| European Institute of Innovation & Technology |

DECISION 12/2019

OF THE GOVERNING BOARD OF

THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (EIT)

ON THE ASSESSMENT AND ADOPTION OF THE 2018 ANNUAL ACTIVITY REPORT OF THE AUTHORISING OFFICER OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY

THE GOVERNING BOARD OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY,

Having regard to 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,[1] (hereinafter referred to as the 'EIT'), as amended by Regulation (EU) No 1292/2013 of the European Parliament and of the Council of 11 December 2013[2] (hereinafter referred to as the "EIT Regulation"), and in particular Section 2 (a) and Section 4 (3) (c) of the Statutes annexed to the EIT Regulation;

Having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council[3], and in particular Article 47(1) thereof;

Having regard to the Decision of the Governing Board of the EIT of 27 December 2013 on adopting the Financial Regulation for the European Institute of Innovation and Technology,[4] as amended by Decision 6/2015 of the Governing Board of the EIT of 5 March 2015[5] (hereinafter referred to as the "EIT Financial Regulation"), and in particular Article 47(1) thereof;

Having regard to the Annual Activity Report of the Authorising Officer in respect of the year 2018;

WHEREAS

(1) The authorising officer shall report to the Governing Board on the performance of his or her duties in a form of a consolidated annual activity report pursuant to Article 47 of the EIT Financial Regulation;

(2) The consolidated annual activity report shall be submitted to the Governing Board for the assessment pursuant to Article 47 of the EIT Financial Regulation;

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[1] OJ L97 of 09.04.2008, p. 1.
[2] OJ L347 of 20.12.2013, p. 174.
[3] OJ L328 of 07.12.2013, p. 42.
[4] 01364.EIT.2014.I.
[5] 00101.EIT.2015.I.GB34.

(3) The Governing Board shall adopt the Annual Activity Report of the European Institute of Innovation and Technology based on the draft presented by the Director pursuant to Section 2 of the Statutes annexed to the EIT Regulation;

(4) "No later than 1 July each year the consolidated annual activity report together with its assessment shall be sent by the Governing Board to the Court of Auditors, to the Commission, to the European Parliament and the Council" - pursuant to Article 47 of the EIT Financial Regulation;

(5) At its 38th Governing Board meeting of 3 December 2015, the EIT Governing Board welcomed the suggestion from the Audit Committee to give its opinion on the draft Annual Activity Report prepared by the Director before its assessment by the EIT Governing Board.

(6) The EIT Audit Committee expressed its positive opinion on the draft Annual Activity Report prepared by the Director and supports the adoption of the Governing Board's Assessment of the Annual Activity Report 2018 as well as the adoption of the Annual Activity Report 2018.

HAS DECIDED AS FOLLOWS:

Article 1
Assessment of the Annual Activity Report 2018

The EIT Governing Board:

1. Welcomes the results presented in the Annual Activity Report of the Authorising Officer (the 'AAR') and appreciates the presentation of all the underlying building blocks that underpin that declaration. Expresses its satisfaction and appreciation of the results achieved by the EIT and the high level of commitment and the increasing quality and efficiency of work of the EIT's staff and management.

2. Welcomes the fact that the EIT community has grown to over 1000 partners and 40 hubs, which collectively have by now put over 600 innovative products and services on the market, trained several thousand entrepreneurs and supported over 1200 start and scale ups that attracted close to EUR 900 million of external funding.

3. Welcomes the designation of EIT Manufacturing and EIT Urban Mobility as major milestones for the EIT reached in 2018.

4. Welcomes the fact that since the launch of the EIT Regional Innovation Scheme, stakeholders from over 18 new countries with moderate innovation capacity participated in EIT activities.

5. Notes with satisfaction that the European Parliament granted discharge to the EIT in respect of the 2017 financial year, which confirms the current positive evaluation of the EIT's management and control systems.

6. Notes with satisfaction that the EIT is fully autonomous since 1 January 2018. Notes that the Interim Director reviewed all relevant documentation with DG EAC to affirm the financial autonomy.

7. Welcomes the positive results of the independent midterm evaluation of the EIT led by the European Commission, which also satisfied a precondition to launch the call for KIC proposals in the theme of Urban Mobility in 2018.

8. Welcomes that based on achieved results, the European Commission placed the EIT centrally in its proposal of 7 June 2018 for the Horizon Europe Legislative Package, with a proposed budget of EUR 3 billion. This provides for a very positive outlook for what the EIT community can achieve in the next 10 years.

9. Expresses its satisfaction that the EIT allocated the highest ever EIT financial contribution to the KICs for the implementation of their 2019 business plans, which is another recognition of EIT impact on European innovation landscape.

10. Expresses its satisfaction with the successful organisation of the INNOVEIT 2018 event during which the EIT's 10th anniversary was celebrated.

11. Welcomes the increased visibility of the EIT community, including the fact that the Forbes Magazine 30 under 30 list for 2018 featured nine EIT Community-supported entrepreneurs, bringing the total number to 32 since 2016 and affirming the excellence of EIT programmes.

12. Notes that the absorption rate for the 2017 grant agreements was 86.2% and that the financial sustainability coefficient was 8.6%, with measures implemented to achieve further improvements.

13. Welcomes the implementation of the actions foreseen in the EIT Anti-Fraud Strategy and notes the revised strategy adopted in 2018.

14. Is satisfied that the detected error rate during ex-post verification of 2017 grants was 1.84 % and the residual error rate is 1.82 %, which is well below the materiality level of 2 %.

15. Welcomes that the EIT management implemented ca. 50 audit recommendations as confirmed by the follow-up reports of the Internal Audit Service and the EIT Internal Audit Capability. Calls on EIT management to ensure implementation of the remaining recommendations.

16. Notes that the EIT implemented efficiency gains such as the outsourcing of the Accounting Officer's functions.

17. Is deeply concerned that with understaffing and in the light of an increase in its budget and number of KICs, the EIT may not be able to maintain its checks in the future at a satisfactory level and risks an increase of error rates. Moreover, other operational activities will have to be decreased creating negative operational and reputational impact for the EIT, particularly hampering the development of its institute role.

18. Is strongly concerned that the number of posts made available to the EIT by the EU institutions has not followed the significant growth of budget and activities.

19. Calls on the Commission to consider a timely increase of the staff allocated to the EIT and to ensure that the EIT is enabled to offer permanent contracts to its staff as a matter of priority given that several staff contracts will otherwise terminate and that the EIT risks losing key staff that is fully trained and providing optimal performance. Notes with concern that the selection of the EIT Director has not been finalised and that as a result the permanent Director position has remained vacant since almost 5 years. It calls on the Commission to finalise this process as a matter of urgency and thereby contribute to further organisational stability of EIT.

20. Appreciates the fact that throughout 2018, the EIT Interim Director kept the Governing Board fully informed of the EIT's activities and progress by way of regular Governing Board meetings, facilitated by a structured agenda and regular activity reports, as well as actively engaged the Board members in additional activities to promote the EIT mission.

21. Confirms that the EIT Governing Board's analysis and assessment of the AAR 2018 is positive and that the AAR 2018 provides it with the necessary assurance for a positive assessment of the results achieved in 2018.

Article 2
Adoption of the Annual Activity Report

Based on the assessment of the Governing Board, as set out in Article 1 of this decision, the Annual Activity Report 2018 by the EIT Interim Director is adopted as set out in Annex 1 to this decision.

Article 3

Publication

The Annual Activity Report shall be sent by the Chairperson on behalf of the Governing Board to the European Court of Auditors, to the Commission, to the European Parliament and the Council and shall be published on the website of the European Institute of Innovation and Technology.

Article 4
Enter into force

This decision shall enter into force on the day of its signature.

Done in Dublin on 5 June 2019

Dirk Jan van den Berg

Chairperson of the EIT Governing Board

Annex 1: Annual Activity Report 2018

Consolidated Annual Activity Report

Financial year: 2018

The EIT – Making Innovation Happen

European Institute of Innovation and Technology (EIT)

Budapest | June 2019

www.eit.europa.eu

The EIT is a body of the European Union

Foreword from the EIT Interim Director

The Year in Brief

2018 has seen the achievement of a series of milestones for the EIT and thereby laid a strong foundation for the EIT Community and its future under the next financial perspective. After 10 years, it is clear that our innovation model is working and that we are delivering real impact on some of Europe's greatest societal challenges. The EIT and its KICs have learned from the experience of deploying innovation, entrepreneurship and education and increased the effectiveness and impact from the collaboration in their innovation ecosystems. One of the strengths if the EIT Community is that it strongly encourages connectivity and creativity but is also constantly evolving, allowing new ideas to enter and enrich it. The EIT creates the necessary conditions for the diverse stakeholders to work together on cross-cutting issues, which is key to fully unleash the potential of innovation to achieve breakthrough, systemic impact on the global challenges that we tackle.

