

2011.

Annual Activity Report

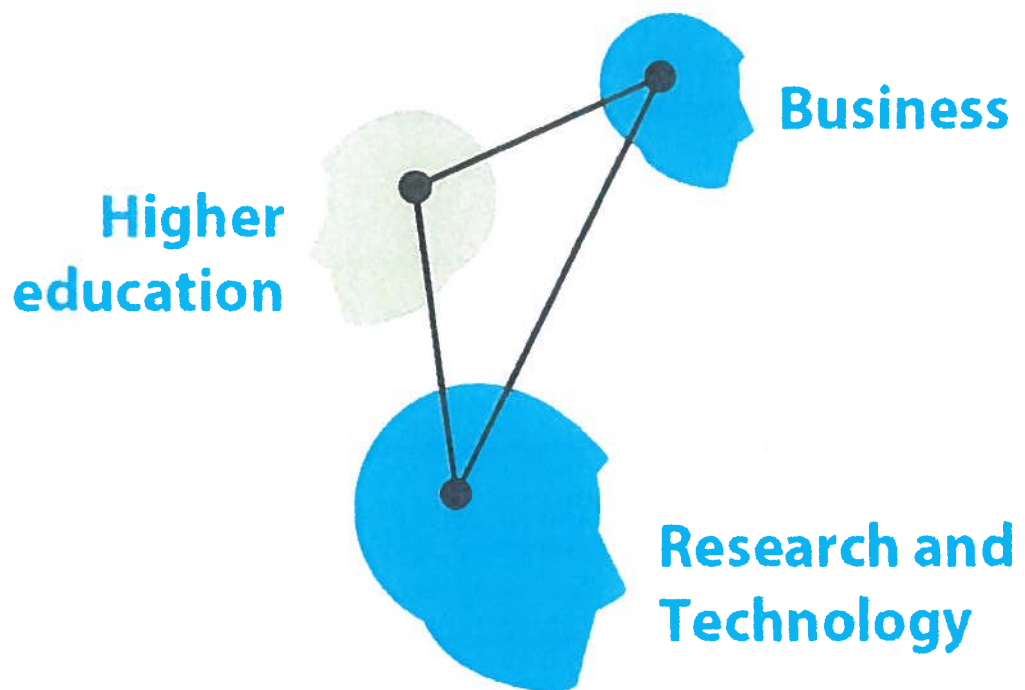


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INTRODUCTION

The EIT's Annual Activity Report (AAR) 2011 is a key component of the strategic planning, programming, and monitoring cycles. It takes stock of the performance of the EIT and is the basis on which the EIT Director takes responsibility for the achievement of the objectives set in the work programme 2011 and the management of resources. It is in compliance with Article 40 of the Financial Rules of the EIT, adopted by the Governing Board on 20 April 2009.

The Annual Activity Report 2011 comprises four parts and annexes.

Part 1 outlines the EIT's key operational achievements for the year 2011. It reviews achievements compared to the set objectives.

Part 2 focuses on the assessment of the EIT's internal control system. It addresses the implementation of the internal control standards (as adopted by EIT) and efficiency of the internal control system.

Part 3 - Building block of assurance - deals with questions of regularity and legality of operations and material weaknesses in the control system. Annexes to Parts 2 and 3 provide information on specific issues such as risk management, the list of contracts, and grants awarded in 2011.

The report concludes in **Part 4** with a declaration of assurance in which the EIT Director, in his role as Authorising Officer, takes responsibility for the legality and regularity of all financial transactions under his responsibility.

The Annual Activity Report is a public document and is available from the EIT's website in English.

PART 1. POLICY ACHIEVEMENTS

1.1 The EIT's Strategy and Vision: Reaching Out to the Innovation Community

Throughout 2011, with a view to accomplishing its strategic mission as an emerging key actor in Europe's innovation landscape, the European Institute of Innovation and Technology (EIT) continued establishing and deepening relations with strategic stakeholders. These included the EU institutions and other EU bodies as well as representatives of stakeholder organisations from the Knowledge Triangle (research, higher education and business).

Resulting from its enhanced engagement with representative of the innovation community and political decision makers across Europe, the EIT's draft Strategic Innovation Agenda (SIA) was submitted to the European Commission on 15 June 2011, following which the Commission proposal on the Strategic Innovation Agenda of the EIT along with a proposal for a revised EIT Regulation were adopted on 30 November 2011¹.

The EIT's strategic outreach activities consequently focused on outlining its vision as well as illustrating its deliverables and added value which accelerated during the second half of the year through increased emphasis on evidence of first results, facilitated (i.a.) by a more user friendly web encompassing success stories, emerging KIC practices, innovation models etc.

1.1.1 Shaping the EIT's Future: The EIT's Strategic Innovation Agenda (SIA)

In preparation of the EIT's Strategic Innovation Agenda, on 14 April 2011, the EIT organised a conference under the auspices of the Hungarian Presidency, which allowed, on the one hand, the EIT Governing Board to present first views for the future of the EIT and new Knowledge and Innovation Communities (KICs) and, on the other hand, to gain valuable, first-hand feedback from stakeholders.

On 15 June 2011, in line with the legal requirements, the EIT Governing Board submitted "The EIT's draft Strategic Innovation Agenda (SIA) – Investing in Innovation beyond 2014" to Commissioner Androulla Vassiliou, the European Commissioner for Education, Culture, Youth and Multilingualism.

In the EIT's draft Strategic Innovation Agenda, the Governing Board outlined the EIT's vision for the future as an entrepreneurially driven innovation impact investment institute and its proposed strategy for contributing to the increase of Europe's innovation capacity and competitiveness. The document outlined how the EIT intends to cement its position within the EU innovation landscape by building on the successes and lessons learnt since its inception in March 2008, notably through its first three KICs.

In concrete terms, the EIT's future strategy centres on strengthening and furthering the successful KIC model developed to date. The EIT and its current three Knowledge and Innovation Communities (KICs) are proving that there is a need for a different approach to innovation at European level. Experience to date has shown that by integrating the knowledge triangle (business, education and research) with entrepreneurship as its key driver, the EIT establishes and facilitates a culture that helps unlock Europe's underused potential to leverage people, technology and business innovation for greater EU innovation impact. To maximise its impact on world-class innovation and new business creation, the EIT and its investment in the KICs act as a catalyst. The funding model whereby the EIT's annual contribution of up to 25% of the overall KIC budget is allocated to added value activities leveraging a complementary 75% funding brought in by the KIC partners as own resources or by contributions from other programmes (both national/regional and European) is a unique EIT feature.

¹ COM(2011) 817 final and COM(2011) 822 final

Moreover, the EIT aims at acquiring an 'ice breaker' role in the EU innovation landscape in that its focus on result orientation, operational simplification and institutional dissemination could perhaps be emulated by other EU initiatives. To realise its full potential as a role model for new governance and innovative schemes, the EIT and its KICs need co-created, novel approaches to cope with rapidly changing circumstances affecting their market and societal impact. In 2011, the EIT started exploring new funding avenues, including lump sums and flat rates which will be implemented as part of the 2012 grant cycle following the respective derogation's approval by the European Commission. Based on initial learnings, the EIT will continue to strive for increasingly streamlined procedures with a view to ensuring maximum impact of its activities while furthering its monitoring efforts and tools. Such emphasis on operational simplification underlines the EIT's emphasis on result orientation and monitoring.

The EIT is committed to stepping up the efforts needed to ensure Europe remains a key competitor on the global stage. The Strategic Innovation Agenda therefore presented the EIT's vision for increased EIT impact through more Knowledge and Innovation Communities (KICs), new themes and a wider geographical coverage, including the request for an appropriately increased EU budget allocation in the forthcoming funding period (2014-2020) with a view to realising its ambitions both as a facilitator of KIC operations and success as well as a true institute working for Europe at large.

On 30 November 2011, the European Commission adopted a proposal for the EIT's Strategic Innovation Agenda which, in addition to the EIT's draft of 15 June 2011, builds on the results of an independent evaluation² of the EIT's initial period as well as on a consultation process open to all those having a current or potential stake in the EIT's activities, including businesses, higher education institutions, and research organisations, as well as national and regional authorities. The consolidated Commission proposal defines the framework for the EIT's operations for the period 2014-2020. Its main orientation received strong endorsement from the EIT Governing Board.

1.1.2 Fostering Relations with Strategic Stakeholders

Throughout 2011, the EIT maintained and expanded its base of constituencies with whom it engaged in dialogue, at all strategic levels: Governing Board, Director and Headquarter staff. Moreover, the EIT was keen to ensure even distribution of its outreach activities among the actors from and representing the different sides of the knowledge triangle, as well as among political decision-makers, both within the perimeter of the participating partners in the current three KICs and increasingly beyond these.

The breadth of outreach activities the EIT engaged in reflects its desire (a) to enhance its visibility in the innovation landscape, by participating in external events and contributing to the wider dialogue on innovation initiatives and models, (b) to increase the understanding of the EIT and its KICs by actively engaging with other innovation networks at EU level, (c) to showcase and develop particular agendas within the EIT's portfolio by organising EIT dissemination activities specific to the EIT as a fully fledged institute working for Europe at large, and (d) to start opening up an initial global dialogue by participating in non-EU events. A few select examples of the activities listed above include:

- ✓ Hosting a European Parliament delegation of the Committee on Internal Market and Consumer Protection (IMCO) at the EIT Headquarters in February 2011.
- ✓ Presentation of the EIT and all three KIC CEOs to the European Parliament's Committee on Industry, Research, and Energy (ITRE) in May 2011, following up on an ITRE Delegation visit to the EIT Headquarters in Budapest in November 2010.
- ✓ Participation in events hosted by the "Friends of EIT" network at the European Parliament in June and in September 2011 respectively. Participants included Member of the European Parliament and "Friends of the EIT" Chairwoman Maria Da



² COM(2011) 816 final

Graça Carvalho, European Commissioner Androulla Vassiliou, the EIT Director and the three KICs CEOs.

- ✓ Meeting with European Commissioner Siim Kallas and Prime Minister of Estonia Andrus Ansip, Prime Minister of Latvia Valdis Dombrovskis, and Prime Minister of Lithuania Andrius Kubilius, in November 2011.
- ✓ Meeting with Wen Jiabao, Prime Minister of the People's Republic of China, and Viktor Orbán, Prime Minister of Hungary, on the occasion of the China-Central and Eastern European Countries Economic and Trade Forum in Budapest on 25 June 2011.
- ✓ Meetings with State Secretary Zoltán Cséfalvay, Hungarian Ministry for National Economy throughout 2011; as well as meeting with State Secretary Dr Georg Schütte, German Federal Ministry of Research and Education in November 2011.
- ✓ Hosting a delegation from the Danish Agency for Science, Innovation, and Technology (DASTI) in December 2011 with a view to support the institutional dialogue on the EIT in light of the upcoming Danish Presidency of the Council of the European Union in the first half of 2012.

1.2 Implementation of the Annual Work Programme 2011

The main EIT operational developments in 2011 were clustered around three pillars, namely consolidating the basis of its grant operations and unique partnership with the KICs, fostering Cross-KIC Agendas (i.e. activities in the area of education, entrepreneurship, and innovation), and ultimately, contributing to establish the right entrepreneurial culture in Europe with the EIT as a new 'system challenger' and model case of community-driven co-creation innovation delivery.

1.2.1 The EIT's Knowledge and Innovation Communities (KICs): First Full Year of Operation

The EIT's Knowledge and Innovation Communities (KICs) build innovative webs of excellence across the knowledge triangle and national innovation system borders in Europe with the intention of addressing key societal challenges. KICs must address a long-term horizon of seven to 15 years, but with short-, mid- and long terms objectives that follow the mission of the KIC.

To this end, the EIT and each of the KICs have established their contractual relations on the basis of a seven-year Framework Partnership Agreement (FPA). As outlined in the FPAs, the allocation of EIT funding is defined in a yearly Grant Agreement (GA) between the EIT and each of the KICs.

From a financial view point, the main learnt aspects from the initial set up of KICs are the following:

- The EIT financial contribution should be decided on an annual basis following the assessment of each KIC's individual performance and competitive review between them, which include evaluation of KICs' past performance, future plans, and the level of co-financing from other sources. Given the multi-annual nature of the partnership between the EIT and KICs, the EIT's annual financial contribution to the KICs should be allocated in a manner that balances the requirement to support the KICs' long-term strategy of establishment and consolidation, while rewarding on a competitive basis a KIC for its performance and ambitions in the short-term against objective criteria. Therefore, as from 2013, the annual EIT financial contribution will be defined based on the two-pronged approach: EIT Support Funding and EIT Competitive Funding. Taking into account the dynamic development of the KICs during their first years the introduction of the system will be done on a gradual basis and the precise conditions defined annually.
- The KICs go through various development phases with different characteristics as to the value of their total budgets. Their need for funding and the absorption capacity is relatively limited at the very beginning, during the set-up phase, but develops substantially over the following years.

EIT-KIC Preparatory Grant Agreements

In 2010, the EIT concluded Preparatory Grant Agreements (PGAs) with each of its current three KICs (Climate-KIC, EIT ICT Labs and KIC InnoEnergy) awarding an amount of EUR 1 000 000 to each KIC with the objective to support the rapid set-up of the KICs (incl. management and governance of the KIC, develop and begin implementation of the KICs' business plans, specify for all formal partners in the KIC their own financial commitments, build-up of the co-location centres and ensure that are complementary to each other, and support continuous linkages between them, establish appropriate structures to handle IP issues in the KICs, etc.)

During 2011, following the submission of supporting technical and financial reports by the KICs, the EIT deemed the implementation of the Preparatory Grants as satisfactory, since the main set-up indicators, such as *inter alia* the establishment of a legal entity, its management team led by a CEO, development of co-locations, and preparation of 2010 business plan, were met.

EIT-KIC Grant Agreement 2010

The total EIT financial contribution awarded to the KICs in 2010 amounted to EUR 20 430 000.

The first 2010 Grant Agreements with EIT ICT Labs and KIC InnoEnergy were signed in December 2010. As regards Climate-KIC, as the conditions for the signature of the GA with Climate KIC were not met at the end of 2010 (need to simplify its legal structure and governance), a global commitment was done to reserve the necessary appropriations. The first Grant Agreement with Climate-KIC awarding an amount of EUR 6 000 000 was signed in February 2011 (covering the period 01 January 2010 to 28 February 2011).

The first Performance and Cost Reports related to the Grant Agreements 2010 were submitted by the three KICs to the EIT in 2011. During the second half of 2011 an intense process of assessment and interaction took place to assess the 2010 Performance and Costs Reports presented, to consolidate and learn about the partnerships established with the KICs. In December 2011, the Climate-KIC report was approved by the EIT, whilst the process for the approval of the EIT ICT Labs and KIC InnoEnergy reports was achieved in May 2012.

EIT-KIC Grant Agreements 2011

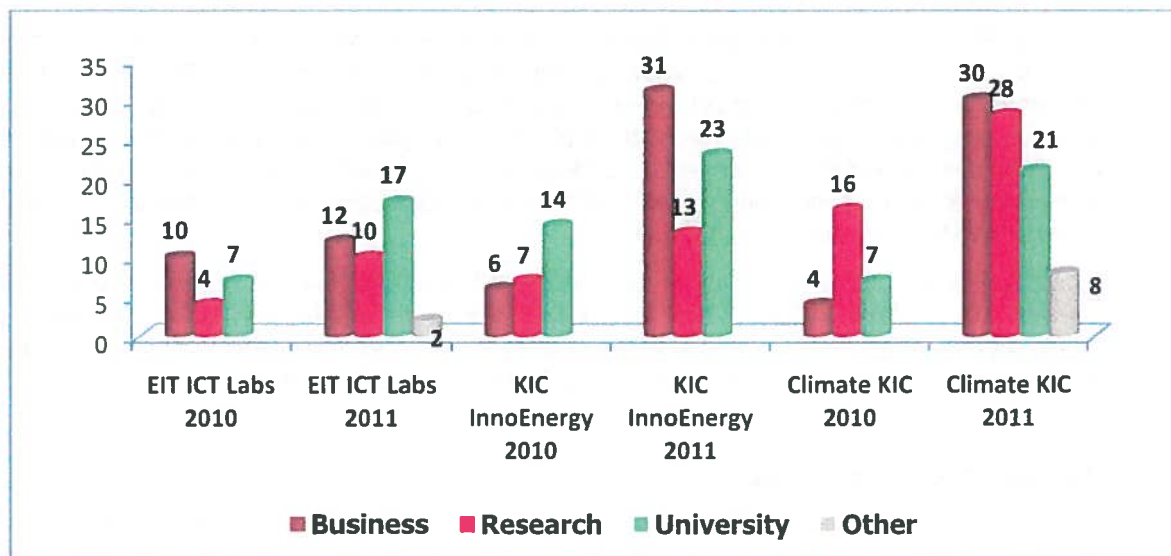
In the context of Framework Partnership Agreements concluded with the KICs in 2010, the EIT signed the 2011 annual grant agreements with the three KICs in May 2011 to cover the period from 01 January to 31 December 2011 (with the exception of Climate-KIC, which spanned the period from 01 March to 31 December 2011).

The total EIT financial contribution awarded to the KICs in 2011 amounted to EUR 59 206 460. The following individual amounts were awarded to each KIC: EUR 15 114 782 to Climate-KIC, EUR 19 489 689 to EIT ICT Labs, and EUR 24 601 988 to KIC InnoEnergy.

