



EIT Climate-KIC Business Plan 2023-2024

Executive summary

EIT Climate-KIC has developed a place-based implementation model of innovation to enable EU, Member States, cities, and regions to address societal challenges such as climate change. The model explicitly integrates the key elements of EIT's innovation model – entrepreneurship, education, innovation, ecosystems – into a demand-led framework which addresses well-known market failures in scaling climate solutions. The model entails working with places to map climate action needs, priorities, and actions, from which we co-design and implement place-based portfolios of innovations on the ground to develop and match scalable solutions to places and industry value chains. By orchestrating key stakeholders to develop new markets related to climate challenges, and by enabling large-scale 'learning by doing' frameworks, the model mobilises public and private funding to test and produce actionable intelligence, shared learning, and solutions from the portfolio of innovations, leading to practical change. We call this 'systems innovation as a service (SlaaS)' and we have found that there is a considerable need for such operational models to implement transformative policy ambitions within Europe and beyond.

Earlier in 2022, an EIT-led Due Diligence process was undertaken to help 'the EIT and KIC reach a common understanding regarding forthcoming *business priorities* and the *required resources*, as well as a *solid legal basis* for a sound organisational and governance structure,' to enable EIT Climate-KIC to deliver on its Strategic Agenda 2021-27 ambitions and thrive post-EIT funding. The Due Diligence report recommended that EIT Climate-KIC focus all necessary resources on this 'SlaaS' model as a means of becoming financially independent by the end of 2024 and delivering on its ambitious societal impact goals.

A key success factor for this model has been the increasing awareness in city, regional, national governments, and industry sectors that 'business-as-usual' incremental improvements and innovation are not going to deliver the rapid changes required to meet legislated targets. This means that potential stakeholders are more open to testing new, challenging approaches.

The main lessons learned from existing successes (and failures) are that this systems innovation model is built on trust and credibility with 'challenge-owners'. Typically, elements of the model, such as learning partnerships or entrepreneurship activities, are required to build that trust and ensure deeper and more ambitious engagement in future. For that reason, the Business Plan explicitly provides for different routes to sales and business development, and for the co-development of early-

stage business solutions and learning platforms to support the scaling of this model to new stakeholders and in different geographies.

The Business Plan 2023-24 is designed to invest in strengthening EIT Climate-KIC's upstream sales and business development capabilities, its operational effectiveness in delivering systems innovation as a service, and in improving the quality of its service offerings to ensure repeat sales. It builds on successes at securing funding with a systems innovation model: for example, to support European cities to reach net zero emissions by 2030 – the EU Cities Mission; and through existing 'Deep Demonstrations' which apply the systems innovation model in different places and contexts (such as Slovenia, Germany, Ireland, and Spain).

Specifically, the Business Plan will:

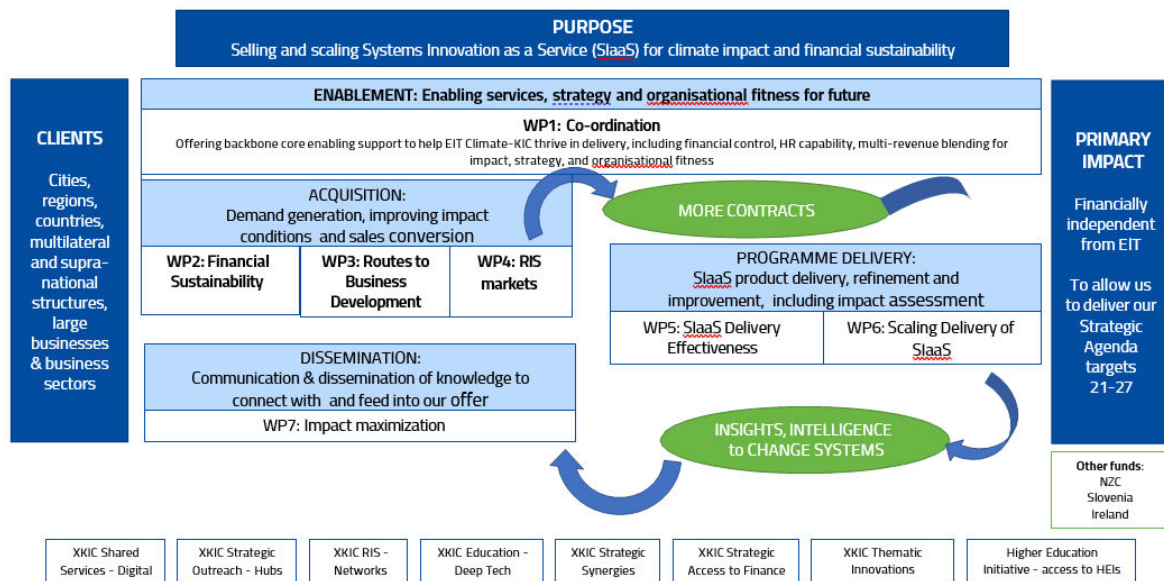
1. Build internal capabilities in upstream sales and in developing routes to market for SaaS to secure additional public, private, and philanthropic funding, contracts, and revenue commensurate with our target of independence from EIT funding by end 2024.