*This year saw a large number of success stories emerging from the EIT Community. We have now established a trusted network of around **1,650 participations** across Europe, making **it one of the largest networked innovation communities in the world**. Together, we have supported over **1,250 start-ups and scale-ups**, which have raised a total of more than **EUR 890 million in investments**, created more than **6,100 high-skilled jobs** and brought over **600 new products and services** to the market. At the beginning of the year, **Forbes Magazine** announced its **30 under 30 list** for 2018, which included **nine EIT Community-supported entrepreneurs**, bringing the **total number to 32 since 2016**. Another seven EIT-supported ventures were included in the **Global Cleantech 100 list**. These accomplishments are proof that the EIT is an up-and-running innovation engine that continues to deliver tangible results. Some of the companies supported by the EIT at an early stage have now grown into series players in their markets and attracted substantial private sector investments, for example Tado, Konux, Skeleton Technologies, Navya and Lilium Aviation.*

*Seeing the emerging successes from Knowledge and Innovation Communities (KICs), EIT Governing Board's decision for the financial allocation for the year 2019 carried great importance to maintain the EIT Community's momentum. As a result of their results to date and their ambitions for the future, the **highest ever EIT financial contribution** of **EUR 470 million** was allocated to the KICs for the implementation of their 2019 Business Plans.*

*The EIT Community also reached another **major milestone** in 2018: **growing to eight KICs**, as foreseen in the EIT Strategic Innovation Agenda for 2014-2020, with the **designation of EIT Manufacturing** and **EIT Urban Mobility** in December. The two winning consortia will embark on their journey to become fully operational members of the EIT family in 2019.*

*Other substantial highlights of the year also included the celebration of the **EIT's 10th anniversary** during **INNOVEIT 2018** and the **EIT Awards 2018**, where a **record-number of five awards** recognised the EIT Community's greatest innovators of the year. Furthermore, the Governing Board of the EIT was reinforced by the **appointment of six new members**, as well as **a new Chair**. Finally, the **European Court of Auditors' clean audit opinion on the EIT** also marked another highly successful year in the EIT's history.*

*The above highlights continue to increase the EIT's visibility among key stakeholders representing the entire knowledge triangle, as well as governments and EU policy-makers. In addition, representatives of the EIT conveyed our key messages and disseminating our results by **participating in over 140 third-party events and meetings** with stakeholders across Europe, which is an almost 30 percent increase since 2017. At the same time, a record-number of more than **3,400 articles** were published on the EIT's activities. Thus, the awareness and understanding of the EIT Community and its activities has **considerably improved among both citizens and major stakeholders**, as*

recommended in the European Commission's Mid-term Evaluation Report on the EIT. The EIT's Regional Innovation Scheme and the EIT education programme, including our strong focus on women entrepreneurship have become important success factors that accompany the EIT community's innovation, business creation and acceleration activities.

*The achieved results are the reason why the European Commission placed the EIT centrally in its proposal of 7 June 2018 for the Horizon Europe Legislative Package, with a **proposed budget of EUR 3 billion**. This provides for a very positive outlook for what the EIT community can achieve in the next 10 years for Europe and its citizens by tackling societal challenges through entrepreneurship and innovation.*

*At the same time, the European Commission also **launched the process of drafting the proposal for the EIT's next Strategic Innovation Agenda for 2021 to 2027** and the **new EIT Regulation**. These two key documents, which will determine the exact mandate of the EIT and provide means to achieve its vision and deliver an even higher impact on the global challenges which it addresses, will be published in **2019**.*

*The EIT Community's successes in 2018 could not have happened without some key success factors. These include, the **continuously growing level of cooperation between our KICs, the commitment of the EIT staff and a culture of monitoring, evaluation, simplification and lessons learnt that is suitable for an Institute for innovation and allows us to continuously improve our model and operations**. The EIT initiatives in these areas and strong community spirit between the EIT and its KICs are the best evidence of this. Together, we are delivering products and services for the benefit of European citizens, creating jobs and educating a new generation of innovation-driven young professionals. It is truly exciting to see how EIT-supported entrepreneurs and alumni from our education programmes turn their ideas into innovations that help us to transform their sectors and tackle some of our greatest societal challenges.*

*Through the dedication of all innovators of the EIT Community, strategic guidance by the EIT's Governing Board and commitment of the EIT's staff, we have **created Europe's largest innovation ecosystem** and are **making innovation happen across the continent**. We now stand ready to build on this strong foundation and in synergy with other EU and national initiatives to further increase out impact by strengthening Europe's competitiveness, job creation and quality of life.*

Martin Kern

Interim Director of the European Institute of Innovation and Technology (EIT)

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INTRODUCTION

This consolidated annual activity report provides an overview of the activities and achievements of the European Institute of Innovation and Technology (EIT) in 2018.

The EIT's Annual Activity Report 2018 is a report of the EIT Interim Director. It is a key component of the strategic planning and programming cycle: it is the basis on which the EIT Interim Director takes its responsibility for the management of resources and the achievement of objectives. It also allows the EIT Interim Director to decide on the necessary measures to address any potential management and control weaknesses identified. It is in compliance with Article 47 of the EIT Financial Regulation.

The Annual Activity Report 2018 comprises four main parts and annexes as follows.

Part I: Achievements of the financial year 2018. Mirroring the structure of the Annual Work Programme of the EIT for the year of 2017, Part I provides information on achievements of objectives set in the annual work programme. This section also includes references to progress against Key Performance Indicators (KPIs) and targets.

Part II: Management. This section provides information on the functioning of the EIT Governing Board. It also includes major internal and external developments which had an impact on the EIT during the reporting year as well as information on budgetary and financial management, Human Resources management, assessment by the EIT management and also assessment of audit results during 2017, along with the follow-up of recommendations and action plans resulting from audits. It also includes components on the follow-up of observations from the Discharge authority.

Part III: Assessment of the effectiveness of the internal control systems. The report details in Part III the most important areas of risks associated with the EIT's operation as well as compliance with and effectiveness of the Internal Control Standards.

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

In the annexes, the report provides statistics and information on the EIT core KPIs, financial management, organisational chart, establishment plan, Human and Financial resources used by activity, the EIT's final annual accounts and further specific annexes related to Part II and Part III of the report.

The EIT Annual Activity Report is a public document and is available on the EIT website.
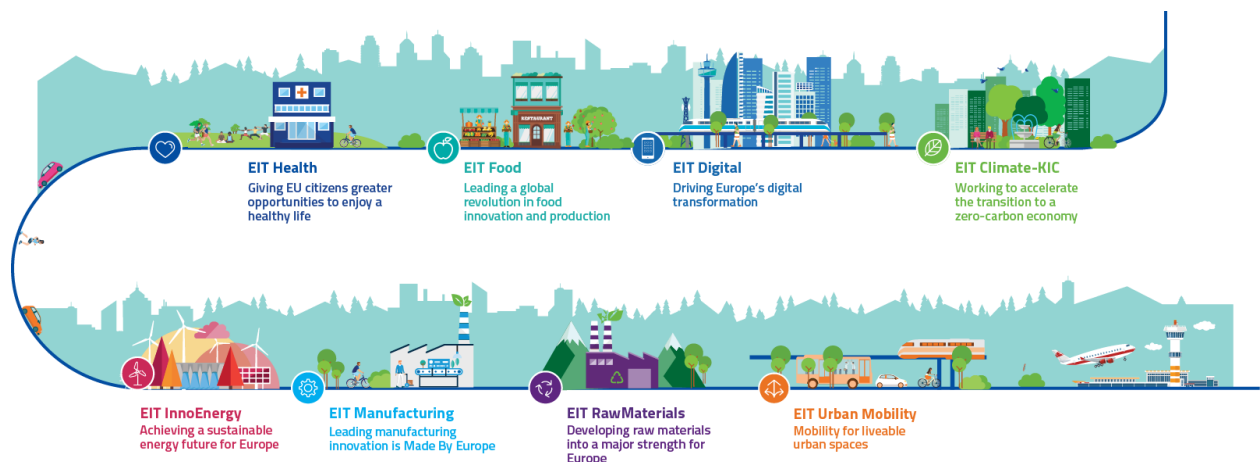
The EIT in brief

The European Institute of Innovation and Technology (EIT) was set up to drive innovation across Europe. The EIT's mission is to contribute to the **competitiveness** of Europe, its **sustainable economic growth** and **job creation**, as well as to create favourable environments for **creative thought**, to **enable ground-breaking innovation to thrive in Europe**. It does this by promoting and strengthening synergies and cooperation among businesses, education institutions and research organisations, the so-called 'knowledge triangle'. The EIT is an integral part of **Horizon 2020**, the EU Framework Programme for Research and Innovation 2014-2020.

