

2011

Annual Report

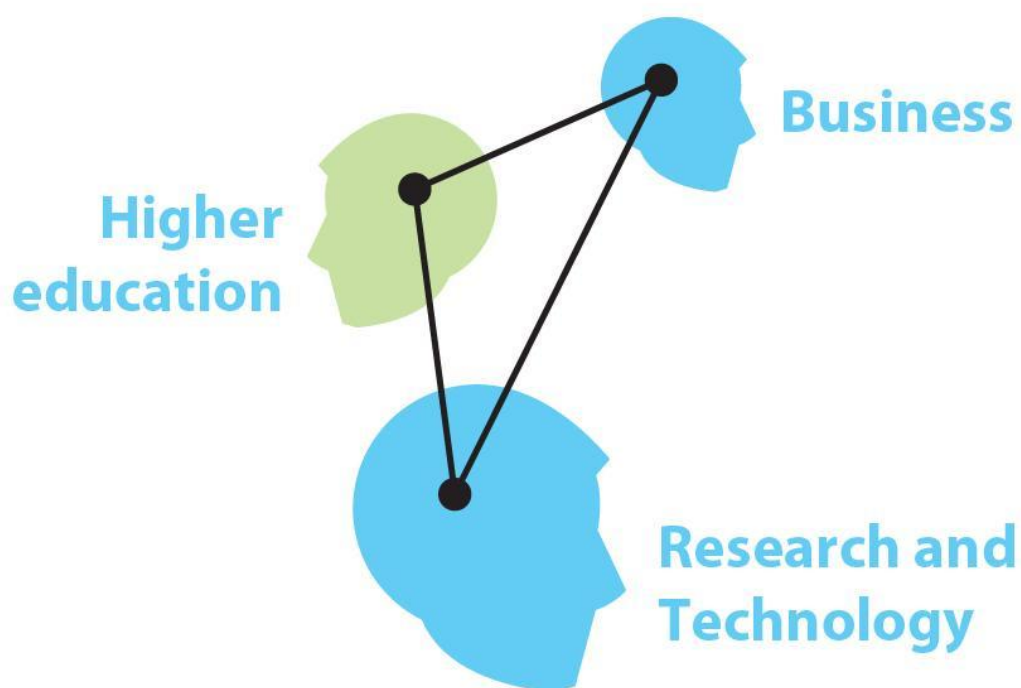


Table of Contents

1.	THE EIT'S STRATEGY AND VISION: REACHING OUT TO THE INNOVATION COMMUNITY	3
1.1	SHAPING THE EIT'S FUTURE: THE EIT'S STRATEGIC INNOVATION AGENDA (SIA)	3
1.2	FOSTERING RELATIONS WITH STRATEGIC STAKEHOLDERS.....	4
2.	IMPLEMENTATION OF THE ANNUAL WORK PROGRAMME 2011	5
2.1	THE EIT'S KNOWLEDGE AND INNOVATION COMMUNITIES (KICs): FIRST FULL YEAR OF OPERATION	5
2.1.1	<i>EIT-KIC Preparatory Grant Agreements</i>	<i>5</i>
2.1.2	<i>EIT-KIC Grant Agreement 2010</i>	<i>6</i>
2.1.3	<i>EIT-KIC Grant Agreements 2011.....</i>	<i>6</i>
2.1.4	<i>EIT Grant Agreements 2012</i>	<i>7</i>
2.1.5	<i>KIC Major Activities in 2011.....</i>	<i>8</i>
2.1.5.1	Climate-KIC	8
2.1.5.2	EIT ICT Labs.....	9
2.1.5.3	KIC InnoEnergy	10
2.2	THE EIT'S CROSS-KIC AGENDAS: DRIVING EDUCATION AND ENTREPRENEURSHIP IN EUROPE.....	12
2.2.1	<i>Driving Entrepreneurship Education</i>	<i>12</i>
2.2.1.1	EIT Labelled Degrees	12
2.2.1.2	Youth and Entrepreneurship Conference 2011	12
2.2.2	<i>Promoting an Entrepreneurial Culture in Europe.....</i>	<i>13</i>
2.2.2.1	Preparing for the First EIT Entrepreneurship Awards	13
2.2.2.2	Paving the Way for the EIT Roundtable of Entrepreneurs	13
2.2.3	<i>Driving New Models for Innovation</i>	<i>13</i>
2.2.4	<i>The EIT and its KICs: Building the EIT Culture</i>	<i>14</i>
2.2.4.1	The EIT and KICs as Co-Creators on the Ground.....	14
2.2.4.2	Establishing Strong EIT-KIC Working Relations	14
	ANNEX: HUMAN AND FINANCIAL RESOURCE	16