The criteria for assessing the business plans presented were the following: (1) consistency with 2010 efforts and general quality, (2) detailed budget for 2011 and estimates for 2012-13, including co-funding plan, (3) quality and implementation of co-location plan, (4) quality and implementation of education plan, and (5) quality of process to establish entrepreneurship plan.

The total number of KIC Partners in 2011 stood at 195 plus the three KIC Legal Entities (see picture 1 below).

Number of KIC Partners in 2010-2011



EIT Grant Agreements 2012

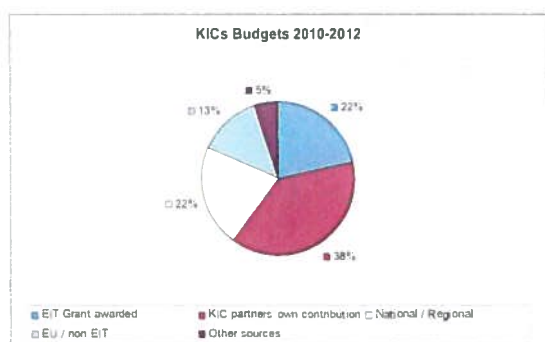
In October 2011, the KICs submitted to the EIT their business plans covering the period from 01 January to 31 December 2012, as the basis for requesting the EIT financial contribution for 2012. Following an EIT assessment of the KICs 2012 business plans submitted, as well as EIT Governing Board hearings with each KIC on 30 November 2011, the following amounts were allocated to each KIC: EUR 23 231 253 to Climate-KIC, EUR 27 307 605 to EIT ICT Labs, and EUR 31 176 142 to KIC InnoEnergy. Thus, the total EIT financial contribution to the KICs in 2012 amounted to EUR 81 715 000. These amounts were awarded during 2012 to each individual KIC.

The criteria for assessing the business plans presented were the following: (1) links between the 2012 Business Plan and the previous Business Plans, (2) the contribution of KIC activities to four strategic objectives derived from the EIT Scoreboard, (3) structured presentation of KIC added-value activities and other KIC activities (funded by non-EIT sources), and (4) financial plan.

Total EIT Contributions to KICs 2010-2012

As agreed in the respective grant agreements, the total budgets of the three KICs were EUR 777.4 million, coming from the following sources:

- EIT Grant awarded: **EUR 167.4 million (22%)**
- Contribution from partners: **EUR 229.1 million (38,5%)**
- Contribution from national/ regional government: **EUR 167.2 million (21,5%)**
- Contribution from other EU budgetary sources (EU/non EIT)³: **EUR 104.6 million (13,5%)**
- Other sources: **EUR 39.1 million (5%)**



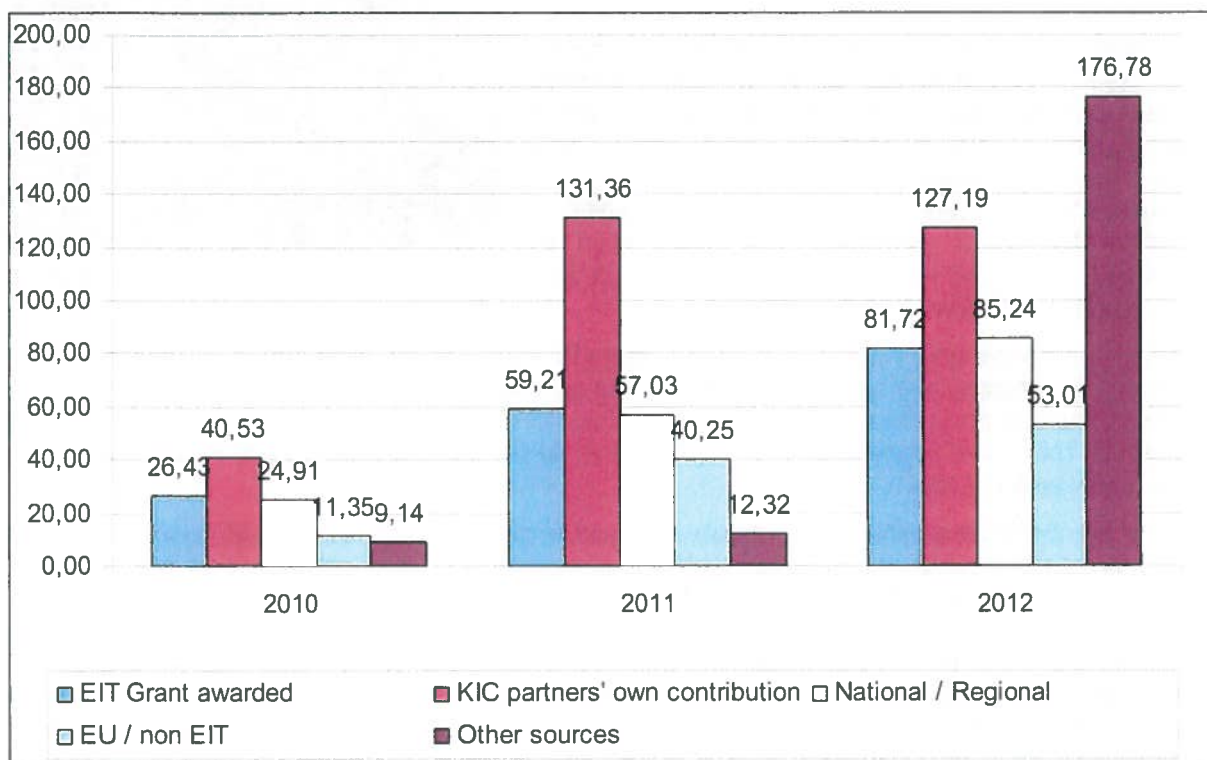
Through its three KICs, the EIT managed to **attract 78% of the total budget from other sources** (EUR 610 million out of **EUR 777.4 million** bringing a leverage effect of around **4**).

Other EU budgetary sources (EU/non-EIT) are allocated on a competitive basis and include (i.a.): *Seventh Framework Programme for Research and Technological Development (FP7), Competitiveness*

³ Other EU budgetary sources' are allocated on a competitive basis, without preferential treatment.

and Innovation Framework Programme (CIP), Structural Funds or Erasmus Mundus.

Other sources: Equity, royalties, investment from venture capitalists (VCs), consultancy services etc.



In more details: Yearly breakdown of sources of funding (in EUR):

	EIT ICT Labs			KIC InnoEnergy			Climate-KIC			TOTAL 2010-2012	%
	2010	2011	2012	2010	2011	2012	2010	2011	2012		
EIT Grant awarded	10.215.000	19.489.689	27.307.605	10.215.000	24.601.987	31.176.142	6.000.000	15.114.782	23.231.253	167.351.458	21,53%
KIC partners' own contribution	14.430.000	24.255.318	32.014.632	16.781.000	61.667.854	78.549.000	9.321.622	45.439.574	16.626.110	299.085.110	38,47%
National / Regional	5.785.000	22.520.908	34.220.109	5.809.000	21.846.164	25.898.000	13.318.919	12.662.243	25.118.000	167.178.343	21,51%
EU / non EIT	4.955.000	11.664.613	14.792.119	913.000	9.928.719	7.800.000	5.481.081	18.654.955	30.420.000	104.609.487	13,46%
Other sources	421.000	1.020.620	3.133.799	42.000	3.958.172	12.044.000	8.678.378	7.344.228	2.500.000	39.142.197	5,04%
TOTAL	35.806.000	78.951.148	111.468.264	33.760.000	122.002.896	155.467.142	42.800.000	99.215.782	97.895.363	777.366.595	100,00%

Climate-KIC Major Activities in 2011

Climate-KIC

At the beginning of 2011, the initial management structure (legal form) of Climate KIC, "Stichting Climate-KIC, as Foundation", was replaced with a new type of KIC legal entity: Association Climate-KIC, based in Brussels (Belgium).

Climate-KIC's eco-system consists of five Co-location Centres (CLCs) and six Regional Innovation Centres (RICs) forming Climate-KIC's Regional Innovation and Implementation Community. This enables Climate-KIC to build on excellence throughout Europe with innovation infrastructure provided by Co-location Centres in France (Saclay), Germany (Berlin), The Netherlands (Randstad), Switzerland (Zürich), and the UK (London). RICs are located in the following regions: Central Hungary, Emilia-Romagna (Italy), Hessen (Germany), Lower Silesia (Poland), Valencia (Spain) and West Midlands (UK).

In 2011, the implementation of Climate-KIC's business plan was based on three pillars: Innovation and Pathfinder, Education and Entrepreneurship.

As far as the Education Pillar is concerned, the 2011 activities were built on previous years' experience: Climate-KIC organised the highly successful summer school entitled Contextual Learning Journey (CLJ) with a participation of over 60 students. The summer school was aimed at delivering a new generation of young Climate-KIC entrepreneurs and innovators. In addition, Climate-KIC further developed and implemented its Scholar (Master) and Fellow (PhD) Programmes. In 2011, Climate-KIC engaged a total of 77 students, representing 46 fellows and 31 scholars.



In the Innovation and Pathfinder Pillar, Climate-KIC implemented and further developed a set of existing six projects, and selected and established an additional 12 projects due to start in 2012. In parallel, the first Ideas Market Place event was designed to bring potential partners and new concepts together. The aim of this two-day event with around 80 participants from Climate-KIC partners was to select new project ideas.

As for the Entrepreneurship Pillar, Climate-KIC built a close working relationship between the many incubators and innovation/valorisation centres associated with KIC partners and five co-location centres. From March until June 2011, the high-impact activities such as the Pioneers into Practice, a mobility programme aimed at strengthening the inter-disciplinary and managerial skills among practitioners in low carbon innovation, and the KIC's Venture Competition with local pre-rounds were developed. The Pioneers into Practice programme was successfully implemented with 150 participants. In the second half of the year, the Contextual Learning Journey student teams received Greenhouse stipends. Altogether over 50 SMEs and start-ups received vital support in forms of coaching or SME Innovation Vouchers giving access to dedicated services.

In order to foster a more innovative and entrepreneurial culture in Europe, the EIT is putting strong emphasis on educating a new generation of young entrepreneurs equipping them with strong leadership, creativity and entrepreneurship. Europe needs real pioneers: young innovative talents with entrepreneurial and global thinking.

The six-week Climate-KIC **2010 European Summer School in Innovation and Entrepreneurship** did just this by taking 44 students on a learning journey from Paris via London to Zurich.



The result? Through a business plan competition in which all students participated, two project groups have been awarded seed funding. One of these groups, **DeCo!** has been developing significantly and has started harvesting the first fruits of its work by winning the international SEED Award 2010.

Climate-KIC, initial estimated budget presented was EUR 99.215 million for the implementation of its 2011 activities, as outlined in the business plan, of which the EIT financial contribution awarded was EUR 15.114 million for KIC Added Value Activities.

EIT ICT Labs

The year 2011 at EIT ICT Labs was characterised by a ramping-up phase supported by the deployment at KIC and node levels of strategic, financial and administrative processes. 2011 was effectively considered as the first full operational year of the KIC. The General Assembly held its two annual meetings and provided a platform for the KIC partner organisations to decide on the strategic direction and annual business plan. The Executive Steering Board members provided continuous strategic leadership to the KIC, including the decision, after a competitive evaluation, to add Trento (Italy) as the sixth node of the network from 2012 onwards.

In 2011, the first Call for Proposals was launched at EIT ICT Labs level to activate bottom-up proposal generation. The number of KIC partners grew from 30 to 74 over this period. Whilst the main focus in

2011 was on organising the KIC, a number of initial results were already achieved in line with the objectives set. In 2011 EIT ICT Labs developed innovation catalysts to foster its programme in all three areas of education, research and business.

In education, a key achievement of 2011 was the preparation of the EIT ICT Labs Master School initiative (the first pan-European master school in ICT Innovation integrating a standardised business minor), culminating in the signing of the agreements with 19 KIC partner universities participating in the initiative, and the launch of the Master School call of applications. In the Research Pillar, highlights



of 2011 include the work on the federation of experimental platforms with various network devices including sensors performed by the activity FITTING (related to the future Internet of things). A number of prototypes were also created on the topic of Computing in the Cloud. In the Business Pillar, key 2011 achievements included the setup of the Entrepreneurship Support System (ESS), successfully reaching out to 21 start-ups, the first results from the Innovation Radar and the study on access to finance in the different nodes (Berlin, Eindhoven, Helsinki, Paris and Stockholm).

Moreover, thematic area action lines addressing key societal challenges were launched in 2011 covering the following topics: Digital Cities of the Future, Future Media and Content Delivery, Health and Well-being, Smart Energy Systems, Smart Spaces, Intelligent Mobility and Transport Systems. In total this resulted in 60 publications in journal and conferences, 15 test beds/ demos, 12 standards contributions, five technology transfers, and 12 new products and services. Also in 2011, EIT ICT Labs' brand was further established by focusing on external and internal marketing and communications resulting in 160 meetings and events organised at the nodes with a total of 2,200 participants.

EIT ICT Labs aims to turn Europe into a global leader in ICT Innovation, which becomes one of the society's key enablers enhancing our quality of life. The community speeds up ICT innovation by bringing people together from different countries, disciplines and organizations.

As one of the EIT ICT Labs research projects FITTING brings together partners from several of the EIT ICT Labs nodes. The FITTING facility extends and eases the utilization of existing testbeds thus enabling network researchers to safely and reliably develop and experiment next generation services and applications. The involved partners have already submitted a proposal to the French "Equipex" national economic stimulus funding initiative for excellence in major scientific equipment and **have been awarded € 5.8 million for the development of a test bed federation** in France.



For the implementation of its activities as set out in the business plan 2011, EIT ICT Labs presented an initial budget was EUR 78.951 million of which, the EIT financial contribution awarded was EUR 19.5 million for KIC Added Value Activities.

KIC InnoEnergy

For KIC InnoEnergy, the year 2011 was characterised by the development of activities from planning to implementation stage. KIC InnoEnergy managed to consolidate its governance structures and processes. The company's supervisory and executive bodies convened on a regular basis and a first annual general assembly was held. The KIC InnoEnergy Societas Europea defined new processes for the management of its activities, the administration, KIC partnership and mobility. An Intellectual Property Board established the details of the IP policy which will play a pivotal role for the KIC's long term financial sustainability.

With respect to the legal structure of the six Co-location Centres, two limited companies were setup (CC Iberia S.L. and CC Poland Plus Sp.z.o.o.), two prepared to be incorporated (CC Germany GmbH

and CC Sweden AB), while CC Alps Valleys and CC BeNeLux decided to collaborate under a consortium agreement. 2011 also saw a surge of applications to become members of KIC InnoEnergy partnership, mainly from the industrial sectors.

As for the educational aspects of KIC InnoEnergy, 233 students attended four KIC Masters, three executive programmes and PhD Tracks delivered at all six Co-Location Centres. More than 1,000 students applied for the Masters, of which the top 155 were selected. In June 2013, the first KIC/EIT labelled master students will reach the labour market. Moreover, one KIC InnoEnergy PhD School with six different tracks started and 14 new learning modules were developed.



In the technology field, 35 innovation projects were continued or launched in all six thematic fields of KIC InnoEnergy (energy from chemical fuels, sustainable nuclear and renewable energy convergence, intelligent energy-efficient buildings and cities, renewable, clean coal technologies, European smart electric grid, and electric grid storage). 14 projects managed to integrate two dimensions of the knowledge triangle, and one project to fully achieve the integration of all three dimensions of education, technology and business creation. All existing projects in the initial portfolio were screened to correctly balance the presence of industry, and to re-orient them towards real innovation in terms of products and services. 62 patents were pre-identified whilst 13 applications were filled. The total addressable market of the outcome of these projects has been estimated in the range of hundreds of millions EUR.

An internal Call for Proposals for new projects also identified new activities for 2012. In the area of Innovation, Business Creation Services, and Entrepreneurship, in 2011, the KIC InnoEnergy Highway™ started to operate and 75 entrepreneurs requested KIC InnoEnergy to nurture their projects in the scheme. 32 brand new ventures were retained in the Highway™ and will eventually become full commercial businesses. Among the reasons for the initiative's attractiveness are the specialisation in Energy as well as the KIC InnoEnergy commitment to find the first customers for the start-ups mobilising its partners' value chains. Several events on innovation and entrepreneurship, such as Idea Forums and networking events for entrepreneurs and SMEs were organised at Co-location Centre level.

KIC InnoEnergy's strategic objective is to become the leading engine of innovation and entrepreneurship in the field of sustainable energy.

To prepare students to face the challenges of their future careers, coherent master's programmes and structured PhD trajectories have been developed with a strong focus on the acquisition of transferable skills, especially in innovation and entrepreneurship.

The first KIC InnoEnergy's educational programme started in September 2011.

Demand for these new courses has been overwhelming and has exceeded availability: **nearly 1,200 potential students applied for the 2011 intake (220 seats offered)** and only 155 students were accepted across KIC InnoEnergy's six co-location centres, as excellence is one keyword of the KIC's implementation.



For the implementation of its activities as set out in its Business Plan 2011, KIC InnoEnergy presented an initial budget of EUR 122.02 Million of which, the EIT financial contribution awarded was EUR 24.6 million.

1.2.2 The EIT's Cross-KIC Agendas: Driving Education and Entrepreneurship in Europe

1.2.2.1 Driving Entrepreneurship Education

The EIT's educational mission is to foster a new generation of entrepreneurially and innovation minded people in Europe by delivering a brand of excellent education responsive to both business and societal demands, focused on innovation, entrepreneurship and creativity. Activities undertaken in 2011 were focused around the EIT labelled degrees.

