* of key economic and societal interest *for European Community* with *a strong innovation potential*

(c) education and training activities at master and doctoral level, *including* the development of innovation related skills *and* the improvement of managerial and entrepreneurial skills.

(d) dissemination of best practices, in *particular concerning the governance of*

1. *KICs* shall undertake in particular:

(a) innovation activities and investments *of an appropriate scale that offer European added value and have* research and *higher* education dimensions, stimulating the dissemination and exploitation of results.

(b) cutting-edge *technological and innovation-driven* research in *areas* of key economic and societal interest, *drawing on the results of European and national research*, with *the aim of strengthening Europe's competitiveness at international level.*

(c) education and training activities at master and doctoral level, *as defined in Article 6, in disciplines that will meet future European economic needs and which promote* the development of innovation related skills, the improvement of managerial and entrepreneurial skills *and the mobility of researchers.*

(d) dissemination of best practices in *the* innovation *sector with a focus on* the

innovation *oriented organisations* and the development of co-operation *or partnerships* between education/research and business.

development of co-operation between *higher* education, research and business.

Amendment 31

Article 5, paragraphs 2 and 3

2. A partnership will be selected by the EIT to become a KIC on the basis of a competitive, open and transparent process, including the publication of detailed specifications and conditions.

2. KICs shall have substantial overall autonomy to define their internal organisation and composition, as well as their precise plan of activities and working methods.

The selection of partnerships shall take particular account of :

(a) the current and potential innovation capacity within the partnership as well as its excellence in education and research;

(b) its capacity to achieve the goals set by the EIT;

(c) financial or in kind contributions brought to the KIC;

(d) a demonstration of innovation potential, including 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.

The selection shall also take account of:

(a) an operational structure demonstrating commitment to the EIT and its goals;

(b) the capacity to ensure a dynamic, flexible and attractive working environment which rewards both individual and team achievements in terms of innovation, research and education;

(c) the basis on which the degrees and diplomas would be awarded including the arrangements to take in account the Community policy on the European Higher Education Area, particularly in terms of

compatibility, transparency, recognition and quality of degrees and diplomas;

(d) the capacity of the partnership to adapt and take account of changes in their field or in the innovation landscape.

3. The resources of the KICs shall be generated from public and private sources. They may include in particular contributions from and/or channelled through the EIT and contributions from the partner organisations.

3. KICs shall aim to be open to new partner organisations, wherever they can add value to the partnership.

3a. KICs shall be legally autonomous from the EIT. The relationship between the EIT and each KIC shall be governed by contractual agreement.

3b Each KIC shall submit a business plan to the Governing Board for approval.

Amendment 32
Article 5a (new)

Article 5a

Selection of Knowledge and Innovation Communities

1. A partnership shall be selected and designated by the EIT to become a KIC on the basis of a competitive, open and transparent procedure. Detailed criteria for the selection of KICs, which shall be based on the principles of excellence and innovation capacity, shall be adopted and published by the EIT, and external and independent experts shall be involved in the selection procedure.

2. In the selection of a KIC particular account shall be taken of:

a) fully in line with the criterion of excellence in paragraph 1, the current and potential innovation capacity within the partnership as well as its potential excellence in innovation, higher education and research, and in particular its ability to

include these elements in its activities;

b) the partnership's capacity to achieve the goals set out in the Strategic Innovation Agenda, as set out in Article 14a;

c) the partnership's capacity to secure sustainable, long-term funding, including substantial financial commitments from the private sector;

d) the participation in the partnership of organisations active in the triangle of research, higher education and innovation, including at least one higher education institution and one private company;

e) where appropriate, the existence 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;

f) the involvement of and cooperation with the private sector, and in particular small and medium-sized enterprises (SMEs) and the financial sector;

g) measures to support the creation of start-ups and spin-offs;

h) the partnership's capacity to interact with other organisations and networks outside the KIC with the aim of sharing good practices and excellence.

3. Fully in line with the criterion of excellence in paragraph 1, each KIC shall have at least three partner organisations, situated in at least two different Participating States, of which each shall be independent of the others, within the meaning of Article 6 of the Regulation (EC) No 1906/2006¹

4. A KIC may include partner organisations not established in a Participating State, subject to the approval of the Governing Board.

Amendment 33
Article 5b (new)

Article 5b

Pilot phase

1. No later than 24 months after the entry into force of this Regulation, the EIT shall select and designate two or three KICs in accordance with the provisions of Article 5a.

2. The EIT may select additional KICs after the adoption of its first Strategic Innovation Agenda, in accordance with Article 14a.

Amendment 34
Article 6

1. The agreement between the EIT and the KICs shall provide that, in the disciplines and **fields** under which studies, research and innovation activities are carried out through KICs, **degrees and diplomas** awarded through KICs shall be EIT **degrees and diplomas**.

2. The EIT shall encourage partner **organisations** to award joint **degrees and diplomas** reflecting the integrated nature of the KICs. However, these may also be **degrees** awarded by one institution as well as double or multiple degrees and diplomas.

3. The Member States cooperate in recognising **EIT degrees and diplomas**.

1. The agreement between the EIT and the KICs shall provide that, in the disciplines and **areas** in which studies, research and innovation activities are carried out through KICs, **qualifications** awarded through KICs shall **bear the EIT mark**.

2. The EIT shall encourage partner **higher education institutions** to award joint **qualifications** reflecting the integrated nature of the KICs. However, these may also be **qualifications** awarded by one **higher education** institution as well as double or multiple **qualifications**.

3. The Member States *shall* cooperate in recognising **the qualifications awarded by higher education institutions within KICs and bearing the EIT mark, without prejudice to Directive 2005/36/EC**.

Amendment 35

Article 6, paragraph 2 a (new)

2a. Partners within a KIC shall contribute to policy on education and training in the disciplines and sectors defined in the context of the Governing Board's strategies.

Amendment 36

Article 6a (new)

Article 6a

Mobility of researchers and students

1. Through its activities and work, the EIT shall help promote mobility within the European Higher Education Area (pursuant to the agreements concluded under the Bologna Process).

2. The transferability of grants allocated for KIC activities, in particular to researchers and students, shall be ensured.

Amendment 37

Article 7

1. The EIT shall carry out its activities independently from national authorities and external pressures. ***It shall be autonomous in its day to day business as regards the Community Institutions. Members of the EIT bodies shall take the necessary steps to avoid conflicts of interest as between their work on behalf of the EIT and previous or concurrent activities.***

2. The activity of the EIT shall be consistent with other action at Community level, in particular in the fields of innovation, research and education.

3. The EIT shall also take appropriate account of policies and initiatives at national and intergovernmental levels.

1. The EIT shall carry out its activities independently from national authorities and external pressures.

2. The activity of the EIT ***and the KICs*** shall be consistent with other action ***and instruments*** at Community level, in particular in the fields of innovation, research and ***higher*** education.

3. The EIT shall also take appropriate account of policies and initiatives at ***regional***, national and intergovernmental levels ***in order to make use of best practice, proven concepts and existing resources.***

Amendment 38
Article 8, paragraph 1, point (a)

(a) A Governing Board composed of high level members experienced in business, research and education, **which** shall be responsible for steering **and evaluating** the activities of the EIT and **the** KICs, and for all other strategic decisions;

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

Amendment 39
Article 8, paragraph 1, point (d)

(d) **An Audit Committee** which shall advise the Governing Board and the Director on financial and administrative management and control structures within the EIT, on the organisation of financial links with KICs, and on any other subject requested by the Governing Board.

(d) **Where appropriate, an internal auditing function** which shall advise the Governing Board and the Director on financial and administrative management and control structures within the EIT, on the organisation of financial links with KICs, and on any other subject requested by the Governing Board.

Justification

The EIT should not be obliged to establish its own permanent audit committee, but should enjoy the same flexibility as other bodies referred to in Article 185 (1) of the financial regulation.

Amendment 40
Article 8, paragraph 2

2. The Commission may appoint observers to take part in the meetings of the Governing Board and the Executive **and Audit Committees**.

2. The Commission may appoint observers to take part in the meetings of the Governing Board and the Executive *Committee*.

Amendment 41
Articles 8 a (new)

Article 8a
Composition of the Governing Board

1. The Governing Board shall consist both of appointed members providing a balance between those with business experience , those with academic experience and those with research experience (hereafter: “appointed members”) and members elected by and from among the innovation, research, academic, technical and administrative staff, students and doctoral candidates of the EIT and the KICs (hereafter “representative members”).

2. There shall be 21 appointed members. They shall have a 6-year non-renewable term of office. They shall be appointed by the Commission on the basis of proposals from an Identification Committee in a transparent procedure that shall include a report to the European Parliament and the Council on the selection process. This Identification Committee will be composed of 4 independent high level experts appointed by the Commission.

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

4. One-third of the appointed members shall be replaced every two years. Members whose terms of office expire after the second and fourth years following the initial nomination of the Governing Board shall be drawn by lot.

5. There shall be 4 representative members. They shall have a 3-year term of office, renewable once. Their term of office shall cease if they leave the EIT or a KIC. They shall be replaced through the same process for the remainder of the mandate.

6. The conditions and modalities for election and replacement of the representative members shall be approved by the Governing Board on the basis of a

proposal from the Director before the first KIC is in operation. This mechanism shall ensure an appropriate representation of the diversity and shall take into account the evolution of the EIT and the KICs.

7. In the event that a member of the Governing Board is unable to terminate his mandate, a substitute member shall be appointed or elected by the same procedure as the incapacitated member in order to complete his mandate.

(Note to Translators: Underlining identifies modified text in this "converted" Annex, i.e. the only bits needing translation)

Justification

Usually, the provisions concerning the organisation of the Agency are integrated in the articles of the legislative text and not laid down in an annex. Therefore, the annex is deleted and inserted as articles.

Amendment 42
Articles 8 b (new)

Article 8b

Responsibilities of the Governing Board

1. The Governing Board members shall act in the interests of the EIT, safeguarding its goals and mission, identity and coherence, in total independence.

2. The Governing Board shall, in particular:

(a) define the areas in which to establish the KICs;

(b) approve the EIT strategy as enshrined in its triennial rolling work programme;

(ba) approve the budget, annual accounts and balance-sheet and the annual activity report on the basis of a proposal from the Director;

(c) adopt rigorous, transparent and user-

friendly procedures for selection of KICs; these procedures shall include external expert evaluation and shall cover the relations between the EIT and the KICs;

(d) select and designate a partnership as a KIC or withdraw the designation if necessary;

(e) ensure continuing evaluation of the activities of KICs on the basis of clear criteria known in advance;

(f) adopt its rules of procedure, and those for the Executive Committee;

(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;

(h) adopt a procedure for choosing the Executive Committee, the Audit Committee and the Director;

(i) appoint and if necessary dismiss the Director, appoint the Accounting Officer, and the members of the Executive Committee and the ;

(ia) exercise disciplinary authority over the Director;

(j) establish where appropriate advisory groups which may have a defined duration;

(k) promote the EIT globally, so as to raise its attractiveness and make it an "international player" for excellence in innovation, research and education;

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

(m) define principles and guidelines for the management of intellectual property rights.

(ma) approve the agreement on intellectual

property made among the KIC participants;

(nmb) decide on whether to set up an internal auditing function in accordance with Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities¹.

¹ OJ L 357, 31.12.2002, p. 72.

3. The Governing Board may delegate specific tasks to the Executive Committee.

4. The Governing Board shall elect its Chairperson from among the appointed members. The mandate of the Chairperson shall be for a period of 3 years, renewable once.

(Note to Translators: Underlining identifies modified text in this "converted" Annex, i.e. the only bits needing translation)

Justification

Usually, the provisions concerning the organisation of the Agency are integrated in the articles of the legislative text and not laid down in an annex. Therefore, the annex is deleted and inserted as Articles.

Amendment 43
Article 8 c (new)

Article 8c

Functioning of the Governing Board

1. The Governing Board shall adopt decisions by simple majority of all its members.

However, decisions under Article 8b, paragraphs 2 (a), (b), (ba), (c), (d) and (i) and 4 shall require a majority of two thirds

of all its members.

2. The Governing Board shall meet in ordinary session at least three times a year, and in extraordinary session when convened by its Chairperson or on request of at least one third of its members.

3. As a transitional provision, the Governing Board shall consist exclusively of appointed members until elections for representative members can be held, after the first KIC has been established.

(Note to Translators: Underlining identifies modified text in this "converted" Annex, i.e. the only bits needing translation)

Justification

Usually, the provisions concerning the organisation of the Agency are integrated in the articles of the legislative text and not laid down in an annex. Therefore, the annex is deleted and inserted as Articles.

Amendment 44
Article 8 d (new)

Article 8d

The Executive Committee

1. The Executive Committee shall consist of five persons including the Chairperson of the Governing Board who shall also chair the Executive Committee.

The four members other than the Chairperson shall be chosen by the Governing Board from among the "appointed members".

2. The Executive Committee shall meet on a regular basis as convened by its Chairperson or on the request of the Director.

3. The Executive Committee takes its decisions by simple majority of all its members.

4. The Executive Committee shall:

(a) prepare the meetings of the Governing Board;

(b) oversee the implementation of the EIT's rolling triennial work programme;

(c) oversee the selection procedure for KICs;

(d) take any decisions delegated to it by the Governing Board.

(Note to Translators: Underlining identifies modified text in this "converted" Annex, i.e. the only bits needing translation)

Justification

Usually, the provisions concerning the organisation of the Agency are integrated in the articles of the legislative text and not laid down in an annex. Therefore, the annex is deleted and inserted as Articles.

Amendment 45
Article 8 e (new)

Article 8e

The Director

1. The Director shall be a person with expertise and high reputation in the areas where the EIT operates. He shall be appointed by the Governing Board for a term of office of 4 years. The Governing Board may extend that term of office once by 4 years when it considers that the interests of the EIT are best served by so doing.

2. The Director shall be responsible for the day-to-day management of the EIT and be its legal representative. He shall be accountable to the Governing Board to which he will report on an ongoing basis on the development of the EIT activities.

3. The Director shall in particular:

(a) support the Governing Board and the Executive Committee in their work and

provide the secretariat for their meetings;

(b) prepare the draft strategy and budget for submission to the Governing Board through the Executive Committee;

(c) administer the selection process for KICs; and ensure that the various stages of that process are carried out in a transparent and objective manner;

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

(da) ensure the implementation of effective monitoring and evaluation procedures relating to the performance of the EIT in accordance with Article 15;

(e) be responsible for administrative and financial matters, including the implementation of the EIT budget. In this the Director shall take due account of advice received from the internal auditing function;

(f) be responsible for all staff matters;

(g) prepare the draft rolling triennial work programme and annual report on the EIT activities and submit them to the Governing Board;

(h) submit the draft annual accounts and balance sheet to the internal auditing function, and subsequently to the Governing Board, through the Executive Committee;

(i) ensure that the obligations of the EIT with regard to the contracts and agreements it concludes are met;

(j) provide the Executive Committee and the Governing Board with all information necessary for the performance of their functions.

(Note to Translators: Underlining identifies modified text in this "converted" Annex, i.e. the only bits needing translation)

Justification

Usually, the provisions concerning the organisation of the Agency are integrated in the articles of the legislative text and not laid down in an annex. Therefore, the annex is deleted and inserted as Articles.

Amendment 46
Articles 8 f (new)

Article 8f

Staff of the EIT

1. The staff of the EIT shall consist of personnel employed directly by the EIT under fixed term contracts. The conditions of employment of other servants of the European Communities shall apply to the Director and the staff of the EIT.

2. Experts may be seconded to the EIT for a limited duration by Member States or other employers.

The Governing Board shall adopt provisions enabling seconded experts from Member States or other employers to work at the EIT and defining their rights and responsibilities.