By bringing together organisations from these dimensions to cooperate in long-term partnerships through its **Knowledge and Innovation Communities (KICs)**, the EIT promotes innovation in Europe. The partners of the KICs' are **excellent innovators** that work together to tackle some of **Europe's greatest societal challenges**. Based on existing European excellence, the KICs continuously develop existing **innovation ecosystems** and create new ones. They tackle **fragmentation and duplication** of efforts across borders to **generate critical mass**, enhance and **strengthen collaboration**, optimise the use of **human, financial and physical resources**, and **attract talented individuals** from all over the world. Together, the EIT Community aims to facilitate entrepreneurship-driven innovation and turn major societal challenges into **future economic opportunities** that create economic growth and high-skilled jobs for Europe.

To date, the EIT has established a total of eight KICs:

- **EIT Climate-KIC**, **EIT Digital** and **EIT InnoEnergy**, which were designated in 2010, are fully operational and deliver outputs and results as measured by the EIT's core Key Performance Indicators (KPIs);

- **EIT Health** and **EIT Raw Materials**, which were designated in December 2014, are now delivering results in line with the first wave of KICs after completing their third full year of operations in 2018;

- **EIT Food**, which was designated by the EIT Governing Board in November 2016, completed its first full year of operations in 2018 with its first tangible results emerging; and

- **EIT Manufacturing** and **EIT Urban Mobility** were selected by the EIT Governing Board in December 2018 and will embark on their start-up phases in 2019.

EIT Health — Giving EU citizens greater opportunities to enjoy a healthy life

EIT Food — Leading a global revolution in food innovation and production

EIT Digital — Driving Europe's digital transformation

EIT Climate-KIC — Working to accelerate the transition to a zero-carbon economy

EIT InnoEnergy — Achieving a sustainable energy future for Europe

EIT Manufacturing — Leading manufacturing innovation is Made By Europe

EIT RawMaterials — Developing raw materials into a major strength for Europe

EIT Urban Mobility — Mobility for liveable urban spaces

Executive Summary

Highlights of the year

2018 marked the EIT's ten year anniversary, ten years of **making innovation happen across Europe**. Since the EIT was set up in 2008, its activities have continued to deliver **impact and ground-breaking innovations**. This has resulted in (source: grant reporting process 2017):

- over **1,250 start-ups and scale-ups** supported who have raised more than **EUR 890 million in investments** and created more than **6,100 high-skilled jobs**
- over **600 new products and services** brought to the market
- more than **1,700 students** have graduated from EIT-labelled programmes.

The **participation** in the first six Knowledge and Innovation Communities (EIT Climate-KIC, EIT Digital, EIT InnoEnergy, EIT Health, EIT RawMaterials and EIT Food) also increased to approximately **1,700** organisations by the end of 2018 (an **increase of around 400** participations compared to 2017) highlighting the attractiveness of the EIT Community to innovators.

In 2018, the **highest ever EIT financial contribution of EUR 470 million** was allocated to the EIT's Knowledge and Innovation Communities for the implementation of their 2019 Business Plans. As a result of further simplification efforts, the EIT also managed to reduce the average time-to-grant (**147.6 days in 2018 for the 2019 Specific Grant Agreements**, compared to 176 days for the 2018 grant agreements).

2018 was also marked by the achievement of a significant milestone: the **selection of EIT Manufacturing and EIT Urban Mobility** in December. This grew the EIT's portfolio of Knowledge and Innovation Communities to eight as outlined in its Strategic Innovation Agenda 2014-2020. The 2018 Call for Proposals was officially launched in January 2018 and was followed by an Information Day in Brussels with more than 350 innovators. Following the evaluation of proposals submitted, Hearings were held with the EIT Governing Board resulting in the designation of the 'MOBILUS' consortium as EIT Urban Mobility and the 'Made by Europe' consortium as EIT Manufacturing.

INNOVEIT 2018, the EIT's Annual Innovation Forum, **officially marked the EIT's 10th anniversary celebrations** and showcased some of the EIT Community's most successful innovators, graduates, entrepreneurs and leaders. Almost

400 participants attended the conference and the EIT Awards put 38 nominees from the EIT Community in the spotlight, competing in five different categories, including the first ever EIT Woman Award.

The power to innovate: winners of EIT Awards 2018 announced

Throughout the year, the EIT actively engaged with key stakeholders, including in the context of the negotiations on the **EU's next Multiannual Financial Framework (MFF)** and **Framework Programme for Research and Innovation ('Horizon Europe')**. The EIT's future was secured, including a prominent place in the Commission's proposals for the next MFF for the Horizon Europe Legislative Package. Specifically, the Commission proposed a budget of EUR 100 billion for Horizon Europe, including **a budget of EUR 3 billion for the EIT**. Ensuing negotiations in the European Parliament resulted in a proposal to **increase the Horizon Europe budget to €120 billion and the EIT budget to EUR 4 billion**.

2018 continued to see EIT Community supported innovators succeed. **Forbes Magazine's 30 under 30 list**[6] recognised **nine EIT Community-supported entrepreneurs**, bringing the total number to 32 since 2016, with another seven EIT-supported ventures included in the Global Cleantech 100 list.[7] Such recognition for EIT Community entrepreneurs clearly affirms the EIT's impact and its unique role in driving innovation across Europe.

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[6] https://eit.europa.eu/newsroom/eit-community-continues-make-it-big-forbes
[7] https://eit.europa.eu/newsroom/eit-community-innovators-vanguard-cleantech-sector

PART I
ACHIEVEMENTS OF THE YEAR

1.1 Incentivising growth, impact and sustainability through the EIT

1.1.1 Consolidating, fostering growth and impact of the KICs

1.1.1.1 Promoting collaboration and competition among KICs

Business Plan assessment and grant allocation for 2019

By its Decision No 10/2018, the EIT Governing Board defined the principles for the 2019 EIT grant allocation, including three main funds earmarked for implementing (1) the EIT Regional Innovation Scheme (EIT RIS), (2) the EIT Cross-KIC scheme and (3) the KICs' portfolios of activities as outlined in the KICs' 2019 Business Plans. For the latter – EIT KIC Fund – the Decision also indicated the distribution among the three waves of KICs as well as the split between support and competitive funding within each wave.

In April 2018, the EIT invited the six KICs to submit their Business Plans for 2019 and issued updated guidelines for the business plans preparation. With regard to the competitive funding allocation, the 2019 process remained to be based on a two-pillar evaluation structure, giving equal weights to Pillar I (past performance) and Pillar II (Business Plan and progress towards multi-annual strategy).

All six KICs submitted their Business Plans in September 2018 which were evaluated by the EIT with assistance of external experts. For the Business Plan assessment, the EIT contracted 38 experts from 20 countries, out of which 66% were female experts. The remote and consolidated evaluation period lasted from mid-September to end-October at which point the KICs were informed about the results.

In parallel, representatives of the EIT Governing Board – GB Rapporteurs – met with the KICs' high level representatives with the main objective to assess how the KICs had addressed the EIT Governing Board's strategic recommendations issued in December 2017. In preparation for Hearings with the KICs, which is the final step in the EIT grant allocation process, the GB Rapporteurs analysed the KICs' strategies and multi-annual progress towards achieving their strategic objectives. The following key strengths and weaknesses had been established as a result.

EIT Climate-KIC showed a clear progress in terms of strategy development and further stabilised its management structure. The newly implemented Theory of Change should enable the KIC to further streamline its efforts towards delivering impact. However, improvements of the strategy are needed with regard to the measurability of the impact indicators. In terms of implementation, weaknesses remain the relatively low number of start-ups created, the contribution of business creation and innovation activities to financial sustainability and overall the generation of revenues and implementation of the not yet fully updated financial sustainability strategy. The KIC updated many

portfolio areas and business processes already in 2018 and these developments are expected to deliver results in 2019.

EIT InnoEnergy's progress in strategy and impact setting is convincing and it has developed a maturing portfolio of innovations. Improvements are under way especially to measure the impacts by concrete indicators in the innovation and entrepreneurship pillars. Implementation is delivering results and the management team is effective and stable; however, improvement is still needed in diversity. Financial sustainability is one of the KIC's strong area,, however the co-funding from other EU sources needs to be scaled up.