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 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.

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

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

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.

1.2 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 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.



² COM(2011) 816 final

-
- ✓ 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.

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.

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.

2.1.1 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.

2.1.2 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.

2.1.3 EIT-KIC Grant Agreements 2011

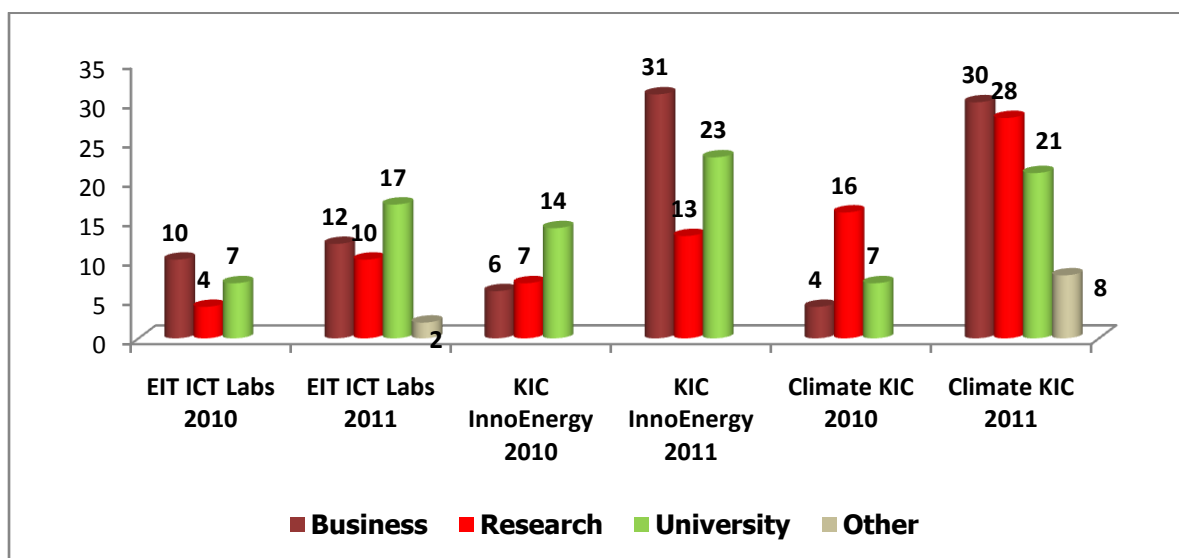
In the context of Framework Partnership Agreements concluded with the KICs in 2010, the EIT signed the 2011 annual grant agreements with the three KICs in May 2011 to cover the period from 01 January to 31 December 2011 (with the exception of Climate-KIC, which spanned the period from 01 March to 31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