3. The EIT shall exercise, with regards to its staff, the powers which are devolved to the authority authorized to conclude the contracts with the staff members.

4. A member of staff may be required to make good, in whole or in part, any damage suffered by the EIT as a result of serious misconduct on his/her part in the course of or in connection with the performance of his/her duties.

(Note to Translators: Underlining identifies modified text in this "converted" Annex, i.e. the only bits needing translation)

Justification

Usually, the provisions concerning the organisation of the Agency are integrated in the articles of the legislative text and not laid down in an annex. Therefore, the annex is deleted and inserted as Articles.

Amendment 47
Articles 8 g (new)

Article 8g

Principles guiding the organization and management of the Knowledge and Innovation Communities

1. The Governing Board shall adopt a framework of guidance on which it shall base the conditions and terms of the agreements with the KICs and on financing, monitoring and evaluating their activities. It shall be made public before the selection process for KICs begins.

2. The Governing Board shall in particular provide guidance as to:

(a) monitoring and evaluation of the KICs and the participation of the EIT in their governance;

(b) integration of the business dimension into research and education activities, including the planning and implementation of educational activities and research and development efforts; staff and student/researcher mobility between the business and the academic/research sectors; the provision of educational content that takes into account business, management and innovation related issues; the sharing of results and revenues arising from results between partners; dissemination of outcomes and good practices to non-partner organisations including SMEs;

(c) how to ensure that curricula and internal practices foster an entrepreneurial and innovation mindset.

3. Within the terms of their agreement with the EIT, KICs shall have substantial autonomy to define their internal organisation as well as their precise agenda and working methods.

(Note to Translators: Underlining identifies modified text in this "converted" Annex, i.e. the only bits needing translation)

Justification

Usually, the provisions concerning the organisation of the Agency are integrated in the articles of the legislative text and not laid down in an annex. Therefore, the annex is deleted and inserted as Articles.

Amendment 48
Article 8 h (new)

Article 8h

Principles for the evaluation and monitoring of the Knowledge and Innovation Communities

The EIT shall organise continuous monitoring and periodic independent evaluations of the outcomes and results of each KIC. These evaluations shall be based on good administrative practice and result-oriented parameters and avoid unnecessary formal and procedural aspects.

(Note to Translators: Underlining identifies modified text in this "converted" Annex, i.e. the only bits needing translation)

Justification

Usually, the provisions concerning the organisation of the Agency are integrated in the articles of the legislative text and not laid down in an annex. Therefore, the annex is deleted and inserted as Articles.

Amendment 49
Article 8 i (new)

Article 8i

Duration, Continuation and Termination of a Knowledge and Innovation Community

- 1. Subject to the outcomes of periodic evaluations and to the specificities of particular fields, a KIC shall normally have a time-frame of 7-15 years.**
- 2. The Governing Board may exceptionally decide to extend the operation of a KIC beyond the period initially set if this is the most appropriate way to achieve the objective 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.**

(Note to Translators: Underlining identifies modified text in this "converted" Annex, i.e. the only bits needing translation)

Justification

Usually, the provisions concerning the organisation of the Agency are integrated in the articles of the legislative text and not laid down in an annex. Therefore, the annex is deleted and inserted as Articles.

Amendment 50
Article 8 j (new)

Article 8j

Winding up of the EIT

In the event of winding up of the EIT, its liquidation shall intervene under the supervision of the Commission in conformity with the laws applicable. The agreements with the KICs and the act establishing the EIT Foundation shall lay down the appropriate provisions in such situation.

(Note to Translators: Underlining identifies modified text in this "converted" Annex, i.e. the only bits needing translation)

Justification

Usually, the provisions concerning the organisation of the Agency are integrated in the articles of the legislative text and not laid down in an annex. Therefore, the annex is deleted and inserted as Articles.

Amendment 51

Article 9

1. The EIT shall **define and make public its principles and** guidelines for the management of intellectual property. **They shall:**

- a) **contribute to EU innovation capacity;**
- b) **take account of the specificities of the sector concerned;**
- c) **foster the use of Intellectual Property under appropriate conditions for research and innovative purposes, in particular by defining how Intellectual Property will be shared between the EIT and its partners;**
- d) **provide appropriate incentives for the EIT and partners, including individuals involved, KICs and partner organizations;**
- e) **provide specific incentives for spin-offs and for commercial successes.**

2. **Partner organisations shall demonstrate in their application to be a KIC an agreement between themselves between themselves on the following issues in accordance with the principles and guidelines referred to in paragraph 1:**

- (a) **ownership, management and protection of research and development results and other outcomes;**

1. The EIT shall **adopt** guidelines for the management of intellectual property **rights based, inter alia, on the principles set out in Section 2 of Regulation (EC) No 1906/2006 of the European Parliament and of the Council of 18 December 2006 laying down the rules for the participation of undertakings, research centres and higher education institutions in actions under the Seventh Framework Programme and for the dissemination of research results (2007-2013).**¹

¹ OJ L 391, 30.12.2006, p. 1.

2. **On the basis of these guidelines, the partner organisations of each KIC shall conclude an agreement on the management and use of intellectual property rights, which shall be subject to the approval of the Governing Board.**

(b) rights of access to such results and outcomes as well as background;

(c) sharing of costs and profits, taking due account of the contributions of the various partner organisations;

(d) specific provisions, bonuses or incentives to encourage the development and the use of research and development results and other outcomes, including spin-offs arising from the use of these results.

Amendment 52
Article 12, paragraph 1

1. The EIT shall ensure that its activities are conducted with a high level of transparency.

1. The EIT shall ensure that its activities, ***including those of the KICs***, are conducted with a high level of transparency. ***In particular, the EIT shall set up an accessible, free, multilingual website providing information about the activities of the EIT and individual KICs.***

Amendment 53
Article 12, paragraph 2, introductory part

2. The EIT shall make public ***without delay***:

2. The EIT shall make public ***and transmit to the budgetary authority***:

Justification

In line with the principles established for other agencies, the budgetary authority has to be kept informed on a regular basis.

Amendment 54
Article 12, paragraph 3

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

3. Without prejudice to paragraphs 4 and 5, ***both the EIT and the KICs***, shall not divulge to third parties confidential information it has received for which confidential

requested and is justified.

treatment has been requested and is justified.

Amendment 55
Article 13

1. The EIT shall be financed ***in particular through:***

(a) ***contributions from the European Union budget;***

(b) ***contributions from Member States or public authorities within them;***

(c) ***contributions from business or private organisations;***

(d) bequests, donations and contributions from individuals, institutions foundations or any other national bodies;

(e) revenue generated by ***the EIT's own activities and outcomes or capital endowments, including those*** managed by the EIT Foundation ***or from Intellectual Property Rights;***

(f) contributions from ***third countries and*** international bodies or institutions;

These may include contributions in kind.

2. ***The EIT may apply for and/or channel Community assistance in particular in the framework of Community programmes and funds. In that case, such*** assistance shall not be attributed for activities already funded through the Community budget.

1. The EIT ***and the KICs*** shall be financed through:

(a) ***contributions from business or private organisations, preferably from companies participating in the KIC;***

(b) ***contributions from the general budget of the European Union, as provided for in Article 16, as well as from unspent funds which would otherwise be returned to the Member States; where structural Funds are used decisions shall be made by the Member State or local, regional and managing authorities concerned;***

(c) ***contributions from Participating States, third countries or public authorities within them;***

(d) bequests, donations and contributions from individuals, institutions, foundations or any other national bodies;

(e) revenue generated by ***its own activities, including royalties from intellectual property*** rights or capital endowments managed by the EIT Foundation;

(f) contributions from international bodies or institutions;

(fa) loans and contributions from the European Investment Bank (EIB).

These may include contributions in kind.

2. ***In the event that the KICs or their partner organisations apply directly for assistance from Community programmes (including the Risk Sharing Finance Facility), the Commission shall ensure that these applications are in no way privileged over other applications. Such*** assistance shall not be attributed for activities already funded through the Community budget.

2a. No contribution may be made from the Framework Programme for Research, the Competitiveness and Innovation Programme and the Life Long Learning Programme to the establishment and/or administration costs directly associated with the EIT or the KICs.

Amendment 56
Article 14

1. The EIT shall adopt :

a) a rolling triennial work programme containing a statement of its major priorities and planned initiatives including an estimate of financing needs and sources. ***The draft work programme shall be submitted by the Governing Board to the Commission. The Commission shall deliver an opinion within three months with regard to its complementarity with Community policies and instruments. Where the Commission expresses disagreement, the Governing Board shall re-examine the programme and adopt it with any appropriate amendments.***

b) an annual report by 30 June each year. The report shall outline the activities conducted by the EIT during the preceding year and assess the results with respect to the objectives and timetable set, the risks associated with the activities carried out, the use of resources and the general operation of the EIT. ***It shall include a full audited statement of accounts.***

2. ***The rolling triennial work programme and the annual report shall be transmitted to the Commission, which shall communicate them to the European Parliament, the Council and the European Court of Auditors.***

3. ***The European Parliament, the Council or the Commission may address an opinion to the Governing Board of the EIT on any subject covered in the rolling triennial work programme. Where such opinions are***

1. The EIT shall adopt :

a) a rolling triennial work programme containing a statement of its major priorities and planned initiatives including an estimate of financing needs and sources. ***It shall be in accordance with the available financial and human resources.***

b) an annual report by 30 June each year. The report shall outline the activities conducted by the EIT during the preceding ***calendar*** year and assess the results with respect to the objectives and timetable set, the risks associated with the activities carried out, the use of resources and the general operation of the EIT.

2. ***The EIT shall submit the rolling triennial work programme and the annual report to the Commission, the European Parliament, the Council, the European Economic and Social Committee and the Committee for the Regions for information.***

addressed to the EIT, the Governing Board shall reply within a period of 3 months, indicating any adjustments in its priorities and planned activities.

Amendment 57
Article 14, paragraph 3 a (new)

3a. The presentation of the EIT's accounts and accounting shall comply with the general rules laid down in Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities¹.

¹ OJ L 357, 31.12.2002, p. 72.

Justification

For the EIT's accounts, the general rules of the framework financial regulation for the agencies should apply.

Amendment 58
Article 14a (new)

Article 14a

Strategic Innovation Agenda

1. By 31 December 2011 at the latest and every seven years thereafter, the EIT shall draft a seven-year Strategic Innovation Agenda (hereinafter referred to as "the SIA") and submit it to the Commission.

2. The SIA shall highlight the long-term strategic areas of the EIT in the fields of key potential economic and societal interest which are likely to generate the greatest innovation added value at EU level. A more concrete and detailed strategy shall be elaborated in the triennial work programmes as defined in Article 14, allowing the EIT to respond to internal and

external developments in the fields of science, technology, innovation and other relevant areas.

3. The SIA shall take into account the results of the evaluation of the EIT and the KICs as defined in Article 15.

4. The SIA shall include an estimate of financial needs and resources for the long-term development and funding of the EIT.

5. The European Parliament and the Council, acting on a proposal from the Commission, shall adopt the SIA in accordance with Article 251 of the Treaty.

Amendment 59

Article 15, paragraph 1

1. The EIT shall ensure that its activities, including those managed through KICs, shall be subject to continuous monitoring and periodic independent evaluation, to ensure both the highest quality of outcome and the most efficient use of resources. ***The outcomes of the evaluation shall be made public.***

1. The EIT shall ensure that its activities, including those managed through KICs, shall be subject to continuous monitoring and periodic independent evaluation, to ensure both the highest quality of outcome and the most efficient use of resources. ***The EIT shall forward annually to the budgetary authority any information relevant to the outcome of the evaluation procedures.***

Justification

This provision is standard in legal texts establishing an agency.

Amendment 60

Article 15, paragraph 2

2. Within five years from the date of adoption of this Regulation and every ***four*** years thereafter, the Commission shall ***make public*** an evaluation of the EIT. 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 examine the effectiveness, sustainability, efficiency

2. By 31 December 2010 at the latest and every ***seven*** years thereafter, the Commission shall ***carry out*** an evaluation of the EIT. 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 examine the ***impact***, effectiveness, sustainability, efficiency and

and relevance of the activities pursued and their relation with Community policies. It shall take into account the views of stakeholders, at both European and national level.

relevance of the activities pursued and their relation with Community policies. It shall take into account the views of stakeholders, at both European and national level.

Amendment 61
Article 15, paragraph 2a (new)

2a The Commission shall forward the results of the evaluation, together with any proposals for the amendment of this Regulation, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

Amendment 62
Article 16

The indicative financial envelope ***for the implementation*** of this Regulation during the period of 6 years as from 1 January 2008 is set at EUR 308.7 million. The annual appropriations shall be authorised by the budgetary authority within the limits of the financial framework.

The indicative financial envelope ***of Community funding*** of this Regulation during the period of 6 years as from 1 January 2008 is set at EUR 308.7 million, ***which is subject to an agreement by the budgetary authority in accordance with the Interinstitutional Agreement of 17 May 2006, and in particular its part C and Article 47.*** The annual appropriations shall be authorised by the budgetary authority within the limits of the financial framework.

Amendment 63
Article 17, paragraph 1

1. The expenditure of the EIT shall include the staff, administrative, infrastructure and operational expenses.

1. The expenditure of the EIT shall include the staff, administrative, infrastructure and operational expenses. ***Administrative expenditure shall be kept to a minimum.***

Amendment 64
Article 17, paragraph 5

5. The Governing Board shall adopt the draft estimate accompanied by the preliminary rolling triennial work programme, and forward them by 31 March to the Commission.

5. The Governing Board shall adopt the draft estimate accompanied by the preliminary rolling triennial work programme **and a draft establishment plan**, and forward them by 31 March to the Commission.

Justification

The draft establishment plan must be part of the information transmitted to the Commission. Staffing is a central issue of the draft estimate.

Amendment 65
Article 17, paragraph 5 a (new)

5a. The estimate shall be transmitted by the Commission to the budgetary authority together with the preliminary draft budget of the European Union.

Justification

The European Parliament has to receive the estimate. This is a standard laid down for in the legal text establishing an agency.

Amendment 66
Article 17, paragraph 6

6. On the basis of the estimate, the Commission shall enter in the preliminary draft general budget of the European Union the estimates it deems necessary for the amount of the subsidy to be charged to the general budget.

6. On the basis of the estimate, the Commission shall enter in the preliminary general budget of the European Union the estimates it deems necessary for ***the establishment plan*** and the amount of the subsidy to be charged to the general budget, ***which it shall place before the budgetary authority in accordance with Article 272 of the Treaty.***

Justification

The European Parliament has to receive the estimate. This is a standard laid down for in the legal text establishing an agency.

Amendment 67
Article 17, paragraph 7

7. The budgetary authority shall authorise

7. The budgetary authority shall authorise the appropriations for the subsidy to the EIT.

the appropriations for the subsidy to the EIT.

The budgetary authority shall adopt the establishment plan.

Justification

The establishment plan is an important part of any Agency's budget. It must be approved by the budgetary authority (standard for other agencies).

Amendment 68

Article 17, paragraph 8 a (new)

8a. The Governing Board shall, as soon as possible, notify the budgetary authority of its intention to implement any project which may have significant financial implications for the funding of its budget, in particular any projects relating to property such as the rental or purchase of buildings. It shall inform the Commission thereof.

Justification

Standard provision in other legal text establishing agencies. See also Article 179(3) of the Financial Regulation.

Amendment 69

Article 17, paragraph 9

9. Any substantial modification to the budget shall ***follow the same procedure.***

9. Any substantial modification to the budget shall ***be subject to a decision of the budgetary authority.***

Justification

The budgetary authority's prerogatives must be ensured.

