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NOTE

From: Presidency
To: Delegations

Subject: Proposal for a Regulation of the European Parliament and of the Council
on the European Institute of Innovation and Technology (recast)
- Presidency compromise text

Delegations will find attached a Presidency text on the Proposal for a Regulation of the European Parliament and of the Council on the European Institute of Innovation and Technology (recast), with a view to the Research Working Party meeting on 17 October 2019.

Changes to previous Presidency text (ST 12016/1/19) are indicated in ~~strikeout~~ and **bold underlined**.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the European Institute of Innovation and Technology (recast)

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union , and in particular Article 173(3) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure,

Whereas:

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter

A European Institute of Innovation and Technology ('EIT') is established.

¹ OJ C [...], [...], p. [...].

² OJ C [...], [...], p. [...].

Article 2

Definitions

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

- (1) ‘innovation’ means the process, including its outcome, by which new ideas respond to societal or economic needs and demand and generate new products, services or business and organisational models that are successfully introduced into an existing market or that are able to create new markets and that provide value to society;
- (2) ‘Knowledge and Innovation Community’ (KIC) means an autonomous large-scale European partnership as ~~defined~~ **referred to** in the **applicable EU-Union** Framework Programme for Research and Innovation of higher education institutions, research organisations, companies and other stakeholders in the innovation process in the form of a strategic network, ~~regardless of its precise legal form~~, based on joint mid- to long-term innovation planning to meet the EIT challenges and contribute to attaining the objectives established under the ~~Union~~ framework programme **supporting for** research and innovation;
- (3) ‘partner organisation’ means any legal entity which is a member of a KIC and may include, in particular, higher education institutions, vocational education and training providers, research organisations, public or private companies, financial institutions, regional and local authorities, foundations and non-profit organisations;
- (4) ‘research organisation’ means any public or private legal entity which undertakes research or technological development as one of its main objectives;
- (5) ‘higher education institution’ means a university or any type of higher education institution which, in accordance with national legislation or practice, offers degrees and diplomas in particular at masters or doctoral level, irrespective of its denomination in the national context;

- (6) ‘EIT Community’ means the EIT and the active community of all individuals and legal entities which benefited or benefit from the EIT financial contribution and support;
- (7) ‘Strategic Innovation Agenda’ (‘SIA’) means ~~an act policy document outlining~~ **setting out** the priority fields and the strategy of the EIT for -future initiatives, its capacity to generate the best innovation added-value, including an overview of planned higher education, research and innovation activities covering the respective ~~EU~~-**Union** Framework Programme for Research and Innovation and the MFF;
- (8) ‘Regional Innovation Scheme’ (‘RIS’) means an outreach scheme targeted at partnerships between higher education institutions, research organisations, companies and other stakeholders, in order to foster **the innovation capacity of countries and regions that underperform in terms of innovation and to facilitate their integration in the KICs** ~~across the Union~~;
- (9) ‘Stakeholder Forum’ means a platform open to representatives of Union institutions, national, regional and local authorities, organised interests and individual entities from business, higher education, research, associations, civil society and cluster organisations, as well as other interested parties from across the knowledge triangle;
- (10) ‘KIC business plan’ means a document describing the objectives **and the expected results of the KIC and for the relevant period, as well as** the planned KIC added-value activities **and the related financial needs and resources**;
- (11) ‘KIC added-value activities’ means activities carried out by ~~KIC~~ partner organisations in accordance with the KIC business plan, contributing to the integration of the knowledge triangle of higher education, research and innovation, including the establishment, administrative and coordination activities of the KICs, and contributing to the overall objectives of the EIT;
- (12) ‘memorandum of co-operation’ means an agreement between the EIT and a KIC **without any financial contribution from the EIT**, aimed at keeping a KIC as an active member of the EIT Community after the end date of the framework partnership agreement, ~~without any financial contribution from the EIT~~;

- (13) ‘financial sustainability’ means a capacity of a KIC to finance its ~~knowledge triangle~~ activities independently of contributions from the EIT, in particular after the end date of the framework partnership agreement.

Article 3

Mission and objectives

The EIT’s mission is to contribute to sustainable Union economic growth and competitiveness by reinforcing the innovation capacity of ~~the~~ all Member States and the Union in order to address major challenges faced by the society. It shall do this by promoting synergies and cooperation among, and integrating, higher education, research and innovation of the highest standards, including by fostering entrepreneurship.