EIT Labelled Degrees

In 2011, the EIT's key educational activity was to refine the quality criteria for EIT labelled degrees and diplomas with a view to make them more concrete and to ensure their coherent implementation across all three KICs. EIT quality criteria as set out in the Framework Partnership Agreements (FPAs) are (1) robust entrepreneurship education, (2) highly integrated, innovative "learning-by-doing" curricula, (3) international and cross-organisational mobility, the European dimension and openness to the world, and (4) access policy and joint outreach strategy. In addition, EIT specific learning outcomes for EIT labelled Master and PhD programmes were defined in close co-operation with the KICs and comprising the following seven knowledge forms: innovation, entrepreneurship, creativity, research, leadership, intellectual transforming and making value judgments skills. The detailed learning outcomes can be obtained from the EIT website (<http://eit.europa.eu/education>).



On the basis of the refined quality criteria and learning outcomes, in 2011, the EIT started to prepare for a Quality Assurance and Learning Enhancement Model which will ensure the quality of the EIT label for Master and PhD programmes implemented by the KICs. It has defined the basic principles of the model, which include the process to decide which programmes are entitled to carry the EIT label as well as the process to handle the review of ongoing EIT labelled programmes.

Youth and Entrepreneurship Conference 2011

Building upon the "EIT Conference on Education" of December 2010, the follow-on 2011 EIT Conference "Youth and Entrepreneurship – Drivers of Innovation" was held at KIC InnoEnergy's co-location centre at AGH University Kraków (Poland) on 19-21 October 2011. It brought together more than 200 participants ranging from entrepreneurial students and entrepreneurial role models to representatives from the EIT/KICs community, academia, businesses and policy makers to interact in an open, creative and inspirational way.

The overall aim was to showcase the EIT's and KICs' first results and develop offerings in entrepreneurship and education, and to receive input to further develop the EIT's Cross-KIC entrepreneurship and education agendas. Discussions focused on various fields of importance for future entrepreneurs such as developing ideas, transforming them into a business and securing access to finance. Students had the opportunity to learn from inspiring role models about what it takes to be an entrepreneur. The EIT received very positive feedback from participants underlining its success in providing a platform for entrepreneurial learning and exchange.

Some quotes by conference participants:

„Be persistent,
be your own inspiration.”

„Students are the
agents of change”

„Entrepreneurs set out
to create meaning -
not money”

„Entrepreneurship =
DO+FAIL+DO.”

1.2.2.2 Promoting an Entrepreneurial Culture in Europe

The EIT's entrepreneurial mission is to establish the EIT as a recognised role model in Europe by creating favourable environments for talent and entrepreneurship-driven innovation to flourish and by placing a strong emphasis on the next generation of young entrepreneurs, encouraging and supporting individuals and companies to develop innovative ideas and take them to the market. In 2011, a number of inspiring ideas and subsequent activities were shaped, namely the EIT Entrepreneurship Award and an EIT Roundtable of Entrepreneurs.

Preparing for the First EIT Entrepreneurship Awards

One of the EIT's objectives is to contribute to a cultural shift in the perception and recognition of entrepreneurship and risk-taking in Europe. To this end, the main activity in 2011 in the area of entrepreneurship was to prepare for the EIT's first annual venture competition and awards ceremony to be held in February 2012. An external contractor was tasked on the basis of a negotiated procedure for consulting, event organisation, and communication activities related to the EIT Awards.

In 2011, nine entrepreneurial ventures within the three thematic areas of the current Knowledge and Innovation Communities (KICs) were nominated (three per KIC) to compete for the first EIT Awards, putting the spotlight on the most promising ventures from each of the three KICs. More detailed information on the first EIT Award event is available online at www.eitawards.eu.

Paving the Way for the EIT Roundtable of Entrepreneurs

In the view of setting up a high-profile "light-tower" initiative to support the EIT's objective of fostering entrepreneurship, in 2011, a list of candidates was established for invitation to an EIT Roundtable of Entrepreneurs to be held in 2012. The invitees were selected on the basis of proposals brought forward by the EIT Governing Board as well as by the KICs and the European Commission; and comprise accomplished entrepreneurs as well as high-profile representatives from venture capital, academia and industry.

The objectives of the EIT Roundtable are to deliver recommendations on topical entrepreneurship and innovation related questions and to provide a forum for mutual inspiration and dialogue between the EIT and other stakeholders such as students and entrepreneurs-to-be, business leaders, KIC and co-location managers.

1.2.2.3 Driving New Models for Innovation

The EIT aims at defining and experimenting with new innovation models able to enforce the innovation capability of Europe. In 2011, this objective has been extensively pursued through the KICs' first full year of operations. The KIC arrangement is in fact naturally suited to implement open innovation, demand-side and user innovation schemes.

Most KICs' activities involve complementary business skills and the appropriate research competences under a challenging business model. This novelty of the scheme is a KIC characterising element which encourages the involved businesses to co-operate through innovative approaches. These direct the KIC explored businesses to go beyond the usual short- to medium term horizon.

Furthermore, KICs are best positioned to bridge the gap arising between local capabilities (i.e. at co-location level) and the global market (i.e. the KIC level) whose perspectives are strictly relying on the implementation of advanced innovation models. Initial EIT level initiatives which started in 2011 with identifying and compiling success stories emerging from the current three KICs as well as global benchmarks will be further accelerated in 2012.

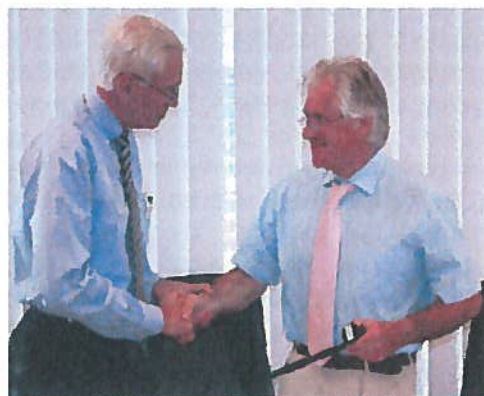
1.2.3 The EIT and its KICs: Building the EIT Culture

1.2.3.1 The EIT and KICs as Co-Creators on the Ground

During 2011, the EIT significantly strengthened and structured its unique partnership with its first three KICs, both from a strategic and operational standpoint. EIT delegations including staff and members of the Governing Board visited all sixteen co-locations spread across Europe, which enabled a better understanding on how the co-locations are developing into vibrant innovation ecosystems, how the business plans and KIC activities are being implemented on the ground, what the major bottlenecks were and how the EIT can assist the KICs in removing them.

Furthermore, the EIT invited the KICs to hold one of their Assembly/Governing Board meetings at the EIT Headquarters in Budapest every year. Climate-KIC held its Assembly meeting in September 2011 at the EIT and inaugurated a dedicated office space for the KIC at the EIT's premises in preparing for future partner mobility and case study research activities to be jointly undertaken by the EIT and its KICs. It is expected that KIC InnoEnergy will follow the same approach in 2012 as a similar declaration of intent was signed, followed possibly by EIT ICT Labs in 2013.

Moreover, regular contacts between the EIT Chairman of the Governing Board and the Chairmen of the KICs Assemblies/Governing Boards were also established in September 2011 by an initial exchange of letters, which opened a high-level channel between the EIT and its three KICs potentially contributing to streamline communication on issues of common interest, complemented by links at EIT Director – KIC CEO level. Throughout 2011, the EIT consolidated and accelerated operations notably on grant management processes by means of joint learnings with the KICs, with particular emphasis on cost reporting guidance formalised with the KICs in December 2011.



Founding Chairman of the EIT Governing Board, Dr. Martin Schuurmans, hands the chairmanship over to Dr. Alexander von Gabain on 15 Sept. 2011.

1.2.3.2 Establishing Strong EIT-KIC Working Relations

EIT-KIC Forum

Effective co-ordination and structured interaction between the various constituent parts of the EIT is necessary to facilitate the respective contributions to foster both successful outcomes and institutional learnings thereby reflecting the innovative governance associated to the unique partnerships between the EIT and its "business-like" KICs. The EIT-KIC Forum is a new instrument set up by EIT to strengthen the management of the dialogue between the EIT and the KICs at executive level, thereby providing not only responses to problems but, most importantly, to anticipate, strategically plan and invest in the future on areas of common interest.

With a view to reinforce the structured dialogue, the EIT-KIC Forum integrates all areas of corporate interest to both the EIT and its KICs. To this end, the Forum is a platform to share views on technical and strategic issues, for consultation, guidance and executive decision. It also addresses synergies on the interpretation of provisions of the EIT Regulation, EIT Financial Rules, the Framework Partnership Agreements and Grant Agreements. Issues on the Forum agenda are those identified as of common interest. For the time being these include three operational/working areas: 1) Finance & Simplification, 2) Performance/KPIs and 3) Communication/Marketing. Operating in the area of innovative governance, the EIT Forum is paving the way for future KICs to benefit from the learnings to date.

The EIT-KIC Forum is composed of the KIC CEOs and the EIT Director as conveyor and EIT staff as deemed appropriate (e.g. Head of Unit Intelligence). The Head of Unit KIC Operations acts as secretary of the Forum while the responsible European Commission Director (DG EAC) is an observer

on the Forum. Other stakeholders, such as the EIT Foundation Secretary General, may be invited to exchange information on policies, practices and tools. The Forum, which typically meets one month before the EIT Governing Board meetings, met twice in 2011 (in October and November).

EIT-KIC Pillar Groups/Panels

With a view to enhancing the EIT's and KICs' impact in the fields of education and entrepreneurship, working groups have been set up comprising KIC Education and Entrepreneurship Directors respectively, a member of the EIT Governing Board, EIT Headquarters staff, as well as an external expert. The objective of these working groups has been to drive and further develop the EIT's and KICs' education and entrepreneurship agendas through a so-called co-creation mechanism.

Education Group: The EIT-KICs education working group was set up in late 2010 with the objective to support the development and implementation of unique educational programmes based on entrepreneurship, creativity and innovation, which would be distinguished by an "EIT label". The group co-created the following outputs endorsed by the Governing Board in 2011: (1) Refined the quality criteria for EIT labelled degrees and diplomas, (2), defined the EIT overarching learning outcomes and (3) determine the basic principles of a mechanism to ensure the quality of the EIT label (Quality Assurance and Learning enhancement model). The Education Group met regularly on a bi-monthly basis in 2011. The activities will be pursued in 2012 in form of an EIT/KIC Education Panel approved by the Governing Board in 2011 and aiming at addressing challenges in the area of education jointly with KICs Education Directors, namely the promotion of the EIT label, ensuring its overall quality, and further developing the EIT scholarship scheme

EIT/KIC Entrepreneurship Workshops: Initial preparatory meetings of the entrepreneurship group had been held in 2010 and continued in 2011 with a series of cross-KIC Entrepreneurship Workshops aiming to encourage the exchange of ideas and good practices among KICs and the EIT. In 2011, the EIT organised two workshops in order to facilitate cross-KIC learning and joint strategy development where vision and ambitions were tested against real experience both at KIC and Co-location Centre (CLC) level.

Establishing EIT-EIT Foundation Working Relations

The EIT Foundation (EITF) was established in September 2010 and is legally registered as a philanthropic organisation in The Netherlands. Its sole objective is to promote and support the EIT.

On 22 February 2011, the EIT Foundation Governing Board appointed Christian Jourquin, CEO of Solvay as Chairperson. Other members include Joao Caraca and Yrjö Neuvo (members of the EIT Governing Board), Sir Colin Lucas (Secretary) and Frans van Vught (Treasurer). On 26 August 2011, Jean-Francois Dehem was appointed EITF Secretary General.

The EIT Foundation organised a high-level event with European Commission President José Manuel Barroso on 06 October 2011 in order to attract this industry interest and kick start its activities. The meeting was a milestone in the setting up of the EIT Foundation's activities as it resulted in the establishment of three Working Groups on (1) Support to Learners, Teachers, Trainers, and Researchers, on (2) Entrepreneurship and Education Training Programmes, and (3) Annual Innovation Forum.

The relationship between the EIT and EIT Foundation is maintained at a strategic level by the participation of two EIT Governing Board members in the EIT Foundation Board, which also ensures an open dialogue between the EIT Foundation and the EIT on the types of activities to be carried out and eventually funded by the Foundation. Additionally, the EIT Director participates in the EIT Foundation's Board meetings in an observer capacity in order to safeguard a free flow of information as well as coherence and complementarity of activities between the two entities.

PART 2. MANAGEMENT AND INTERNAL CONTROL SYSTEMS

2.1 General Overview

The EIT was founded in 2008 Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 establishing the European Institute of Innovation and Technology, and after an initial period in Brussels, its Headquarters were established in Budapest in April 2010. EIT is an EU body governed by an independent Governing Board of high profile individuals from the Knowledge Triangle (Research, Higher Education and Business).

The Institute receives most of its funds in the form of a European Union subsidy, by decision of the budgetary authority. The EIT receives additional revenue from the Host Member State, Hungary. In accordance to the Hosting Agreement concluded between the EIT and the Government of the Republic of Hungary, Hungary undertakes to contribute to the staff costs of the EIT to cover the cost of the salaries of 20 EIT employees for five years. The contribution is due from 2011 onwards in five annual installments of EUR 1 560 000 per year.

The EIT's parent DG is the Directorate General for Education and Culture of the European Commission, which is also an observer to the Governing Board. Today, the Governing Board is composed of 22 independent members, of whom 18 are 'appointed members' designated by the Commission and 4 are 'representative members' selected by the Governing Board on the basis of candidate proposals made by the KICs from among Knowledge Triangle sector constituencies.

The Governing Board generally meets four times a year to provide strategic guidance and take decisions⁴, including selection of the KICs and grant allocations thereafter. In 2011, Governing Board meetings took place on 16 February, 18 May, 15 September and 01 December. The Governing Board is assisted by an Executive Committee composed of five Governing Board members. The Executive Committee also meets 4 times a year to prepare for the Governing Board meetings. In addition, annual KIC hearings are held in order to assist the Governing Board in reaching a decision on the annual financial allocation to the KICs for the following year. For transparency reasons, all decisions taken by the EIT Governing Board are made publicly available at the EIT website.

The EIT's mission is defined by its Founding Regulation, the medium-term priorities are set out in its rolling Triennial Work Programme (for 2011: TWP 2010-2012 and TWP 2011-2013) which are translated into annual work programmes/financing decisions. Both Triennial and annual working programmes are endorsed by the Governing Board upon proposals by the Director.

A new organisational structure was established on 26 September 2011, taking into consideration the Institute's constitutional priorities and to align the services of the EIT with its developing role. The new structure (Annex 9) did not have an impact on the number of management positions nor on the number of posts or Units. Since the re-organisation, the EIT is structured in three Units, which are managed by Heads of Unit responsible for strategy, operational and administrative issues. As part of the re-organisation of the EIT Headquarters, and in the interest of service, new functions were created reporting directly to the EIT Director while certain re-allocation of activities and staff among the three previously existing units (Resources, Finance, and Strategy & Communication) took place.

Following the re-organisation of the EIT, all financial operations of the budget have been based on centralised financial circuits. The Budget and Procurement teams were merged together in order to speed up implementation of the budget, with the Resources Unit acting as a centralised service for financial initiation and verification of all financial transactions of the EIT budget.

As regards staffing, at the end of 2011, EIT employed a total of 40 staff⁵ (23 temporary agents and 17 contract agents), representing an overall increase of 66% compared to year end 2010, and corresponding to 83% of the maximum number of staff authorised in the 2011 budget. Consequently,

⁴ Founding Regulation, Article 3(3): 'The Governing Board shall meet in ordinary session at least three times a year...'

⁵ Annex 2 shows the distribution of staff in detail.

a total of 19 new staff members took up duty while two left. Two out of the three Commission officials, who had previously been placed at the disposal of the EIT, went back to respective Commission services and one took up an EIT employment contract. The majority of newcomers (63%) being allocated to the operational units. This results in 50% of total EIT staff being allocated to EIT operational activities.

As a result of a re-assessment/re-organisation of the Institute, five posts were redefined, with 12 new selection procedures launched in 2011/2012. When the selection procedures will be completed, the establishment plan of all headcount will be achieved by the end of 2012. The delay in the 2011 staff deployment will be offset by the increased efficiency of the new organisation established in September 2011 coupled with the progressive deployment of key management positions.

In 2011, the following changes and developments should be noted:

- During its meeting of 16 February 2011, the EIT Governing Board unanimously elected Alexander von Gabain as its second Chairman to succeed Martin Schuurmans, first Chairman of the EIT Governing Board, after his term expired on 15 September 2011.

Alexander von Gabain combines a strong background in research and higher education with entrepreneurial experience. At his appointment, Alexander von Gabain announced that one of his immediate priorities would be to focus the EIT's efforts on becoming a true innovation impact investor; a vision that had been outlined in the EIT's proposal for a Strategic Innovation Agenda (SIA) presented by the EIT Governing Board to the Commission in June 2011. It was thus decided to focus the next few years on preparing the EIT for its future growth via the consolidation of the current three KICs and the implementation of further new KICs in order for the EIT to become a significant driver of innovation in Europe.