Amendment 70

Article 18, paragraph 1

1. The EIT shall adopt its financial rules in accordance with Article 185(1) of Council Regulation 1605/2002. Due account shall be given to the need for adequate operational flexibility in order to enable the EIT to achieve its objectives and attract and retain private sector partners.

1. The financial rules applicable to the EIT shall be adopted by the Governing Board once the Commission has been consulted. They may not depart from Regulation (EC, Euratom) No 2343/2002.

Justification

The reference should be completed by a reference to the framework regulation for all Community bodies referred to in Article 185 of the Financial Regulation, hereby ensuring that the normal financial control procedures apply.

Amendment 71
Article 18, paragraph 3 a (new)

3a. The EIT is subject to the same budgetary control rules as other EU agencies.

Justification

When EU funding is used to finance the EIT, the EIT has to be subject to EU funding rules.

Amendment 72
Article 18, paragraph 3 b (new)

3b. The European Court of Auditors shall exercise its scrutiny in accordance with Regulation (EC, Euratom) No 2343/2002.

Justification

The external audit by the Court of Auditors is a prerequisite for the discharge.

Amendment 73
Article 18, paragraph 4

4. Upon a recommendation from the Council, the European Parliament shall, before 30 April if the year n+2, give a discharge for the year n, to the Director in respect of the implementation of the EIT budget, ***and to the Governing Board in respect to the Foundation.***

4. Upon a recommendation from the Council, the European Parliament shall, before 30 April if the year n+2, give a discharge for the year n, to the Director in respect of the implementation of the EIT budget.

Justification

A separate discharge decision for the Foundation should be avoided.

Amendment 74
Article 20

Five years after the adoption of this Regulation and every ***four*** years thereafter, the Commission shall report to the European

By 31 December 2010 at the latest and every ***seven*** years thereafter, the Commission shall report to the European

Parliament and to the Council on the implementation of this Regulation and *on* the operation of the EIT *and* shall make any appropriate proposals for the amendment of this Regulation.

The Commission reports shall take account of the annual reports from the Governing Board provided for under article 14 and the external evaluations provided for under article 15.

Parliament and to the Council on the implementation of this Regulation and on of the operation of the EIT. ***The report shall include an assessment of the added-value of the EIT, its complementarity with existing national and Community instruments to support innovation, research and education, and the realisation of its objectives as set out in Article 3. On the basis of this report, the Commission shall make any appropriate proposals for the amendment of this Regulation.***

The Commission reports shall take account of the annual reports from the Governing Board provided for under article 14 and the external evaluations provided for under article 15.

Amendment 75
Article 21

Article 21

deleted

Statutes

The statutes of the EIT, as set out in the Annex, are adopted.

Justification

The Statutes have been moved from the Annex to Articles 8a to 8l (new)

Amendment 76
Annex

Annex deleted

Justification

The Annex has been inserted in the legal text.

EXPLANATORY STATEMENT

Introduction

The idea of a European Institute of Technology (EIT) stems from the 2005 mid-term review of the Lisbon strategy. The first Commission Communication of 22 February 2006 "Implementing the renewed partnership for growth and jobs. Developing a knowledge flagship: The European Institute of Technology" (COM(2006)0077) defined only the broad elements of the proposed EIT, some of which were further elaborated in the later Communication "The European Institute of Technology: further steps towards its creation" (COM(2006)0276).

The legislative proposal (COM(2006) 604 final/2) was published on 13 November 2006.

The European Parliament in its Annual Policy Strategy 2007 Resolution (A6-0154/2006) expressed scepticism towards the EIT, stressing the danger that the EIT will merely overlap or undermine existing structures and fearing that the EIT will prejudice the already limited resources allocated to research and innovation.

The *European Council* expressed support for the EIT in its meeting of 14-15 December 2006: "The Council and the European Parliament should, after having carried out a thorough examination of the Commission's proposal, move swiftly to adopt, in 2007, a decision to set up the European Institute of Technology."

Your rapporteur believes firmly in the idea of better coordination of research, innovation and education efforts in the Community, in the importance of creating public-private partnerships in R&D including in basic research, and in facilitating the access of SMEs to new knowledge. However, he is also concerned with the somewhat hasty way in which an idea of such long-term consequence is being presented - doubly so when it comes at a time when several other new policy instruments addressing the same problems are in the earliest phases of their implementation. At least five different Commission directorate-generals (RTD, ENTR, REGIO, EAC, INFSO) are currently managing initiatives to support research and innovation.

Given the right form, the EIT may prove useful in the Community's research and innovation activities, but its whole *raison-d'être* depends on a number of points not yet sufficiently clarified, the most important of which are addressed below.

Structure and accountability

The Commission has proposed two entities to form the basic structure of the EIT:

- The Governing Board
- The Knowledge and Innovation Communities

The Commission envisages a small Governing Board appointed by the Commission on the basis of proposals from an Identification Committee. Appointment will balance representation

of academic/research and business experience. The appointed members will have a time-limited mandate and will be replaced on a rolling basis. The Governing Board will take the horizontal and strategic decisions on the EIT's activities: identifying the strategic fields and main thematic research areas, establishing "Knowledge and Innovation Communities" (KICs); selecting, monitoring and evaluating the consortia to operate these KICs; and coordinate the different KIC activities.

The KICs are thought to be partnerships where teams from universities, research organisations and industry would work together to address a strategically important topic in an interdisciplinary field, and they will perform all operational activities of the EIT.

The selection of proposals for KICs would be based on open and transparent competitions.

Your rapporteur welcomes the Commission's overall view on the structure of the EIT, although he also finds it incomplete for the following reasons.

One main problem lies in the selection process of the Governing Board and the accountability of the EIT. Firstly, the selection procedure for the Governing Board should be more transparent, notably towards the European Parliament and the Council. This is not to say that the European Parliament and the Council should select the members of the identification committee or indeed the members of the Governing Board itself, but merely it must be secured that the procedure is a transparent one and one where the Commission reports appropriately to the other institutions. Furthermore, the Commission's proposal only foresees consultation of the Commission in determining the strategic priorities of the EIT. Here clearly the European Parliament and the Council should be enabled to endorse these priorities prior to their final adoption.

Funding

The level of R&D funding in the EU lags behind our main competitors. Research & Development intensity (i.e. expenditure as a percentage of GDP) in the EU25 stood at 1.92% in 2003 while it was 2.59% in the United States and 3.15% in Japan. Only two Member States, Sweden and Finland, have met the Barcelona target of spending 3% of GDP on R&D and innovation. It should also be recalled that the financial attribution to the 7th Research Framework Programme (FP7) was reduced by 30% vis-à-vis the Commission's proposal following the agreement on the Financial Perspectives 2007-2013. The budget for the Competitiveness and Innovation Programme (CIP) was similarly reduced by 24%.

Taking into account the lack of R&D funding in the EU, it should be ensured that the EIT does not drain resources from existing Community activities in the field. The Community core funding for the EIT should be added as a topping-up to the existing Financial Perspectives and additional funding should be obtained from different sources, including community, national, regional and private sources.

In order to become a "flagship" of European innovation, the EIT must be able secure a significant amount of private funding. The ability to raise its own funding, be it from external sources or from revenues of its own activities (including management of intellectual property rights (IPR) which the proposal foresees the EIT will accumulate over time) will be the very *raison d'être* of the EIT.

Your rapporteur welcomes the Commission's suggestion that a large share of the EIT's income should come from its earnings through contracts for research and education. This is an area where Europe is clearly lagging behind the US where universities and research institutions are much better in capitalising their knowledge. This, however, may also have to do with other factors such as European Universities' general lack of experience and initiative in the IPR field, limitations on university staff as regards external activities, and the lack of established bonds between the public and the private sector - neither of which the EIT will bring an immediate solution to. Here too, it must be considered whether the JTIs under FP7 do not provide a better solution, and care must be taken to avoid overlaps between FP7 and EIT activities.

The Knowledge Triangle

The Commission has suggested that the activities of the EIT would include all three parts of the knowledge triangle: innovation, research and education.

While acknowledging the importance of all three elements, your rapporteur strongly believes that the main task of the EIT will be to promote innovation. Consequently, the research tasks of the EIT would concentrate on innovation creation rather than on basic research.

It would be advisable for the EIT to reflect the research themes of the FP7, European Technology Platforms and JTIs, and overall to have a close co-operation with the European Research Council (ERC).

Your rapporteur remains unconvinced that a strong education element in the EIT would bring added value to the European Research Area, especially since the responsibility for higher education rests with the Member States. In fact, it would seem that the legal basis of the proposal itself excludes the possibility for the EIT to play the role of an educational institution and actually award degrees. Rather the EIT should develop a brand or label - an 'EIT diploma' - which will supplement and add value to the formalised academic degrees awarded by the educational institutions participating in the KICs.

Risks of overlap and justification for an EIT

The function of the EIT must be seen as complementary to the other Community initiatives on research and innovation, mainly FP7 and CIP.

The innovation part of the CIP programme logically focuses on transforming research results into commercial innovations, which benefit European business, industry and competitiveness with a special focus on SMEs. In this context it is difficult to see a possible complementary role for the EIT.

Your rapporteur would support almost any Community effort which assigns additional resources to innovation, research and education, but would be surprised to see such funds committed to activities overlapping those reduced by the European Council in the agreement on the Financial Perspectives.

Like the proposed EIT, FP7 also identifies research areas of strategic priority, facilitates

public-private partnerships (mainly through the Joint Technology Initiatives (JTIs)), and establishes a new permanent institution to oversee decisions on research funding, namely the European Research Council (ERC).

As regards the bottom-up approach under the EIT whereby private companies can address the EIT with project proposals which will then be decided upon top-down by the EIT Governing Board, a similar structure already exists under FP7 in the form of Integrated Projects and JTIs, and many Member States can also testify to the existence of such cooperation at regional level. While there is a real need for additional partnerships of this type at European level, it has not been adequately justified that the proposed EIT would be the best way to address this.

It should also be recalled that many Member States have well functioning innovation agencies at national level, which have well established practises in bringing together industry and research institutions. An important role of an EIT would be to examine best practises from different countries and possibly at a later stage provide a permanent platform for exchange of experience for Member States' national programmes, research foundations and agencies.

A new body on Community level may add value to existing initiatives, but this can only be established once an evaluation of a pilot project has shown that the EIT concept provides added value for Europe - both in terms of innovation and competitiveness and for the European Research Area. Only after a thorough review of a "pilot" EIT, based on an independent external evaluation, can it be decided whether the EIT should be established as a permanent community body or if Europe would be better served by directing the funds to other Community innovation and R&D activities.

19.6.2007

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 establishing the European Institute of Technology
(COM(2006)0604 – C6-0355/2006 – 2006/0197(COD))

Draftswoman (*): Erna Hennicot-Schoepges

(*) Enhanced cooperation between committees – Rule 47 of the Rules of Procedure

SHORT JUSTIFICATION

Having considered the final proposal for a regulation submitted by the Commission on the establishment of the European Institute of Technology¹, your draftswoman wishes to draw attention to the following points:

- the EIT is intended to be a centre of excellence, or, alternatively, a body for coordinating centres of excellence through the activities of the Knowledge and Innovation Communities (KICs). By establishing the best possible conditions of work for European researchers, particularly by encouraging their mobility and facilitating the recognition of their qualifications, it may represent an effective solution to the brain drain, while also attracting the best researchers and students in the world to the EU thanks to integrated excellence-driven partnerships within the knowledge triangle.

- It is essential in this connection for the KICs to enjoy as much independence as possible to carry out their operational activities within the strategic framework defined by the EIT, while being answerable to the EIT (cf. Amendments 21 and 22). The KICs should therefore be a source of wealth- and job-creation by engendering innovative SMEs in cutting-edge technology and promoting new forms of organisations and businesses. In order to boost the flow of information and the sharing of knowledge and to promote the optimum use of resources, it will be important with this in mind for KICs to form around geographical centres and ensure the influence of such centres at local and regional level. (cf. Am. 19).

- In studying the innovation process, the cultural diversity and specific characteristics of

¹ Proposal of 18 October 2006 for a regulation of the European Parliament and the Council establishing the European Institute of Technology, COM(2006)0604.

Europe need to be taken into account. Thanks to its multi-cultural working environment, the EIT holds out the promise of better understanding between the Member States, by becoming an instrument for cooperation, enabling national conflicts of interest to be more easily overcome. It is thus also conceivable that the EIT will provide new types of courses as mentioned in Amendment 4 (recital 10a (new)).

- In order to optimise the impact of innovation, a particular place should be accorded to engineers on the EIT's Governing Body, so that they can be involved in developing strategies and, if necessary, ensuring their optimum implementation in the KICs.

- It is also necessary to reconcile the interests of universities, programmes and current research (European Research Council, 7th Framework Programme, Joint Research Centre, Technology Platforms) with the creation of the EIT.

- To the extent that the EIT is intended to be an excellence-driven project, it is desirable to ensure that the higher education institutions have full authority to award training qualifications. If we want the training qualifications issued by higher education institutions within a KIC, bearing the EIT label, to be treated as a mark of excellence enjoying high visibility and international recognition, no concessions should be made in this area. It is desirable in this respect that all the partners within a KIC should contribute to teaching and research policy (cf. Am. 27). The Governing Body of the EIT could be assisted by a committee of academic experts, giving the EIT's global strategy an integrated educational dimension to promote innovation (cf. Am. 3).

- The creation of an EIT quality label, which must represent a significantly higher level than a qualification from a non-EIT university, could help widen the institute's reputation and establish its worldwide recognition.

- The EIT will have a separate budget independent of the 7th Framework Programme and other Community programmes such as the Lifelong Learning programme. However, the KICs, like any other eligible body, must be able to respond to calls for tender in connection with the Community programmes, under the same conditions as other tenderers, with full transparency and with no preferential treatment.

Your draftsman is therefore firmly convinced that the objectives, structure and funding of the EIT must be defined much more precisely in order to develop its full potential.

NB. To avoid unwieldy sentence structure, it is agreed that all words referring to persons in this regulation cover both women and men, and are without prejudice to the obligation of equal treatment for men and women.

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

Recital 6

(6) The EIT should have the objective of contributing to the development of the Community and the Member States innovation capacity, by fully involving education, research and innovation activities at *the highest* standards.

(6) The EIT should have the objective of contributing to the development of the Community and the Member States innovation capacity, by fully involving education, research and innovation activities at *high standards of excellence*.

Amendment 2

Recital 8

(8) In order to contribute to the competitiveness and to reinforce the international attractiveness of the European economy, the EIT should be able to attract partner organisations, researchers and students from all over the world and to cooperate with third-countries organisations.

(8) In order to contribute to the competitiveness and to reinforce the international attractiveness of the European economy, *and to make European innovation capacity more visible*, the EIT should be able to attract partner organisations, researchers and students from all over the world and to cooperate with third-countries organisations *by encouraging mobility for researchers and students*.

Amendment 3

Recital 8 a (new)

(8a) In order to increase its attractiveness, the EIT, together with partner institutions, should create an appropriate structure allowing students and graduates to obtain an apprenticeship and/or recruitment in leading partner organisations within KICs.

Amendment 4

Recital 9

(9) The EIT should primarily operate

(9) The EIT should primarily operate

¹ Not yet published in OJ.

through excellence-driven long-term strategic partnerships on an inter and/or trans-disciplinary basis of key potential economic and societal interest for Europe. These partnerships shall be selected by the EIT Governing Board and designated as KICs. The relations between the EIT and the KICs shall 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 evaluation of the KICs activities and outcomes.

through excellence-driven long-term strategic partnerships on an inter and/or trans-disciplinary basis of key potential economic and societal interest for Europe. These partnerships shall be selected by the EIT Governing Board and designated as KICs. ***KICs should, where possible, and when all conditions of excellence are fulfilled, be spread evenly across the whole territory of the EU.*** The relations between the EIT and the KICs shall 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 evaluation of the KICs activities and outcomes.