EIT Digital progressed in the strategy and impact area. Several theme-specific impact indicators were developed at the activity level. EIT Digital remained continuously strong in its education portfolio and generally has effective governance in place. In the research and innovation are, the KIC launched a high number of products (77) on the market and created a significant number of start-ups. However, some weaknesses remain: 1) gender balance in governance and management needs to be improved and a women entrepreneurship strategy shall be developed; 2) the EIT/EU co-branding shall receive a higher priority; and 3) a comprehensive approach on financial sustainability should be implemented by the KIC, with more revenues generated in particular from its innovation activities.

EIT Health's strategic framework is structured and comprehensive and implementation is showing increasing results. The KIC is very active in establishing synergies and in cross-KIC cooperation. Entrepreneurship activities are very well structured with a focus on KTI. The governance and management arrangements are efficient and effective, however the KIC Legal Entity does not have full control over Co-Location Centers (CLCs). The KIC should strengthen the competition for innovation funding and the contribution of the innovation pillar to the KIC's financial sustainability. In addition, the number of students and learners in education activities is relatively low. A citizen-centered strategic and operational approach should be put in place.

In the second half of 2018, **EIT RawMaterials** adopted a revised Strategic Agenda for 2018 – 2022 which aimed at addressing several challenges identified previously. For example, the KIC's internal impact assessment framework was revised with more precise definition of KPIs and required supporting documents. However, the revised strategy still lacks measurable objectives. During the year the KIC also improved the management of funds, strengthened its participation in the Cross-KIC activities and improved its financial sustainability. However, the KIC should continue consolidating its portfolio in terms of a number and size of activities in order to create an impact in the future, strengthen communication and dissemination activities, consolidate the financial sustainability strategy and focus on the implementation of high-revenue measures to ensure the long-term financial sustainability of the KIC. A particular concern remains that neither innovation projects nor business creation activities contribute to financial sustainability.

EIT Food's strategic approach is comprehensive and adequate, proactively engaging its key stakeholders and in 2018 consolidated its ecosystem after its start-up phase. However, the KIC should increase openness to make its Innovation activities accessible for non-KIC partners. Recently, the KIC managed to strengthen its operational effectiveness by appointing the new permanent CEO (in November 2018). On the other hand, throughout 2018 no independent Chair of the Supervisory Board was in place and governance needs further attention. The financial sustainability strategy is already in place with some highly innovative elements, e.g. setting up an investment fund from the start.

The Hearings with the KICs were held on 13 November 2018. The Hearings followed the successful format from the previous year with a longer interactive Q&A session, allowing an in-depth discussion with the KIC representatives and thus providing the EIT Governing Board with information for their decision-making. As a result of the grant

allocation process, the EIT Governing Board decided on the maximum financial contribution to the KICs (Decision No 32/2018).

As a result of the competitive funding allocation process, the following amounts were allocated by the EIT GB to the first wave of KICs for 2019, including the EIT financial contribution earmarked for the implementation of EIT RIS activities:

- **EUR 81,866,480** to EIT Digital
- **EUR 90,381,278** to EIT InnoEnergy
- **EUR 86,307,957** to EIT Climate-KIC

For the second wave of KICs, the maximum grant allocation for 2019 was:

- **EUR 86,300,717** to EIT Health
- **EUR 79,076,276** to EIT Raw Materials

For the third-wave KIC, the maximum grant allocation for 2019 was:

- **EUR 43,726,642** to EIT Food

In addition, the following amounts were earmarked for the implementation of the cross-KIC activities in 2019:

- EIT House led by EIT Digital: EUR 421,609;
- Cross-KIC EIT RIS led by EIT Health: EUR 819,099;
- Cross-KIC Human Capital led by EIT InnoEnergy: EUR 2,788,398;
- Cross-KIC Food4Health led by EIT Health: EUR 1,090,553;
- Common Outreach beyond Europe and CLC consolidation led by EIT Climate-KIC: EUR 1,588,712.
- Cross-KIC Skills4Future led by EIT Raw Materials: EUR 378,327

Therefore, the total EIT financial contribution for the implementation of KICs' Business Plans 2019 amounted to EUR **467,659,352**. As every year, the EIT Governing Board also issued strategic recommendations to each of the six KICs to further improve in key areas.

Report assessment and verification of Grant Agreements 2017

Ex-ante assessment and payments

Between April and August 2018, the EIT carried out the ex-ante verification of KIC Reports on the execution of the 2017 Business Plans. The assessment encompassed different operational and financial elements such as completeness and consistency check, performance assessment including KPIs, as well as verification of cost eligibility. External experts supported the EIT in particular for the performance assessment. For the ex-ante assessment, the EIT contracted 35 experts from 17 countries, out of which 31% were female experts. The financial assessment was largely based on Certificates of Financial Statements obtained from two independent audit firms contracted by the EIT. At the final stage of the process, a resolution meeting was organised between the EIT and each of the KICs to conclude on the last outstanding issues in an efficient and timely manner. The ex-ante verification methodology and modalities were strengthened compared to previous years and the outcome of the assessment was thoroughly documented for each KIC in the form of an EIT assessment report including several annexes.

For the implementation of 2017 Specific Grant Agreements, the validated core KPIs for first-wave KIC are as follows:

EIT Core KPI	EIT Climate-KIC	EIT Digital	EIT InnoEnergy
Graduates from EIT labelled MSc and PhD programmes	80	232	201
Products (goods or services) or processes launched on the market	82	96	20
Start-ups created by students / graduates of EIT labelled programmes or as a result of innovation projects	4	11	4
Start-ups supported by KICs	266	33	80
Investment attracted by start-ups supported by KICs (MEUR)	188 MEUR	6 MEUR	32 MEUR
Success stories submitted to and accepted by EIT	58	8	12
External participants in EIT RIS programmes	22 individuals + 33 organisations	0 individuals + 9 organisations	17 individuals + 110 organisations

For the implementation of 2017 Specific Grant Agreements, the validated core KPIs for second-wave KIC are as follows:

EIT Core KPI	EIT Health	EIT Raw Materials
Graduates from EIT labelled MSc and PhD programmes	0	0
Products (goods or services) or processes launched on the market	9	2
Start-ups created by students / graduates of EIT labelled programmes or as a result of innovation projects	0	3
Start-ups supported by KICs	100	34
Investment attracted by start-ups supported by KICs (MEUR)	28 MEUR	4 MEUR
Success stories submitted to and accepted by EIT	26	8
External participants in EIT RIS programmes	0 individuals + 7 organisations	0 individuals + 12 organisations

For the 2017 Specific Grant Agreements, the main financial parameters such as final grant absorption (in MEUR), absorption rate (%), error rate in costs and EIT grant (%,) reimbursement rate (%), financial sustainability revenue (in MEUR) and financial sustainability coefficient (%) are as follows:

KIC	EIT Climate-KIC	EIT Digital	EIT InnoEnergy	EIT Health	EIT Raw Materials	Total
Grant allocated by the EIT GB in December 2016 (MEUR)	80.6	85.1	85.3	34.2	34.8	320.0
Grant payment requested in March	70.6	64.5	75.9	33.2	33.0	277.2

2018 (MEUR)						
Grant approved and paid by EIT (MEUR)	70.6	64.5	75.9	32.6	32.3	**275.9**
Difference between awarded and paid (MEUR)	10.0	20.6	9.4	1.6	2.5	**44.1**
Absorption rate (%)	87.6%	75.8%	88.9%	95.4%	92.8%	**86.2%**
Ex-ante error rate in KAVA costs declared (%)	3.3%	0.8%	1.0%	1.7%	2.2%	**1.6%**
Ex-ante error rate in grant (%)	0.0%	0.0%	0.0%	1.7%	2.1%	**0.4%**
Reimbursement rate of eligible KAVA costs (%)	87.5%	74.2%	90.3%	72.1%	77.7%	**81.6%**
Financial sustainability revenue of KIC Legal Entity (MEUR)	2.6	2.4	4.9	6.6	7.1	**23.8**
Financial sustainability coefficient (%)	3.7%	3.8%	6.5%	19.9%	21.7%	**8.6%**

The ex-ante verification was completed and the final balance paid to all five KICs in August 2018. Only one KIC submitted officially a disagreement with the EIT's final conclusions, which after assessment by the EIT, was rejected. The results of the ex-ante verification in relation to the 2017 grants were taken into account in the allocation of the 2019 grants as part of the past performance pillar.

Concerning the Start-up Grant Agreement (SUGA) of EIT Food, the ex-ante verification process was concluded and the final balance transferred to the KIC in Q1 2019.

Result of ex-post audits

Ex-post audits of cost reports related to Specific Grant Agreements 2017 were performed by an external service provider selected under a Framework Contract of the European Commission. In accordance with the audit programme developed by the EIT based on H2020 standards, 26 KIC Partners (8 for EIT Climate-KIC, 6 for EIT Digital, 5 for EIT InnoEnergy, 4 for EIT Raw Materials and 3 for EIT Health) were selected for ex-post audits.