- On 18 May 2011, José Manuel Leceta Garcia was appointed EIT Director by the EIT Governing Board, to follow Ronald De Bruin (Acting EIT Director since September 2010). Taking up duties on 01 July 2011, the Director played a key role in guiding the EIT Headquarters towards better aligning the services with the organisational structure, increasing the accountability of KIC Operations as well as consolidating key functions at corporate level (such as legal advice, planning stakeholders relations and communication). Furthermore, the Director managed to help structure the deliberations of the Board and the partnership with KIC CEOs through the setting up of an EIT KIC Forum focused on areas of corporate interest. First available evidence of results and innovative models emerging from KICs were also visible.
- In 2010 and more intensively in 2011, the EIT and its parent Commission Directorate General (DG EAC) worked together to set up the appropriate internal structures and administrative procedures to achieve readiness for the EIT to manage EU funds in accordance with the principles of sound financial management and to fulfill the minimum conditions for EIT financial autonomy, as defined⁶:
 - a) establishing an effective separation of duties of the Authorising Officer and accounting officer
 - b) an operational accounting system enabling the use of the funds to be verified and reflected in the EU accounts
 - c) an adequate procedure for payments which ensure sound financial management of the EU funds.

On 08 June 2011, the European Commission decided to grant EIT (partial) financial autonomy with the EIT Director acting thereafter as Authorising Officer in line with the EIT Financial Rules. He delegated powers to the Head of Resources Unit, who act as Authorising officer by delegation for the EIT budget except the grants and with certain limits. Working arrangements were however established for the Commission to continue supporting the EIT, via ex-ante verification regarding the management of KIC grants and high-value procurements exceeding EUR 60,000. The EIT and the Commission services have worked together intensively to implement the Commission's recommendations for the EIT thereby maturing its readiness for (full) financial autonomy.

⁶ Commission Decision C(2009) 10145 of 17 December 2009

2.1.1 Planning and Reporting System

The strategic framework for the annual programmes is outlined by a multiannual rolling programme called 'Triennial Work Programme' (TWP)⁷ endorsed by the EIT Governing Board on an annual basis.

On the basis of the TWP the EIT establishes its annual work programme and budget⁸. The objectives and main activities are then translated into annual unit work programmes. They comprise mission statement of each unit, information concerning the activities including specific objectives measured by indicators. The unit work programmes serve as a tool for internal management and are not public.

On the internal front, EIT activities were steered progressively through weekly activity reports/plans presented by Heads of Unit at Management Team meetings during 2011. Action lists at EIT level and cross-Unit project planning etc. were also part of the agenda of the Management Team meetings, thereafter followed up at Unit and team levels. In addition, since the second half of 2011 monthly reports were provided to the Management Team comprising budget and procurement implementation tables as well as human resources development plans were also presented and discussed. Budget review was first conducted in autumn assessing in detail the implementation of the budget and the EIT work programme, thereby formulating corrective and reorientation actions.

Concerning support to KICs, the overall strategy is aligned with the multi-annual character of the EIT-KIC relationship, with specific annual grant support decided against a longer-term partnership framework. With the support of an independent facilitator, the EIT initiated in the 4th quarter of 2011 the development of a Performance Measurement System (PMS) designed to monitor the performance of the KICs and the EIT in the form of a core set of Key Performance Indicators (KPIs). The development and implementation of such system will be executed in sequential phases and it is expected that by the end of 2012 the PMS will be fully deployed.

The implementation of the annual grant agreements is based on the KICs' Business Plans (aimed to address a KIC's specific goals and objectives but also their contributions to overall EIT priorities), and then, reported in the KICs' Reports covering both, their performance in implementing the Business Plan and on the costs incurred to this end.

The assessment of the EIT-KIC partnerships involves both desk exercise on such documents as well as personal interaction between the EIT and KIC operational staff (at both KIC legal entity (LE) and Co-location Centre levels) during the implementation of the Business Plans with a view to ensure a clear understanding and qualitative assessment of:

- The KICs' business model – organisational, operational and financial processes;
- The undertaken KIC activities, particularly the added-value ones;
- The progress achieved in their implementation and next steps;
- The achieved outputs and outcomes (deliverables, KPIs, success stories);
- Final beneficiaries' impressions (students, researchers, entrepreneurs, etc.).

Such interactions take various forms reflecting the unique partnerships entered into by the EIT with its living KICs, thereby providing not only support to finance and activities implemented but, more importantly, by facilitating and synergizing them through true outcomes, like:

- EIT-KIC Working Groups/ Panels on Education, Entrepreneurship, etc. being attended also by the EIT KIC Project officers,
- On-site visits by EIT staff – to specific KIC partners or project sites where specific KIC activities are effectively implemented,
- EIT staff attendance of a KIC partners' meetings or activities, events, organised by the KIC, to foster increased learning and mutual knowledge,
- EIT-driven institutional events, workshops, seminars organised at European level to which KIC representatives are invited and they contribute to the content.

⁷ The TWP 2011-2013 was endorsed by the EIT Governing Board on 4 June 2010.

⁸ The EIT Governing Board adopted the work programme and budget for 2011 in December 2010.

To comply with the principle of transparency the list of contracts and grants awarded in 2011 are posted on EIT's website and annexed to the AAR. The last step in the programming cycle is the reporting stage by means of the Annual Activity Report (AAR) after the year end. 2011 AAR is the first AAR of the EIT, since the EIT gained its (partial) financial autonomy on 8 June 2011.

2.1.2 Risk Management

According with Article 38(4) of the EIT Financial Rules, the Director of the EIT, in his capacity of Authorising Officer, has decided to implement the same principles and main elements of the Commission's risk management methodology⁹. For this purpose, in compliance with the risk management process, an Internal Control Coordinator responsible for the risk management exercise was appointed in the first half of 2011. Having regard to the risk associated with the management environment and procedures suited to the performance of the EIT duties, the risk management exercise is done on a yearly basis, covering the EIT whole activities.

For implementating the internal control processes that supports the entire expenditure life cycle, the "Standardisation and Simplification Initiative (SSI)" exercise was launched following a threefold approach:

- Standardised EIT planning exercise and work programme;
- Link with the Risk-Management exercise;
- Develop Standard Operating Procedures (SOP).

The Standard Operating Procedures (SOP) are detailed, written instructions to achieve uniformity of the performance of a specific process; the instructions usually cover more than one task or area within the EIT, Unit, Section or teams. As to the risk-management exercise all units identified the risks by using the questionnaire for risk identification and assessment and the Commission's implementation guideline on risk management. The critical risks and other significant risks were registered in an internal risk register that was incorporated into the Units' work programme for 2011. Initial action plans were established that contained a description of the risks and the mitigation actions, their owners, target dates and milestones. Annex 1 lists the 2011 critical risks identified.

The initial Risk management exercise launched in 2011, will be re-assess and complete during 2012 to conclude with a more comprehensive risk assessment exercise and the results will be included in the AAR 2012.

Grants offered to KICs account for an important share of EIT's operational budget. Therefore, as the need to contribute to EIT's assurance over their implementation is recognized, an adequate identification and management of relevant risks is crucial.

More specific risks identified with the management of grants are:

- inherent risks linked to the multiplicity of organisations and systems, involved in a diversity of operations
- inherent risk deriving from the start-up phase of KICs;
- inherent risk deriving from the complexity and nature of KIC added-value activities;
- the reliance which can be placed on the KICs internal control systems should they not yet be fully explored and operational at legal entity level;
- the quality and the level of coverage offered by certificates on the financial statements are not yet explored.

These risks are mitigated by:

- Guarantees built in Grant Agreements provisions;

⁹ SEC(2005)1327 adopted in October 2005 "Towards an effective and coherent risk management in the Commission services"

- Continuous guidance provided to KICs in terms of performance and financial matters;
- Regular monitoring of KIC activities;
- Ex-ante verifications such as the assessment of performance and cost reports;
- Ex-post verifications.

In 2011, the risk mitigating activities largely concerned the

- design of the grant agreement with appropriate guarantees;
- guidance provided to KICs (see in detail annex 1); and
- detailed ex-ante assessment of cost and performance reports submitted.

An ex-post strategy, supported by a risk assessment of the KICs and Partners building on the experience, is under development. Ex-post audit activities are foreseen in 2012.

Moreover, some other risks have been identified related to: planning, processes and systems (operational and financial processes), and to people and organization (internal organization, human resources, organizational behavior).

2.2 The Functioning of the Entire Internal Control System

2.2.1 Compliance with the Requirements of the Control Standards

The EIT Governing Board (GB) adopted the minimum standards on internal management and control system on 4 June 2010¹⁰ and the first Director adopted the Internal Control Standards applicable to the European Commission on 07 May 2010¹¹. Following the practice recommended for Agencies, the EIT applies the Internal Control Standards of the Commission and are structured around six 'building blocks': mission and values, human resources, planning and risk management processes, operations and control activities, information and financial reporting, and evaluation and audit.

The EIT started to implement the internal control standards (ICS) in 2010 as part of the processes leading to (partial) financial autonomy achieved in June 2011. During 2011 the EIT made progress in order to comply with these standards. A comprehensive ICS exercise including an analysis of the implementation status of ICS and a subsequent action plan are envisaged in 2012.

The progress in the implementation of the standards is mentioned below together with an action plan for those standards whose implementation is required in 2012.

Mission and Values

ICS 1: Mission

Definition ICS1: The EIT's raison d'être is clearly defined in up-to-date and concise mission statements developed from the perspective of the EIT's customers.

The EIT mission statement is established, approved and available on the EIT website and common drive. Staff is aware of the EIT mission statement. Not all units have a definitive unit specific mission statement.

ICS 2: Ethical and Organisational Values

Definition ICS2: Management and staff are aware of and share appropriate ethical and organisational values and uphold these through their own behaviour and decision-making.

The EIT Code of good conduct regarding conflict of interest as well as the Ethical and Organisational Code of Conduct at the EIT are in place.

¹⁰ Decision by the EIT Governing Board of 04 June 2010 on minimum standards on internal management and control systems and procedures

¹¹ Director Decision No 3/2010 on the internal control standards applicable to the EIT

Training on ethics and integrity will be provided for all staff in 2012. EIT implementing rules regarding harassment are to be developed before end 2012.

EIT accessed to the Inter-institutional Agreement of 25 May 1999 between EP, Council of EU and EC concerning investigations by the OLAF is established. The EIT has taken a decision concerning the terms and conditions for internal investigation in relation to the prevention of fraud, corruption and any illegal activity detrimental to the Union's interest. Specific procedures on fraud prevention and reporting irregularities are under development.

Human Resources

ICS 3: Staff Allocation and Mobility

Definition ICS3: The allocation and recruitment of staff is based on the EIT's objectives and priorities. Management promote and plan staff mobility so as to strike the right balance between continuity and renewal.

EIT was re-organised in September 2011 taking into consideration the Institute's priorities and to align the services of the EIT with its developing role and workload. The new organigramme is available on the internet. Following the reorganization, an exercise was launched to ensure coherence and consistence between the job descriptions and the new mission statement. Some individual job descriptions still to be revised during 2012. HR policy and strategy to facilitate new staff integration in the team will be further elaborated in 2012. A Recruitment Guide is in place and was updated according to the European Court of Auditors' recommendations.

Almost all implementing provisions for staff policy are adopted. GB decision on the rules on the Seconded National Expert (SNE) is in place which enables the EIT to benefit from the high level of their professional knowledge and experience in particular in areas where such expertise is not readily available.

ICS 4: Staff Evaluation and Development

Definition ICS4: Staff performance is evaluated against individual annual objectives, which fit with the EIT's overall objectives. Adequate measures are taken to develop the skills necessary to achieve the objectives.

In 2011, the EIT set the foundations of its performance appraisal policy by proposing the draft Implementing Rules on appraisal of Temporary and Contract Agents, a second draft proposal should be submitted in 2012 based on the procedure in place at the European Commission Besides aiming at assessing individual performance, the appraisal system is designed to effectively plan work in advance and contribute to future career development. The first annual performance appraisal exercise will take place in 2012..

Each staff member has individual objectives – consistent with the work programme and objectives of the Institute and the unit - accompanied by criteria for assessing the results achieved.

An overall training policy including areas of priority for the EIT is under development The EIT implementing rules regarding training of staff are to be adopted by the EIT Governing Board following screening by Commission services in 2012. Internal rules and compulsory training for financial actors is in place and provided. A training register recording all training activities undertaken by the staff member is kept up to date.. The training map exercise was launched in 2011 and most of the staff members have agreed individual training maps.

Planning and Risk Management Processes

ICS 5: Objectives and Performance Indicators

Definition ICS5: The EIT's objectives are clearly defined and updated when necessary. These are formulated in a way that makes it possible to monitor their achievement. Key performance indicators are established to help management evaluate and report on progress made in relation to their objectives.

The Triennial Work Programme (TWP) 2011-2013 outlines the EIT's strategic objectives that are translated into annual objectives in the EIT Annual Work Programme (AWP).

Internally, the Units' 2011 AWP clearly sets out how planned activities contribute to the achievement of objectives set in the EIT AWP for 2011, taking into account allocated resources and risks identified. After the re-organisation in September 2011, major adjustments were postponed to 2012. During 2012 an AMP will be developed and established, involving middle managers and staff, in order to ensure it is understood and owned, in line with SMART criteria, milestones, performance indicators to monitor and report on achievements.

Regarding KICs, the development of a performance monitoring system of KPIs was launched by involving the KICs in September 2011 and will become operational in the later part of 2012.

ICS 6: Risk Management Process

Definition ICS6: A risk management process that is in line with applicable provisions and guidelines is integrated into the annual activity planning.

An EIT-wide risk assessment process was established by EIT Decision 17/2010 of June 2010 on adopting the risk management process for the EIT. As explained under point 2.1.2 of this report, a more comprehensive risk assessment exercise will be carried out and the main results will be included in the AAR 2012

Early 2011 EIT carried out a first, so-called Standardisation and Simplification Initiative (SSI) exercise including risk management. Questionnaire for risk identification and assessment and the Commission's implementation guideline on risk management are available. The critical risks and other significant risks were registered in an internal risk register that was incorporated into the Units' work programme for 2011.

Operations and Control Activities

ICS 7: Operational Structure

Definition ICS7: The EIT's operational structure supports effective decision-making by suitable delegation of powers. Risks associated with the EIT's sensitive functions are managed through mitigating controls and ultimately staff mobility. Adequate IT governance structures are in place.

Delegation of authority has been defined, assigned and communicated in written. The delegated authorising officers have received and acknowledge the Charters and specific delegation instruments are in place. As regards financial transactions, individual delegations of actors (operational initiator, operational verifier, financial initiator, financial verifier, authorising officer by delegation) are defined, assigned and communicated in writing, including the code of professional standards for ex-ante verification function. The delegation of powers "passed for payment and certified correct" are defined, assigned and communicated in written. An IT governance policy is to be adopted in 2012. An appropriate process to ensure authorisation and centralised registration of exceptions is to be documented.

ICS 8: Processes and Procedures

Definition ICS8: The EIT's processes and procedures used for the implementation and control of its activities are effective and efficient, adequately documented and compliant with applicable provisions. They include arrangements to ensure segregation of duties and to track and give prior approval to control overrides or deviations from policies and procedures.

EIT established the system of Standard Operating Procedure (SOP) in line with the international quality standard ISO 9001. An SOP is a written document, instruction detailing all steps and activities of a process or procedure. An SOP provides staff members with a reference to common business practices, activities, or tasks. The register of Standard Operating Procedures is accessible for all staff via a shortcut on every desk top. The essential financial procedures (commitment, payment, recovery workflows) are adequately documented in SOPs. Further consolidation is envisaged in relation to the documentation of procurement procedures. Financial circuits in the EIT are in place to ensure

segregation of duties, even if some modifications are foreseen during 2012. The financial controls (ex-ante verification and authorisation of transactions) and financial systems (ABAC, SAP) are in place and validated. Mission, event management and other logistic procedures are established.

The KIC grant handbook containing all processes and procedures related to the management of grants still under development and will be achieved during 2012.

ICS 9: Management Supervision

Definition ICS9: Management supervision is performed to ensure that the implementation of activities is running efficiently and effectively while complying with applicable provisions.

Management supervision is ensured via regular Management Team meetings and Unit meetings and cover both legality and regularity aspects and operational performance. Weekly activity reports, action lists, planning are on the Management Team agenda, Unit / Directorate agendas and team agendas. Follow-up the implementation of the Commission's recommendation for the EIT regarding the financial autonomy are a regular topic on the Management Team agenda. Monitoring and follow up of a risk assessment action plan by the management will take place in 2012.

ICS 10: Business Continuity

Definition ICS10: Adequate measures are in place to ensure continuity of service in case of "business-as-usual" interruption. Business Continuity Plans are in place to ensure that the Commission is able to continue operating to the extent possible whatever the nature of a major disruption.

The EIT Decision on business continuity plan at the EIT is in place but needs to be updated taking into account both the new organizational structure as well as the enlarge staff planned during 2012.

Ad-hoc measures were taken in 2011 to ensure the continuity of all service during "business-as-usual" interruptions (such as sick leave, vacancies or planned recruitments of key management positions including Heads of Unit). Back-up system for financial initiation and verification are however in place.

Definitive deputising arrangements for operational activities and financial transactions will be established in 2012. Local Security Officer is appointed. Contingency and backup plans for information systems have not been established yet. Data Protection Officer and a back-up are appointed.

ICS 11: Document Management

Definition ICS11: Appropriate processes and procedures are in place to ensure that the EIT's document management is secure, efficient (in particular as regards retrieving appropriate information) and complies with applicable legislation.

The EIT Decision 22/2010 of June 2010 on implementing rules of the document management process and procedure at the EIT is established. Document Management Officer is appointed. Guidelines for determining the levels of confidentiality and access of various categories of documents are in place.

SOP on data retention procedure is to be developed based on applicable rules. Transparency and access to documents processes and procedures at the EIT are adopted.

A policy on a filing plan (folder concept) does not yet exist. An electronic document system will be established in 2012.