Justification

KICs should, where possible, be spread evenly across the EU, in both new and old Member States.

Amendment 5

Recital 10

(10) There is a need to support 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 EIT ***degrees and diplomas***. The EIT should promote the recognition of EIT ***degrees and diplomas*** in the Member States. All these activities should be carried out without prejudice to Directive 2005/36/EC on the recognition of professional qualifications.

(10) There is a need to support education as an integral but often missing component of a comprehensive innovation strategy. ***To that end, the EIT's Governing Board might call on a committee of academic experts.*** The agreement between the EIT and KICs should provide that the ***training qualifications*** awarded through the ***higher education institutions which are partners of the*** KICs should be ***training qualifications bearing the EIT label***. The EIT should promote the recognition ***by the Member States*** of EIT ***training qualifications bearing its label of excellence*** in the ***EU*** Member States ***and outside the EU***. All these activities should be carried out without prejudice to Directive 2005/36/EC on the recognition of professional qualifications.

Amendment 6

Recital 10 a (new)

(10a) The EIT might offer new types of courses, such as European Business Practice, Corporate Governance, Entrepreneurism or Business Ethics.

Amendment 7

Recital 10 b (new)

(10b) In order to increase Europe's industrial competitiveness, the EIT should regularly monitor and consider European employers' needs in the context of changing educational and innovation requirements on the European and global market.

Amendment 8

Recital 12

(12) Appropriate provisions must be made to guarantee the liability and transparency of the EIT. Appropriate rules governing its functioning are adopted in the Statutes of the EIT.

(12) Appropriate provisions must be made to guarantee the liability, ***autonomy*** and transparency of the EIT. Appropriate rules governing its functioning are adopted in the Statutes of the EIT.

Amendment 9

Recital 20

(20) Since the objectives of the action cannot be sufficiently achieved by the Member States, and can by reason of scale and of trans-nationality, 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 set out in that Article, the Regulation does not go beyond what is necessary to achieve those objectives

(20) Since the objectives of the action cannot be sufficiently achieved by the Member States ***acting individually***, and can by reason of scale and of trans-nationality, 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 set out in that Article, the Regulation does not go beyond what is necessary to achieve those objectives

Amendment 10

Recital 20 a (new)

(20a) The EIT should not be financed from funds allocated to Community programmes in the fields of education, research or innovation. All possibilities offered by the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management ¹ should be explored.

¹ OJ C 139, 14.6.2006, p. 1.

Amendment 11
Recital 20 b (new)

(20b) The masculine gender shall be used in this regulation solely as a means of making the text more readable, with no discrimination intended.

Justification

To avoid unwieldy sentence structure, it is agreed that all words referring to persons in this regulation cover both women and men, and are without prejudice to the obligation of equal treatment for men and women.

Amendment 12
Article 1

A European Institute of Technology (hereinafter referred to as "the EIT"), is established.

A European Institute of Technology (hereinafter referred to as "the EIT"), is established ***as an independent and autonomous body.***

Amendment 13
Article 2, point 1

1. "Innovation" means the process and the outcomes of this process through which new ideas respond to societal or economic demand and generate new products, services, or ***business*** models that are successfully introduced in an existing market or that are able to create new markets.

1. "Innovation" means the process and the outcomes of this process through which new ideas respond to societal or economic demand and generate new products, services, or ***organisational*** models that are successfully introduced in an existing market or that are able to create new markets.

Amendment 14
Article 2, point 2

2. “Knowledge and Innovation Community” means **a joint-venture** of partner organisations, whatever its precise legal form, selected and designated by the EIT to carry out at the highest level integrated innovation, research and education activities in a specific field.

2. “Knowledge and Innovation Community” means **an autonomous legal structure consisting** of partner organisations, whatever its precise legal form, **including at least one higher education institution**, selected and designated by the EIT to carry out at the highest level integrated innovation, research and education activities in a specific field.

Justification

The amendment stresses the need for Knowledge and Innovation Communities (KICs) to be autonomous as well as the fact that higher education establishments are an essential part of them.

Amendment 15
Article 2, point 3

3. “**University**” means any type of **higher education** institution which offers recognised degrees or other recognised tertiary level qualifications, irrespective of its denomination in the national context.

3. “**Higher education institution**” means any type of institution which offers recognised degrees or other recognised tertiary level qualifications, irrespective of its denomination in the national context.

Amendment 16
Article 3

The objective of the EIT is to contribute to industrial competitiveness by reinforcing the innovation capacity of Member States and the Community. It shall do this by involving and integrating innovation, research and education at **the highest** standards.

The objective of the EIT is to contribute to industrial **and economic** competitiveness by reinforcing the innovation capacity of Member States and the Community. It shall do this by involving and integrating innovation, research and education at **high standards of excellence**.

Amendment 17
Article 4, paragraph 1, point (c)

(c) raise awareness among potential partner organisations;

deleted

Amendment 18
Article 4, paragraph 1, point (f)

(f) *promote* the recognition of EIT *degrees and diplomas* in the Member States.

(f) *encourage* the recognition of *training qualifications awarded by higher education institutions which are partners of the KICs and bear the EIT label* in the Member States.

Amendment 19
Article 4, paragraph 1, point (f a) (new)

(fa) disseminate best practices, particularly as regards the governance of innovation-based organisations and partnerships between higher education or research institutions and businesses.

Amendment 20
Article 4, paragraph 1, point (f b) (new)

(fb) support exchanges between KICs so that a common innovation culture can be developed.

Justification

The EIT should contribute to the spreading of an innovation culture and should allow exchanges between KICs.

Amendment 21
Article 5, paragraph 1, point (a)

(a) innovation activities and investments fully integrating the research and education dimensions, stimulating the dissemination and exploitation of results;

(a) innovation activities and investments fully integrating the research and education dimensions, stimulating the dissemination and exploitation of results, *based on new or existing Community actions or instruments;*

Amendment 22
Article 5, paragraph 1, point (c)

(c) education and training activities at master and doctoral level, ***including the development of innovation related skills and the improvement of managerial and entrepreneurial skills;***

(c) education and training activities at master and doctoral level, ***as defined in Article 6;***

Amendment 23
Article 5, paragraph 1, point (d)

(d) dissemination of best practices, in particular concerning the governance of innovation oriented organisations and the development of co-operation or partnerships between education/research and business.

deleted

Amendment 24
Article 5, paragraph 2, subparagraph 3, point (b)

(b) the capacity to ensure a dynamic, flexible and attractive working environment which rewards both individual and team achievements in terms of innovation, research and education;

(b) the capacity to ensure a dynamic, flexible and attractive working environment which ***validates and*** rewards both individual and team achievements in terms of innovation, research and education;

Amendment 25
Article 5, paragraph 2, subparagraph 3, point (c)

(c) the basis on which the ***degrees and diplomas*** would be awarded including the arrangements to take *in* account the Community policy on the European Higher Education Area, particularly in terms of compatibility, transparency, recognition and quality of ***degrees and diplomas;***

(c) the basis on which the ***training qualifications*** would be awarded including the arrangements to take *into* account the Community policy on the European Higher Education Area, particularly in terms of compatibility, transparency, recognition and quality of ***training qualifications;***

Amendment 26
Article 5, paragraph 3 a (new)

3a. Each KIC shall be formed around one or more geographical centres, which might for example be located on university campuses. It shall also coordinate a wider excellence network of research and training centres covering the three aspects: research, innovation and education.

Amendment 27
Article 5, paragraph 3 b (new)

3b. Each KIC shall have as its objective the creation of innovative SMEs.

Amendment 28
Article 5, paragraph 4

4. The partnerships may include partner organisations from third countries that can make **a positive** contribution to the objectives of the KICs.

4. The partnerships may include partner organisations from third countries that can make **an efficient and effective** contribution to the objectives of the KICs

Amendment 29
Article 5, paragraph 4 a (new)

4a. Participants in KIC partnerships should not be selected according to national or regional criteria but on the basis of excellence criteria.

Justification

The right balance should be found between ensuring the European aspect of KICs and respecting the need for them to operate in conditions of excellence.

Amendment 30
Article 5 a (new)

Article 5a

Relations between the EIT and the KICs

1. Each KIC shall carry out its activities in an autonomous manner, within the framework defined by the EIT.

2. Each KIC shall submit a business plan to the Governing Board for approval and shall send it a report of its activities on a six-monthly basis.

Amendment 31
Article 6, paragraph 1

1. The agreement between the EIT and the KICs shall provide that, in the disciplines and fields under which studies, research and innovation activities are carried out through KICs, ***degrees and diplomas*** awarded through KICs shall be EIT ***degrees and diplomas***.

1. The agreement between the EIT and the KICs shall provide that, in the disciplines and fields under which studies, research and innovation activities are carried out through KICs, ***training qualifications*** awarded through KICs shall be ***training qualifications bearing the EIT label***.

Amendment 32
Article 6, paragraph 2

2. The EIT shall encourage partner ***organisations*** to award joint ***degrees and diplomas*** reflecting the integrated nature of the KICs. However, these may also be ***degrees*** awarded by one institution as well as double or multiple degrees and diplomas.

2. The EIT shall encourage partner ***higher education institutions*** to award joint ***training qualifications*** reflecting the integrated nature of the KICs. However, these may also be ***training qualifications*** awarded by one ***higher education*** institution as well as double or multiple ***training qualifications***.

Amendment 33
Article 6, paragraph 2 a (new)

2a. All partners within a KIC shall contribute to policy on education and training in the disciplines and sectors defined in the context of the Governing Board's strategies.

Amendment 34
Article 6, paragraph 3

3. The Member States cooperate in

3. The Member States *shall* cooperate in

recognising *EIT degrees and diplomas*.

recognising *the training qualifications awarded by the KICs' partner higher education institutions and bearing the EIT label, without prejudice to Directive 2005/36/EC*.

Amendment 35
Article 6 a (new)

Article 6a

Mobility

1. Through its activities and work, the EIT shall help promote mobility within the European Higher Education Area (pursuant to the agreements concluded under the Bologna Process).

2. The transferability of grants allocated for KIC activities, in particular to researchers and students, should be guaranteed.

Justification

It should be ensured that students and researchers have sufficient means to cover living costs for them to be able to devote their time exclusively to their research and training.

Amendment 36
Article 12, paragraph 1

1. The EIT shall ensure that its activities are conducted with a high level of transparency.

1. The EIT shall ensure that its activities are conducted with a high level of transparency. ***In particular, the EIT shall set up an accessible, free, multilingual website providing information about the activities of the EIT and individual KICs.***

Justification

A website should be set up to provide information, so as to ensure a high level of transparency and to promote the EIT's work.

Amendment 37
Article 13, paragraph 2

2. ***The*** EIT may apply for and/or channel Community assistance in particular in the

2. ***Without prejudice to the funding of established Community programmes such***

framework of Community programmes and funds. In that case, such assistance shall not be attributed for activities already funded through the Community budget.

as the Lifelong Learning programme, the EIT may apply for and/or channel Community assistance in particular in the framework of Community programmes and funds. In that case, such assistance shall not be attributed for activities already funded through the Community budget.

Amendment 38
Article 15 a (new)

Article 15a

Transitional provisions

Within a period of 24 months from the date of adoption of this Regulation, the EIT shall select up to three KICs in cooperation with the Commission. One of those KICs should operate in the field of renewable energy and climate change.

Justification

As the main objective of the EIT through the KICs is to promote innovation in the EU, the selection of the field of operation of a KIC has to be market oriented in an independent way and after proposals submitted by the Governing Board.

Amendment 39
Annex, Article 1, paragraph 1

1. The Governing Board shall consist both of appointed members providing a balance between those with business experience and those with academic/research experience (hereafter: “appointed members”) and members elected by and from among the innovation, research, academic, technical and administrative staff, students and doctoral candidates of the EIT and the KICs (hereafter “representative members”).

1. The Governing Board shall consist both of appointed members providing a balance between those with business experience and those with academic/research experience (hereafter: “appointed members”) and members elected by and from among the innovation, research, academic, technical and administrative staff, students and doctoral candidates of the EIT and the KICs (hereafter “representative members”). ***A special place shall be accorded to engineers, who, thanks to their know-how, make a major contribution to transforming the results of research into innovative products and processes.***

Amendment 40
Annex, Article 2, paragraph 1

1. The Governing *board* members shall act in the interests of the EIT, safeguarding its goals and mission, identity and coherence.

1. The Governing *Board* members shall act in the interests of the EIT, safeguarding its goals and mission, identity and coherence ***in total independence.***

PROCEDURE

Title	European Institute of Technology		
References	COM(2006)0604 - C6-0355/2006 - 2006/0197(COD)		
Committee responsible	ITRE		
Opinion by Date announced in plenary	CULT 29.11.2006		
Enhanced cooperation - date announced in plenary	18.1.2007		
Drafts(wo)man Date appointed	Erna Hennicot-Schoepges 18.12.2006		
Discussed in committee	27.2.2007	21.3.2007	8.5.2007
Date adopted	18.6.2007		
Result of final vote	+: 25	–: 3	0: 2
Members present for the final vote	Maria Badia i Cutchet, Ivo Belet, Marie-Hélène Descamps, Jolanta Dičkutė, Věra Flasarová, Milan Gaľa, Ovidiu Victor Ganț, Vasco Graça Moura, Lissy Gröner, Luis Herrero-Tejedor, Manolis Mavrommatis, Doris Pack, Zdzisław Zbigniew Podkański, Christa Prets, Karin Resetarits, Pál Schmitt, Gheorghe Vergil Șerbu, Nikolaos Sifunakis, Hannu Takkula, Thomas Wise		
Substitute(s) present for the final vote	Giusto Catania, Den Dover, Ignasi Guardans Cambó, Gyula Hegyi, Erna Hennicot-Schoepges, Nina Škottová, Grażyna Staniszevska, Jaroslav Zvěřina, Tadeusz Zwiefka		
Substitute(s) under Rule 178(2) present for the final vote	David Hammerstein		

12.6.2007

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 the Council establishing the European Institute of Technology
(COM(2006)0604 – C6-0355/2006 – 2006/0197(COD))

Draftswoman: Nina Škottová

SHORT JUSTIFICATION

1) Main objectives of the Commission proposal

The EIT is supposed to contribute to industrial competitiveness by reinforcing the innovative capacity of the EU. The aim is to integrate innovation, research and education at the highest standard (knowledge triangle). The proposal is therefore linked to the Lisbon agenda.

The Commission presents the EIT as a world-class high performance flagship, which should transform innovative discoveries into commercial opportunities. The proposal should also be seen within the framework of the Lisbon agenda, which aims at boosting the competitiveness of the EU industry and services aiming at creating jobs and sustainable growth. In particular, the participation of private sector in the EIT project appears to be exceedingly promising as an engine stimulating the efficiency of the knowledge triangle.

2) Financial implications

The proposed reference amount is **EUR 308 million** for a period of 6 years from 1 January 2008 (until 2013).

Additionally, **EUR 1.5 billion** are supposed to come from other EU programmes (7th Framework Programme for Research, Competitiveness and Innovation Programme (CIP) and Structural Funds etc.)

Moreover, **EUR 527 million** would come from Member States, private sector and EIB loans. This means that in **total**, the Commission estimates the spending of the EIT and the KICs (Knowledge and Innovation Communities) at **EUR 2.367 billion** (see table below).