2.1.4 EIT Grant Agreements 2012

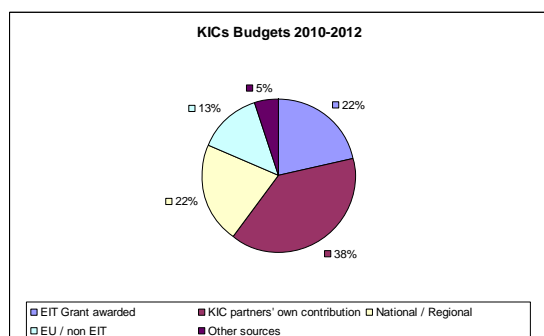
In October 2011, the KICs submitted to the EIT their business plans covering the period from 01 January to 31 December 2012, as the basis for requesting the EIT financial contribution for 2012. Following an EIT assessment of the KICs 2012 business plans submitted, as well as EIT Governing Board hearings 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%)**

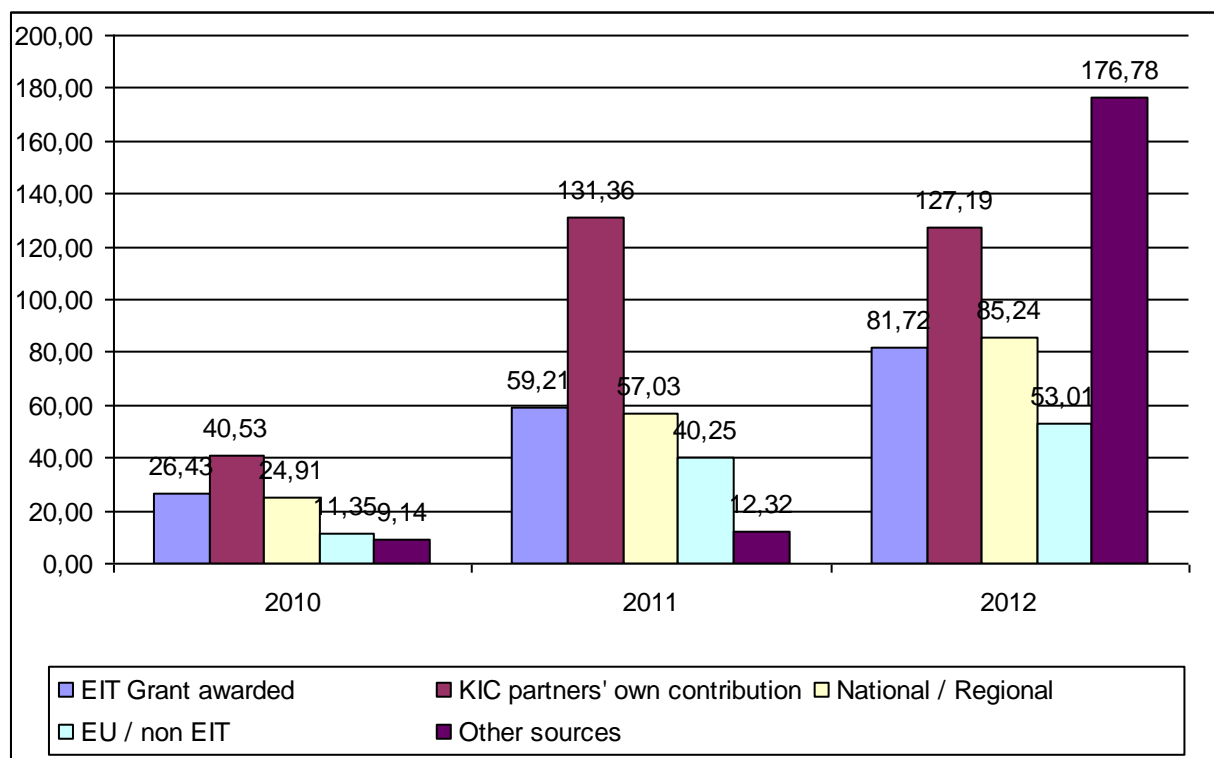


Through its three KICs, the EIT managed **to attract 78% of the total budget from other sources** (EUR 610 million out of **EUR 777.4 million** bringing a leverage effect of around **4**).

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

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

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%

2.1.5 KIC Major Activities in 2011

2.1.5.1 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.

2.1.5.2 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.