Information and Financial Reporting

ICS 12: Information and Communication

Definition ICS12: Internal communication enables management and staff to fulfil their responsibilities effectively and efficiently, including in the domain of Internal Control. Where appropriate, the EIT has an external communication strategy to ensure that its external communication is effective, coherent and in line with the Commission's key political messages. IT systems used and/or managed by the EIT (where the EIT is the system owner) are adequately protected against threats to their confidentiality and integrity.

An EIT Communication Strategy and Communication Action Plan are in place. Both are to be updated in the course of 2012 aligning with the EIT's developing role, strategy and objectives. A revised strategy will also include copyright provisions.

External communication tools are available and improved in the course of the second half of 2011, including e-mail, EIT website, e-newsletter and corporate presentation.

An EIT internal communication strategy is planned to be developed in the course of 2012.

EIT staff is debriefed of GB meeting and Directorate/Unit meetings decisions. Intranet will be developed in 2012 coupled with necessary developments of IT systems. Cross-Unit internal communication on each others' activities, KIC developments, etc. will be in place from 2012. IT security plan needs to be developed.

ICS 13: Accounting and Financial Reporting

Definition ICS13: Adequate procedures and controls are in place to ensure that accounting data and related information used for preparing the organisation's annual accounts and financial reports are accurate, complete and timely.

Accounting procedures and manuals are adopted. The majority of the finance procedures are documented in SOPs and EIT decisions (see ICS 8). SOP on budgetary reporting is still to be drafted reflecting the practice established in the second half of 2011 whereby the Management Team is kept informed by monthly reports on the budget implementation and on the implementation of the procurement plan. Budget implementation and other financial reports (such as report on payment delays) are prepared from reports available in DWH (data warehouse in Business Object).

For follow up the budget and its execution a system developed by DG COMM, called Pecunia will be introduced in the course of 2012. The financial information produced by the EIT, including financial information provided in the AAR, is in conformity with applicable accounting rules.

Evaluation and Audit

ICS 14: Evaluation of Activities

Definition ICS14: Evaluations of expenditure programmes, legislation and other non-spending activities are performed to assess the results, impacts and needs that these activities aim to achieve and satisfy.

As stipulated by the EIT Regulation, the European Commission mandated a contractor to carry out an independent external evaluation of the EIT with particular focus on the EIT's added value, impact and relevance. The final result was published in May 2011¹² The external evaluation was broadly supportive and positive of the EIT's overall mission, concept and first achievements, whilst also highlighting areas for improvement and providing 13 concrete recommendations.

An action plan for the implementation of the recommendations has been prepared by the Commission. A follow-up activity on the implementation of the recommendations has been agreed between the Commission and the EIT to take place early 2013.

The assessment and monitoring of the outcomes and results of each KIC are taken into account in the grant allocation procedure.

ICS 15: Assessment of Internal Control Systems

Definition ICS15: Management assess the effectiveness of the EIT's key Internal Control Systems, including the processes carried out by implementing bodies, at least once a year.

The assessment of the effectiveness of the Internal Control Systems will be done by the EIT in annual basis. As part of the Annual Activity Report, the Director signs a statement, to the best of his knowledge, on the accuracy and exhaustiveness of the information on management and internal

¹² http://ec.europa.eu/dgs/education_culture/evalreports/education/2011/eitreport_en.pdf

control systems provided in the Annual Activity Report. The first comprehensive ICS exercise to assess of the implementation status of ICS and a subsequent action plan will be launched early 2012.

ICS 16: Internal Audit Capability

Definition ICS16: The EIT has an Internal Audit Capability (IAC), which provides independent, objective assurance and consulting services designed to add value and improve the operations of the EIT.

The EIT has a dedicated Internal Auditing Function (IAF), which is defined through Article 4(d) EIT Regulation. The IAF closely cooperates with the European Commission's Internal Audit Service (IAS) on the basis on formal Working Arrangements. The EIT Mission Charter for the IAS and the EIT Charter for the IAF formally define the purpose, authority and responsibility of internal audit activity in the EIT.

On the basis of the IAS-IAF Working Arrangements, the 2011 full risk assessment of the EIT was conducted jointly by the IAS and the IAF and provided the basis for the Coordinated IAS-IAF Strategic Audit Plan 2012-2014, which was subsequently endorsed by the EIT Governing Board and the EIT Director.

The main focus of the IAF in 2011 was on providing advice within the context of the EIT's preparations for financial autonomy – apart from the joint conduct of the full risk assessment of the EIT together with the IAS.

The first IAF audit will be on „Risk Management“ and is planned for early 2012, while the first joint IAS-IAF audit will be on „Grant Management – Preparation of Annual Grant Agreements“ and is planned for late 2012. It is foreseen that at least one audit each year will be conducted as a joint IAS-IAF audit, with the remaining audits to be conducted as IAF audits. The joint IAS-IAF full IT risk assessment of the EIT is envisaged for 2013 or 2014.

2.2.2 Conclusion

The EIT has put in place some of the principal measures for being compliant with the requirements of the Internal Control Standards for effective management. Nevertheless, a number of areas require management attention in order to have a fully effective, robust and reliable internal control system. A comprehensive and complete ICS exercise to assess of the implementation status of ICS and a subsequent action plan will be launched early 2012

The table mentioned below lists the priority actions to be implemented in 2012 to ensure an effective internal control system and to maintain an appropriate balance between risks to be addressed and the controls required in minimising the risks.

Internal Control Standard	Priority Actions for 2012
ICS 1 - Mission	<ul style="list-style-type: none"> - Mature all unit mission statements in line with the EIT mission statement, objectives and priorities.
ICS 3 – Staff Allocation and Mobility	<ul style="list-style-type: none"> - Make available all individual job descriptions; - Establish HR policy and strategy to facilitate new staff integration in the team; - Development of an HR strategic framework for creating the culture and conditions of the Institute operating within the setting of the European public administration.
ICS 4 – Staff Allocation and Mobility	<ul style="list-style-type: none"> - Develop an training policy including areas of priority for the EIT; - Adopt the EIT implementing rules regarding training of staff; - Ensure agreed individual training maps for each member of the staff.
ICS 5 – Objectives and performance indicators	<ul style="list-style-type: none"> - Develop an AMP, involving middle managers and staff, in order to ensure it is understood and owned, in line with SMART criteria, milestones, and performance indicators; - Monitor and report on the initial achievements thorough the year; - The Performance Monitoring System of KPIs becomes operational in the later part of 2012.
ICS 6 - Risk Management Process	<ul style="list-style-type: none"> - Conduct a comprehensive risk assessment exercise including developing an EIT-wide risk management action plan
ICS 7 - Operational Structure	<ul style="list-style-type: none"> - Establish IT governance policy (including disaster recovery); - Document an appropriate process to ensure authorisation and centralised registration of exceptions.
ICS 8 - Processes and Procedures	<ul style="list-style-type: none"> - Finalise KIC grant handbook and related Standard Operating Procedures
ICS 9 - Management Supervision	<ul style="list-style-type: none"> - Establish and execute a reporting system on the monitoring and follow-up risk assessment action plan
ICS 10 - Business Continuity	<ul style="list-style-type: none"> - Establish deputising rules and procedures to ensure business continuity - Define deputising arrangements for operational activities and financial transactions. - Establish contingency backup plans for information systems - Appoint back-up functions for all the activities.
ICS 11 - Document Management	<ul style="list-style-type: none"> - Establish policy on a filing plan (folder concept) - Establish electronic document management system at EIT level
ICS 12 - Information and Communication	<ul style="list-style-type: none"> - Update the EIT communication strategy - Establish internal communication tools to support cross-Unit internal communication , KIC developments, Unit activities, etc. - Develop IT security plan

PART 3. BUILDING BLOCKS

TOWARDS THE DECLARATION OF ASSURANCE

3.1 Building Blocks towards Reasonable Assurance

3.1.1 Building Block 1: Assessment by Management

Assurance is an objective examination of evidence for the purpose of providing an independent assessment of the effectiveness of risk management, control and governance processes. This examination is carried out by management, who has to monitor the functioning of the internal control systems on a continuous basis.

In the course of 2011, much effort was devoted to obtaining financial autonomy, to finalising the work linked to the hand-over from the parent DG, to the implementation of the necessary processes and tools and to fine-tune the internal control system.

EIT management supervises the activities they are responsible for at all levels and keeps track of main issues identified which are reported in management meetings. Management supervision covers both legality and regularity aspects, operational performance and organisational development. Management monitors the implementation of the Commission's recommendation for the EIT regarding financial autonomy and related action plans on the basis of a transparent allocation of roles and responsibilities.

To ensure sound financial management and the legality and regularity of transactions, ex-ante financial verification is performed on all financial transactions, and the errors detected during such controls are corrected before the transactions are approved. Moreover, the parent DG continues to perform second level ex-ante financial verification for KIC grants and for procurements exceeding the value of EUR 60 000 since 8 June 2011, therefore providing an additional assurance to the Authorising Officer.

EIT carried out a first, so-called "Standardisation and Simplification Initiative (SSI)" exercise including risk management. The critical risks were registered in an internal register that was incorporated into the Units' work programme for 2011. Initial action plans were established but the risk management exercise in 2011 was not implemented to the fullest extent. For WP 2012, a comprehensive risk assessment exercise will be carried out and the main results will be included in the AAR 2012.

The biggest part of the EIT budget relates to grants awarded to the Knowledge and Innovation Communities (KICs), therefore the assurance regarding their implementation is derived from assessments performed during different phases of the implementation of the activities.

In 2011, three annual grant agreements were signed¹³, each of which was scrutinized to ensure legal compliance, business plans were assessed to ensure that planned activities fulfill EIT requirements. Finally, to mitigate the risks of allowing for considerable pre-financing payments, a structured risk assessment took place to identify the necessary level of financial guarantee.

In 2011, the EIT closed three agreements (two Preparatory Grant Agreements and one Annual Grant Agreement), each accompanied by a final balance payment. A detailed assessment of the performance and cost reports including the desk verification on a sample of supporting documents took place, in order to ensure the eligibility of the final amount of the grants calculated by the EIT.

¹³ As regards Climate KIC Grant Agreement 2010, a global commitment was done in 2010 to reserve the necessary appropriations. The amount was awarded in 2011 and the financial and legal commitments were signed in February 2011 (covering the period 01 January 2010 to 28 February 2011).

Analysis of Exceptions in 2011

Under article 25a of the EIT Financial Rules, the EIT is required to implement the budget in compliance with effective internal controls and article 22a of the implementing rules states that it should include procedures for the follow-up of identified internal control weaknesses and exceptions.

ICS 8: Processes and Procedures calls for the establishment of procedures which ensure tracking of control overrides and deviations. In 2011, the EIT followed the complementary guidance on exceptions reporting of the European Commission and adopted a standard operating procedure (SOP) on exception reporting.

All instances of overriding controls or deviations from established processes and procedures are documented in exception reports. Instances of non-compliance events are documented in non-compliance reports and logged centrally. Exceptions concern cases which deviate from the EIT's rules and procedures.

During 2011, before that the financial autonomy was (partially) granted, two exceptions were recorded. After financial autonomy, one exception and one non-compliance event were recorded. The total value of 2011 exceptions amounts to EUR 712 741.78 of which EUR 687 810.08 concerns one exception incurred after the financial autonomy.

- a) Exception amounting to EUR 2 884: concerning the acceptance of a claim incurred before the signature of the contract. Due to the absence from the office of responsible persons, there was a delay in the signature of the contract by all parties. Nevertheless the contractor was requested to provide the service.
- b) Exception amounting to EUR 22 047.70: related to s-Testa services that were essential for operating financial systems (such as ABAC, SAP). The contract expired but the contractor continued providing the service without an existing budgetary and legal commitment. The delay in the signature of the contract was due to heavy administrative procedures (EIT internal workflow, DG EAC internal workflow and DIGIT paragraph procedure)
- c) The last exception, amounting to EUR 687 810.08 concerns the acceptance of claims of KIC partners that were not included in the initial list of KIC partners in the Framework Partnership Agreement with one of the KICs (ICT Labs). The KIC partners concerned signed the Internal Agreements with the KIC legal entity (KIC LE) after the signature of the Framework Partnership Agreement. The KIC LE did not inform the EIT about the change in due time. However, the KIC partners were part of the proposal of the KIC LE following the call for selection of KICs. The acceptance of the exception is based on a comparative analysis of the violation of procedural rules against the impact on the credibility and continuation of the KIC concerned, the financial position and confidence of its KIC partners. Legal advice was also requested to support the position of the Authorising Officer.
- d) The total value of the 2011 non-compliance events amounts to EUR 425.68 and it concerns the acceptance of the payment of mobile service provided after the expiration of the contract.

3.1.2 Building Block 2: Results from Audits during the Reporting Year

Annual external audits of the EIT are conducted by the European Court of Auditors. On the basis of the IAS-IAF Working Arrangements, the Commission's Internal Audit Service (IAS) and the EIT's Internal Auditing Function (IAF) conduct selected internal audits as joint audits, while the majority of internal audits are conducted by the EIT's IAF.

During the year 2011 the IAF provided advice to the EIT on the implementation of Internal Control Standards within the context of the EIT's preparation for financial autonomy.

The European Parliament is informed on the results of the external and internal audits by way of statutory reports.

Following each audit, the EIT prepares a management action plan for the implementation of the recommendations, which is monitored by the EIT's Internal Control Co-ordinator.

Internal Audit Service (IAS) and Internal Auditing Function (IAF) Audits

In application of Article 72(4) of the Framework Financial Regulation, the annual report of the Internal Auditor for 2011 has been established¹⁴. The report provides an overview of the audit activities conducted during 2011 in the EIT by the IAS and highlights the key recommendations. The conclusions of the report are the following:

- No systemic problems were reported in 2011 by the Financial Irregularities Panel set up under Article 66(4) of the general Financial Regulation.
- The purpose, authority and responsibility of the internal audit activity in the EIT are formally defined in the Internal Audit Charter signed in 2011¹⁵. The Internal Auditor assesses that they are adequate to enable the activity to accomplish its objectives.
- Independence and objectivity: the Internal Auditor confirms that in 2011:
 - He preserved the full organizational independence necessary to effectively carry out the responsibilities of the internal audit activity, in particular, through the dual reporting relationship to the Governing Board and the Executive Director, and through direct and unrestricted access he has to senior management and the Governing Board.
 - The internal audit work in the EIT was free from interference in determining the scope of the internal auditing, performing work.
 - There was no impairment to individual objectivity, in particular through conflict of interest, scope limitations, restrictions on access to records, personnel, and properties or resource limitations.

During the period 29-31 August 2011 a joint IAS-IAF Risk Assessment of the EIT was conducted, which provided the basis for the Coordinated IAS-IAF Strategic Audit Plan for 2012-2014, approved by the EIT Director and the Governing Board. Through the Joint IAS-IAF Risk Assessment of the EIT a number of business processes requiring substantial improvement were identified. In order to improve the identified weaknesses, the EIT has developed a focused management action plan for each business process concerned.

The first internal audits of the EIT are planned for early 2012 on the topic "Preparation of Annual Grant Agreements"¹⁶.

European Court of Auditors (ECA) Audits

The ECA carried out its first audit mission on 03-07 October 2011. The preliminary findings were received 2011 and the EIT provided its reply on 01 December 2011¹⁷.

The second ECA mission to complete the audit of the 2011 annual accounts took place on 05-09 March 2012. The preliminary findings were received on 29 March 2012 and EIT provided its comments on 4th May 2012¹⁸. The final observations are expected by 15 June 2012.

Conclusion

The EIT is still waiting for the Final Audit Report of the European Court of Auditors. The first IAS-IAF Joint Audit is planned for November 2012 and the first IAF Audit is planned for early 2012.

¹⁴ ARES(2012)699341 on 12/06/2011

¹⁵ Decision of the GB of 14/06/2011 (ARES(2011)611239

¹⁶ ARES(2011)1387827 – 20/12/2011

¹⁷ PF 4566

¹⁸ PF 4845

3.1.3 Building Block 3: Follow-up of Reservations and Action Plans for Audits from Previous Years

This part is not applicable.

3.1.4 Building Block 4: Assurance Received from other Authorising Officers in Cases of Crossed Sub-Delegation

This part is not applicable.

3.1.5 Completeness and Reliability of the Information Reported in the Building Blocks

In Parts 2 and 3.1 above, the EIT has provided accurate and exhaustive information to the best of its knowledge.

3.1.6 Reservations

The information reported under Building Blocks 1 to 4 does not result in any major issues meriting a reservation.

3.1.7 Overall Conclusions on the Combined Impact of the Reservations on the Declaration as a Whole

As no reservation is made, this part is not applicable.

PART 4. DECLARATION OF ASSURANCE

I, the undersigned, José Manuel Leceta

Director of the European Institute of Innovation and Technology

In my capacity as authorising officer

Declare that the information contained in this report gives a true and fair view¹⁹.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgment and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the internal audit capability, the observations of the Internal Audit Service.

Confirm that I am not aware of anything not reported here which could harm the interests of the European Institute of Innovation and Technology.