3) Legal nature of EIT

The Commission indicates in the proposal that Article 185 of the Financial Regulation will apply because the EIT receives a contribution from the general budget. However, the Commission is of the opinion "that it will not be an "agency" in the generally accepted sense of that word". In its opinion, the Legal Service of the EP came to the conclusion that, in the absence of a clear definition of an agency, Point 47 of the Interinstitutional Agreement of 17 May 2006 should apply to the EIT.

Since the EIT as proposed by the Commission represents a structure/organisation that is very similar to (nearly identical with) an agency the draftsman, in cooperation with the standing rapporteur for Agencies, proposes several amendments that bring the EIT's organisational structure into line with already existing agencies such as the European Union Agency for Fundamental Rights. This concerns the tasks of the Director, the possibility to dismiss him, the disciplinary authority over the Director, the obligation to report regularly to the EP, etc.

4) Problems linked to financing

The funding was not explicitly foreseen in the Multiannual Financial Framework (MFF) 2007-2013. Therefore, the financial reference amount (EUR 308 million) would reduce the margin left under heading 1a by approximately 25%.

According to the Commission proposal, additional EU funding for the EIT would be taken from existing Community programmes:

- 7th Framework Programme for Research (FP7)
- Competitiveness and innovation programme (CIP)
- Structural Funds (European Regional Development Fund (ERDF), European Social Fund (ESF)): the expected contribution from the Structural Funds is estimated at up to EUR 1.25 billion for the period 2007-2013, of which EUR 1 billion would come from the ERDF and EUR 250 million from the ESF.

These appropriations would therefore not be available for other projects that are eligible under the Structural Funds. The scarce financial means available under heading 1a and 1b would thus be reduced.

Furthermore, from a legal point of view, there seem to be at least serious doubts as to whether such double-funding by the EU (the EIT as a body financed by the EU would receive additional funding from existing EU programmes) is admissible, because the EIT as a body financed by the EU would not only receive funding from the EU budget but would also receive additional funding from existing EU programmes.

As the Court of auditors pointed out in its Special Report 6/2005¹ on the trans-European network for transport (TEN-T), the combined Community financing from different sources entails a number of risks (such as over- or double-funding).

Furthermore, there are serious doubts as to whether such double-funding, if not mentioned

¹ OJ C 94 of 21 April 2006 p. 16-17 and p. 33 (par. 66, 68).

explicitly in the relevant Community programme, is compatible with Article 111 of the Financial Regulation: *"Each action may give rise to the award of only one grant from the budget to any one beneficiary, except where the relevant basic acts authorise otherwise. A beneficiary may be awarded only one operating grant from the budget per financial year. The applicant shall immediately inform the authorising officers of any multiple applications and multiple grants relating to the same action or to the same work programme"*.

However, the EIT is not mentioned in the legal texts setting up these Community programmes. Preferential access to funding under these programmes can therefore not be granted. This means that the financing cannot be regarded as sure, bearing in mind that the biggest part of the estimated cost of the EIT (about EUR 1.5 billion out of EUR 2.67 billion) are to come from existing programmes).

The EIT will also be co-financed by local authorities, Member States, businesses, EIB loans and venture capital. Exact figures cannot be obtained, as the interest of the private sector is difficult to assess.

There is also concern that the EIT could overlap with already existing structure set up by FP7, such as the European Research Council. One of the innovations of FP7 is the establishment of the **European Research Council (ERC)**: the Specific Programme "Ideas" will be implemented according to the principles of scientific excellence, autonomy, and efficiency by means of the ERC consisting of an independent Scientific Council composed of scientists, engineers and scholars of the highest repute, representing the European research community, supported by an implementation structure which would be set up as an **Executive Agency** in accordance with Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes.

The rapporteur would also like to clarify the relationship between the existing Joint Research Centre and the EIT. The total staff of the Joint Research Centre is currently 1957 (only permanent posts).

The draftsman would also like to emphasize that the relation between the EIT, JRC and ERC and the private sector needs clarification.

5) Conclusions

- a) The draftsman welcomes the Commission's initiative to create a European Institute of Technology as an important step towards the improvement of the EU's competitiveness. However, she is concerned that such an important project could fail as there are still serious doubts about several aspects concerning the financing of the EIT. The material submitted by the Commission is sometimes unclear and/or contradictory so that it becomes difficult to evaluate whether or not sound financing of the EIT can be ensured.
- b) In view of the serious doubts concerning the additional funding from other Community programmes and the fact that this would reduce the funding available for other projects, this form of additional financing seems to be unsure.
- c) It is increasingly obvious that the appropriations provided for under heading 1a are

insufficient. The European Parliament has fought to strengthen this heading, the aim of which is to promote competitiveness for growth and employment. The EIT could also be a candidate for the review of the IIA (revision of heading 1a).

- d) The EIT as proposed by the Commission would have a structure that is similar to the one of already existing agencies. The draftswoman therefore proposes several amendments in order to bring the EIT's organisation into line with the standard provisions laid down in legal texts establishing other agencies.

DETAILS OF RESOURCES (AS SET OUT IN THE FINANCIAL STATEMENT OF THE COMMISSION PROPOSAL)

OBJECTIVES OF THE PROPOSAL IN TERMS OF THEIR FINANCIAL COST AND RESOURCE (SCENARIO OF 6 KICs IN 2013)

Costs	2008	2009	2010	2011	2012	2013	Total
EIT governing structure	2.900	5.800	8.700	8.700	8.700	8.700	43.500
Knowledge and Innovation Communities	0.000	0.000	220.800	303.600	441.600	662.400	1,628.400
Grants for Master students and PhD candidates	0.000	0.000	5.600	20.600	45.200	73.800	145.200
Improvement of innovation/research/education capacity	0.000	0.000	100.000	150.000	150.000	150.000	550.000
Total costs	2.900	5.800	335.100	482.900	645.500	894.900	2,367.100
Resources							
Local authorities and Member States, Enterprises, EIB loans, Venture Capital, <i>(directly to KICs or directly to EIT depending on source)</i>	0.000	0.000	47.080	113.040	133.740	233.100	526,960
Community budget (programmes: FP7, CIP, LLL, Structural Funds: ERDF, ESF) <i>(directly to KICs)¹</i>			238.020	309.860	436.760	546.800	1,531.440
Community budget (unallocated margin, subheading 1A) <i>(directly to EIT)</i>	2.900	5.800	50.000	60.000	75.000	115.000	308.700
Total resources	2.900	5.800	335.100	482.900	645.500	894.900	2,367.100

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:

Draft legislative resolution

Amendment 1
Paragraph 1 a (new)

1a. Considers that the compatibility of the Commission proposal with the ceilings of the multiannual financial framework (MFF) is not ensured;

¹ Awarded in accordance with respective programme procedures.

Amendment 2
Paragraph 1 b (new)

1b. Recalls that the opinion delivered by the Committee on Budgets does not pre-empt the outcome of the procedure laid down in Point 47 of the IIA of 17 May 2006 which applies to the setting up of the European Institute of Technology;

Amendment 3
Paragraph 1 c (new)

1c. Calls on the Council to enter into negotiations with the Parliament on both the financing of the governing body of the EIT, in accordance with point 47 of the IIA, and the financing of the KICs, using all possibilities offered by the IIA of 17 May 2006;

Proposal for a regulation

Text proposed by the Commission¹

Amendments by Parliament

Amendment 4

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,
Having regard to the opinion of the
Committee of the Regions,
Acting in accordance with the procedure laid
down in Article 251 of the Treaty,

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 Article 185 of the
Financial Regulation,
Having regard to Article 47 of the
Interinstitutional Agreement of 17 May
2006 on budgetary discipline and sound
financial management¹,***

Having regard to the proposal from the
Commission,
Having regard to the opinion of the
European Economic and Social Committee,
Having regard to the opinion of the
Committee of the Regions,
Acting in accordance with the procedure laid
down in Article 251 of the Treaty,
¹ OJ C 139, 14.6.2006, p. 1.

¹ OJ C , p. .

Justification

The EIT as proposed by the Commission represents a structure/organisation that is typical for agencies. This has to be reflected in the legal bases referred to in the Regulation.

Amendment 5

Recital 15

(15) This Regulation establishes a financial framework for the period 2008 to 2013 ***which is to be the principal point of reference for the budgetary authority, within the meaning of point 37*** of the Inter-institutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management.

(15) This Regulation establishes a financial framework for the period 2008 to 2013. ***However, by virtue of point 14*** of the Inter-institutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management, ***no act adopted under the codecision procedure by the European Parliament and the Council nor any act adopted by the Council which involves exceeding the appropriations available in the budget or the allocations available in the financial framework may be implemented in financial terms until the budget has been amended and, if necessary, the financial framework has been appropriately revised in accordance with the relevant procedure for each of these cases.***

Amendment 6

Recital 15 a (new)

(15a) Whereas in view of the problems experienced with PPP's, such as currently with Galileo, private sector contributions cannot be taken for granted.

Amendment 7

Article 1

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

A European Institute of Technology (hereinafter referred to as "the EIT") is established. ***It is a body set up in accordance with Art. 185 of the Financial Regulation and Point 47 of the Interinstitutional Agreement of 17 May***

2006 on budgetary discipline and sound financial management.

Justification

The EIT as proposed by the Commission represents a structure/organisation that is typical for agencies. This has to be reflected in the legal bases referred to in the Regulation.

Amendment 8
Articles 8 a to 8 l (new)

Article 8a

Composition of the Governing Board

1. The Governing Board shall consist both of appointed members providing a balance between those with business experience and those with academic/research experience (hereafter: “appointed members”) and members elected by and from among the innovation, research, academic, technical and administrative staff, students and doctoral candidates of the EIT and the KICs (hereafter “representative members”).

2. There shall be 15 appointed members. They shall have a 6-year non-renewable term of office. They shall be appointed by the Commission on the basis of proposals from an Identification Committee. This Identification Committee will be composed of 4 independent high level experts appointed by the Commission.

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

4. One-third of the appointed members shall be replaced every two years. Members whose terms of office expire after the second and fourth years following the initial nomination of the Governing Board

shall be drawn by lot.

5. There shall be 4 representative members. They shall have a 3-year term of office, renewable once. Their term of office shall cease if they leave the EIT or a KIC. They shall be replaced through the same process for the remainder of the mandate.

6. The conditions and modalities for election and replacement of the “representative members” shall be approved by the Governing Board on the basis of a proposal from the Director before the first KIC is in operation. This mechanism shall ensure an appropriate representation of the diversity and shall take into account the evolution of the EIT and the KICs.

7. In the event that a member of the Governing Board is unable to terminate his mandate, a substitute member shall be appointed or elected by the same procedure as the incapacitated member in order to complete his mandate.

Article 8b

Responsibilities of the Governing Board

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

2. The Governing Board shall, in particular:

(a) approve the EIT strategy as enshrined in its triennial rolling work programme, its budget, its annual accounts and balance-sheet and its annual activity report on the basis of a proposal from the Director;

(b) define the fields in which to establish the KICs;

(c) adopt rigorous, transparent and user-

friendly procedures for selection of KICs; these procedures shall include external expert evaluation and shall cover the relations between the EIT and the KICs;

(d) select and designate a partnership as a KIC or withdraw the designation if necessary;

(e) ensure continuing evaluation of the activities of KICs;

(f) adopt its rules of procedure, and those for the Executive and Audit Committees;

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

(h) adopt a procedure for choosing the Executive Committee, the Audit Committee and the Director;

(i) appoint and if necessary dismiss the Director, appoint the Accounting Officer, and the members of the Executive Committee and the Audit Committee;

(ia) exercise disciplinary authority over the Director;

(j) establish where appropriate advisory groups which may have a defined duration;

(k) promote the EIT globally, so as to raise its attractiveness and make it an "international player" for excellence in education, research and innovation;

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

(m) define principles and guidelines for the management of intellectual property rights.

3. The Governing Board may delegate specific tasks to the Executive Committee.

4. The Governing Board shall elect its Chairperson from among the appointed members. The mandate of the Chairperson shall be for a period of 3 years, renewable once.

Article 8c

Functioning of the Governing Board

1. The Governing Board shall adopt decisions by simple majority of all its members.

However, decisions under Article 8b, paragraphs 2 (a), (b), (c), (d) and (i) and 4 shall require a majority of two thirds of all its members.

2. The Governing Board shall meet in ordinary session at least three times a year, and in extraordinary session when convened by its Chairperson or on request of at least one third of its members.

3. As a transitional provision, the Governing Board shall consist exclusively of appointed members until elections for representative members can be held, after the first KIC has been established.

Article 8d

The Executive Committee

1. The Executive Committee shall consist of five persons including the Chairperson of the Governing Board who shall also chair the Executive Committee.

The four members other than the Chairperson shall be chosen by the Governing Board from among the “appointed members”.

2. The Executive Committee shall meet on

a regular basis as convened by its Chairperson or on the request of the Director.

3. The Executive Committee takes its decisions by simple majority of all its members.

4. The Executive Committee shall:

(a) prepare the meetings of the Governing Board;

(b) oversee the implementation of the EIT's rolling triennial work programme;

(c) oversee the selection procedure for KICs;

(d) take any decisions delegated to it by the Governing Board.

Article 8e

The Director

1. The Director shall be a person with expertise and high reputation in the areas where the EIT operates. He shall be appointed by the Governing Board for a term of office of 4 years. The Governing Board may extend that term of office once by 4 years when it considers that the interests of the EIT are best served by so doing.

2. The Director shall be responsible for the day-to-day management of the EIT and be its legal representative. He shall be accountable to the Governing Board to which he will report on an ongoing basis on the development of the EIT activities.

3. The Director shall in particular:

(a) support the Governing Board and the Executive Committee in their work and provide the secretariat for their meetings;

(b) prepare the draft strategy and budget for submission to the Governing Board through the Executive Committee;

(c) administer the selection process for KICs; and ensure that the various stages of that process are carried out in a transparent and objective manner;

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

(da) ensure the implementation of effective monitoring and evaluation procedures relating to the performance of the EIT in accordance with Article 15;

(e) be responsible for administrative and financial matters, including the implementation of the EIT budget. In this the Director shall take due account of advice received from the Audit Committee;

(f) be responsible for all staff matters;

(g) prepare the draft rolling triennial work programme and annual report on the EIT activities and submit them to the Governing Board;

(h) submit the draft annual accounts and balance sheet to the Audit Committee, and subsequently to the Governing Board, through the Executive Committee;

(i) ensure that the obligations of the EIT with regard to the contracts and agreements it concludes are met;

(j) provide the Executive Committee and the Governing Board with all information necessary for the performance of their functions.

Article 8f

The Audit Committee

1. The Audit Committee shall consist of 5 persons appointed for a period of 4 years by the Governing Board after consultation of the Commission from external advisors with appropriate expertise in the audit and financial control of academic, research and business organisations.

2. The Audit Committee shall perform its duties in complete independence from the other bodies of the EIT.

3. The Audit Committee shall elect its Chairperson.

4. The Audit Committee shall review the provisional accounts and issue recommendations to the Governing Board and the Director.

5. The functions entrusted by Article 185(3) of Regulation (EC, Euratom) No 1605/2002 to the Commission's internal auditor shall be carried out under the responsibility of the Audit Committee, which shall make appropriate provision.

Article 8g

Staff of the EIT

1. The staff of the EIT shall consist of personnel employed directly by the EIT under fixed term contracts. The conditions of employment of other servants of the European Communities shall apply to the Director and the staff of the EIT.

2. Experts may be seconded to the EIT for a limited duration by Member States or other employers.

The Governing Board shall adopt provisions enabling seconded experts from Member States or other employers to work at the EIT and defining their rights and responsibilities.

3. The EIT shall exercise, with regards to its staff, the powers which are devolved to the authority authorized to conclude the contracts with the staff members.

4. A member of staff may be required to make good, in whole or in part, any damage suffered by the EIT as a result of serious misconduct on his/her part in the course of or in connection with the performance of his/her duties.