From experience, we identified four target markets:

- Securing EU Mission and international multilateral 'platform' grant funding to act as a building block for delivering SaaS to multiple city, regional, national, and industry sectors.
- Securing philanthropic funding through a 'funders alliance' to support EIT Climate-KIC's delivery of systems innovation across different locations and industry value chains.
- Securing funding via services to investors for access to portfolios of scalable solutions.
- Securing direct sales of SaaS (both 'Deep Demonstrations' and their core building blocks) to national and sub-national governments and agencies.

These activities will be tracked and measured by the numbers of contracts secured and, primarily, income generation.

- 2. Improve organisational capabilities to ensure effective financial control, management, and a viable business model with the aim of making EIT Climate-KIC fit for purpose in a commercial multi-funder environment.** Through 2023 and 2024, this includes implementing governance changes as agreed with EIT and investments in core capabilities to shore up internal capabilities and infrastructure, with the aim of delivering services to a range of different funders and commercial contracts (internal capabilities to be shored up: finance, HR, digital enablement, multi-funder programme management office, and business model development). At present in 2022, up to 70% of the total SaaS programme costs are covered by third party contracts. Our aim for the next two years is to reduce costs of delivery – whilst retaining service quality – to ensure future SaaS contracts deliver a surplus to EIT Climate-KIC. The Due Diligence report noted that financial outlooks look quite promising and would, according to projections, generate financial sustainability before the end of the 15-year term. This will be measured by audit and due diligence reports on our governance, capacity, and capability to deliver an innovation service for different funders, along with core EIT KPI of 18.1 % of under-represented gender in top governance and management positions.
- 3. Improve the quality of the existing SaaS product, while reducing the cost of delivery and building the capability to scale sales of the product.** The Business Plan invests in existing SaaS contracts to ensure we learn from our initial experiences of deploying this product in the market. The Business Plan also invests in the capacity and tools that allow us to scale delivery of SaaS to new customers, through matching and scaling business solutions to customer needs and building learning tools from which we can share and scale the insights, intelligence, and knowledge which are the core product outputs of Deep Demonstrations. This will be measured by the leveraged investments in R&I delivered through the SaaS activity. Dissemination and communication, as well as the number of people reached with these insights support further acquisition of new contracts. Financial Sustainability is the core EIT KPI we will use to track success of improving product quality while reducing delivery cost, as well as scaling delivery.



This Business Plan will achieve major impact by creating the conditions through 2023 and 2024 for embedding what is described in the Strategic Agenda as ‘advanced knowledge triangle integration’ within Europe. It is designed to ensure EIT Climate-KIC will have a well-tested model of systems innovation which is financially sustainable and deployable across Europe. It will ensure that the insights, knowledge, and actionable intelligence emerging from EIT Climate-KIC’s innovation activities are disseminated widely through platforms we lead with EU cities and regions.

