

EIT Climate-KIC Key Messages

For the Next Multi Annual Financial Framework (MFF) 2021-2027

This document supports the EIT Climate-KIC views communicated during the relevant European Commission public consultation process.

Contact:

Helen Spence-Jackson, EU Affairs Lead (helen.spence-jackson@climate-kic.org)

Andrea Karpati, Head of Policy (andrea.karpati@climate-kic.org)

March 2018

climate-kic.org



Context

Climate change is the greatest challenge humanity has ever faced. Our generation will be judged by how well we rise to this challenge; how swiftly and effectively we transform our economies and our behaviours within the life of the next MFF.

Despite European leadership and concerted effort and focus from the global community, we are lagging dangerously behind the commitments needed to deliver the Paris Agreement. Europe needs to act fast: if we continue to emit greenhouse gases at current rates, the remaining carbon budget to reduce risk of exceeding the 2 °C target will be exhausted in around 20 years. Emissions should peak by 2020 and approach zero by around 2050 if we are serious about reducing risk. This means halving global emissions every decade. Even if the world meets the Paris Agreement targets, communities across the globe will still need to build resilience and adapt to the changes already under way.

EIT Climate-KIC is supported by the European Institute of Innovation and Technology (EIT). We are one of six Knowledge Innovation Communities (KICs) acting together as global innovation leaders, delivering world-class solutions to societal challenges. The EIT brings together a large and diverse pan-European innovation community of excellent partners from business, research, academia, public and private organisations. Collectively we operate across the entire value chain of innovation, from education to the market and have built a unique innovation ecosystem, providing genuine pan-European added value across a diverse set of global challenges, including climate change. Building on seven years of delivering substantial results, the EIT has now drawn up a draft strategy beyond 2020 with an increased ambition to address societal challenges through entrepreneurship and innovation.

We call on the European Commission to embrace the challenge of driving timely systemic change, by shaping the priorities and funds in the area of investment, research and innovation, SMEs, and cohesion in the next Multi Annual Financial Framework accordingly.

Our Key Messages for the Next MFF

1) Climate change must be a key priority in the future MFF

Significant investment is needed to make sure the transition to a net zero-carbon economy happens more quickly and in a way that brings inclusive benefits to citizens of Europe. We urge the Commission to do more not less with respect to climate. Climate should be centre stage and mainstreamed into all policy areas covered by the MFF.

2) Innovation is essential for the transition to a net zero-carbon economy

Innovation is necessary to accelerate the whole system transformations that are required in order to trigger exponential increases in the rate of decarbonisation. So far incremental progress has dominated policy efforts and innovation efforts – what was easy to do has been done. From now on we need radical transformations – breakthrough differences in our economic models and in our business and behavioural models. Our experience with ambitious pan-European innovation, based on a collaborative approach to innovation by actors from across sectors and geographies, shows that complex societal challenges can be successfully tackled by bringing together different viewpoints

around ambitious missions. Electric power production shows something of what is possible with the right combination of support. Our attention must now be focused similarly on agriculture (turning agriculture from a carbon source to a carbon sink), production systems (from linear to circular flows), mobility, construction and infrastructure (basic materials and circular material flows).

3) Strategic innovation is key to achieving systemic change

Strategic innovation is critical to the solution. To effect rapid systems change, we need an innovation model that can impact multiple leverage points simultaneously. This helps move the system in a new direction and decarbonisation rates to accelerate. A strategic innovation model involves creating portfolios of deliberate innovation experiments designed to learn how to intervene within and across whole systems. This approach generates alternative business and industrial models and creates options for choice and momentum. It nurtures innovation from the demand side, searching for, stimulating and co-creating new ideas, solutions and technologies relevant to the changes we need or are emerging in underlying assumptions, economic paradigms, habits and values. **Innovation funding needs to move beyond single point solutions seeking return in the short term to prove value.**

European funding for research and innovation to date has tended to favour incremental, single point solutions and a focus on technology, in part because it has been grounded in requirements for precise deliverables and the use of competitive calls to mitigate risk. It is becoming increasingly evident that this will not solve climate-related societal and economic challenges in time. A new approach to funding is needed, with appetite to **take risk** and to **invest** in non-linear structural change, a willingness to acknowledge and learn from failures and the mandate to make space for deliberately chosen combinations of interventions working together to have direct and indirect effects on industrial ecosystems and on social change. Funding should actively encourage and incentivise collaboration and experimentation across multiple interdisciplinary and organisational boundaries to bring about transformational systems change and counteract the effect of lobbying by vested interests.