In order to ensure representativeness, the 26 KIC partners in the sample were selected by applying monetary unit sampling (MUS) method. At the second stage, for each partner 6 cost items was selected for testing again by MUS. The sampling was done in collaboration with the European Court of Auditors, as the Court relies mostly on the results of ex-post audits when drawing its opinion on the legality and regularity of grant implementation by the EIT.

The ex-post audit process was completed in April 2019. The audited KAVA cost covered 2.98% of the KAVA cost approved for the Specific Grant Agreements 2017. As a result of the ex-post audits, the **detected error rate in grants** equals to **1.84%**, on the basis of the 174 cost items for 26 KIC partners in the ex-post audit sample. As consequence, an amount of EUR 33,748.97 is to be recovered from EIT Health. **The residual error rate after recoveries is 1.82%.**

Contracting and amendment of legal framework

The 2018 Specific Grant Agreements (SGA2018) were signed with KICs between 14 February and 9 April 2018. The **average Time-To-Grant** from the submission of 2018 Business Plans to signature of the Specific Grant Agreements was **176 days**. As a result of further simplification efforts during 2018, the **EIT managed to reduce the average time-to-grant for the signature of the 2019 Specific Grant Agreements to 147.6 days** (all six grant agreements were signed in February 2019).

In 2018, six Framework Partnership Agreements were in place, out of which one (EIT Food) taking effect as of 1 January 2018. During the year 2018, the following changes in the KIC Partnership and list of linked third parties had been requested from the five KICs through FPA amendments and processed by the EIT.

KIC Name	Entries in 2018	Exits in 2018
EIT Climate-KIC	90	21
EIT Digital	69	12
EIT InnoEnergy	69	6
EIT Health	27	7
EIT Raw Materials	176	31
EIT Food	96	0
Total	**527**	**77**

The substantial increase of the number of Partners and linked third parties in 2018 **demonstrated well the continued attractiveness of the EIT-KIC model and the openness of the EIT Community. The total number of eligible participations in the six KICs was 1,661 at the end of 2018.**

Improving the grant assurance framework

As regards ex-ante verifications, the EIT continued to contract providers of Certificates on Financial Statements (CFS) using its own four-year framework contract established in 2017. This is the continuation of pilots on CFS centralisation carried out in 2015-16 by EIT Climate-KIC and in 2016-17 by the EIT using a framework contract of the European Commission. The centralised approach showed substantial improvement in the quality of CFS, a much larger number of issues were detected by CFS auditors compared to the certificates provided by KIC Partners in previous years. This allowed the EIT to reduce its own samples for ex-ante analysis and concentrate on the follow up of CFS findings, therefore a higher degree of assurance can be achieved in a more efficient way. Lessons learned, such as the absence of quantified findings by auditors, were taken into account when designing the ex-ante verification of the next grant cycle in the second half of 2018. Furthermore, enhancements were made to the Business Planning and KIC Reporting guidelines in order to incorporate lessons learnt from the past. Grant related internal procedures (i.e. KIC Business Plan assessment, KIC Report assessment) were streamlined to ensure a coherent approach and when needed, supporting IT tools were adjusted accordingly.

Actions	Indicator	Target	Achievement/results
Grant allocation process / programming	Effectiveness and timeliness of funding allocation to six KICs under grant allocation process 2019	Full allocation of available funds to six KICs by Q4 2018 and implementation of the simplified rules to improve the Business Plans 2019	EIT grant allocation to 6 KICs and 6 Business Plans 2019 assessed and approved in Q4 2018
Contracting, pre-financing, and amending FPAs and SGAs	Timely signature of Specific Grant Agreement(s) and the amendment(s)	Signature of Specific Grant Agreements 2018 by end February 2018	6 Specific Grant Agreements 2018 signed in Q1 2018
		Signature of amendments of the Specific Grant Agreements 2018 by end of 2018 (if applicable)	6 Specific Grant Agreements amendments signed by end 2018
	Timely signature of FPA(s) and the amendment(s) (excluding KIC Partnership entry/exit)	FPA with EIT Food and eventual FPA amendments with other KICs having effect as of 1 January 2018	6 FPAs in place in 2018; EIT Food FPA signed and taking effect as of 1 January 2018.
Partnership Management and continuous support	Timely processing of changes in the KICs partnership requested by the six KICs	Confirmation communicated to the KICs within 30 days of the request	For majority of cases, the 30 days limit was met. For a limited number of complex cases (e.g. large mergers), the EIT needed more time to analyse it legally and solve it technically.
Improving the grant assurance framework through support, guidance and control of KICs	Timely issuance of guidance documents and replies to KIC queries	Formal guidance documents issued to KICs and all KIC queries followed up	The following formal guidance issued: - Business Plan guidelines, - Business Plan/SGA Amendment guidelines, - KIC reporting guidelines, - KIC Partners entry and exit guidelines
	Improved internal control systems of KICs	Full implementation of action plans as regards KIC procurement	EIT continuously monitored implementation of procurement action plans by KICs, however this process will be finalised only in 2019

	Alignment with H2020 legal framework	Adaption of H2020 changes in EIT legal framework and model agreements	SGA template updated in Q4 2018 to reflect changes in H2020 model agreement when signing SGA 2019
		Smooth collaboration with H2020 Common Support Centre on IT, audit, legal and monitoring (CSC) ongoing	8 (mostly remote) meetings organised with DG RTD CSC. One training given to EIT staff by REA on beneficiary validation.
Grant Management Platform (IT)	Timely revision and comprehensiveness of the Reporting, Business Planning and Partnership Management modules of the EIT's grant management platform	Reporting 2017 (Q1) and Business Planning 2019 (Q3) and Partnership Management (Q2) IT tools are effective and fully in use, users at EIT and KICs adequately supported and trained	All modules developed and in use.
		Integration between the tools and data structure of the modules	REP2017, BP2018 amendment implemented. BP2019 and REP2018 developed. Integration of modules on a limited scale implemented as planned.
	Reliable business intelligence available	Update of Business Intelligence platform is operational	The BI platform did not become operational in 2018. Internal user requirements and data survey was completed and preparations for the launch of the platform in 2019 are advanced.
KIC reporting, EIT ex-ante verification (including performance and costs assessments), final balance payments	Timely processing and finalisation of ex-ante verifications of 2017 KIC Reports for five KICs as well as Start-Up Report in case of EIT Food	KIC Reports on implementation of 2017 Business Plans (Start-up plan in case of EIT Food) verified by end-July 2018 and final balance payments made by end-August 2018	5 KIC Reports submitted and assessed - 5 payments executed in July/August 2018 EIT Food Start-Up report assessed between Q2 2018 and Q1 2019, final payment executed in March 2019.

	Timely contracting of the CFS audits for the 2018 KIC Report assessment	For the 2018 cost verification specific contract(s) with CFS auditors signed by Q4 2018	Two audit companies contracted in Q4 2018 to carry out 218 CFS audits in Q1 2019 in relation to costs declared under SGA 2018
Ex-post audits	Timely processing and finalisation of ex-post audits	In relation to SGA 2016, audits completed by end April 2018	Ex-post audit completed (27 final ex-post audit reports) in May 2018 on SGA 2016
		In relation to SGA 2017, auditors selected by Q4 2018	Contract signed in October 2018 for ex-post audit on SGA 2017, 26 KIC Partners selected for audit

1.1.1.2. Knowledge Triangle Integration (KTI)

Implementation of the EIT Label

In 2018, **the EIT updated the EIT Label Handbook**, based on the feedback received from external experts and other relevant stakeholders such as the Knowledge and Innovation Communities, applicants and a cross-KIC cooperation working group to increase its user-friendliness. A standard round of assessment of programmes applying for the EIT Label was conducted. Out of five applications received (3 from EIT Health, 1 from EIT Raw Materials and 1 from EIT Climate-KIC) four programmes were recommended for awarding the full Label and one programme (of EIT Health) was recommended to be awarded a provisional Label for one year (to be re-assessed in 2019).

External experts were selected and contracted to conduct review all of the components of the EIT Quality Assurance and Learning Enhancement Model, EIT Label Framework and EIT Label Handbook. A second revision of Label model was launched in November 2018 and will be completed in 2019 on additional aspects to identify simplification modalities and possibilities to use the Label scheme on other types of education activities as well.

Further developing the EIT education agenda

In 2018, **the EIT continued to work on strengthening its education agenda** through a range of activities.