The EIT shall contribute to deliver on the general and specific objectives of the Union framework programme supporting research and innovation taking fully into account its strategic planning.

Article 4

SIA

1. The SIA shall define the priority fields and strategy for the EIT for the seven-year period concerned, ~~taking into account~~ in line with the objectives and priorities of the Union framework programme ~~supporting~~ for research and innovation, and shall include an assessment of its socioeconomic impact and its capacity to generate the best innovation added-value. The SIA shall be aligned with reporting, monitoring and evaluation and other requirements of the Union framework programme and shall take into account the results of the monitoring and evaluation of the EIT as referred to in Article 19.

2. The SIA shall **take into account** ~~be aligned with the objectives of the Union framework programme supporting research and innovation, the strategic multiannual planning, reporting, monitoring and evaluation and other requirements of that programme, and foster synergies with other relevant Union programmes of the respective MFF, in particular with those supporting education and skills development, sustainable and competitive industry, entrepreneurship, and regional development.~~ It shall **the strategic planning of the Union framework programme for research and innovation ensuring coherence with the challenges of that programme, as well as complementarity with the EIC established under Horizon Europe, and** ~~also shall~~ establish **and foster** appropriate synergies and complementarities between the EIT activities and other **relevant** ~~Union initiatives, policies and instruments, like the European Innovation Council of Horizon Europe~~ **Union and national programmes supporting education and skills development, sustainable and competitive industry, entrepreneurship, and regional development.**
3. The SIA shall include an estimate of financial needs and sources in view of the future operation, long-term development and funding of the EIT. It shall also contain an indicative financial plan covering the period of respective MFF.
4. The EIT shall submit its contribution to the Commission's proposal for the SIA.
5. Acting on the proposal from the Commission, the European Parliament and the Council shall adopt the SIA in accordance with Article 173(3) of the Treaty on the Functioning of the European Union.

Article 5

EIT bodies

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

- (b) an Executive Committee composed of selected members and the Chairperson of the Governing Board. It shall assist the Governing Board in the performance of its tasks and prepare the Governing Board meetings in cooperation with the Director;
 - (c) a Director, appointed by the Governing Board, who shall be the legal representative of the EIT responsible for its operations and day-to-day management. The Director shall be accountable to the Governing Board and report to it on an ongoing basis on the development of the EIT and all activities falling under his/her responsibility;
 - (d) an Internal Auditing Function, operating in complete independence and in compliance with the relevant international standards, 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.
2. The detailed provisions regarding the EIT bodies are set out in the Statutes of the EIT, annexed to this Regulation.

Article 6

Tasks

In order to achieve its **mission and** objectives, the EIT shall in particular:

- (a) identify, in accordance with the SIA, its main priorities and activities, and implement these in accordance with the applicable rules and provisions of the ~~Horizon Europe Regulation~~ **Union framework programme for research and innovation**³;
- (b) **ensure openness to and** raise awareness among potential **new** partner organisations and encourage their participation in its activities;

³~~reference to be added~~

- (c) select and designate KICs in the priority fields in accordance with Article 9 and define their rights and obligations by framework partnership agreements and grant agreements, provide them with appropriate support, apply appropriate quality control measures and continuously monitor and periodically evaluate their activities;
- (d) ensure an appropriate level of coordination and facilitate communication and thematic cooperation between the KICs and launch calls for cross-KIC activities and shared services;
- (e) strengthen the recognition outside the EIT Community of degrees and diplomas which are awarded by participating higher education institutions and which may be labelled EIT degrees and diplomas and extend them to lifelong learning programmes;
- (f) promote the dissemination of best practices for the integration of the knowledge triangle, including among KICs, in order to develop a common innovation and knowledge transfer culture, and encourage participation in outreach activities, including in the RIS;
- (g) foster excellence in higher education, research and innovation, in particular by promoting the KICs as excellent innovation partners;
- (h) promote multidisciplinary approaches to innovation, including the integration of technological, social and non-technological solutions, organisational approaches and new business models;
- (i) ensure complementarity and synergy between EIT activities and other Union programmes, where appropriate;
- (j) organise regular meetings of a Stakeholder Forum to inform about the activities of the EIT, its experiences, best practices and contribution to Union innovation, research and education policies and objectives and to allow stakeholders to express their views;