Done in Budapest, on 15 June 2012



SIGNED

.....
José Manuel Leceta

¹⁹ *True and fair in this context means a reliable, complete and correct view on the state of affairs in the service*

ANNEX 1: RISK MITIGATING ACTIONS UNDERTAKEN IN 2011

Description of risk	Proposed risk mitigation actions	Accomplished risk mitigation actions
Human Resources Risk: Delays in the recruitment	<ul style="list-style-type: none"> - Establish recruitment plan in advance. - Assign required budget for new recruitment procedures. - Advertise appropriately key expert positions. - Ensure well-being of staff. - Create a dynamic working environment 	<ul style="list-style-type: none"> - A project plan for the recruitment activities has been established and followed. The progress has been monitored by the MT.
Human Resources Risk: key management staff.	<ul style="list-style-type: none"> - Maintain close collaboration and co-ordination with EC and DG EAC for a clear understanding of their expectations of EIT's role and operational activities. 	<ul style="list-style-type: none"> - A new organisational structure was established as of 26 September 2011. - An initiative for the establishment of a "Task Force Well-being" was launched.
Political decisions and priorities outside the EIT risk: Non-approval or substantial change of strategic priorities as laid down in the EIT's Strategic Innovation Agenda (SIA) for 2014 and beyond	<ul style="list-style-type: none"> - Engage many stakeholders in the identification of suitable mentors. - Plan and manage simple mentor selection process. - Liaise timely and personally with preferred mentors. - Take active lead to facilitate initial meetings with mentors/mentees. - Follow-up to check quality of process. 	<ul style="list-style-type: none"> - Structured dialogue procedures and proxies established between key EIT HQ staff and DG EAC colleagues.
Strategy, planning and policy risk: EIT Entrepreneurship Award fails to provide an adequate reward, i.e. mentorship scheme not providing expected value.	<ul style="list-style-type: none"> - Enlarge workforce for GB support services (in SSR and COMM) and/or reduce level of interference - Ensure clear demarcation of roles within the EIT governance structure and streamlining of internal governance processes 	<ul style="list-style-type: none"> - Selection of Award finalists at full discretion of the KIC Legal Entities. Selection process followed a simple four-stage procedure. - Candidate ventures get unique opportunity to participate in the high-value mentorship scheme with EIT Roundtable of Entrepreneurs and are granted the prerogative to use the label "EIT Venture" in their future profiling and marketing activities.
Internal organisation risk: GB interference in operational activities of EIT HQ	<ul style="list-style-type: none"> - Political and strategic support function to both the GB and EIT Director has been reinforced with a Policy Support team under the Unit Intelligence, thereby supporting the Director in his capacity as Secretary of the Board and Executive Committee. 	<ul style="list-style-type: none"> - A new organisational structure was established as of 26 September 2011. - An initiative for the establishment of a "Task Force Well-being" was launched.

<p>Procurement Risks: Unsuccessful procurement procedures.</p>	<ul style="list-style-type: none"> - Plan procurement procedures following adoption of Annual Work Programme. - Prepare clear workflows and tender document templates. - Training to all staff 	<ul style="list-style-type: none"> - Procurement plan was adopted and monitored on a monthly basis by the Management Team identifying priorities and corrective measures. - Training on procurement was provided to all staff. - Merging of the budget and procurement teams to accelerate developments.
<p>Financial Risk: Low implementation rate of the budget.</p>	<ul style="list-style-type: none"> - Planning and prioritisation of Annual Work Programme projects. - Prepare clear and simple workflows and templates - Regular monitoring of budget implementation. - Review of the budget implementation two times per year 	<ul style="list-style-type: none"> - SOP on individual commitment, provisional commitment, authorisation of actions covered by provisional commitment, payment was adopted. Relevant templates were established and updated. - Monthly monitoring of budget implementation by the management was performed. - The spring review of the budget implementation was delayed and not completed but the autumn review (after the hosting Hungarian contribution was cashed by EIT) was concluded identifying available amounts to be allocated and awarded to the KICs.
<p>Financial risk: Improper implementation of EIT-KICs FPA/grant agreements</p>	<ul style="list-style-type: none"> - Internal detailed assessments of Performance and Cost reports - Certificates on the Financial Statements are required by the EIT. - Risk based ex-post audits to be performed - Implementation of new guidelines for Performance Reports - External technical review of KIC added-value activities 	<ul style="list-style-type: none"> - Internal detailed assessments of Performance and Cost reports were completed. - Under the framework of the EIT KIC Forum proposed by the Director in July 2011, a Task force on Finance and Simplification was established to draw up jointly acceptable finance related processes and guidelines i.e.: <ul style="list-style-type: none"> • Guidelines on entry and exit of KIC Partners to and from the KICs • Guidelines for the preparation of KIC Reports • Implementing guidance on sub-granting • Implementing guidance on subcontracting • Guidance on VAT/ public bodies • Treatment of capital expenditure and depreciation • Guidance on KIC complementary activities
<p>Process risk: Loss of data, documents, contact information on/to the key stakeholders KICs</p>	<ul style="list-style-type: none"> - Establish back-up system in 2011 as a first necessary step. 	<ul style="list-style-type: none"> - Back-up software was purchased.

ANNEX 2: HUMAN AND FINANCIAL RESOURCE

At the end of 2011, 40 posts (23 temporary agents and 17 contract agents) were filled. Compared to the 24 at the end of 2010, this accounts for an increase of 66% from 2010 to 2011.

The new Director joined the EIT on 01 July 2011. A total of 19 new staff members took up duty at the EIT in 2011 while two left. Two out of the three Commission officials, who had previously been placed at the disposal of the EIT, went back to respective Commission services and one took up an EIT employment contract.

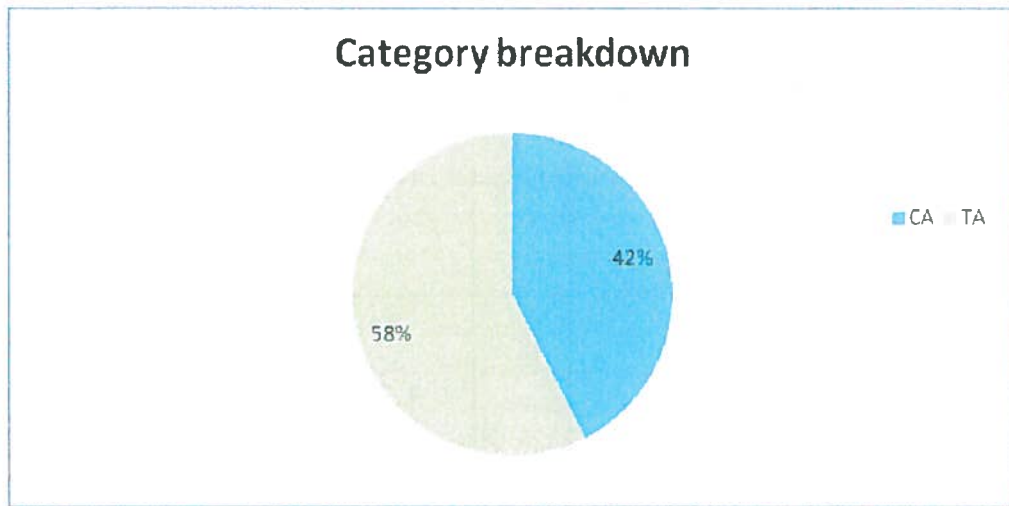
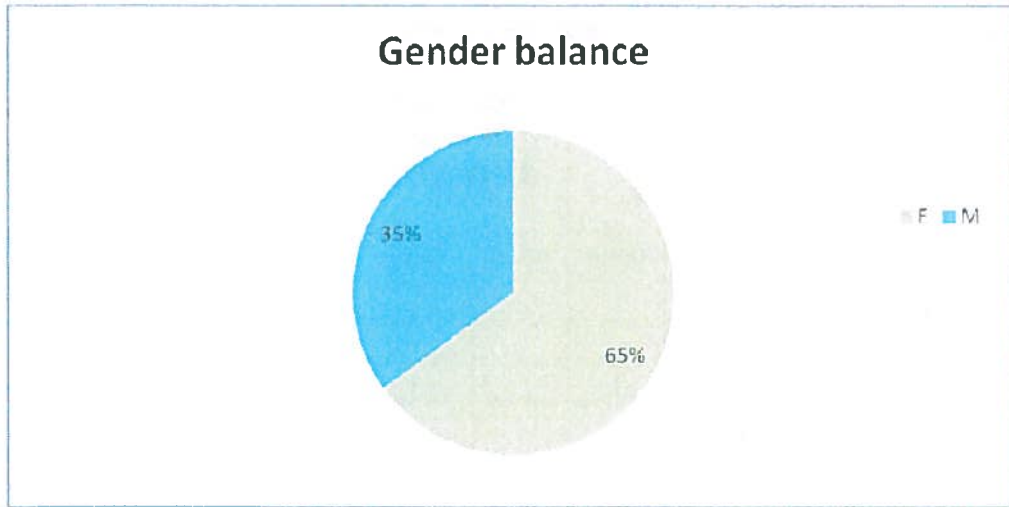
As a result of a re-assessment of the needs of the Institute, five posts were redefined, with 12 new selection procedures launched in 2011. When the selection procedures will be completed, the establishment plan of 52 headcount will be achieved by the end of 2012. The delayed incurred in the implementation of 2011 will be offset by the increased efficiency of the new organisation established in September 2011 coupled with the progressive deployment of key management positions.

The below data refers to the snapshot of the EIT personnel actually employed as of 31/12/2011²⁰.

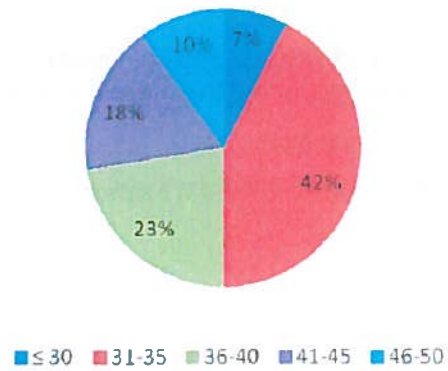
Category and grade	Establishment plan 2011		Posts actually filled at 31.12.2011	
	perm	temp	perm	temp
AD 16				
AD 15				
AD 14		1		1
AD 13				
AD 12				
AD 11		1		1
AD 10				
AD 9		3		2
AD 8		8		3
AD 7		2		1
AD 6		5		7
AD 5		1		1
Total AD		21		16
AST 11				
AST 10				
AST 9				
AST 8				
AST 7				
AST 6				
AST 5				
AST 4		4		4
AST 3		3		3
AST 2				
AST 1				
Total AST		7		7
Total		28		23

²⁰ The five posts resulting from the difference between 28 and 23 will allow a progressive deployment of staff in 2012 in line with Commission recommendations. Further to the deployment of these resources, all key management positions will be filled and 4 national experts will join EIT before end 2012.

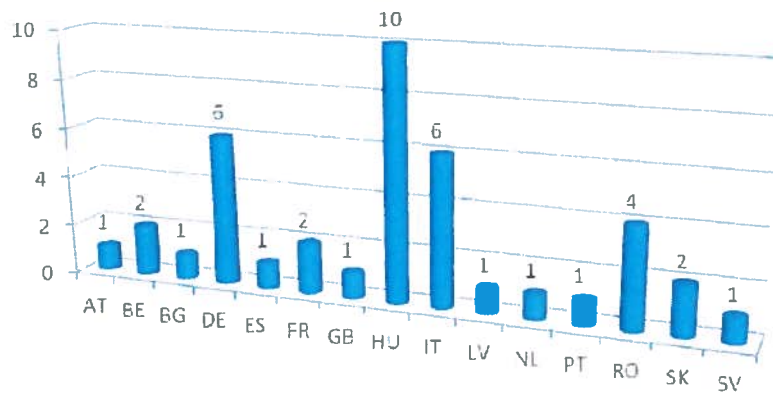
Contract Agents	Staff envisaged in 2011	Posts actually filled at 31.12.2011
CA FG IV	5	4
CA FG III	10	9
CA FG II	5	4
CA FG I	0	0
Total CA	20	17



Age breakdown



Nationalities



ANNEX 3: INFORMATION ON THE MEMBERS OF THE EIT GOVERNING BOARD AND EXECUTIVE COMMITTEE

According to EIT Governing Board Decision of 17 October 2008 the honoraria of the members of the Governing Board, its chairperson and the members of the Executive Committee is

- EUR 2,000 per meeting for each Board member;
- EUR 3,500 per meeting for each Executive Committee member; and
- EUR 5,000 per meeting for the Chairperson.

Name	Function	ExCo Meetings	GB Meetings
		Total number of meetings in 2011: 4	Total number of meetings in 2011: 4
SCHUURMANS Martin	Chair of GB until 14 Sept 2011	2	4
CARAÇA João	GB member		4
CASTELLS Manuel	GB member		1
COLLOMB Bertrand	GB member		4
COLOMBO Giovanni	ExCo & GB member	4	4
DE BRABANDER Ellen	GB member		2
FLODSTRÖM Anders	ExCo & GB member, Vice Chair	4	4
HERRMANN Wolfgang	GB member		3
KING Julia Elizabeth	GB member		4
LAMMASNIEMI Jorma	Representative member		3
LOKTU Morten	GB member		2
MAEX Karen	GB member		3
MAGYAR Bálint	GB member		4
MÖLLER Erna	GB member		3
NEUVO Yrjö	ExCo & GB member	4	4
PATTE Christine	Representative member		2
SAUQUET Alfons	Representative member		2
STERN Nicholas	Representative member		1
TATAJ Daria	ExCo & GB member	4	4
TROPSCHUH Peter F.	GB member		4
VIİK Linnar	GB member		4
VON GABAIN Alexander	Chair of GB from 15 Sept 2011	2	4
Attendance ratio		100%	80%

ANNEX 4: ANNUAL ACCOUNT 2011

The entire report on the annual accounts is presented in a separate document. The Annual Activity Report (AAR) 2011 contains an extract from the Annual accounts 2011.

ECONOMIC OUTTURN ACCOUNT

08.06.2011 - 31.12.2011

	2011
Subsidy of the Commission	8 234 873,70
Host state contribution	1 193 772,62
Revenues from admin operations - fixed asset income	164 623,27
Other operating revenue	41 745 480,08
TOTAL NON-EXCHANGE OPERATING REVENUE	51 338 749,67
Staff expenses	1 414 489,43
Fixed asset related expenses	20 547,95
Other administrative expenses	1 154 407,84
Operational expenses	51 724 786,35
TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES	54 314 231,57
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	(2 975 481,90)
Financial operations revenues	22 013,24
Financial operations expenses	99,19
SURPLUS/ (DEFICIT) FROM FINANCIAL ACTIVITIES	21 914,05
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	(2 953 567,85)
Extraordinary gains	0,00
Extraordinary losses	0,00
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS	0,00
ECONOMIC RESULT OF THE YEAR	(2 953 567,85)

Main information related to the economic outturn account:

- The Hungarian Government contribution to the rental fee constitutes EUR 547 524.48 in kind revenue per calendar year.
- Interest generated on received EU subsidy amounts to EUR 22 013.24.

BALANCE SHEET

31.12.2011

ASSETS

	31.12.2011
A. NON CURRENT ASSETS	
Intangible fixed assets	43 953,00
Tangible fixed assets	162 908,00
Land and buildings	0,00
Plant and equipment	651,00
Computer hardware	76 240,00
Furniture and vehicles	59 891,00
Other fixtures and fittings	26 126,00
Tangible fixed assets under construction	0,00
Long-term receivables	50 000,00
Long-term pre-financing	50 000,00
Long-term receivables with consolidated EC entities	0,00
TOTAL NON CURRENT ASSETS	256 861,00
B. CURRENT ASSETS	
Stock	0,00
Short-term receivables	6 518 937,16
Short term prefinancing	6 480 930,34
Current receivables	23 022,40
Long term receivables falling due within a year	0,00
Sundry receivables	4 817,85
Prepaid expenses and accrued income	10 166,57
Cash and cash equivalents	3 011 418,01
TOTAL CURRENT ASSETS	9 530 355,17
TOTAL	9 787 216,17

CAPITAL AND LIABILITIES

	31.12.2011
A. CAPITAL	
Accumulated surplus/deficit	0,00
Economic result of the year	(2 953 567,85)
TOTAL CAPITAL	(2 953 567,85)
B. NON CURRENT LIABILITIES	
Provisions for risks and liabilities	0,00
Long-term liabilities with consolidated entities	0,00
TOTAL NON CURRENT LIABILITIES	0,00
C. CURRENT LIABILITIES	
Provisions for risks and liabilities	66 946,55
Accounts payable	12 673 837,47
Current payables	440 255,43
Long-term liabilities falling due within the year	0,00
Sundry payables	36 018,23
Accrued expenses and deferred income	12 197 563,81
Accounts payable with consolidated EC entities	0,00
TOTAL CURRENT LIABILITIES	12 740 784,02
TOTAL	9 787 216,17

CASH FLOW STATEMENT

31.12.2011

Cash Flows from operating activities	
Surplus/(deficit) from operating activities	(2 975 481,90)
Adjustments	
Accumulated amortization of the transferred intangible fixed assets	6 713,48
Amortization (intangible fixed assets)	5 717,67
Accumulated depreciation of the transferred tangible fixed assets	70 017,66
Depreciation (tangible fixed assets)	14 830,28
Increase/(decrease) in Provisions for risks and liabilities	66 946,55
(Increase)/decrease in Stock	0,00
(Increase)/decrease in Long term Receivables	(50 000,00)
(Increase)/decrease in Short term Receivables	(6 518 937,16)
Increase/(decrease) in Other Long term liabilities	0,00
Increase/(decrease) in Current payables	440 255,43
Increase / (decrease) in Other liabilities	12 233 582,04
Increase/(decrease) in Liabilities related to consolidated EC entities	0,00
(Gains)/losses on sale of Property, plant and equipment	0,00
Extraordinary items	0,00
Net Cash Flow from operating activities	3 293 644,05
Cash Flows from investing activities	
Asset transfer of tangible and intangible fixed assets from DG EAC	(241 354,41)
Purchase of tangible and intangible fixed assets	(62 785,68)
Proceeds from tangible and intangible fixed assets	0,00
Granting of loans	0,00
Repayments of loans	0,00
Extraordinary items	0,00
Net Cash Flow from investing activities	(304 140,09)
Financing activities	
Financial operations revenues/expenses	21 914,05
Extraordinary items	0,00
Net Cash Flow from financing activities	21 914,05
Net increase/(decrease) in cash and cash equivalents	3 011 418,01
Cash and cash equivalents at the beginning of the period	0,00
Cash and cash equivalents at the end of the period	3 011 418,01