The **EIT – KIC Education Panel** met four times in 2018 and held videoconference calls on an ad hoc basis to share updates from KICs and work on common aspects such as the EIT Label, simplification, new applications and renewals as well as and Cross-KIC collaborations. Representatives of the European Commission's Directorate-General for Education and Culture (DG EAC) and the Joint Research Centre (JRC) and external stakeholders were invited to the Education Panel meetings and potential cooperation with the following initiatives was discussed: European Universities Network pilot, Entrepreneurship Competence framework, Schoolnet and STEM Alliance, JRC's Smart Specialization platform, Marie Sklodowska-Curie Actions, e-Twinning, Blueprints for Skills.

The annual workshop on education with representatives of the EC services was organised in October to further discuss potential synergies and complementarities with other EC services. As a tangible outcome, the KICs' Education Directors contributed to new initiative on Centres of Vocational Excellence of DG EMPL.

The **Human Capital Development cross-KIC activity** was enhanced and implemented in 2018 in line with project plan as approved in the KICs' Business Plans. An agreement signed with the FutureLearn platform resulted in better financial conditions for KICs to list their programmes. A common cross-KIC Learning Analytics Framework was piloted - the training and online courses were delivered and 3 pilots were completed. A challenge-based learning framework had been implemented and thanks to increased innovation and entrepreneurship activity at schools, around 600 students, 60 teachers and 70 experts have been involved since 2017. The EIT Education Conference which was initially planned for 2018 was cancelled due to the lack of engagement from KICs and their partners. Instead, a more focused technical workshop between EIT InnoEnergy and EIT Digital was organised.

A strategic workshop on future ambition in education took place in October, co-organised with DG EAC. The preparation of a concept note on widening the EIT's education agenda was put on hold until the EIT receives more details on future directions in the Commission's proposal for the EIT's next Strategic Innovation Agenda.

The EIT and KICs adopted a joint statement welcoming **Digital Education Action Plan (DEAP)** of the Commission. The EIT Community has developed four of the 11 actions included in the DEAP. Three actions are led by respective KICs - EIT Digital: Cyber security in Education, EIT Climate-KIC: EU-Wide Digital Education Hackathon, EIT InnoEnergy: Data Driven Skills Anticipation and Matching, and one centrally by the EIT - Training in digital and entrepreneurial skills for girls (see more details below).

Enhancing women entrepreneurship

The EIT contracted service providers via a new type of procurement scheme (list of vendors) with the sub-lists related to "Inspirational and Entrepreneurship" workshops and "Digital and Entrepreneurial Skills workshops". As a result, the activities planned are being implemented through service providers starting from the beginning of 2019.

During 2018, with the contribution of an external expert recommended by the European Institute of Gender Equality (EIGE), a gender action plan was developed together with the KICs, for portfolio and management level activities to be implemented in 2019-2021, that will involve the EIT, the KICs and the EIT Alumni.

Meanwhile, other ongoing activities in the context of EIT Women Leadership & Entrepreneurship were implemented: the preparation for the scaling up of activities as part of the EIT contribution to the EC Digital Education Action Plan; interactions with the four women angel investors networks being supported by DG GROW across Europe to prepare for an women investor event in 2019; participation in external events on behalf of the EIT Community to discuss and contribute to policies to improve Women Leadership & Entrepreneurship in the higher education, business and investment fields; the EIT Alumni contributed through the bi-monthly publication of interviews of inspiring female role models from the EIT Community; the implementation of workshops towards the younger generation of female students to raise their interest and involvement in STEM studies / careers and Innovation / Entrepreneurship in general; KICs' activities in the field of Women Leadership & Entrepreneurship both at portfolio and management level were promoted and further disseminated through communication channels at EIT HQ level; and finally in 2018 the EIT WOMAN Award was organized as part of the annual INNOVEIT event and received positive attention across Europe and from the EIT Community and stakeholders.

For further information https://eit.europa.eu/women-entrepreneurship and https://eitalumni.eu/womeneit/

Further developing the EIT migrants initiative

The EIT successfully organised a pilot workshop on migrants' entrepreneurship education. The workshop took place in Helsinki in March 2018 and was organised in cooperation with a local NGO - Startup Refugees. Out of 77 applications received, 55 participants were accepted and attended the workshop.

The EIT contribution to the workshop was very prominent and included participation of speakers from the EIT Community, with link to the local ecosystem in the wider Helsinki area. Guests from the EIT Alumni presented not only inspiring success stories, but actively supported participants as mentors and also served as a Jury members at the final pitch.

Participants were invited to further engage with the EIT as it is clear that they can benefit from the wide range of EIT Community activities in education and business creation. As a follow-up, the EIT had created a tailored list of potential activities and shared it with the participants.

Despite positive results, further implementation of the initiative was put on hold due to limitations in EIT staff capacity and in view of other priorities.

Implementation of initiative to develop skills and competences for the future

The EIT launched a new pilot initiative for boosting skills and competences needed in the future. The overall objective of the pilot initiative is to boost the development of future multi-disciplinary skills needed in Europe on a large scale, and equip young people with a with a blend of entrepreneurial, digital and STEM competences and skills that will open doors to employment, continuous development, personal fulfilment, social inclusion and active citizenship.

Cooperation with Junior Achievement brought them into KIC activities and EIT attended events with EU STEM Coalition in Q2 2018, but no immediate cooperation potential was identified.

In Q4 2018, the concept note of the initiative was prepared. As a first step, a mapping of internal and external activities and actors was prepared. In December, an external expert was contracted to prepare a baseline study. This exercise included an analysis of current activities of the EIT community targeting secondary education students and teachers, an added value of the EIT and recommendation of potential further development of this segment of education offer.

Actions	Indicator	Target	Achievement/results
Implementation of the EIT Label	Harmonised approach implemented to EIT Labelled masters, doctoral programmes and modules ensuring learning outcomes are achieved, including revision of the Label provisions	All new EIT labelled masters and doctoral programmes aligned with revised EIT Label handbook by end 2018	New version of the EIT Label Handbook adopted in April 2018

Assessment round 2018 organised - four programmes awarded full Label and one programme |

			recommended for provisional Label for one year
Further develop the EIT education agenda based on the Education review	Enhanced common education agenda to increase impact from EIT and KIC education activities	Concept note on widening of education agenda by Q1 2018	Common education agenda implementation supported through several streams: Implementation of the Human Capital cross-KIC project; Position paper on synergies in education drafted; Education Panel meetings; Strategic workshop on future ambition in education.

The concept note on widening of the education agenda will be finalised based on the Commission's proposal for the EIT's future Strategic Innovation Agenda. |
| Enhance women entrepreneurship | Enhanced promotion of women entrepreneurship and leadership multiplying EIT pilot initiatives | Women entrepreneurship and leadership activities delivered by Q4 2018: Enhanced digital, entrepreneurship and leadership skills of 1000 women aged 12-18 in EIT RIS countries; EIT women investors network operational; KICs engaged and national stakeholders and committed partners leveraged for activities in all target countries | The target was not met due to delays. Service providers contracted via a new procurement scheme "list of vendors". Resources for the implementation of activities from Q1 2019 committed. Actual training of women aged 12-18 in EIT RIS countries to start in 2019.

All other EIT Women Entrepreneurship & Leadership activities implemented as envisaged, European women investor networks mapped and connected with the KICs' business developers. |
| Further develop the EIT migrants | Common agenda with KICs on innovation and | Project launched by Q2 2018 ensuring | Pilot workshop on Migrants entrepreneurship education |

initiative	entrepreneurship education for migrants implemented	entrepreneurship and innovation education of at least 100 migrants	organized (77 applicants, 55 participants).
Implementation of initiative to develop skills and competences for the future	Common joint initiative between EIT, JA Europe and EU STEM coalition on enhancing STEM and entrepreneurship education at schools level under implementation	Activities supporting the agreed objectives implemented by Q4 2018 in up to 3 EU Member States	The approach to these pilot actions was redesigned in 2018 in order to prepare for implementation at three levels: a) EIT: Concept note approved in Q4 2018, contract with an expert for the baseline study including recommendations signed in December. b) Cross-KIC Skills for the Future activity designed by KICs: actions included in 2019 Business Plans of EIT RawMaterials, EIT Food and EIT Climate-KIC. c) Individual KICs: several activities ongoing in 2018, e.g. Green Innovation by EIT InnoEnergy, RM Academy by EIT RawMaterials in Bulgaria and Romania

1.1.1.3. Fostering growth and creating impact

Promoting synergies with other EU initiatives

In 2018, EIT focused its efforts on exploiting and realising synergies and complementarities around key areas of its work. **The primary aim was to prepare the ground for enhanced synergies with key EU programmes in the next programming period, as well as to increase awareness of EIT to important stakeholders.** This approach was fully aligned to the objectives of the EIT Stakeholder Engagement Plan for 2018, which aimed to position EIT centrally in the upcoming Horizon Europe Programme.