List of EIT KPIs

EIT area	KPI Code	EIT KPI	Target 2023-2024
Innovation	[EITHE02.1]	<p>Innovations launched on the market</p> <p>Number of all innovations introduced on the market during the KAVA duration or within 3 years after completion. Innovations include new or significantly improved products (goods or services) sold</p>	0, in agreement with EIT, we are not funding standalone innovation projects in BP23-24
	[EITHE02.2]	<p>Innovations launched on the market by organisations from EIT RIS countries</p> <p>Products or processes (as per EITHE02.1 definition) launched on the market by organisations from the EIT RIS countries</p>	0, in agreement with EIT, we are not funding standalone innovation projects in BP23-24
Business Creation	[EITHE03.1]	<p>KIC Supported Start-ups/Scale-ups</p> <p>Number of start-ups and scale-ups supported by KICs for at least 2 months in year N, provided the KIC's services contribute to the company's growth (including potential growth)</p>	0, EIT is not funding business creation/scale up activities in this BP
	[EITHE03.2]	<p>KIC Supported Start-ups/Scale-ups registered in EIT RIS countries</p> <p>Number of start-ups and scale-ups registered in EIT RIS country supported by KICs for at least 2 months in year N</p>	0, EIT is not funding business creation/scale up activities in RIS
	[EITHE04.1]	<p>Start-ups created</p> <p>Number of start-ups established in year N as a result / based on the output(s) of KAVA(s), or start-ups created for the purpose of an innovation project to organise and support the development of an asset (but not later than three years after the completion of KAVA)</p>	0, EIT is not funding business creation/scale up activities
	[EITHE04.2]	<p>Start-ups created in EIT RIS countries</p> <p>Number of start-ups registered in EIT RIS country in year N and established as a result/ based on the</p>	0, EIT is not funding business

		output(s) of KAVA(s), or start-ups created for the purpose of an innovation project to organise and support the development of an asset (but not later than three years after the completion of KAVA)	creation/scale up activities in RIS
	[EITHE06.2]	<p>Investment attracted by KIC-supported start-ups and scale-ups established in EIT RIS countries</p> <p>Total EUR amount of private and public capital attracted within year N by supported start-ups/scale-ups established in the EIT RIS countries, that have received KIC business creation services support or HEI CBI project support of total duration of at least two months, within a maximum of three years following the last received KIC KAVA incl. project support support activity.</p>	0, EIT is not funding business creation / scale up activities in RIS in 23-24
Education	[EITHE05.2]	<p>Start-ups established in EIT RIS countries by students enrolled and graduates from EIT-labelled programmes</p> <p>Number of start-ups established in EIT RIS countries in year N by students enrolled and graduates from EIT labelled MSc and PhD programmes or by learners / participants in other EIT labelled activities.</p> <p>To be eligible, a start-up should be created during EIT labelled programme (by students, participants) or within 3 years from the graduation (by graduates) or within 1 year in case of other EIT Label activities.</p>	0, EIT is not funding business creation activities or Label programme activities in 23-24
	[EITHE07.2]	<p>Graduates from EIT-labelled programmes with citizenship in EIT RIS Countries</p> <p>Number of graduates from EIT labelled master's, PhD programmes and other education activities awarded EIT Label (in year N) with citizenship in EIT RIS countries</p>	0, EIT is not funding EIT Climate-KIC education or Label activities in 23-24
	[EITHE08.1]	<p>Participants in non-labelled education and training</p> <p>Number of successful participants in EIT professional development courses, online training courses and other education/training activities delivered or in a process of delivery (by country and type of programme), including data on country of citizenship and gender. Only participants, who successfully finished the programme, will be counted. For this KPI, only those education and</p>	0, EIT is not funding EIT professional development courses in 23-24

		training activities which have clearly defined learning outcomes, and which carries out competency assessment method are applicable.	
	[EITHE08.2]	<p>Participants in non-labelled education and training with citizenship in EIT RIS countries</p> <p>Number of successful participants in EIT professional development courses, online training courses and other education/training activity delivered or in a process of delivery with citizenship in EIT RIS countries.</p> <p>Only participants, who successfully finished the programme, will be counted. For this KPI, only those education and training activities which have clearly defined learning outcomes, and which carries out competency assessment method are applicable.</p>	0, EIT is not funding EIT professional development courses in 23-24
Knowledge Triangle Integration/KIC ecosystems	[EITHE10.1]	<p>Active partners collaborating in the KIC</p> <p>Number of active partners collaborating in the KIC per profile (research; business; HEIs; cities, regions, NGOs; other). Active partner means organisations signed contracts with KICs and with implementing activity role in the reported year (expressed in terms of costs in the budget).</p>	160, as per Strategic Agenda target
	[EITHE10.2]	<p>Active partners registered in the EIT RIS countries collaborating in the KIC</p> <p>Number of active KIC partners registered in the EIT RIS countries.</p> <p>Active partner means organisations that signed contracts with KICs and with implementing activity role in the reported year (expressed in terms of costs in the budget).</p>	20%, as per Strategic Agenda target
Leveraging investments in R&I	[EITHE12.1]	<p>KICs SIA funding rate</p> <p>EIT funding divided by the total value of the entire portfolio of activities implemented by the KIC during a given implementation period, including both EIT Funded Activities (EFAs) and Non-EIT Funded Activities (NEFAs).</p>	30%
	[EITHE13.1]	Financial asset valuation	€3.5Million