- (k) organise meetings of a Member States' Representatives Group, at least twice a year, independently from the meetings of the Stakeholder Forum, to ensure appropriate communication and flow of information with the EIT, and be informed of the achievements of, give advice to, and share experiences with, the EIT and the KICs. The Member States' Representatives Group shall also ensure appropriate synergies and complementarities between EIT and KIC activities with national programmes and initiatives, including the potential national co-financing of KIC activities;
- (l) design and coordinate support actions undertaken by the KICs for the development of entrepreneurial and innovation capacity of higher education institutions and their integration in innovation ecosystems.

Article 7

KICs

1. KICs shall in particular undertake:
 - (a) innovation activities and investments with European added value, including facilitating the creation and development of innovative businesses, fully integrating the higher education and research dimensions to attain a critical mass and stimulating the dissemination and exploitation of results;
 - (b) innovation-driven research, experimentation, prototyping and demonstration in areas of key economic and societal interest and drawing on the previous results of Union and national research, with the potential to strengthen the Union's competitiveness at international level and find solutions for the major challenges faced by European society;

- (c) education and training activities in particular at masters and doctoral level, as well as professional training courses, in disciplines with the potential to meet future European socio-economic needs and which expand the Union's talent base, promote the development of innovation-related skills, the improvement of managerial and entrepreneurial skills and the mobility of researchers and students, and foster knowledge-sharing, mentoring and networking among the recipients of EIT-labelled degrees and training;
- (d) outreach activities and the dissemination of best practices in the innovation sector with a focus on the development of cooperation between higher education, research and business, including the service and financial sectors;
- (e) to seek synergies and complementarities between KIC activities and existing European, national and regional programmes, where appropriate;
- (f) to mobilise funds from public and private sources. They shall in particular seek to raise an increasing proportion of their budget from private sources and from income generated by their own activities, in accordance with Article 17.

2. Without prejudice to the framework partnership agreements and grant agreements between the EIT and the KICs, the KICs shall have substantial ~~overall~~ autonomy to define their internal organisation and composition, as well as their ~~precise~~ agenda and working methods, **while taking into account the strategic planning and the strategic directions of the EIT set out in the SIA and by the Governing Board.** In particular, KICs shall:

- (a) establish internal governance arrangements which reflect the knowledge triangle of higher education, research and innovation;
- (b) ensure and promote their openness to **potential** new **partner organisations, including from RIS eligible countries,** ~~members~~ **that** ~~whenever they~~ add value to the partnership;
- (c) function in an open and transparent way, ~~in accordance with their internal rules;~~

- (d) establish and implement **the KIC** business plans;
 - (e) establish and implement strategies for financial sustainability.
3. The relationship between the EIT and each KIC shall be based on framework partnership agreements, and grant agreements **or, subject to the provisions of Article 11(4), memoranda of cooperation.**

Article 8

Rules for participation and dissemination

The rules for participation and dissemination of the Union framework programme ~~supporting~~ **for** research and innovation shall apply. By way of derogation from those rules:

- (a) the minimum conditions to form a KIC are set out in Article 9(3) and (4) of this Regulation;
- (b) specific rules on ownership, access rights, exploitation and dissemination may apply for KIC added-value activities.

Article 9

Selection of KICs

1. A partnership shall be selected and designated by the EIT to become a KIC following a competitive, open and transparent procedure. The applicable conditions and criteria of the Union framework programme ~~supporting~~ **for** research and innovation, **as well as** for the selection of European partnerships, shall apply. The EIT Governing Board may further specify those criteria, by adopting and publishing criteria for the selection of KICs based on the principles of excellence and innovation relevance.

2. The EIT shall launch the selection and designation of KICs according to the priority fields and time schedule defined in the SIA, **taking into account the priorities as defined in the strategic planing of the applicable Union framework programme for research and innovation.**
3. The minimum condition to form a KIC is the participation of at least three independent partner organisations, established in at least three different Member States.
4. In addition to the condition set out in paragraph 3, at least two thirds of the partner organisations forming a KIC shall be established in the Member States. At least one higher education institution, one research organisation- and one private company shall be part of each KIC.
5. The EIT shall adopt and publish criteria and procedures for financing, monitoring and evaluating the activities of the KICs prior to the launching of the selection procedure for new KICs. The Member States' Representatives Group referred to in Article 6(k) shall be promptly informed of them.