DG REGIO was one of the priority services of the European Commission due to the EIT's strong interest to focus on synergies and complementarities with the European Structural and Investment Funds. Following the successful efforts in establishing a dialogue between the EIT and DG REGIO in 2017, the EIT developed a Paper on Possible Synergies between the EIT and the European Structural and Investment Funds. The Paper briefly presented the

linkages between the EIT's innovation model and the smart specialisation approach and identified a number of collaboration opportunities both at policy and project level. The document was warmly accepted by DG REGIO, Unit on Smart Growth that immediately gave feedback on what could be achieved and what could be further explored. As a result the EIT agreed with JRC to use the Paper to develop a joint report, that could explore in more depth the proposed collaboration opportunities in relation to the Commission proposal for the European Cohesion Policy in 2021-2027[8].

A **dialogue with DG RTD on possible synergies with the future European Innovation Council (EIC) and Innovation Ecosystems** initiative under Pillar III of Horizon Europe was initiated in October 2018. Following exploratory meetings, the EIT Governing Board adopted and published a Position Paper where concrete synergies between EIT and EIC were proposed. In addition, in 2018, following meetings with the Common Support Centre of DG RTD (Directorate J) in the area of dissemination and exploitation, EIT was requested to contribute to DG RTD's Strategy for a common dissemination and exploitation of R&I data and results for 2018-2020. Following this, the Common Support Centre and EIT developed an action plan on a structured future collaboration between the two sides.

Following the well-established dialogue with **DG GROW**, the EIT co-organised three trainings for SMEs in the topic of Design for Innovation. The EC funded trainings, that took place in Budapest, Athens and Brussels, were attended by around 100 participants in total and included a 'training' session on the EIT's activities and collaboration opportunities with its Knowledge and Innovation Communities.

EIT put specific focus in 2018 on Education Synergies. In this context a **Paper on Potential Synergies with other EU-level initiatives in Education and Skills development** has been developed, aiming to map the EIT's education activities and explore how they could be further developed in cooperation with other organisations. The document focuses particularly on EIT's role in the European Commission's Digital Education Plan (DEAP), the EU Skills for Future initiative and the proposed European Universities Network (EUN). This document served as a basis to initiate dialogue with the European Commission as well relevant EU multipliers (e.g. LERU) on how the EIT, through these joint activities, could contribute to reduce fragmentation of the European education landscape and bring added value to the education systems of the EU Member States.

A **series of trainings for Horizon 2020 National Contact Points** (NCP) has been launched in 2018 in collaboration with the NCP Academy and respective thematic and horizontal NCP networks. These trainings provided the basis for a structured collaboration between the EIT Community and the several NCP networks, which is expected to significantly increase awareness and, possibly, participation in EIT's activities at national level. It also covered an important 'gap' as there are no dedicated NCPs on EIT foreseen within Horizon 2020. The trainings are expected to be continued in 2019, both at EIT and KIC level.

In addition to the aforementioned actions, the EIT actively facilitated collaboration between the EIT's Knowledge and Innovation Communities and other EU Programmes and initiatives. For example, EIT facilitated the dialogue between EIT Climate-KIC and EIT RawMaterials with EASME, while the possible use of the Innovation Radar within the EIT Community was presented by DG CONNECT to the EIT Innovation Panel.

Implementing the EIT-JRC Memorandum of Understanding

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[8] Expected to be published in 2019.

2018 was the second year of implementation of the JRC – EIT Memorandum of Understanding (MoU), which **focused on executing actions in five areas identified in the Action Plan for 2018**. The five priority areas following the MoU were 1) Smart Specialisation/Regional Outreach; 2) Education, Training and Skills; 3) Technology Transfer, Intellectual Property and New Financial Mechanisms; 4) Communication and Knowledge Management; and 5) Horizontal Activities. In most of these areas concrete actions were taken forward, in particular in the areas of regional development and education.

A training on Composite Indicators and Scoreboards (followed up in early 2019 as well) by the JRC in Budapest was held also aiming at the identification of potential collaboration points in the EIT Impact Framework. Exchange of information has been increased in the digital transformation of the Higher Education area: EIT facilitated contact with the KIC's Education Directors and JRC attended the EIT-KIC Education Panel meeting where it presented the areas to be considered for further actions together with the EIT. A study supervised by the EIT and JRC together on the regulatory barriers of Artificial Intelligence has been completed. JRC colleagues were invited to participate in the EIT – KICs Innovation Panel meeting with the objective to present the TTO circle to the KICs and discuss potential areas of cooperation. KICs expressed interest to increase their visibility among the TTO members. EIT representatives also participated in the 11th plenary meeting of TTO Circle in Valbonne. JRC participated in the EIT – KICs IPR Workshop with the purpose to discuss the recommendations of the Innovation & IPR Assessment in the area of IPR. Follow up actions for future cooperation are planned for 2019. Organising a Policy Roundtable on innovating with citizens and moving faster towards citizen-driven innovation is in the pipeline for 2019, as well as the joint analytical study on collaboration mechanisms between the EIT Community and ESIF-Smart Specialisation approach. Cooperation in strategic communications and JRC representation in the EIT Awareness Days and related RIS activities in EIT RIS countries were scaled up during 2018.

Disseminating results, good practices and learning

A concept note on dissemination of result was drafted but could not be finalised and implemented due to lack of human resources. The further development of the concept to disseminate results is to be aligned with the EIT communications strategy and dissemination activities and will be aligned with European Commission initiatives in this area.

In addition, **a survey in the form of structured in-depth interviews with KICs was conducted to take a stock of current practices**. The specific objectives of the assessment were: to identify how KICs disseminate and communicate results of the innovation projects; to monitor how the KICs address the principles for innovation projects and the EIT Governing Board recommendations; to identify good practices to be shared with other KICs; and finally to identify areas for improvement. Good practices identified were disseminated across the KICs at the EIT-KICs Innovation Panel meetings. Several good practices in the area of dissemination and communications of results of innovation/ research projects have been identified, such as the InfoCenter activity of EIT Raw Materials, which is a knowledge management tool gathering information on all activities, projects, documents, events for the community and the public, or the use of peer reviewed scientific journals to disseminate results of research/ innovation projects by EIT Health. Based on the information gathered, the following further observations can be highlighted. In general, KICs inform the public about their innovation projects and present success stories relating to innovation/ research activities. KICs use several communication channels (newsletter, social media, corporate websites, factsheets, scientific publications) to communicate and promote results of innovation/ research projects. However, both EIT and KICs recognise the need to work on better clarification of the dissemination and outreach methodology, in

particular relating to results of innovation projects. There is also a need for better coordination and cooperation between KICs' Innovation and Communications Directors to increase the effectiveness of KICs' efforts to disseminate the results of research and innovation projects. Post-funding requirements concerning communication and dissemination of the projects' results should improve and would require a guidance from the EIT to be reflected in the grant agreements signed by the KIC Legal Entities with the beneficiaries.

Actions	Indicator	Target	Achievement/results
Promotion of synergies with other EU initiatives	Synergies of EIT with other EU policies, programmes and bodies, in particular with DG REGIO (S3 and ESIF), COST and LERU (joint work on impact measurement), DG GROW and EASME/EIC (SME and start-up support and policies)	At least three joint project/activity under way by Q4 2018	Paper on synergies with ESIF submitted to DG REGIO Paper on Synergies with EIC developed and submitted to DG RTD Paper on Education Synergies developed and shared with key stakeholders Three trainings on Design for Innovation and EIT implemented with DG GROW (Budapest, Athens, Brussels) Three Trainings for NCPs implemented with NCP Academy, NCPWIDE_NET, NCP Transport Action Plan with Common Support Center of DG RTD developed
Implementation of the EIT-JRC MoU	Joint activities carried out successfully	At least two joint activities with JRC within the identified priority areas of smart specialisation/ regional development, education and skills, external communications, intellectual property, technology transfer	The JRC-EIT joint project assessing legal and regulatory implications of Artificial Intelligence was implemented and resulted in a report. JRC participated in the EIT – KICs Innovation Panel meeting, presented the TTO circle to the KICs and discussed cooperation.

		and access to finance	EIT representative participated to the 11th plenary meeting of TTO Circle in Valbonne, 28-29 June, as a keynote speaker presenting the EIT. KICs' representatives participated in the TTO circle thematic workshop on technology transfer in Nanotechnologies on 18-19 October 2018. EIT and KICs' representatives participated in the JRC workshop on start-ups, which was held in Ljubljana on 14-15 November 2018. JRC participated in the EIT – KICs IPR Workshop on 18 October 2018, discussed recommendations of the Innovation & IPR Assessment and clarified the EIT and KICS trademarks management between the EC, EIT and KICs.
Identification, codification, exploitation/dissemination of results, good practices and learning	Development of concept and methodology for the identification, codification and exploitation/ dissemination of results, good practices and learning	Concept and methodology developed and action plan approved	Draft concept note was prepared but not yet finalised.
	First set of results, good practices and learning prepared and disseminated	First set of good practices and learnings prepared and disseminated	See above. A survey was conducted among KICs to take stock of their current activities, identify good practices to share and indicate areas for improvement Good practices identified were presented to the KICs at the Innovation Panel meeting on 6 July 2018

1.1.2 Creating new KICs

Preparation and launch of the Call for KIC Proposals

The 2018 Call for KICs in the thematic areas of Added-value Manufacturing and Urban Mobility was launched on 12 January 2018 on the EIT's website. On a dedicated page about the 2018 KICs Call, all relevant documents related to the Call were made available for potential applicants, namely the Framework of Guidance and the Call text including all annexes.