Article 8h

Principles guiding the organization and management of the Knowledge and Innovation Communities

1. The Governing Board shall adopt a framework of guidance on which it shall base the conditions and terms of the agreements with the KICs and on financing, monitoring and evaluating their activities. It shall be made public before the selection process for KICs begins.

2. The Governing Board shall in particular provide guidance as to:

(a) monitoring and evaluation of the KICs and the participation of the EIT in their governance;

(b) integration of the business dimension into research and education activities, including the planning and implementation of educational activities and research and development efforts; staff and student/researcher mobility between the business and the academic/research sectors; the provision of educational content that takes into account business, management and innovation related issues; the sharing of results and revenues arising from results between partners; dissemination of outcomes and good practices to non-partner organisations including small and medium-sized

enterprises;

(c) how to ensure that curricula and internal practices foster an entrepreneurial and innovation mindset.

3. Within the terms of their agreement with the EIT, KICs shall have substantial autonomy to define their internal organisation as well as their precise agenda and working methods.

Article 8i

Principles for the evaluation and monitoring of the Knowledge and Innovation Communities

The EIT shall organise continuous monitoring and periodic independent evaluations of the outcomes and results of each KIC. These evaluations shall be based on good administrative practice and result-oriented parameters and avoid unnecessary formal and procedural aspects.

Article 8j

Duration, Continuation and Termination of a Knowledge and Innovation Community

1. Subject to the outcomes of periodic evaluations and to the specificities of particular fields, a KIC shall normally have a time-frame of 7-15 years.

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

Article 8k

Implementation and control of the budget

1. By 1 March at the latest following each financial year, the EIT's accounting officer shall communicate the provisional accounts together with a report on the budgetary and financial management to the Audit Committee, the Commission's accounting officer and the Court of Auditors.

2. On receipt of the Audit Committee's opinion and the Court of Auditors' observations on the EIT's provisional accounts, the Director shall draw up the EIT's final accounts under his own responsibility and submit them to the Governing Board for an opinion.

3. The Governing Board shall deliver an opinion on the EIT's final accounts.

4. By 1 July of the following year at the latest, the Director shall send the final accounts, together with the opinion of the Governing Board, to the Commission, the Court of Auditors, the European Parliament and the Council.

5. The Director shall send the Court of Auditors a reply to its observations by 30 September at the latest. He shall also send this reply to the Governing Board.

Article 8l

Winding up of the EIT

In the event of winding up of the EIT, its liquidation shall intervene under the supervision of the Commission in conformity with the laws applicable. The agreements with the KICs and the act establishing the EIT Foundation shall lay down the appropriate provisions in such

situation.

(Note to Translators: Underlining identifies modified text in this "converted" Annex, i.e. the only bits needing translation)

Justification

Usually, the provisions concerning the organisation of the Agency are integrated in the articles of the legislative text and not laid down in an annex. Therefore, the annex is deleted and inserted as Articles 8a to 8l.

The power to dismiss the Director and to exercise disciplinary authority over him is one of the main features of the organisational structure of agencies. Even agencies which fulfil their tasks in complete independence such as the Agency for Fundamental Rights are bound to respect these rules (see Article 8b, paragraph 2, point (ia)).

As for other agencies, the Director should be responsible for the proper implementation of a regular evaluation procedure (see Article 8e, paragraph 3, point (da)).

Amendment 9

Article 12, paragraph 2, introductory part

2. The EIT shall ***make public without delay***:

2. The EIT shall ***transmit to the budgetary authority***:

Justification

In line with the principles established for other agencies, the budgetary authority has to be kept informed on a regular basis.

Amendment 10

Article 13, paragraph 1, point (a)

(a) contributions from the European Union budget;

(a) contributions from the European Union budget ***provided for in Article 16***;

Justification

The provision as proposed by the Commission is misleading as it is not clear where the EU contributions will come from. The amendment therefore refers explicitly to the reference amount of EUR 308 million in order to make it clear that this is the indicative amount that will be financed from the EU budget

Amendment 11

Article 13, paragraph 2

2. The EIT may apply for and/or channel ~~Community assistance in particular in the framework of Community programmes and funds. In that case, such assistance shall not be attributed for activities already funded through the Community budget.~~ deleted

Justification

There are serious legal doubts concerning the EIT's eligibility for applying for funds coming from existing Community programmes such as the 7th Framework Programme for Research or the Structural Funds.

According to the financial statement of the Commission proposal the financial assistance for the EIT from existing Community programmes would amount to more than EUR 1,5 billion. This would represent an unacceptable reduction of the funding for these programmes. Other applicants competing for these scarce resources would not be able to carry out their projects. Therefore the reference to financing from other Community programmes has to be deleted.

Amendment 12

Article 14, paragraph 1, point (a)

(a) a rolling triennial work programme containing a statement of its major priorities and planned initiatives including an estimate of financing needs and sources. The draft work programme shall be submitted by the Governing Board to the Commission. The Commission shall deliver an opinion within three months with regard to its complementarity with Community policies and instruments. Where the Commission expresses disagreement, the Governing Board shall re-examine the programme and adopt it with any appropriate amendments.

(a) a rolling triennial work programme containing a statement of its major priorities and planned initiatives including an estimate of financing needs and sources. The draft work programme shall be submitted by the Governing Board to the Commission, ***the European Parliament and the Council***. The Commission shall deliver an opinion within three months with regard to its complementarity with Community policies and instruments. Where the Commission expresses disagreement, the Governing Board shall re-examine the programme and adopt it with any appropriate amendments.

Justification

In line with the principles established for other agencies, the budgetary authority has to be kept informed on a regular basis.

Amendment 13

Article 14, paragraph 2

2. The rolling triennial work programme and the annual report shall be transmitted to the Commission, ***which shall communicate them to*** the European Parliament, the Council and the European Court of Auditors.

2. The rolling triennial work programme and the annual report shall be transmitted to the Commission, the European Parliament, the Council and the European Court of Auditors. ***The work programme shall be in accordance with the available financial and human resources.***

Justification

As for other agencies, the European Parliament must receive relevant information such as the work programme and the annual report directly from the EIT. The work programme has to reflect the available resources.

Amendment 14
Article 15, paragraph 1

1. The EIT shall ensure that its activities, including those managed through KICs, shall be subject to continuous monitoring and periodic independent evaluation, to ensure both the highest quality of outcome and the most efficient use of resources. ***The outcomes of the evaluation shall be made public.***

1. The EIT shall ensure that its activities, including those managed through KICs, shall be subject to continuous monitoring and periodic independent evaluation, to ensure both the highest quality of outcome and the most efficient use of resources. ***The EIT shall forward annually to the budgetary authority any information relevant to the outcome of the evaluation procedures.***

Justification

This provision is standard in legal texts establishing an agency.

Amendment 15
Article 16

The indicative financial envelope ***for the implementation*** of this Regulation during the period of 6 years as from 1 January 2008 is set at ***EUR 308.7 million***. The annual appropriations shall be authorised by the budgetary authority within the limits of the financial framework.

The indicative financial envelope ***of Community funding*** of this Regulation during the period of 6 years as from 1 January 2008 is set at [xxx million] ***which is subject to an agreement*** by the budgetary authority ***as foreseen by the Interinstitutional Agreement of 17 May 2006, in particular its part C and article 47.*** The annual appropriations shall be authorised by the budgetary authority within

the limits of the financial framework.

Amendment 16
Article 17, paragraph 5

5. The Governing Board shall adopt the draft estimate accompanied by the preliminary rolling triennial work programme, and forward them by 31 March to the Commission.

5. The Governing Board shall adopt the draft estimate accompanied by the preliminary rolling triennial work programme **and a draft establishment plan**, and forward them by 31 March to the Commission.

Justification

The draft establishment plan must be part of the information transmitted to the Commission. Staffing is a central issue of the draft estimate.

Amendment 17
Article 17, paragraph 5 a (new)

5a. The estimate shall be transmitted by the Commission to the budgetary authority together with the preliminary draft budget of the European Union.

Justification

The European Parliament has to receive the estimate. This is a standard laid down for in the legal text establishing an agency.

Amendment 18
Article 17, paragraph 6

6. On the basis of the estimate, the Commission shall enter in the preliminary draft general budget of the European Union the estimates it deems necessary for the amount of the subsidy to be charged to the general budget.

6. On the basis of the estimate, the Commission shall enter in the preliminary general budget of the European Union the estimates it deems necessary for **the establishment plan and** the amount of the subsidy to be charged to the general budget, **which it shall place before the budgetary authority in accordance with Article 272 of the Treaty.**

Justification

The European Parliament has to receive the estimate. This is a standard laid down for in the legal text establishing an agency.

Amendment 19
Article 17, paragraph 7

7. The budgetary authority shall authorise the appropriations for the subsidy to the EIT.

7. The budgetary authority shall authorise the appropriations for the subsidy to the EIT.
The budgetary authority shall adopt the establishment plan.

Justification

The establishment plan is an important part of any Agency's budget. It must be approved by the budgetary authority (standard for other agencies).

Amendment 20
Article 17, paragraph 8 a (new)

8a. The Governing Board shall, as soon as possible, notify the budgetary authority of its intention to implement any project which may have significant financial implications for the funding of its budget, in particular any projects relating to property such as the rental or purchase of buildings. It shall inform the Commission thereof.

Justification

Standard provision in other legal text establishing agencies. See also Article 179(3) of the Financial Regulation.

Amendment 21
Article 18, paragraph 1

1. The EIT shall adopt its financial rules in accordance with Article 185(1) of Council Regulation 1605/2002. Due account shall be given to the need for adequate operational flexibility in order to enable the EIT to achieve its objectives and attract and retain

1. The EIT shall adopt its financial rules in accordance with Article 185(1) of Council Regulation (EC, Euratom) No 1605/2002 ***after the Commission has been consulted.*** Due account shall be *taken of* the need for adequate operational flexibility in order to

private sector partners.

enable the EIT to achieve its objectives and attract and retain private sector partners. ***The financial rules may not depart from Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002¹ unless specifically required for the EIT's operation and with the Commission's prior consent.***

¹OJ L 357, 31.12.2002, p. 72.

Justification

Framework Regulation 2343/2002 on agencies has to be respected. The formulation is in line with the provisions laid down in other legal texts establishing an agency

Amendment 22

Article 21

Article 21

deleted

Statutes

The statutes of the EIT, as set out in the Annex, are adopted.

Justification

See amendment 2 - the Statutes have been moved from the Annex to Articles 8a to 8l (new)

Amendment 23

Annex

Annex deleted

Justification

See amendment 2 - the Statutes have been moved to Articles 8a to 8l (new)

PROCEDURE

Title	European Institute of Technology	
References	COM(2006)0604 - C6-0355/2006 - 2006/0197(COD)	
Committee responsible	ITRE	
Opinion by Date announced in plenary	BUDG 29.11.2006	
Enhanced cooperation - date announced in plenary		
Drafts(wo)man Date appointed	Nina Škottová 25.10.2006	
Discussed in committee	7.5.2007	11.6.2007
Date adopted	11.6.2007	
Result of final vote	+: 27	-: 0
	0: 0	
Members present for the final vote	Richard James Ashworth, Reimer Böge, Herbert Bösch, Simon Busuttil, Joan Calabuig Rull, Paulo Casaca, Gérard Deprez, Hynek Fajmon, Szabolcs Fazakas, Salvador Garriga Polledo, Ingeborg Gräßle, Louis Grech, Catherine Guy-Quint, Jutta Haug, Anne E. Jensen, Janusz Lewandowski, Vladimír Maňka, Mario Mauro, Gérard Onesta, Petre Popeangă, Nina Škottová, László Surján, Helga Trüpel, Kyösti Virrankoski	
Substitute(s) present for the final vote	Marusya Ivanova Lyubcheva, Paul Rübig, Gianluca Susta	

6.6.2007

OPINION OF THE COMMITTEE ON BUDGETARY CONTROL

for the Committee on Industry, Research and Energy

on the proposal for a regulation of the European Parliament and the Council establishing the European Institute of Technology
(COM(2006)0604 – C6-0355/2006 – 2006/0197(COD))

Draftsman: Umberto Guidoni

SHORT JUSTIFICATION

From a budgetary control point of view, two aspects of the Commission proposal deserve particular attention.

1. Evaluation and review

Firstly, the draftsman is convinced that the provisions on evaluation and review should be strengthened. The EIT will be a new instrument at EU level. Its added value compared to other instruments has yet to be demonstrated. At least for the starting phase from 2008 to 2013, it is probable that the EIT will mainly be financed through the Community budget. Therefore, the budgetary and discharge authorities need a solid basis for the evaluation of its performance. The draftsman proposes two stages for the evaluation:

- a) the EIT's organisational structure should be reviewed after two years of operation
- b) a full-scale evaluation of the EIT's performance should be carried out on time for the preparations of the next financial perspectives.

2. Financial control structures

Secondly, clarification is needed as regards the provisions on financial control. The Commission proposal states that the financial rules of the EIT shall be adopted in accordance with Article 185 (1) of the Financial Regulation applicable to the general budget of the Communities¹. This means that - financially speaking - the EIT will take the form of the bodies referred to in Article 185 (1), i. e. agencies. In principle, the rules on financial control for these bodies are laid down in the framework Financial Regulation for the agencies². The

¹ Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, OJ L 248, 16.9.2002, p.1, as amended by Council Regulation (EC, Euratom) No. 1995/2006 of 13 December 2006, OJ L 390, 30.12.2006, p.1.

² Commission Regulation No 2343/2002 of 23 December 2002 on the framework Financial Regulation

draftsman is worried that the Commission proposal foresees a financial control model for the EIT which differs from those rules without sufficient justification.

For example, as regards *internal audit*, the Commission proposal envisages a quite complex structure. Whereas the framework Regulation for the agencies states that these bodies shall have an internal auditing function and allows some flexibility concerning the design of this function, the Commission proposal on the EIT seeks to establish a permanent audit committee of five persons.

In addition, the Commission proposal foresees a discharge procedure involving Parliament and the Council. Discharge can only be granted on the basis of an *external audit* carried out by the European Court of Auditors. According to the EC Treaty, the European Court of Auditors is required to examine the accounts of "all revenue and expenditure of the Community" and of "all bodies set up by the Community in so far as the relevant constituent instrument does not preclude such examination"³. Through its audits the Court "shall assist the European Parliament and the Council in exercising their powers of control over the budget"⁴.

However, the Commission proposal does not mention the Court of Auditors' scrutiny as a prerequisite for the discharge. Some specific control powers for the Court are foreseen in a separate provision in the annex.

In addition, the draftsman is of the opinion that the *discharge* procedure for the EIT budget has to be as transparent as possible. The Commission proposal foresees a double discharge decision, one for the EIT budget as such and one for the EIT foundation to be established separately from the EIT budget. The EIT foundation serves the purpose to attract funds from private sponsors. Therefore, it seems overcomplicated that the foundation receives Community funds and be granted discharge separately every year.

AMENDMENTS

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

Text proposed by the Commission ¹	Amendments by Parliament
	Amendment 1 Recital 18
(18) It is appropriate that the European	(18) It is appropriate that the European

for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No. 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, OJ L 357, 31.12.2002, p. 72.

³ Article 248 (1) EC Treaty.

⁴ Article 248(4) EC Treaty.

¹ Not yet published in OJ..

Parliament, the Council and the Commission should be entitled to address an opinion **on** the EIT work programme, **its annual report, including the statement of accounts.**

Parliament, the Council and the Commission should be entitled to address an opinion **to** the EIT **on** its **triennial** work programme.

Justification

As regards the annual report and notably the statement of accounts, Parliament gives its opinion through the discharge procedure.