4) Innovation where others will not go

Public funding needs to continue to provide catalytic support to early-stage business models, technology, and ideas development, but with greater appetite for risk and uncertain outcomes. We need to support new entrepreneurs and businesses whose models are not yet proven but whose understanding of the needs they are serving is clear. We also need integrated support for SMEs to enable high growth new businesses to scale to market. This requires active partnership between innovation platforms and policy makers in order to prototype, through practical projects, adjustments to policy and regulation necessary to enable the scaling of new approaches.

5) Innovation for the whole of Europe and the world

The MFF should accelerate and support a socially just transition. The next MFF should focus on innovation for the whole of Europe; narrowing the gap in the low carbon economic potential between richer and poorer regions, and increasing resilience of countries and communities particularly vulnerable to the impacts of climate change (many of which are in eastern and southern Europe). Europe has a leadership role to play globally and must take responsibility for transitioning its own high emissions regions as quickly and effectively as possible, leveraging the power of pan-European

excellence to transform industrial areas still heavily dependent on fossil fuels. This means innovation to achieve conversion to new economy solutions such as oil refineries to bio-refineries, cement plants to compost plants. Education, particularly upskilling and reskilling, will be a critical success factor for a just transition.

Furthermore, support for technology leapfrogging in developing countries is the only way forward globally to keep GHG emissions within the carbon budget. Whatever Europe does in terms of support to low-carbon innovation must be shared with developing countries.

6) Build and invest in existing innovation networks and clusters

The EIT Knowledge and Innovation Communities have already established pan-European capacity and expertise to support these endeavours. Our experience tells us that innovation clustering is a critical element in accelerating the speed of innovation response to climate change. Our experience also tells us that investors and corporates, who can provide the propulsion for scaling and deploying innovations, want efficient means to identify and access new innovations. This points to organisations such as the KICs playing a key role in connecting and curating innovation clusters in such a way that Europe's best innovations have the greatest chances of success and market access.

Innovation platforms like EIT Climate-KIC provide an ideal interface between innovation and policy. We are ready to work intimately with the Commission to be test beds, places for partnership and advice as we seek to shape, deliver and implement EU policy.

EIT Climate-KIC: Our background and impact to date

EIT Climate-KIC, Europe's leading climate innovation initiative is one of the six autonomous European Knowledge and Innovation communities initiated by the European Commission via the European Institute of Innovation and Technology. EIT Climate-KIC has been working to accelerate the transition to a net zero-carbon economy since 2010. We bring together Europe's most dynamic companies, universities, entrepreneurs, public and private organisations to create innovation leading to systemic change. EIT Climate-KIC is present across Europe, connecting innovation hubs and centres from East and West, and by the end of 2018 covering all Member States.

EIT Climate-KIC and its 280 Partners have leveraged €2.5 billion worth of climate action. Innovation opportunities have been exploited through over 150 cross-sector, cross-border partner projects. Over 1000 innovative start-ups have been created in our programmes, attracting €450 million investment.

During the past 7 years we have also worked with thousands of graduate students from all over Europe on entrepreneurial climate action. Several of the start-ups emerging from our programme have been started by these students. We bring together new thinking from education and innovation with smart skills from business to support their development.

We urge the Commission to prioritise using existing tools at their disposal to meet the long-term climate change commitments and to demonstrate leadership moving forward. A platform like EIT

Climate-KIC can help to drive and accelerate Europe's contribution to the global concern of climate change and accompanying market opportunities, if supported by ongoing and appropriate funding.