Article 10

Principles for the evaluation and monitoring of KICs

The EIT shall, on the basis of indicators set out, inter alia, in the Union framework programme supporting research and innovation and in the SIA, and in -close cooperation with the Commission, organise continuous monitoring and periodic external evaluations of the output, results and impact of each KIC. The results of such monitoring and evaluations shall be reported to the European Parliament and to the Council and shall be made public.

Article 11

Duration, continuation and termination of framework partnership agreements ~~a KIC~~

1. By way of derogation from Article 130(4)(c) of the Financial Regulation, the EIT may establish a framework partnership agreement with a KIC for an initial period of seven years.
2. Subject to the outcome of a comprehensive mid-term review before the expiry of the initial period of seven years, the Governing Board may decide to extend the framework partnership agreement with a KIC beyond the initial period for another period of a maximum of seven years or to discontinue the EIT's financial contribution and not to extend the framework partnership agreement. The Governing Board shall take into account in particular **the achievement of the goals set by the KIC itself**, the KIC's coordination efforts with other relevant research and innovation initiatives, achieved level of financial sustainability of a KIC, its capacity to ensure openness to new members and its achievement in attracting new members, within the limits of the Union financial contribution referred to in Article 20, **the EU added value** and relevance with regard to the objectives of the EIT.
3. In the event that evaluations of a KIC show inadequate results or lack of European added value, the Governing Board shall take appropriate measures, including the reduction, modification or withdrawal of the EIT's financial contribution or the termination of the framework partnership agreement.
4. Subject to the outcome of a final review before the expiry of the fourteenth year of the framework partnership agreement, the EIT may conclude a memorandum of cooperation with a KIC.

Article 12

Degrees and diplomas

1. Degrees and diplomas relating to the higher education activities referred to in point (c) of Article 7(1) shall be awarded by participating higher education institutions in accordance with national rules and accreditation procedures. The framework partnership agreements and grant agreements between the EIT and the KICs shall provide that these degrees and diplomas may also be labelled EIT degrees and diplomas.
2. The EIT shall encourage participating higher education institutions to:
 - (a) award joint or multiple degrees and diplomas, reflecting the integrated nature of the KICs. However, these may also be awarded by a single higher education institution;
 - (b) disseminate best practices on horizontal issues;
 - (c) take into account:
 - (i) Union action undertaken in accordance with Articles 165 and 166 of the Treaty;
 - (ii) action undertaken in the context of the European Higher Education Area.

Article 13

Operational independence of the EIT and consistency with Union, Member State or intergovernmental action

1. The EIT shall carry out its activities independently of national authorities and external pressures.
2. The activity of the EIT shall be consistent with other action and instruments to be implemented at Union level, in particular in the fields of higher education, research and innovation.

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 practices, well established concepts and existing resources.

Article 14

Legal status

1. The EIT shall be a Union body and shall have legal personality. In each of the Member States, it shall enjoy the widest possible legal capacity accorded to legal persons under national legislation. In particular, it may acquire or dispose of movable and immovable property and be a party to legal proceedings.
2. Protocol No 7 on the Privileges and Immunities of the European Union shall apply to the EIT.

Article 15

Liability

1. The EIT shall be solely responsible for meeting its obligations.
2. The contractual liability of the EIT shall be governed by the relevant contractual provisions and the law applicable to the contract in question. The Court of Justice shall have jurisdiction pursuant to any arbitration clause contained in a contract concluded by the EIT.
3. In the case of non-contractual liability, the EIT shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by it or its servants in the performance of their duties.

The Court of Justice shall have jurisdiction in any dispute relating to compensation for such damage.

4. Any payment by the EIT for covering the liability referred to in paragraphs 2 and 3 and the costs and expenses incurred in connection therewith shall be considered expenditure of the EIT and shall be covered by the resources of the EIT.

5. The Court of Justice shall have jurisdiction in actions brought against the EIT under the conditions provided for in Articles 263 and 265 of the Treaty.