Amendment 2

Article 4, paragraph 1, point (d)

(d) select and designate KICs in the priority fields 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**;

(d) select and designate KICs in the priority fields 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; ensure an appropriate level of coordination between **the KICs and contribute towards building a network connecting European innovation initiatives that also go beyond the KICs**;

Justification

In order to evaluate the added value of the EIT compared to current EC programmes, the EIT's potential for networking will have to be explored in particular.

Amendment 3

Article 4, paragraph 2, subparagraph 2

The EIT may contribute **up to 3% of its annual budget to such a** Foundation.

The EIT may contribute **a fixed amount from its budget in order to set up the** Foundation.

Justification

It seems unnecessary that the foundation, which shall attract private sponsors, receives Community funds through the EIT on a regular basis. An extra discharge procedure for the foundation has to be avoided.

Amendment 4

Article 8, paragraph 1, point (d)

(d) An **Audit Committee** which shall advise the Governing Board and the Director on financial and administrative management and control structures within the EIT, on the organisation of financial links with KICs, and on any other subject requested by the Governing Board.

(d) An **internal auditing function** which shall advise the Governing Board and the Director on financial and administrative management and control structures within the EIT, on the organisation of financial links with KICs, and on any other subject requested by the Governing Board.

Justification

The EIT should not be obliged to establish its own permanent audit committee, but should enjoy the same flexibility as other bodies referred to in Article 185 (1) of the financial regulation.

Amendment 5 Article 8, paragraph 2

2. The Commission may appoint observers to take part in the meetings of the Governing Board and the Executive **and Audit Committees**.

2. The Commission may appoint observers to take part in the meetings of the Governing Board and the Executive **Committee**.

Amendment 6 Article 14, paragraph 1, point (b)

(b) an annual report by 30 June each year. The report shall outline the activities conducted by the EIT during the preceding year and assess the results with respect to the objectives and timetable set, the risks associated with the activities carried out, the use of resources and the general operation of the EIT. **It shall include a full audited statement of accounts.**

(b) an annual report by 30 June each year. The report shall outline the activities conducted by the EIT during the preceding **calendar** year and assess the results with respect to the objectives and timetable set, the risks associated with the activities carried out, the use of resources and the general operation of the EIT.

Justification

The text should clarify that the reporting period for the financial year n corresponds to the calendar year. The report may be transmitted until June of the year $n + 1$. For the accounts, the general rules of the framework financial regulation for the agencies should apply.

Amendment 7 Article 14, paragraph 3 a (new)

3a. The presentation of the EIT's accounts

and accounting shall comply with the general rules laid down in Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities¹.

¹ OJ L 357, 31.12.2002, p. 72.

Justification

For the EIT's accounts, the general rules of the framework financial regulation for the agencies should apply.

Amendment 8 Article 15, paragraph 1

1. The EIT shall ensure that its activities, *deleted* including those managed through KIC's, shall be subject to continuous monitoring and periodic independent evaluation, to ensure both the highest quality of outcome and the most efficient use of resources. The outcomes of the evaluation shall be made public.

Justification

The administrative burden on the EIT itself should be limited. Evaluation should be the Commission's responsibility.

Amendment 9 Article 15, paragraph 2

2. Within five years from the date of adoption of this Regulation and every four years thereafter, the Commission shall make public an evaluation of the EIT. 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 examine the effectiveness, sustainability, efficiency and relevance of the activities*

2. By 31 December 2009 at the latest, the Commission shall *communicate to the Parliament, the Council and the European Court of Auditors* an evaluation of the EIT. This *evaluation* shall be based on an independent external evaluation, and shall examine *the efficiency and effectiveness of the EIT's organisational structure and its functioning in practice. In particular, the evaluation shall analyse the EIT's capacity*

pursued and their relation with Community policies. It shall take into account the views of stakeholders, at both European and national level.

for coordinating the activities of the KICs.

If appropriate, the Commission shall make proposals for the amendment of this regulation.

Justification

After 2 years the EIT's functioning in practice should be evaluated. The Commission should have the possibility to propose amendments to the legal base if needed. A full-scale assessment of the EIT's performance should take place before the next financial perspectives.

Amendment 10

Article 18, paragraph 1

1. The EIT shall adopt its financial rules in accordance with Article 185(1) of Council Regulation 1605/2002. Due account shall be given to the need for adequate operational flexibility in order to enable the EIT to achieve its objectives and attract and retain private sector partners.

1. The financial rules applicable to the EIT shall be adopted by the Governing Board once the Commission has been consulted. They may not depart from Regulation (EC, Euratom) No 2343/2002.

Justification

The reference should be completed by a reference to the framework regulation for all Community bodies referred to in Article 185 of the Financial Regulation, hereby ensuring that the normal financial control procedures apply.

Amendment 11

Article 18, paragraph 3 a (new)

3a. The European Court of Auditors shall exercise its scrutiny in accordance with Regulation (EC, Euratom) No 2343/2002.

Justification

The external audit by the Court of Auditors is a prerequisite for the discharge.

Amendment 12

Article 18, paragraph 4

4. Upon a recommendation from the Council, the European Parliament shall,

4. Upon a recommendation from the Council, the European Parliament shall,

before 30 April if the year n+2, give a discharge for the year n, to the Director in respect of the implementation of the EIT budget, **and to the Governing Board in respect to the Foundation.**

before 30 April if the year n+2, give a discharge for the year n, to the Director in respect of the implementation of the EIT budget.

Justification

A separate discharge decision for the Foundation should be avoided.

Amendment 13
Article 20

Five years after the adoption of this Regulation and every four years thereafter, the Commission shall ***report*** to the European Parliament ***and*** to the Council on the implementation of this Regulation and ***on*** the operation of the EIT ***and*** shall make any appropriate proposals for the amendment of this Regulation.

By 31 December 2011 at the latest, the Commission shall ***communicate*** to the European Parliament, to the Council ***and the European Court of Auditors an evaluation of*** the implementation of this Regulation and of the operation of the EIT. ***That shall be based on an independent external evaluation, and shall examine how the EIT fulfils its mission, its performance and the achievement of its objectives. It shall cover all activities of the EIT and the KICs and shall examine the effectiveness, sustainability, efficiency and relevance of the activities pursued and their relationship with Community policies. The evaluation shall take into account the views of stakeholders, at both European and national levels. It shall be made available to the public. The Commission*** shall make any appropriate proposals for the amendment of this Regulation.

The Commission ***reports*** shall take account of the annual reports from the Governing Board provided for under article 14 and the external evaluations provided for under article 15.

The Commission shall take account of the annual reports from the Governing Board provided for under article 14 and the external evaluations provided for under article 15.

Justification

The assessment of the EIT's performance should be ready on time for the preparation of next Financial Perspectives.

Amendment 14

Annex, Article 2, paragraph 2, points (f) to (m)

(f) adopt its rules of procedure, and those for the Executive *and Audit Committees*;

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

(h) adopt a procedure for choosing the Executive Committee, *the Audit Committee* and the Director;

(i) appoint the Director, the Accounting Officer, and the members of the Executive Committee *and the Audit Committee*;

(j) establish where appropriate advisory groups which may have a defined duration;

(k) promote the EIT globally, so as to raise its attractiveness and make it an "international player" for excellence in education, research and innovation;

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

(m) define principles and guidelines for the management of intellectual property rights.

(f) adopt its rules of procedure, and those for the Executive *Committee*;

(g) shall 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;

(h) adopt a procedure for choosing the Executive Committee and the Director;

(i) appoint the Director, the Accounting Officer, and the members of the Executive Committee;

(j) establish where appropriate advisory groups which may have a defined duration;

(k) promote the EIT globally, so as to raise its attractiveness and make it an "international player" for excellence in education, research and innovation;

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

(m) define principles and guidelines for the management of intellectual property rights.

(n) decide on whether to set up an internal auditing function in accordance with Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities¹.

¹ OJ L 357, 31.12.2002, p. 72.

Amendment 15
Annex, Article 5, paragraph 3, points (e) to (h)

(e) be responsible for administrative and financial matters, including the implementation of the EIT budget. In this the Director shall take due account of advice received from the *Audit Committee*;

(f) be responsible for all staff matters;

(g) prepare the draft rolling triennial work programme and annual report on the EIT activities and submit them to the Governing Board;

(h) submit the draft annual accounts and balance sheet to the *Audit Committee*, and subsequently to the Governing Board, through the Executive Committee;

(e) be responsible for administrative and financial matters, including the implementation of the EIT budget. In this the Director shall take due account of advice received from the *internal auditing function*;

(f) be responsible for all staff matters;

(g) prepare the draft rolling triennial work programme and annual report on the EIT activities and submit them to the Governing Board;

(h) submit the draft annual accounts and balance sheet to the *internal auditing function*, and subsequently to the Governing Board, through the Executive Committee;

Justification

Completes the series of amendments in order to replace the permanent audit committee by internal auditors.

Amendment 16
Annex, Article 6

The Audit Committee

- 1. The Audit Committee shall consist of 5 persons appointed for a period of 4 years by the Governing Board after consultation of the Commission from external advisors with appropriate expertise in the audit and financial control of academic, research and business organisations.*
- 2. The Audit Committee shall perform its duties in complete independence from the other bodies of the EIT.*
- 3. The Audit Committee shall elect its Chairperson.*
- 4. The Audit Committee shall review the provisional accounts and issue recommendations to the Governing Board and the Director.*
- 5. The functions entrusted by Article 185(3) of Regulation (EC, Euratom) N° 1605/2002 to the Commission's internal auditor shall be carried out under the responsibility of the Audit Committee, which shall make appropriate provision.*

Amendment 17
Annex, Article 11

Implementation and control of the budget

1. By 1 March at the latest following each financial year, the EIT's accounting officer shall communicate the provisional accounts together with a report on the budgetary and financial management to the Audit Committee, the Commission's accounting officer and the Court of Auditors.

2. On receipt of the Audit Committee's opinion and the Court of Auditors' observations on the EIT's provisional accounts, the Director shall draw up the EIT's final accounts under his own responsibility and submit them to the Governing Board for an opinion.

3. The Governing board shall deliver an opinion on the EIT's final accounts.

4. By 1 July of the following year at the latest, the Director shall send the final accounts, together with the opinion of the Governing Board, to the Commission, the Court of Auditors, the European Parliament and the Council.

5. The Director shall send the Court of Auditors a reply to its observations by 30 September at the latest. He shall also send this reply to the Governing Board.

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Justification

Implementation and control of the EIT's budget should follow the general rules laid down in the framework Financial regulation for the bodies referred to in Article 185 of the Financial regulation.

PROCEDURE

Title	European Institute of Technology
References	COM(2006)0604 - C6-0355/2006 - 2006/0197(COD)
Committee responsible	ITRE
Opinion by Date announced in plenary	CONT 29.11.2006
Drafts(wo)man Date appointed	Umberto Guidoni 27.11.2006
Discussed in committee	3.5.2007
Date adopted	5.6.2007
Result of final vote	+: 19 -: 0 0: 0
Members present for the final vote	Jean-Pierre Audy, Herbert Bösch, Paulo Casaca, Antonio De Blasio, Szabolcs Fazakas, Christofer Fjellner, Ingeborg Gräßle, Rodi Kratsa-Tsagaropoulou, Ashley Mote, Jan Mulder, Francesco Musotto, José Javier Pomés Ruiz, Alexander Stubb
Substitute(s) present for the final vote	Daniel Caspary, Edit Herczog, Monica Maria Iacob-Ridzi, Bill Newton Dunn, Paul Rübig, Margarita Starkevičiūtė

12.6.2007

OPINION OF THE COMMITTEE ON LEGAL AFFAIRS

for the Committee on Industry, Research and Energy

on the proposal for a European Parliament and Council regulation establishing the European Institute of Technology
(COM(2006)0604 – C6-0355/2006 – 2006/0197(COD))

Draftswoman: Lidia Joanna Geringer de Oedenberg

SHORT JUSTIFICATION

1. The Commission proposal for a regulation

The proposal to establish the European Institute of Technology (EIT) was first put forward in the Commission's spring 2005 report in the context of the mid-term review of the Lisbon Strategy. On 22 January 2006, on the basis of a wide-ranging consultation process, the Commission adopted its first communication on the EIT, outlining its ambitions and the possible areas of action for the Institute. In March 2006, the European Council recognised that the EIT would be an important step to fill the existing gap between higher education, research and innovation and invited the Commission to submit a proposal by mid-June on further steps needing to be taken. On 8 June 2006, the Commission adopted a second communication on the EIT and on 18 October 2006 submitted a proposal for a regulation establishing the European Institute of Technology.

2. Committee on Legal Affairs' position

The Committee on Legal Affairs agrees with the general principles for the creation and activities of the EIT as set out in the Commission proposal. However, it wishes to table a number of amendments aimed at drawing attention to the need to develop a legal and financial basis for the Institute's activities, as well as rules governing the management of intellectual property rights.

So far no EU initiative has fully addressed the three sides of the knowledge triangle at the same time in a fully integrated and mutually supportive manner. Previous programmes have focused solely on one element of the triangle or, at best, on two of them (*Seventh Framework Programme of Research and Technological Development (2007-2013)*, *Competitiveness and Innovation Programme*), and have mainly supported their development at national level only.

Bearing in mind the character and scale of the challenge of innovation, activities at European level can offer additional benefits which the Member States cannot achieve by acting alone.

The proposal to establish the European Institute of Technology is important for the world of education and science, particularly in the new Member States of the Union, because it increases the opportunities for direct cooperation between educational and scientific institutes in those countries and the most progressive European bodies, as well as European business, while at the same time encouraging applications for funds from Union educational programmes. As a result, the Institute will create opportunities for developing educational and research programmes based on genuine economic requirements. It is commendable that the Institute's mission highlights the need to do more to commercialise research findings and takes a longer-term view of how the operation of the EIT will increase the competitiveness of European and national economies in world markets.

With regard to the concept of the 'triangle of knowledge', the Committee believes that the legal basis for the proposal rules out the possibility of the EIT acting as an educational institute and awarding academic qualifications, since under Article 149 of the EC Treaty education remains a national competence.

The EIT should develop its own brand - an EIT diploma - which would supplement formal degrees awarded by educational institutes belonging to the Knowledge and Innovation Communities (KICs).

While recognising the importance of all three elements of the knowledge triangle, the Committee is concerned that the EIT's main task should be to support innovation. Accordingly, the EIT's research objectives should be focused on developing innovation rather than carrying out basic scientific research.

With regard to the Institute's structure, there needs to be clarification of the mutual relations between the Institute and the Knowledge and Innovation Communities and the bodies of which they are composed, which may be of direct significance in determining the objective characteristics of the EIT and KICs, for example when it comes to funding.

As regards the funding of the Institute, the Committee on Legal Affairs points to the need to devise financial bases for the Institute's activity and to determine precisely the amount of funding from individual sources, which should be in keeping with the **form and structures of a decentralised agency**. There is therefore a need for the Commission to review the possibility of using part of the unallocated margins under the ceilings of subheading 1A to finance the EIT up to an amount of EUR 308.7 million. Establishing sound legal and financial bases to ensure the proper administrative and operational functioning of the Institute is vital for building a long-term partnership between higher education, research institutes and private organisations and for promoting innovation at Community level.

The basic Community funds allocated to the EIT **should represent a supplement to the Financial Perspective in force**, but additional resources should be obtained from external sources, at national, regional or private level. The ability to raise its own funds, both from external sources and from income from its own activities (in connection with the management of intellectual property rights, which according to the EIT proposal will accumulate in due course) will be crucial to the EIT's activity. In view of the persistent scarcity of funds for scientific research and development in the EU, efforts must be made to ensure that the

newly-created EIT enjoys a guaranteed level of Community funding that is not provided at the expense of other Community research and innovation activities currently under way.