2.1.5.3 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.

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

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.

2.2.1.1 *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.

2.2.1.2 *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.”

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.

2.2.2.1 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.

2.2.2.2 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.

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.

2.2.4 The EIT and its KICs: Building the EIT Culture

2.2.4.1 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.

2.2.4.2 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.

ANNEX: 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.

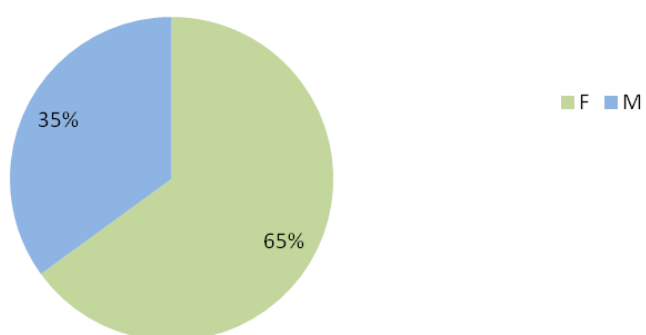
The below data refers to the snapshot of the EIT personnel actually employed as of 31/12/2011⁴.

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

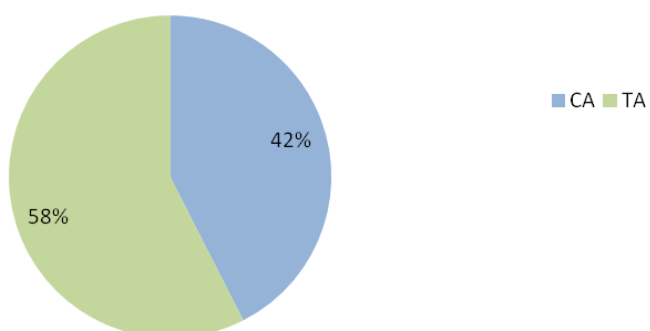
⁴ The five posts resulting from the difference between 28 and 23 will allow a progressive deployment of staff in 2012 in line with Commission recommendations. Further to the deployment of these resources, all key management positions will be filled and 4 national experts will join EIT before end 2012.

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

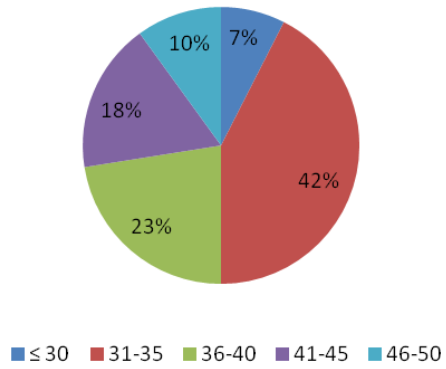
Gender balance



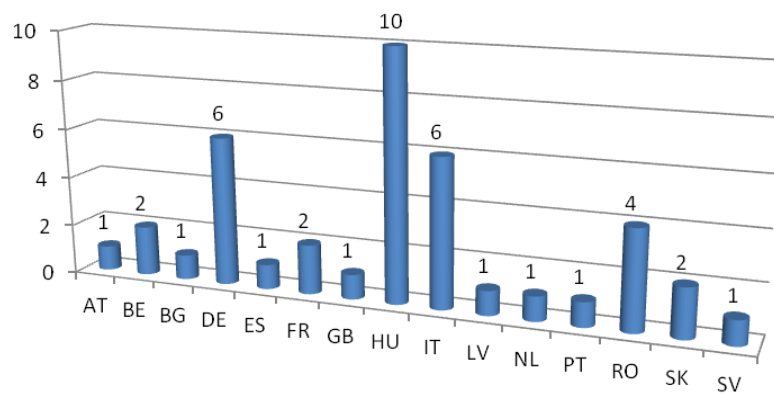
Category breakdown



Age breakdown



Nationalities



ORGANIGRAMME

since 26 SEPTEMBER 2011