Article 16

Transparency and access to documents

1. The EIT and the KICs shall ensure that their activities are conducted with a high level of transparency. In particular, the EIT and the KICs shall set up an accessible, free website providing information about their activities **and opportunities they provide**.
2. The EIT shall make public its rules of procedure, its specific financial rules referred to in Article 22(1) and the detailed criteria for the selection of the KICs referred to in Article 9 before issuing calls for proposals for the selection of the KICs.
3. The EIT shall make public without delay its single programming document and consolidated annual activity report referred to in Article 18.
4. Without prejudice to paragraphs 5 and 6, the EIT shall not divulge to third parties confidential information it has received for which confidential treatment has been requested and is justified.
5. The members of the EIT bodies shall be subject to the confidentiality requirement referred to in Article 339 of the Treaty.

The information gathered by the EIT in accordance with this Regulation shall be subject to Regulation (EU) 2018/1725 of the European Parliament and of the Council⁴.

⁴ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC.(OJ L 295, 21.11.2018, p. 39).

6. Regulation (EC) No 1049/2001 of the European Parliament and of the Council⁵ shall apply to the documents held by the EIT.
7. Council Regulation No 1 of 15 April 1958⁶ shall apply to the EIT . The translation services required for the functioning of the EIT shall be provided by the Translation Centre for bodies of the European Union, set up by Council Regulation (EC) No 2965/1994⁷.

Article 17

Financing of the KICs

1. The KICs shall be financed, in particular, from the following sources:
 - (a) contributions from partner organisations, forming a substantial source of funding;
 - (b) voluntary contributions from Member States, associated countries or third countries or public authorities within them;
 - (c) contributions from international bodies or institutions;
 - (d) revenue generated by the KICs' own assets and activities and royalties from intellectual property rights;
 - (e) capital endowments;
 - (f) bequests, donations and contributions from individuals, institutions, foundations or any other bodies established under national law;
 - (g) the financial contribution from the EIT;

⁵ Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents (OJ L 145, 31.5.2001, p. 43).

⁶ Council Regulation No 1 of 15 April 1958 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385/58).

⁷ Council Regulation (EC) No 2965/1994 of 28 November 1994 setting up a Translation Centre for bodies of the European Union (OJ L 314, 7.12.1994, p. 1).

- (h) financial instruments, including those funded from the general budget of the Union.
2. The modalities for accessing funding from the EIT shall be defined in the financial rules of the EIT referred to in Article 22(1).
 3. Budgetary commitments for actions extending over more than one financial year may be broken down over several years into annual instalments, subject to adequate monitoring of estimated financial needs of the KICs to be established on an annual basis.
 4. The EIT financial contribution to the KICs may cover up to 100 % of the total eligible costs of KIC added-value activities in the initial stages of the KIC life. Such contribution shall gradually decrease over time in compliance with the co-funding rates defined in the SIA.
 5. The KICs or their partner organisations may apply for Union financial contribution, in particular in the framework of Union programmes and funds, in accordance with their respective rules. In that case, such contribution shall not cover the same costs already funded under another Union programme.
 6. Contributions from partner organisations to the financing of the KICs shall be determined in accordance with the co-funding rates referred to in paragraph 4 of this Article and reflect the KICs strategy for financial sustainability.
 7. The EIT shall establish a competitive allocation mechanism for granting an appropriate share of its financial contribution to the KICs. It shall include assessing the KICs' business plans and performance as measured by continuous monitoring, and in particular their progress in achieving financial sustainability.

Article 18

Programming and reporting

1. The EIT shall adopt a single programming document based on the SIA, in accordance with its financial rules, containing the following:
 - (a) a statement of the major priorities and planned initiatives of the EIT and the KICs;
 - (b) an estimate of financing needs and sources;
 - (c) appropriate indicators for monitoring the KICs and EIT activities using an impact-oriented approach;
 - (d) other components as laid down in its financial rules.
2. The EIT shall adopt a consolidated annual activity report, which shall include comprehensive information on the activities conducted by the EIT and the KICs during the preceding calendar year and on the EIT's contribution to the objectives of the Union framework programme supporting research and innovation, and to the Union innovation, research and education policies and objectives. It shall also assess the results with respect to the objectives, indicators and timetable set, the risks associated with the activities carried out, the use of resources and the general operation of the EIT. The consolidated annual activity report shall include further comprehensive information in accordance with the EIT's financial rules.