Appropriate management and a balanced distribution of intellectual property rights are vital elements for developing and investing in innovation. The precise guidelines laid down by the EIT in this area should be in line with the rules governing, for example, participation by enterprises, research institutes and universities in activities carried out under the Seventh Framework Programme (2007-2013), which have already been approved by the Council and Parliament. In addition, the Committee on Legal Affairs stresses the need for the Commission to oversee the way in which intellectual property is managed, and costs and profits are shared in proportion to the contribution by individual partner organisations.

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:

Text proposed by the Commission¹

Amendments by Parliament

Amendment 1 Recital 6

(6) The EIT should have the objective of contributing to the development of the Community and the Member States innovation capacity, by **fully involving** education, research **and** innovation activities at the highest standards.

(6) The EIT should have the objective of contributing to the development of the Community and the Member States innovation capacity, by **correlating** education **and** research activities **with** innovation activities at the highest standards.

Justification

EIT activities should cover all three sides of the knowledge triangle, in order to achieve their main goal, which is to boost innovation.

Amendment 2 Recital 10

(10) There is a need to support 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 EIT **degrees and** diplomas. The EIT should promote the recognition of EIT **degrees and** diplomas in the Member States. All these activities should be carried out without prejudice to Directive 2005/36/EC on the recognition of professional qualifications.

(10) There is a need to support education as an integral but often missing component of a comprehensive innovation strategy. The agreement between the EIT and KICs should provide that the diplomas awarded through the KICs should be EIT diplomas. The EIT should promote the recognition of EIT diplomas in the Member States. All these activities should be carried out without prejudice to Directive 2005/36/EC on the recognition of professional qualifications.

Justification

Given the legal basis for the proposal and the fact that competence in the field of higher education lies with the Member States, the EIT is not entitled to award degrees. Nevertheless,

¹ Not yet published in OJ.

EIT diplomas are an appropriate solution as regards promoting the role of EIT projects and the students taking part in them.

Amendment 3

Recital 11

(11) The EIT should establish guidelines for the management of intellectual property, which should foster the use of intellectual property under appropriate conditions, including through licensing; provide appropriate incentives for the EIT and partners, including individuals involved, KICs and partner organisations as well as for spin-offs and for commercial exploitation. Where activities were funded under the Community Framework Programmes for Research and Technological Development, the rules of those programmes would apply.

(11) 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, including through licensing; provide appropriate incentives for the EIT and partners, including individuals involved, KICs and partner organisations as well as for spin-offs and for commercial exploitation. Where activities were funded under the Community Framework Programmes for Research and Technological Development, the rules of those programmes would apply.

Justification

If it wants to recruit scientific and financial partners, it is vital for the EIT to lay down clear and firm guidelines for intellectual property management.

Amendment 4

Recital 12

(12) Appropriate provisions ***must be made to guarantee*** the liability and transparency of the EIT. ***Appropriate rules governing its functioning*** are adopted in the Statutes of the EIT.

(12) Appropriate provisions ***guaranteeing*** the liability and transparency of the EIT are adopted in the Statutes of the EIT.

Amendment 5

Recital 13

(13) In order to guarantee the functional autonomy and independence of the EIT, it should administer its own budget whose revenue should include a contribution from the Community as well as contributions from Member States and private organisations, national or international bodies or institutions, revenues generated by the EIT's own activities or endowments. The

(13) In order to guarantee the functional autonomy and independence of the EIT, it should ***possess legal personality and*** administer its own budget whose revenue should include a contribution from the Community as well as contributions from Member States and private organisations, national or international bodies or institutions, revenues generated by the EIT's

EIT should seek to attract an increasing financial contribution from private organisations.

own activities *in connection with intellectual property management* or endowments. The EIT should seek to attract an increasing financial contribution from private organisations.

Justification

Legal personality for the EIT, as provided for in the Commission proposal, is an important aspect of its autonomy given the intended wide range of its activities. Resources deriving from intellectual property management should be a vital source of income for the EIT.

Amendment 6
Recital 15

(15) This Regulation establishes a financial framework for the period 2008 to 2013 which is to be the principal point of reference for the budgetary authority, within the meaning of **point 37** of the *Inter-institutional Agreement* of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management.

(15) This Regulation establishes a financial framework for the period 2008 to 2013 which is to be the principal point of reference for the budgetary authority, within the meaning of **points 37 and 47** of the *Interinstitutional Agreement* of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management.

Justification

The EIT, in the form the Commission proposes, is structured like an agency. This fact should be stressed in the legal basis envisaged by this regulation.

Amendment 7
Recital 16

(16) The EIT is a body set up by the Communities in the sense of Article 185(1) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities and should adopt *its* financial rules accordingly.

(16) The EIT is a body set up by the Communities in the sense of Article 185(1) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities **and point 47 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management**, and should adopt **appropriate** financial rules accordingly.

Justification

The EIT, in the form the Commission proposes, is structured like an agency. This fact should be stressed in the legal basis envisaged by this regulation.

Amendment 8
Article 2, paragraph 2

2. 'Knowledge and Innovation Community' means a joint-venture of partner organisations, whatever its precise legal form, selected and designated by the EIT to carry out at the highest level ***integrated innovation***, research and education activities in a specific field.

2. 'Knowledge and Innovation Community' means a joint-venture of partner organisations, whatever its precise legal form, selected and designated by the EIT to carry out at the highest level ***projects linking research and education activities with innovation*** in a specific field.

Justification

The aim is to ensure that KICs are geared above all to innovation by exploiting scientific and research potential.

Amendment 9
Article 2, paragraph 6 a (new)

6a. "Degree" means any degree awarded to a student by a college, university or higher vocational school on completion of a programme of advanced training.

Justification

In order to make it clear that the EIT is not an educational institution as such and is therefore not entitled to award formal degrees, a distinction should be made between degrees awarded by higher schools under the authority of the Member States and EIT diplomas, which represent an additional mark of achievement awarded by the EIT, but which lack significance unless accompanied by a formal degree awarded by an educational institution.

Amendment 10
Article 2, paragraph 6 b (new)

6b. "EIT diploma" means certification of participation by a student in an EIT activity representing an integral part of a course of studies at an educational institution empowered to award degrees.

Justification

To highlight the fact that EIT diplomas represent an additional accomplishment but are not a substitute for a degree.

Amendment 11
Article 4, paragraph 1, point (c)

(c) raise awareness among potential partner organisations;

(c) raise awareness ***of its activities*** among potential partner organisations;

Amendment 12
Article 4, paragraph 1, point (e)

(e) mobilise the necessary funds from public and private sources and use its resources in accordance with this Regulation. It will in particular seek to raise an increasing proportion of its budget from private sources and from its own ***resources***;

(e) mobilise the necessary funds from public and private sources and use its resources in accordance with this Regulation. It will in particular seek to raise an increasing proportion of its budget from private sources and from ***income derived from*** its own ***activities***;

Justification

The EIT should constantly build up its capital by taking advantage of private sources or by performing its own activities.

Amendment 13
Article 4, paragraph 1, point (f)

(f) promote the recognition of EIT ***degrees and diplomas*** in the Member States.

(f) promote the recognition of EIT diplomas in the Member States.

Justification

Given the legal basis for the proposal and the fact that competence in the field of higher education lies with the Member States, the EIT cannot award degrees.

Amendment 14
Article 5, paragraph 2, subparagraph 3, point (c)

(c) ***the basis on which the degrees and diplomas would be awarded including*** the arrangements to take *in* account the Community policy on the European Higher Education Area, particularly in terms of compatibility, transparency, recognition ***and quality*** of degrees and diplomas;

(c) the arrangements to take *into* account the Community policy on the European Higher Education Area, particularly in terms of compatibility, transparency, recognition of degrees and diplomas;

Justification

Although the European dimension of the educational aspects of potential KICs should carry weight in the selection procedure, the terms used in the current proposal are too narrow.

Amendment 15
Article 6, paragraph 1

1. The agreement between the EIT and the KICs shall provide that, in the disciplines and fields under which studies, research and innovation activities are carried out through KICs, ***degrees and diplomas awarded through KICs shall be EIT degrees and diplomas.***

1. The agreement between the EIT and the KICs shall provide that, in the disciplines and fields under which studies, research and innovation activities are carried out through KICs, ***EIT diplomas shall be awarded.***

Justification

Given the legal basis for the proposal and the fact that competence in the field of higher education lies with the Member States, the EIT is not entitled to award degrees. Nevertheless, EIT diplomas are an appropriate solution as regards promoting the role of EIT projects and the students taking part in them .

Amendment 16
Article 6, paragraph 2

2. The EIT shall encourage partner organisations to award joint degrees and diplomas reflecting the integrated nature of the KICs. However, these may also be degrees awarded by one institution as well as double or multiple degrees and diplomas.

deleted

Justification

Given the legal basis for the proposal and the fact that competence in the field of higher education lies with the Member States, the EIT cannot award degrees.

Amendment 17
Article 6, paragraph 3

3. The Member States cooperate in recognising EIT ***degrees and*** diplomas.

3. The Member States cooperate in recognising ***and promoting*** EIT diplomas.

Justification

Although an EIT diploma will not be equivalent to a degree, it should be a mark of achievement and the Member States should take steps to recognise it.

Amendment 18

Article 9, paragraph 1, introductory part

1. The EIT shall define and make public its principles and guidelines for the management of intellectual property. They shall:

1. The EIT shall define and make public its principles and guidelines for the management of intellectual property, ***in accordance with the rules laid down in Chapter III, Section 2 of Regulation (EC) No 1906/2006 of the European Parliament and of the Council of 18 December 2006 laying down the rules for the participation of undertakings, research centres and universities in actions under the Seventh Framework Programme and for the dissemination of research results (2007-2013)***¹. They shall:

¹ *OJ, L 391, 30.12.2006, p. 1.*

Justification

The rules governing intellectual property should be in line with those governing the participation of undertakings, research centres and universities in actions under the Seventh Framework Programme (2007-2013) already adopted by the Council and Parliament.

Amendment 19

Article 9, paragraph 1, point (c)

(c) foster the use of Intellectual Property under appropriate conditions for research and innovative purposes, in particular by defining how Intellectual Property will be shared between the EIT and its partners;

(c) foster the use of Intellectual Property under appropriate conditions for research and innovative purposes, in particular by defining how Intellectual Property will be shared between the EIT and its partners ***and used in conformity with the Community and Member State legislation in force;***

Justification

The EIT will operate in conformity with the EU legislation in force.

Amendment 20

Article 14, paragraph 1, point (a)

(a) a rolling triennial work programme containing a statement of its major priorities and planned initiatives including an estimate of financing needs and sources. The draft

(a) a rolling triennial work programme containing a statement of its major priorities and planned initiatives including an estimate of financing needs and sources. The draft

work programme shall be submitted by the Governing Board to the Commission. The Commission shall deliver an opinion within three months with regard to its complementarity with Community policies and instruments. Where the Commission expresses disagreement, the Governing Board shall re-examine the programme and adopt it with any appropriate amendments;

work programme shall be submitted by the Governing Board to the Commission. The Commission shall deliver an opinion within three months with regard to its complementarity with Community policies and instruments. Where the Commission expresses disagreement, the Governing Board shall re-examine the programme and adopt it with any appropriate amendments, ***before submitting it to the European Parliament and the Council for approval;***

Justification

The Council and the European Parliament must be able to supervise the activities of the EIT at strategic level by approving its work programme.

Amendment 21
Article 18, paragraph 1

1. The EIT shall adopt its financial rules in accordance with Article 185(1) of Council Regulation 1605/2002. Due account shall be given to the need for adequate operational flexibility in order to enable the EIT to achieve its objectives and attract and retain private sector partners.

1. The EIT shall adopt its financial rules in accordance with Article 185(1) of Council Regulation 1605/2002 ***and point 47 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management.*** Due account shall be given to the need for adequate operational flexibility in order to enable the EIT to achieve its objectives and attract and retain private sector partners.

Justification

The EIT, in the form the Commission proposes, is structured like an agency. This fact should be stressed in the legal basis envisaged by this regulation.

Amendment 22
Annex, Article 5, paragraph 1

1. The Director shall ***be a person with expertise and*** high reputation in the areas where the EIT operates. He shall be appointed by the Governing Board for a term of office of 4 years. The Governing Board may extend that term of office once by 4 years when it considers that the interests of the EIT are best served by so

1. The Director shall ***hold academic and scientific qualifications and shall have a*** high reputation in the areas where the EIT operates. He shall be appointed by the Governing Board for a term of office of 4 years. The Governing Board may extend that term of office once by 4 years when it considers that the interests of the EIT are

doing.

best served by so doing.

Justification

We consider that the fundamental gauge of the expertise of the Director of the EIT is to have scientific and pedagogical qualifications.

PROCEDURE

Title	European Institute of Technology
References	COM(2006)0604 - C6-0355/2006 - 2006/0197(COD)
Committee responsible	ITRE
Opinion by Date announced in plenary	JURI 29.11.2006
Enhanced cooperation - date announced in plenary	
Drafts(wo)man Date appointed	Lidia Joanna Geringer de Oedenberg 26.2.2007
Discussed in committee	11.4.2007 3.5.2007
Date adopted	11.6.2007
Result of final vote	+: 17 -: 0 0: 0
Members present for the final vote	Carlo Casini, Cristian Dumitrescu, Lidia Joanna Geringer de Oedenberg, Klaus-Heiner Lehne, Alain Lipietz, Antonio Masip Hidalgo, Manuel Medina Ortega, Aloyzas Sakalas, Diana Wallis, Rainer Wieland, Jaroslav Zvěřina, Tadeusz Zwiefka
Substitute(s) present for the final vote	Luis de Grandes Pascual, Janelly Fourtou, Kurt Lechner, Michel Rocard, Gabriele Stauner

PROCEDURE

Title	European Institute of Technology			
References	COM(2006)0604 - C6-0355/2006 - 2006/0197(COD)			
Date submitted to Parliament	18.10.2006			
Committee responsible Date announced in plenary	ITRE 29.11.2006			
Committee(s) asked for opinion(s) Date announced in plenary	BUDG	CONT	IMCO	CULT
	29.11.2006	29.11.2006	29.11.2006	29.11.2006
	JURI 29.11.2006			
Not delivering opinions Date of decision	IMCO 19.12.2006			
Enhanced cooperation Date announced in plenary	CULT 18.1.2007			
Rapporteur(s) Date appointed	Reino Paasilinna 23.11.2006			
Discussed in committee	19.3.2007			
Date adopted	9.7.2007			
Result of final vote	+: -: 0:	32 7 1		
Members present for the final vote	John Attard-Montalto, Jerzy Buzek, Jorgo Chatzimarkakis, Giles Chichester, Pilar del Castillo Vera, Den Dover, Nicole Fontaine, Norbert Glante, Umberto Guidoni, Fiona Hall, David Hammerstein, Rebecca Harms, Erna Hennicot-Schoepges, Mary Honeyball, Ján Hudacký, Romana Jordan Cizelj, Anne Laperrouze, Romano Maria La Russa, Eluned Morgan, Angelika Niebler, Reino Paasilinna, Atanas Papanizov, Aldo Patriciello, Miloslav Ransdorf, Vladimír Remek, Herbert Reul, Teresa Riera Madurell, Mechtild Rothe, Paul Rübig, Andres Tarand, Britta Thomsen, Catherine Trautmann, Claude Turmes			
Substitute(s) present for the final vote	Pilar Ayuso, Joan Calabuig Rull, Avril Doyle, Göran Färm, Neena Gill, Edit Herczog, Hannes Swoboda, Lambert van Nistelrooij			