REVENUE OUTTURN STATEMENT 08.06.2011 – 31.12.2011

REVENUE	
Commission subsidy	8 234 873,70
Host state contribution	1 560 000,00
Miscellaneous income	0,00
TOTAL REVENUE	9 794 873,70
EXPENSES (FUND SOURCE C1, C2, C8, R0)	
Staff expenses - Budget title I	
Payments (C1, C8, R0)	1 648 785,32
Carryforwards (C1-> C8)	211 995,68
Carryovers (R0->R0)	366 227,38
Infrastructure expenses - Budget title II	
Payments (C1 and C8)	568 259,83
Carryforwards (C1 -> C8)	492 062,22
Operative expenses - Budget title III	
Payments (C1 and C2)	4 508 131,06
Carryovers (C1 -> C2)	3 778 942,31
TOTAL EXPENSES	11 574 403,80
REVENUE OUTTURN BEFORE SPECIAL ITEMS	-1 779 530,10
Cancelled carryovers (C8 Title 1 and Title 2)	
Realised exchange rate differences (gain + / loss -)	-9 340,68
Unrealised exchange rate differences (gain + / loss -)	-36 085,03
	-45 425,71
REVENUE OUTTURN	-1 824 955,81

Summary of Transfers of Appropriations and Budget Amendments 01/01/2011 - 31/12/2011 (C1+R0)

EXPENDITURE		Initial appropriations		Budget amendment No 1		Transfer No 1		Transfer No 2		Final appropriations	
Chapter	Heading	Commitment	Payment	Commitment	Payment	Commitment	Payment	Commitment	Payment	Commitment	Payment
TITLE 1 - STAFF EXPENDITURE											
11	Staff in active employment	3 467 560	3 467 560	1 560 000	1 256 454		303 546	-2 117 838	-2 117 838	2 909 722	2 909 722
12	Recruitment expenses	380 000	380 000					-80 000	-80 000	300 000	300 000
13	Mission	200 000	200 000					107 000	107 000	307 000	307 000
14	Socio-medical infrastructure	200 000	200 000					-140 000	-140 000	60 000	60 000
15	Training	100 000	100 000					9 000	9 000	109 000	109 000
16	External staff and linguistic support	150 000	150 000					165 000	165 000	315 000	315 000
17	Representation	30 000	30 000					-20 000	-20 000	10 000	10 000
	TOTAL - Title 1	4 527 560	4 527 560	1 560 000	1 256 454	0	303 546	-2 076 838	-2 076 838	4 010 722	4 010 722
TITLE 2 - INFRASTRUCTURE AND OPERATING EXPENDITURE											
20	Buildings and associated costs	160 000	160 000					-34 000	-34 000	126 000	126 000
21	Information and communication technology	537 300	537 300					-123 300	-123 300	414 000	414 000
22	Movable property and associated costs	117 500	117 500					-45 500	-45 500	72 000	72 000
23	Current administrative expenditure	635 200	635 200	-30 000	-30 000			-301 200	-301 200	304 000	304 000
24	Publications, information, studies and surveys	p.m.	p.m.	30 000	30 000			-3 000	-3 000	27 000	27 000
25	Meeting expenses	370 000	370 000					-12 000	-12 000	358 000	358 000
	TOTAL - Title 2	1 820 000	1 820 000	0	0	0	0	-519 000	-519 000	1 301 000	1 301 000
TITLE 3 - OPERATIONAL EXPENDITURE											
31	Knowledge and Innovation Communities	56 847 080	45 122 072		-2 017 724		-303 546	2 840 838	2 760 838	59 687 918	45 561 640
32	Communication and outreach	850 000	637 500		-107 500			-210 000	-154 000	640 000	376 000
33	Strategy and stakeholder relations	250 000	250 000		-75 000			-35 000	-11 000	215 000	164 000
	TOTAL - Title 3	57 947 080	46 009 572	0	-2 200 224	0	-303 546	2 595 838	2 595 838	60 542 918	46 101 640
	TOTAL	64 294 640	52 357 132	1 560 000	-943 770	0	0	0	0	65 854 640	51 413 362

Overall appropriations broken down by title for 2011 (C1, R0)

	Commitment appropriations			Payment appropriations			Paid/Comm %
	Final budget	Committed	Comm/Bud %	Final budget	Paid	Paid/Bud %	
Title 1 - Staff expenditure	4 010 722,00	2 939 091,04	73,28%	4 010 722,00	2 727 095,36	68,00%	92,79%
Title 2 - Infrastructure and operating expenditure	1 301 000,00	942 040,31	72,41%	1 301 000,00	449 978,09	34,59%	47,77%
Title 3 - Operational expenditure	60 542 918,00	60 133 976,41	99,32%	46 101 640,00	39 923 567,44	86,60%	66,39%
Total	65 854 640,00	64 015 107,76	97,21%	51 413 362,00	43 100 640,89	83,83%	67,33%

Overall appropriations broken down by title for the financial autonomy period (C1, R0)

	Commitment appropriations			Payment appropriations			Paid/Comm %
	Final budget	Committed	Comm/Bud %	Final budget	Paid	Paid/Bud %	
Title 1 - Staff expenditure	2,924,756.71	1,853,125.75	63.36%	2,924,756.71	1,641,130.07	56.11%	88.56%
Title 2 - Infrastructure and operating expenditure	1,209,278.26	850,318.57	70.32%	1,209,278.26	358,256.35	29.63%	42.13%
Title 3 - Operational expenditure	21,451,905.47	21,042,964.22	98.09%	6,905,569.37	727,496.81	10.53%	3.46%
Total	25,585,940.44	23,746,408.54	92.81%	11,039,604.34	2,726,883.23	24.70%	11.48%

Staff Expenditure in 2011 (C1, R0)

	Commitment appropriations			Payment appropriations			Paid/Comm %
	Final budget	Committed	Comm/Bud %	Final budget	Paid	Paid/Bud %	
Item 1100 Basic salary including weightings	1 909 722,00	1 611 625,37	84,39%	1 909 722,00	1 611 625,37	84,39%	100,00%
Item 1101 Allowances	250 000,00	178 646,06	71,46%	250 000,00	178 646,06	71,46%	100,00%
Item 1102 Employer's charges	60 000,00	43 408,75	72,35%	60 000,00	43 408,75	72,35%	100,00%
Item 1110 Remuneration and allowances of contract agents	600 000,00	372 303,94	62,05%	600 000,00	372 303,94	62,05%	100,00%
Item 1130 Schooling	90 000,00	45 836,49	50,93%	90 000,00	45 836,49	50,93%	100,00%
Item 1200 Recruitment expenses	133 000,00	56 582,08	42,54%	133 000,00	26 582,08	19,99%	46,98%
Item 1201 Entitlements related to entering the service, transfer and leaving the service	167 000,00	68 338,13	40,92%	167 000,00	68 338,13	40,92%	100,00%
Item 1300 Mission expenses	307 000,00	287 000,00	93,49%	307 000,00	235 386,33	76,67%	82,02%
Item 1400 Restaurant and canteens	5 000,00	2 132,00	42,64%	5 000,00	0,00	0,00%	0,00%
Item 1410 Medical expenses	25 000,00	526,19	2,10%	25 000,00	526,19	2,10%	100,00%
Item 1420 Early childhood centre and approved day nurseries	25 000,00	6 521,17	26,08%	25 000,00	6 521,17	26,08%	100,00%
Item 1430 Social contacts between staff members	5 000,00	5 000,00	100,00%	5 000,00	0,00	0,00%	0,00%
Item 1500 Training	109 000,00	83 398,30	76,51%	109 000,00	28 516,67	26,16%	34,19%
Item 1600 Agency staff (Interimaire)	64 000,00	0,00	0,00%	64 000,00	0,00	0,00%	0,00%
Item 1601 Seconded national expert	20 000,00	0,00	0,00%	20 000,00	0,00	0,00%	0,00%
Item 1603 IT support	69 840,00	17 303,56	24,78%	69 840,00	4 343,56	6,22%	25,10%
Item 1604 Administrative assistance	60 000,00	60 000,00	100,00%	60 000,00	21 144,79	35,24%	35,24%
Item 1611 Translation	101 160,00	97 469,00	96,35%	101 160,00	82 584,00	81,64%	84,73%
Item 1700 Representation expenses	10 000,00	3 000,00	30,00%	10 000,00	1 331,83	13,32%	44,39%
Total	4 010 722,00	2 939 091,04	73,28%	4 010 722,00	2 727 095,36	68,00%	92,79%

Infrastructure and Operating Expenditure in 2011 (C1)

	Commitment appropriations			Payment appropriations			Paid/Comm %
	Final budget	Committed	Comm/Bud %	Final budget	Paid	Paid/Bud %	
Item 2000 Renting	2 000,00	0,00	0,00%	2 000,00	0,00	0,00%	0,00%
Item 2010 Building insurance	3 000,00	0,00	0,00%	3 000,00	0,00	0,00%	0,00%
Item 2020 Water, Gas, Electricity, Heating	100 000,00	93 350,00	93,35%	100 000,00	0,00	0,00%	0,00%
Item 2030 Cleaning and maintenance	12 000,00	12 000,00	100,00%	12 000,00	5 229,86	43,58%	43,58%
Item 2040 Security and surveillance	7 000,00	0,00	0,00%	7 000,00	0,00	0,00%	0,00%
Item 2050 Fitting out of premises	2 000,00	0,00	0,00%	2 000,00	0,00	0,00%	0,00%
Item 2100 Acquisition, renting of ICT equipment and softwares	325 000,00	174 434,62	53,67%	325 000,00	74 518,52	22,93%	42,72%
Item 2101 Maintenance and repair of ICT equipment	89 000,00	83 000,52	93,26%	89 000,00	33 086,20	37,18%	39,86%
Item 2200 Acquisition, rental of general and technical equipment	15 000,00	3 277,57	21,85%	15 000,00	3 277,57	21,85%	100,00%
Item 2201 Maintenance and repair of general and technical equipment	1 000,00	0,00	0,00%	1 000,00	0,00	0,00%	0,00%
Item 2212 Transport cost	5 000,00	5 000,00	100,00%	5 000,00	381,18	7,62%	7,62%
Item 2220 Acquisition, rental of furniture	50 000,00	1 058,97	2,12%	50 000,00	1 058,97	2,12%	100,00%
Item 2221 Repair of furniture	1 000,00	0,00	0,00%	1 000,00	0,00	0,00%	0,00%
Item 2300 Stationary and office supply	34 500,00	12 505,14	36,25%	34 500,00	11 933,14	34,59%	95,43%
Item 2310 Postage and delivery charges	10 000,00	10 000,00	100,00%	10 000,00	835,40	8,35%	8,35%
Item 2320 Telecommunication charges	54 500,00	53 885,75	98,87%	54 500,00	32 753,07	60,10%	60,78%
Item 2330 Legal expenses and damages	15 000,00	0,00	0,00%	15 000,00	0,00	0,00%	0,00%
Item 2340 Handling and moving	1 000,00	1 000,00	100,00%	1 000,00	638,62	63,86%	63,86%
Item 2350 Bank charges	4 000,00	1 000,00	25,00%	4 000,00	99,04	2,48%	9,90%
Item 2360 Honoraria for Governing Board and Executive Committee members	180 000,00	154 411,95	85,78%	180 000,00	154 411,95	85,78%	100,00%
Item 2390 Other administrative expenses	5 000,00	5 000,00	100,00%	5 000,00	1 886,49	37,73%	37,73%
Item 2400 Official Journal	5 000,00	0,00	0,00%	5 000,00	0,00	0,00%	0,00%
Item 2401 EIT publications	5 500,00	5 000,00	90,91%	5 500,00	5 000,00	90,91%	100,00%
Item 2410 Purchase information	16 500,00	0,00	0,00%	16 500,00	0,00	0,00%	0,00%
Item 2500 Organisation of Governing Board and Executive Committee meetings	96 000,00	65 637,49	68,37%	96 000,00	32 522,18	33,88%	49,55%
Item 2501 Travel expenses of Governing Board and Executive Committee members	259 000,00	258 478,30	99,80%	259 000,00	90 753,17	35,04%	35,11%
Item 2520 Internal meetings	3 000,00	3 000,00	100,00%	3 000,00	1 592,73	53,09%	53,09%
Total	1 301 000,00	942 040,31	72,41%	1 301 000,00	449 978,09	34,59%	47,77%

Operational Expenditure in 2011 (C1)

	Commitment appropriations			Payment appropriations			Paid/Comm %
	Final budget	Committed	Comm/Bud %	Final budget	Paid	Paid/Bud %	
Item 3100 KIC grants	59 207 918,00	59 207 810,00	100,00%	44 994 640,00	39 415 690,72	87,60%	66,57%
Item 3110 KIC monitoring and performance measurement	15 000,00	1 278,54	8,52%	13 000,00	1 278,54	9,83%	100,00%
Item 3120 Entrepreneurship programme	55 000,00	31 342,50	56,99%	166 000,00	94 189,57	56,74%	300,52%
Item 3121 Other Entrepreneurship and innovation activities	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00%
Item 3130 Educational activities	99 000,00	67 174,22	67,85%	167 500,00	37 515,62	22,40%	55,85%
Item 3140 EIT Foundation	150 000,00	150 000,00	100,00%	134 000,00	83 567,78	62,36%	55,71%
Item 3150 Experts	91 000,00	51 662,00	56,77%	46 500,00	28 599,28	61,50%	55,36%
Item 3151 Legal assistance	40 000,00	10 710,00	26,78%	25 000,00	10 210,00	40,84%	95,33%
Item 3190 Other KIC related activities	30 000,00	8 636,00	28,79%	15 000,00	3 481,94	23,21%	40,32%
Item 3200 Communication tools	229 000,00	201 278,01	87,89%	148 100,00	23 702,87	16,00%	11,78%
Item 3201 Media affairs	36 000,00	5 625,56	15,63%	20 800,00	5 625,56	27,05%	100,00%
Item 3202 Communication strategy and corporate identity	30 000,00	0,00	0,00%	20 000,00	0,00	0,00%	0,00%
Item 3203 EIT brand events, conferences	345 000,00	237 976,36	68,98%	187 100,00	138 245,52	73,89%	58,09%
Item 3209 Other	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00%
Item 3300 Strategy development	143 000,00	92 909,91	64,97%	132 700,00	77 721,40	58,57%	83,65%
Item 3301 Stakeholder relations	72 000,00	67 573,31	93,85%	31 300,00	3 738,64	11,94%	5,53%
Total	60 542 918,00	60 133 976,41	99,32%	46 101 640,00	39 923 567,44	86,60%	66,39%

ANNEX 5: MATERIALITY CRITERIA

Materiality is the basis for defining significant deficiencies in both qualitative and quantitative terms. The materiality criteria used by the EIT and the way of assessing their significance is presented below.

Qualitative criteria are linked to failure in achieving the EIT's short-term objectives, reputational risks of the EIT, significant deficiencies in the EIT's control systems and repetitive errors. These involve use of resources, sound financial management, and legality and regularity of the transactions. Their significance is judged on the basis of their nature, scope, duration, existence of compensatory measures, existence of effective corrective actions.

In quantitative terms a deficiency is considered material in cases where the financial impact or risk of loss is greater than 2% of the EIT's budget. In addition, the weakness must imply a significant reputational risk.

ANNEX 6: INTERNAL CONTROL TEMPLATE(S) FOR BUDGET IMPLEMENTATION (ICT)

ICT: Grant agreements, preparatory grant agreements

Key figures:

CLIMATE-KIC	Committed amount in 2011	Paid amount in 2011
Preliminary grant agreement		199 728,50
Grant agreement for 2010 ²¹		3 780 634,25
Grant agreement for 2011	15 114 782,37	10 580 347,65
Total	15 114 782,37	14 560 710,40

EIT ICT LABS	Committed amount in 2011	Paid amount in 2011
Preliminary grant agreement		199 968,66
Grant agreement for 2010		<i>Recovery in 2012</i>
Grant agreement for 2011	19 489 689,06	12 023 122,34
Total	19 489 689,06	12 223 091,00

KIC INNOENERGY	Committed amount in 2011	Paid amount in 2011
Preliminary grant agreement		<i>Final balance payment in 2012</i>
Grant agreement for 2010		<i>Recovery in 2012</i>
Grant agreement for 2011	24 601 988,57	16 411 561,99
Total	24 601 988,57	16 411 561,99

The committed amount in 2011 for KIC grants represents 89.9 % of the total commitment appropriations of the EIT.

Management and control systems: stages and main actors

Summary: EIT funds, through the Knowledge and Innovation Communities (KICs), initiatives with the aim of fostering the integration of the knowledge triangle – higher education, research and innovation – across the European Union in order to strengthen the EU's and Member States' innovation capacity. The main actors in the management and control systems are the EIT and the KICs.

²¹ As regards Climate KIC Grant Agreement 2010, a global commitment was done in 2010 to reserve the necessary appropriations. The amount was awarded in 2011 and the financial and legal commitments were signed in February 2011 (covering the period 01 January 2010 to 28 February 2011)

Key inherent risks in this environment:

- Multiplicity of organisations, systems and beneficiaries (KIC Partners);
- Complexity and nature of the different types of KIC added-value activities;
- Risks relating to the start-up phase of the KICs.