Article 19

Monitoring and evaluation of the EIT

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

2. The Commission shall provide for evaluations of the EIT with the assistance of external independent experts selected on the basis of a transparent process in accordance with its financial rules. Those evaluations shall examine how the EIT fulfils its mission, cover all activities of the EIT and the KICs and assess the European added value of the EIT, the impact, effectiveness, sustainability, efficiency and relevance of the activities pursued and their coherence and/or complementarity with relevant national and Union policies, including synergies with other parts of the Union framework programme supporting research and innovation. They shall take into account the views of stakeholders, at both European and national level and feed into the Commission programme evaluations provided for in the Union framework programme ~~supporting~~ **for** research and innovation.
3. The Commission may carry out further evaluations of themes or topics of strategic relevance, with the assistance of **external** independent experts selected on the basis of a transparent process, to examine the progress made by the EIT towards the objectives set, identify the factors contributing to the implementation of the activities and identify best practices. By carrying out those further evaluations, the Commission shall fully consider the administrative impact on the EIT and the KICs.
4. The Commission shall communicate the results of the evaluations, accompanied by its observations, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. The Governing Board shall take due account of the findings of evaluations in the programmes and operations of the EIT.

Article 20

EIT budget

1. The revenue of the EIT shall consist of a contribution from the Union. The revenue of the EIT may also include a contribution from other private and public sources.

The Union contribution shall be provided through a financial contribution from the Union framework programme supporting research and innovation, and other Union programmes, without prejudice in accordance to the amounts decided in the respective MFF. Additional financial resources from other Union programmes may be received by the EIT.

2. The EIT financial contribution to the KICs shall be provided from the Union contribution referred in paragraph 1.

Article 21

Preparation and adoption of the annual budget

1. The content and structure of the budget of the EIT shall be established in accordance with its financial rules. The expenditure of the EIT shall include the staff, administrative, infrastructure and operational expenses. Administrative expenditure shall be kept to a minimum. Revenue and expenditure shall be in balance.
2. The Director shall draw up an estimate of the revenue and expenditure of the EIT for the following financial year and shall forward it to the Governing Board.
3. The Governing Board shall adopt the draft estimate of EIT's revenue and expenditure, accompanied by a draft establishment plan, and forward them as a part of the single programming document by the date specified in the EIT's financial rules to the European Parliament, the Council and the Commission.
4. The Governing Board shall adopt the EIT budget, which shall become final following the final adoption of the general budget of the European Union. Where appropriate, it shall be adjusted accordingly.
5. 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 the EIT budget, in particular any projects relating to property such as the rental or purchase of buildings. It shall inform the Commission thereof.

6. Any substantial modification of the budget shall follow the same procedure.

Article 22

Implementation and control of the budget

1. The EIT shall adopt its financial rules in accordance with Article 70(3) of the Financial Regulation. Appropriate consideration 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.
2. The financial contribution to the EIT from the Union framework programme supporting research and innovation and other Union programmes shall be implemented in accordance with the rules of those programmes.
3. The Director shall implement the budget of the EIT.
4. The accounts of the EIT shall be consolidated with the Commission's accounts.

Article 23

[Protection of the financial interests of the Union

1. With a view to combating fraud, corruption and other illegal acts, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council⁸ shall apply to the EIT in its entirety.

⁸ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

2. The EIT shall accede to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council of the European Union and the Commission of the European Communities concerning internal investigations by the European Anti-fraud Office (OLAF)⁹. The Governing Board shall formalise this accession and adopt the necessary measures to help OLAF carry out internal investigations.
3. All decisions adopted and framework partnership agreements or grant agreements concluded by the EIT shall provide explicitly that OLAF and the Court of Auditors may carry out on-the-spot inspections of the documents of all contractors and sub-contractors which have received Union funds, including at the premises of the final beneficiaries.↓

Article 24

Winding up of the EIT

In the event of the EIT being wound up, its liquidation shall take place under the supervision of the Commission in accordance with the applicable laws. The framework partnership agreements or grant agreements with the KICs shall lay down the appropriate provisions in such situation.

Article 25

Statutes

The Statutes of the EIT are set out in Annex I.

Article 26

Repeal

Regulation (EC) No 294/2008 is repealed.

References to the repealed Regulation shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex III.

⁹ OJ L 136, 31.5.1999, p. 15.

Article 27

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament

For the Council

The President The President