		Value of Financial Assets held by KIC at end of the reporting year in EUR	
Strengthening entrepreneurship and innovation capacity of higher education institutions	[EITHE20.1]	<p>Number of new partnerships established as a result of the HEI Capacity Building Initiative</p> <p>New partnerships established by participating HEIs and businesses, research organisations, other actors</p>	0, EIT is not funding HEI Capacity Building through this business plan but through the cross-KIC HEI initiative
RIS-specific indicators	[EITHE22.1]	<p>Number of new and established KIC Partners from RIS countries</p> <p>This indicator will measure:</p> <ul style="list-style-type: none"> ▪ New KIC Partners from RIS countries ▪ Established KIC Partners from RIS countries ▪ Share (%) of KIC Partners from RIS countries among all KIC partners ▪ Share (%) of KIC Partners from the EU-13 Member States among all KIC partners (for each KIC and overall) ▪ Reference to a specific KAVA 	35

ESTIMATED BUDGET FOR THE ACTION

		Estimated eligible ¹ costs (per budget category)							Estimated EU contribution ²						
		Direct costs			Indirect costs				EU contribution to eligible costs			Maximum grant amount ⁴			
Forms of funding	A. Personnel costs		B. Subcontracting costs		C. Purchase costs			D. Other cost categories		E. Indirect costs ³	Total costs		Funding rate % ⁴	Maximum EU contribution ⁵	Requested EU contribution
	A.1 Employees (or equivalent)	A.2 Natural persons under direct contract	A.3 Seconded persons	B.1 Subcontracting	C.1 Travel and subsistence	C.2 Equipment	C.3 Other goods, works and services	D.1 Financial support to third parties	D.2 Internally invoiced goods and services			E. Indirect costs			
	Actual costs	Unit costs ⁷	Actual costs	Actual costs	Actual costs	Actual costs	Actual costs	Actual costs	Actual costs	Flat-rate costs ⁸					
	a1	a2	a3	b	c1	c2	c3	d1	d2	e = 0,25 * (a1 + a2 + a3 + c1 + c2 + c3)	f = a + b + c + d + e	U	g = f * U%	h	m
1 - CLIMATE-KIC	12 960 553,57	0,00	0,00	2 976 929,74	338 818,09	0,00	271 316,85	253 792,64	0,00	3 392 672,13	20 194 083,02	100	20 194 083,02	20 194 083,00	20 194 083,00

¹ See Article 6 for the eligibility conditions. All amounts must be expressed in EUR (see Article 21 for the conversion rules).

² The consortium remains free to decide on a different internal distribution of the EU funding (via the consortium agreement; see Article 7).

³ Indirect costs already covered by an operating grant (received under any EU funding programme) are ineligible (see Article 6.3). Therefore, a beneficiary/affiliated entity that receives an operating grant during the action duration cannot declare indirect costs for the year(s)/reporting period(s) covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action. This requires specific accounting tools. Please immediately contact us via the EU Funding & Tenders Portal for details.

⁴ See Data Sheet for the funding rate(s).

⁵ This is the theoretical amount of the EU contribution to costs, if the reimbursement rate is applied to all the budgeted costs. This theoretical amount is then capped by the 'maximum grant amount'.

⁶ The maximum grant amount is the maximum grant amount decided by the EU. It normally corresponds to the requested grant, but may be lower.

⁷ See Annex 2a. Additional information on the estimated budget for the details (units, cost per unit).

⁸ See Data Sheet for the flat-rate.