The overall objective of the EIT grant assurance activities is to obtain reasonable assurance that the implementation of EIT grants to the KICs comply with EIT objectives set under the Framework Partnership Agreement and annual Grant Agreements and that KIC added-value activities funded are legal and regular.

Selection process:

Selection of KICs.

The selection of the three existing KICs was carried out following the publication of an open call for proposals in 2009. As provided by the EIT Regulation, a second round of selection of KICs may be launched only after the adoption of the first Strategic Innovation Agenda.

Communication and information:

Guidance notes established to improve the quality of financial management and provision of supporting data by KIC Partners.

Several guidelines have been started to be drafted to improve the quality of financial management by KIC Partners:

- Guidelines on entry and exit of KIC Partners to and from the KICs
- Guidelines on the preparation of the KIC Business Plans and Budgets
- Guidelines for the preparation of KIC Reports
- Implementing guidance on sub-granting
- Implementing guidance on subcontracting
- Guidance on VAT for public bodies
- Treatment of capital expenditure and depreciation

Detective and corrective controls:

Checks and monitoring during the initial phases of the grant agreements.

Checks and monitoring during the final/ closure phases of the grant agreements.

The annual grant requests, Business Plans and Budgets of the KIC are evaluated by the EIT before grant award decisions are made. The Grant Agreements contain several provisions to ensure that the EIT's financial contribution to the KICs is compliant with relevant rules and regulations (EIT Regulation, EIT Financial Rules, Council Regulation 1605/2002, Commission Regulation 2342/2002).

At the end of each reporting period set in the annual Grant Agreement, the EIT evaluates the performance reports and cost reports submitted by the KICs in accordance with the Grant Agreements. The EIT assessment of the KIC reports consists of the following elements:

- verification of completeness and formal admissibility of the reports
- assessment of the Performance Report with respect to the achievement of the planned objectives and activities, the quality and results of the supported activity as well as a verification of the reality and eligibility of the reported activities
- verification of financial statements and supporting documents with the aim of assessing the reality and eligibility of expenditure reported as well as the legality and regularity of underlying transactions.

Preventive and corrective controls and audit:

Desk reviews, on-the-spot audits carried out either ex-ante or ex-post.

Preventive and corrective control and audit activities by the EIT consist of the following elements:

- desk verification of supporting documents submitted by KICs
- assessment of certificates on financial statements (CFS) and underlying audit reports provided by independent auditors on the expenditure declared by the KICs
- on-the-spot (ex-ante) checks during the implementation of KIC activities

ANNEX 7: LIST OF CONTRACTS AND GRANTS AWARDED 2011

EIT direct and framework contracts, purchase orders and aggregate amount of order forms signed in 2011 under EIT framework contracts based on Article 26 (4) EIT Financial Rules

Contract type	Goods/Services	Name of the contractor	Value of the contract	Currency
NP<5 000 - Framework service	Services	Horst AUER-Butorsped	5 000	EUR
NP< 60.000 - Framework supply	Supply	PC WARE	12 000	EUR
NP<60.000 - Framework Supply	Supply	Papirosz	60 000	EUR
NP<60.000 - Framework Service	Services	Handy Fish	60 000	EUR
NP>60.000- Framework Service	Services	SJ Berwin	167 160	EUR
Purchase order	Services	Hunnia Hotel	931	EUR
Purchase order	Supply	Mile Beruhazasszervezo	1 937	EUR
Direct Contract	Services	Invitel	3 540	EUR
Purchase order	Services	Dreamgrow Digital	4 200	EUR
Purchase order	Services	Poolar Studio	5 000	EUR
Purchase order	Services	Eworx	5 000	EUR
Order Forms under FW contract	Supply	PC Ware	10 442	EUR
Order Forms under FW contract	Services	SJ Berwin	16 110	EUR
Direct Contract	Services	Media Consulta	22 965	EUR
Purchase order	Supply	Systemat	24 299	EUR
Direct Contract	Services	Milkround	39 322	EUR
Direct Contract	Service	Lena Adamson	52 273	EUR
Direct Contract	Service	Science Business	58 600	EUR
Order Forms under FW contract	Services	NTS	563 237	EUR
			Income:	
Direct Contract	Service	Erste Bank	33,100	EUR
Purchase order	Services	Abbrevia	5 000	GBP
Purchase order	Services	PQS	38 270	HUF
Purchase order	Services	Easy Catering	109 650	HUF
Purchase order	Services	Mokka	204 065	HUF
Order Forms under FW contract	Services	Horst Auer Butorspeed	242 800	HUF
Purchase order	Supply	Magyar Telekom	301 720	HUF
2 purchase order	Services	Katedra	455 300	HUF
Purchase order	Services	Chef Parade	640 000	HUF
Purchase order	Services	Budapest Party service	683 000	HUF
Purchase order	Supply	Kaiser & Kraft	827 888	HUF
Direct Contract	Services	Gergely Janos Nagy	1 200 000	HUF
Purchase order	Supply	Milota	1 300 000	HUF
Direct Contract	Services	Strabag	2 952 000	HUF
Purchase order	Supply	Papirosz	2 338 958	HUF
Order Forms under FW contract	Supply	Papirosz	2 353 027	HUF

Aggregate amount of specific contracts, order forms signed in 2011 under other institution's framework contracts based on Article 26 (4) EIT Financial Rules

name of the Institution	type of the contract	supply, services	name of the contractor	amount of the contract(s)	currency
Commission	3 Specific Contracts	Services	Deloitte	18 234	EUR
Commission	1 OF	Supply	DIDATA	16 417	EUR
Commission	1 OF	Supply	Econocom	19 932	EUR
Commission	1 OF	Supply	Getsys	1 426	EUR
Commission	1SC	Services	Orange Business Bel	22 048	EUR
Commission	2 OFs	Services	PC WARE	69 454	EUR
Commission	2 OFs	Services	Ricoh	8 336	EUR
Commission	1 SC	Services	SAP	3 116	EUR
Commission	1 OF	Supply	Systemat	12 842	EUR
Commission	2 SCs	Services	Teamwork	227 169	EUR
Commission	2 SCs	Services	Mostra	75 125	EUR

Grants awarded²²

Name of beneficiary	City	Country / Territory	Co-financing rate	Amount	Subject of grant or contract
The Knowledge and Innovation Community Stichting Climate-KIC	Utrecht	The Netherlands	100.00%	6 000 000,00 EUR	EIT – Climate-KIC Grant Agreement 2010
The Knowledge and Innovation Community Association Climate-KIC	Utrecht	The Netherlands	100.00%	15 114 782,37 EUR	EIT – Climate-KIC Grant Agreement 2011
Knowledge and Innovation Community EIT ICT Labs IVZW	Merelbeke	Belgium	100.00%	19 489 689,06 EUR	EIT – EIT ICT Labs Grant Agreement 2011
The Knowledge and Innovation Community KIC InnoEnergy SE	Eindhoven	The Netherlands	100.00%	24 601 988,57 EUR	EIT – KIC InnoEnergy Grant Agreement 2011

²² As regards Climate-KIC Grant Agreement 2010, a global commitment was done in 2010 to reserve the necessary appropriations. The amount was awarded in 2011 and the financial and legal commitments were signed in February 2011 (covering the period 01 January 2010 to 28 February 2011)

List of Partners of Climate-KIC

Aberystwyth University
ARIA Technologies S.A.
Asociacion Agrupacion Marmol Innovacion
Asociacion de Investigacion de las Industrias Ceramicas
ASTER Societa Consortile per Azioni
Aston University
Bayer Material Science AG
Bayer Technology Services GmbH
Birmingham City Council
Birmingham City University
Birmingham Science Park - Aston Ltd
Carbon Management Hungary
Centre national de la recherche scientifique /CNRS
Climpact S.A.
Commissariat a l'Energie Atomique et aux Energies Renouvelables (CEA)
Coopers International Associates
Dave Green Energy Services
Deutsches Geoforschungszentrum Potsdam - GFZ
Direccion General de Obras Publicas
DSM
Ecole Polytechnique
EDINN Global S.A.
Eidgenossische Technische Hochschule Zurich / ETH
Electricite de France S.A. / EDF
EVO Electric Ltd
Federacion Valenciana de Empresarios de la Construccion
Federacion Valenciana de Municipios y Provincias
Fondation de Cooperation Scientifique Campus Paris Saclay
Forschungszentrum Julich GmbH
Fundacion Comunidad Valenciana Region Europea
GASAG Berliner Gaswerke AG
GDF Suez SA
Gradepoint
Green Hill Sustainability Ltd
Greenwatt Technology Ltd
Hamburg University
Hungarian Bioenergy Competence Centre / HBCC
Imperial College of Science, Technology and Medicine
Imperial Innovations Ltd
Innovation-Bridge-Consulting
Institut des Sciences et Industrie du Vivant et de L'Environnement / AgroParisTech
Instituto Tecnologico de la Construccion
Instituto Tecnologico de la Energia
Instituto valenciano de la Edificacion
L'Association pour le developpement du pole de competitivite Advancity
L'Institut des sciences et technologies de Paris (ParisTech)
L'Institut national de la recherche agronomique / INRA
L'Universite de Versailles Saint-Quentin-en-Yvelines (UVSQ)
Meteo - France
MIDEME S.L.U.

Mines ParisTech
Mycologix Ltd
Netherlands Organisation of Applied Scientific Research / TNO
Novacom
Noveltis
NUMTECH
Planetary Skin Institute
Plaxica Ltd
Potsdam Institute for Climate Impact Research
Process Systems Enterprise Ltd
Provadis School of International Management and Technology
QinetiQ
Rothamsted Research Ltd
Schiphol Nederland B.V.
Solar Valley GmbH
Stichting Deltares
Stichting Dienst Landbouw Kundig Onderzoek
Stichting Historie der Techniek
Suez Environment S.A.
Technische Universitaet Darmstadt
Technische Universitat Berlin
Technische Universität München
Thales Alenia Space France SAS
Thames Gateway Institute for Sustainability
The Province of Utrecht
The University of Birmingham
The University of Reading
The University of Warwick
TU Delft
Universidad Cardenal Herrera - CEU
Universidad de Alicante
Universidad Politecnica de Valencia
Université Pierre en Marie Curie – Paris 6 (UPMC)
Utrecht University
Vattenfall Europe AG
Wageningen University
BayerCropScience
ADAW (Wroclaw Agglomeration Development Agency)
Economy for the Environment Consultancy Ltd.
Gemeente Rotterdam (The Port of Rotterdam Authority)
Fondaterra (European Foundation for Sustainable Territories)
Naked Energy Ltd.
Universitaet Kassel
The Castellon City Council
International Synergies Ltd
Stichting StartLife
TU Delft Vastgoed B.V.
Yes!Delft Students
Yes!Delft
Wroclawskie Centrum Badan EIT+ Sp. z o.o.

Remark: approval of the partners highlighted is under process.

List of Partners of EIT ICT LABS

Siemens AG
Deutsches Forschungszentrum für Künstliche Intelligenz (DFKI) GmbH
SICS, Swedish Institute of Computer Science AB
TU Delft
Technische Universiteit Eindhoven (TU/e)
Technical University of Twente
ERICSSON AB
Alcatel-Lucent Bell Labs France
Philips Electronics Nederland B.v.,
Technische Universität Berlin
Kungliga Tekniska Högskolan (KTH)
SAP AG
Deutsche Telekom
Université Pierre en Marie Curie – Paris 6 (UPMC)
NOKIA
Aalto University Foundation
Stichting Novay
INRIA
Institut Telecom
VTT - Technical Research Centre of Finland
FRAUNHOFER
France Telecom
Université Paris-Sud 11
Imperial College of Science, Technology and Medicine
University College London
Systematic Paris Region
Stockholm Innovation & Growth (STING)
Department of Computer and Systems Sciences, Stockholm University
Saarland University
KIT
TU Darmstadt
Fortiss GmbH
EICT GmbH
TU München
Université de Nice-Sophia Antipolis
Cap Digital

Foundation Digiteao-Triangle de la Phyoiqne (DIGITEO)
Universite de Rennes
EIT ICT Labs Stockholm
EIT ICT Labs Eindhoven
VTT Ventures Ltd
Acreo AB
Stichting Centrum voor Wiskunde en Informatica (CWI)
EIT ICT Labs GmbH
Embedded Systems Institute
Images et Réseaux
Kista Science City AB
Luleå University of Technology
Lund University
TNO
Associazione Trento Rise
Stichting Imec Netherland
Abo Akademi University
Universiteit Utrecht
Tampereen yliopisto – University of Tampere
Helsingin yliopisto – University of Helsinki
Pole de Competitivite SCS
Green-Communications SAS
Hermia oy Ltd.
Vereniging Point-One
Turun yliopisto (University of Turku)
Fondazione Bruno Kessler
DISI Department of Information Engineering and Computer Science – Università degli Studi di Trento
CREATE-NET
Alcatel-Lucent Deutschland AG
EURECOM
Telecom Italia
Engineering Ingegneria informatica SPA
Budapest University of Technology and Economics
Eotvos Lorand University
Alma Mater Studiorum University of Bologna
Politecnico di Torino
Scuola Superiore Sant' Anna
Politecnico di Milano

List of Partners of KIC InnoEnergy

Karlsruher Institut für Technologie
Universität Stuttgart
EnBW Energie Baden-Württemberg AG
Institut Politechnique de Grenoble
Grenoble Ecole de Management
Institut National des Sciences Appliquées
Commissariat à l'Energie Atomique et aux Energies Alternatives
Technische Universiteit Eindhoven
Katholieke Universiteit Leuven
Vlaamse Instelling voor Technologisch Onderzoek / Flemish Institute for Technological Research
Nederlandse Organisatie voor Toegepast Natuurwetenschappelijk Onderzoek / Netherlands Organization for Applied Scientific Research
Universitat Politècnica de Catalunya
Fundacio ESADE
Instituto Superior Técnico
Fundacio Institut de Recerca de l'Energia de Catalunya
Gas Natural Fenosa
Akademia Górniczo - Hutnicza im. Stanisława Staszica
Politechnika Śląska / Silesian University of Technology
Instytut Chemicznej Przeróbki Węgla / Institute for Chemical Processing of Coal - ICHPW
Główny Instytut Górnictwa
Kungliga Tekniska Högskolan
Uppsala University
ABB AB/Corporate Research
Total
Electricite de France
Politechnika Wroclawska / Wroclaw Technical University
University of Silesia in Katowice
Cracow University of Technology
Areva S.A.
Eandis C.V.B.A.
GDF Suez
Schneider Electric
Ecole des Mines de Nantes
Grenoble Alpes Innovation et Incubation
Tecnalia
EDP Inovacao S.A.
Uniwersytet Jagiellonski
Institute of Chemical Engineering, Polish Academy of Sciences
University of Corsica
Petale
CG Holdings Belgium N.V.
EnergyICT N.V.
H-tec Wasserstoff-Energie Systeme G.m.b.H.
Eifer Europäisches Institut für Energieforschung EDF-KIT
Boson Energy S.A.
International Department of the KIT
Acciona Infraestructuras S.A.
Cidete Ingenieros S.L.
RobCork
Termo Fluids
Wave Energy Centre - Centro de Energia das Ondas

Energihuset
Syngaz Sp. Z.o.o.
Promont Sp. Z.o.o.
EKO-GAW Grzebieluch Adam
Apparatura Pomiarowka Kwant Bogdan Niewczas Sp. J
Centro de Investigaciones Energeticas, Medioambientales y Tecnologicas
Université d'Aix-Marseille
McPhy Energy S.A.
Plastipolis
University of Ulster
Institut de Sciences et Technologies de Paris
Raigi S.A.S.
Disatech
Vinci Technologies
Rafako S.A.
Politechnika Czestochowska (Czestochowska Technical University)
Bundesanstalt für Materialforschung und Prüfung
E-Flox G.m.b.H.
E4-Experts Energia Exergia Economia Ecologia S.L.
Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung - Institut für System und Innovationsforschung ISI
SCK.CEN (Studiecentrum voor kernenergie)
Steinbeis-Europa-Zentrum der Steinbeis Innovation gGmbH
DVGW-Forschungsstelle am Engler-Bunte-Institut des KIT - Karlsruhe Institute of Technology
Tecnologia Solar Concentradora SL
Bay Zoltan Foundation for Applied Research - Institute for Logistics and Production Systems
Deutsches Zentrum fuer Luft- und Raumfahrt e.V. (DLR)
Iberdrola S.A.
Katowicki Holding Weglowy S.A.
Progression-Industry BV
The Szwalski Institute of Fluid-Flow Machinery, Polish Academy of Sciences
EDF Polska CUW Sp. Z.o.o.
Triphase N.V.
Mödinger G.m.b.H.
TTI G.m.b.H. - TGU Smartmote
Ancor Flexibles BVBA
LignoGen G.m.b.H.
BTG Biomass Technology Group BV
Ratfisch Analysensysteme GmbH
AVA-CO2 Schweiz AG
Vattenfall AB
Cortus AB
STRI AB
De Beijer RTB/Ares B.V.
Terra Energy
Van Looy Group nv
Ericsson AB
Tauron Wytwarzanie S.A.
Soluciones de Ingenieria Maritima Operacional S.L.
Stichting Kiemt
Stockholm Innovation & Growth AB
LV Electronics

ANNEX 8: ORGANIGRAMME

since 26 SEPTEMBER 2011