The Call was **closed on 12 July 2018 and altogether ten proposals were received, six on Urban Mobility and four on Added-value Manufacturing, confirming the attractiveness of the EIT-KIC model**. External experts were selected and contracted by the EIT to provide assistance in the evaluation of proposals. The general principles underlying the selection criteria of experts were a broad view and practical knowledge of overall European innovation goals and a practical understanding and solid relevant experience in academic, research and business environments. The guiding principles that the experts followed when evaluating proposals were: independence, impartiality, confidentiality and fair treatment towards the applicants and proposals.

The EIT carried out a thorough eligibility check of all proposals before external experts evaluated the eligible ones. Following admissibility, eligibility and operational capacity checks performed by the appointed EIT Selection Committee, two proposals (one in the Urban Mobility and one in the Added-value Manufacturing themes) were not passed to the experts' evaluation stage. As a result, five proposals for EIT Urban Mobility and three for EIT Manufacturing were assigned to the respective expert panels for remote evaluation. Consensus meetings with external experts evaluating the proposals took place at the EIT premises from 10 to 12 October. As a result, three proposals (out of five) for EIT Urban Mobility and two (out of three) for EIT Manufacturing scored higher than 70 points out of 100, which was the threshold to invite proposals to the Hearings with the EIT Governing Board. On 25 October the EIT GB discussed and endorsed the results of the evaluation carried out by external experts. Thus, three proposals for EIT Urban Mobility and two for EIT Manufacturing were invited to the Hearings with the GB on 4 and 5 December 2018 in Budapest. **The EIT announced the results of the Call on 5 December 2018 in its website.**

Communications activities linked to the EIT's 2018 Call for Proposals

Building upon the promotion started in 2017, the EIT widely disseminated the official launch of the 2018 Call for Proposals in January 2018 via press, website, social media channels, newsletter, etc. Preparations for the Information Day in February 2018 were finalised and the conference went very smoothly in Brussels with a high satisfaction rate amongst the 350+ participants. In December 2018 came the announcement of the selection of two new EIT Knowledge and Innovation Communities. As a significant milestone for the EIT, this was promoted across all EIT channels and widely amplified through the new partnerships' own communications channels. **More than 150 press articles were published across Europe covering the EIT's announcement of EIT Urban Mobility and EIT Manufacturing.**

Designation of two new KICs in the themes of Urban Mobility and Added Value Manufacturing

Following the designation of the "MOBILUS" consortium as EIT Urban Mobility and the "Made by Europe" consortium as EIT Manufacturing in early December 2018, the EIT launched the 2019 Call for their Start-up Plan proposals and estimated budgets on 7 December with a view to signing Start-up Grant Agreements with the two

consortia and providing financial support up to 4 MEUR in 2019 for the setting up of EIT Manufacturing and EIT Urban Mobility. An induction day with the two new KICs took place in December shortly after the hearings and designation by the EIT GB.

Following the successful designation of the two new KICs in December 2018, the Independent Observer concluded his report "on the conduct of the evaluation process and application of the evaluation criteria by the evaluators", stating that:

- All evaluation activities were conducted with fairness, diligence and transparency, and in compliance with all guiding principles and all relevant rules, procedures and criteria;

- The evaluation procedures are robust and the methodology well adapted to the evaluation of KICs. The hearing stage, with the direct involvement of the EIT GB, is very important and well-suited for a decision on the designation of large sustainable entities; and

- Throughout the process, the dedication, competence and professionalism of all participants were outstanding and contributed to the high quality of the evaluation.

Based on the Independent Observer's report, experts' feedback questionnaires and experience of the EIT staff involved in the 2018 KIC Call, the EIT has also prepared a report on lessons learnt from the KIC Call 2018.

Actions	Indicator	Target	Achievement/results
Preparation and Launch of the Call for KIC Proposals	Call launched timely and the Call package published on the EIT website	Call launched on 12 January 2018	Achieved: the Call was launched as planned on 12 January 2018 and related documents published on the EIT's website.
Communications activities linked to the EIT's 2018 Call for Proposals	Documents prepared in a timely manner Information provided to stakeholders useful and relevant	80% of participants in the 2018 Call for Proposals' Info Day have increased knowledge and understanding of EIT and KICs	81.4% of participants who responded to post-event survey rated conference 5 or 4 (scale 1-5). 76.6% felt that conference enhanced their understanding and knowledge of the EIT's mission, activities and strategic priorities under Horizon 2020.
Designation of two new KICs in the themes of Urban Mobility and Added Value Manufacturing	Effectiveness and timeliness of designation of new KICs	Designation of the new KICs completed by Q4 2018	Achieved: the EIT Governing Board designated in December 2018 two new KICs: EIT

	KICs are timely and efficiently informed about the designation and upcoming start-up year		Manufacturing and EIT Urban Mobility. Shortly after the designation decision, the two new KICs were informed about the designation and next steps (preparing the start-up year in 2019).

1.2. Enhancing the EIT's impact

1.2.1. The EIT's next Strategic Innovation Agenda (SIA) 2021-2027

Monitoring and following up the European Commission's proposal for the SIA

The EIT monitored closely the negotiations for the future Horizon Europe Programme and regularly provided input to the Commission (DG EAC) and other stakeholders with regard to the EIT's positioning and future plans based on the position developed by the EIT's Governing Board.

On 7 June 2018, the European Commission published the Horizon Europe Legislative Package which acknowledged that "while the European Institute of Innovation and Technology's focus on innovation ecosystems makes it naturally fit within the Open Innovation pillar of Horizon Europe it should also support the other pillars". The negotiations within the European Parliament and the Council of the EU started immediately upon publication. In the Commission draft for Horizon Europe of June 2018, **the EIT has been centrally and integrally placed within the propose Horizon Europe Framework Programme and has been granted a proposed budget of EUR 3 billion.**

In 2018, DG EAC launched an ex-ante impact assessment of the draft EIT Strategic Innovation Agenda 2021-2027 to which the EIT provided thorough inputs at all stages of development, including to the external consultants contracted for the impact assessment and discussions and consultation with Commission services on the EIT policy options, potential future impacts, evolution of the KIC model, and strengthening the EIT's institute role. The Commission-led impact assessment of the SIA was not finalised in 2018 and consequently the development of the EIT SIA and Regulation were postponed for 2019. The Commission adoption of the proposal for the SIA and revised EIT Regulation is currently expected by mid-2019.

Preparing for the implementation of the SIA as of 2021

Since the development of the European Commission proposal of the draft EIT SIA was postponed for 2019, the EIT respectively deferred the design of the respective sub-strategies so that to ensure a strong alignment and coherence. Meanwhile, the EIT has analysed the texts of the Horizon Europe Legislative Package and shaped its strategic approach to achieving complementarities and synergies with other relevant EU instruments such as the European Innovation Council, InvestEU, European University Network and others.

Actions	Indicator	Target	Achievement/results
Monitoring and follow-up of the European Commission's proposal for the SIA	Implementation of the EIT's stakeholder engagement plan	Stakeholder engagement plan fully implemented based on identified priorities in cooperation with the European Commission and KICs	Stakeholder engagement implemented according to identified priorities.
Preparation for the implementation of the SIA as of 2021	Development of detailed sub-strategies and draft implementation plans for the different areas/parts of the SIA developed.	Detailed sub-strategies and draft implementation plans for new themes, enhanced innovation model, regional excellence, widened education agenda, simplification, EIT institutional development drafted.	Due to the delay in the adoption and publication of the SIA by the European Commission, the development of the detailed sub-strategies and implementation plans was postponed until the adoption of the SIA by the European Commission in 2019.

1.2.2 Fostering knowledge exchange through communications and dissemination

1.2.2.1. Fostering knowledge exchange through communications

EIT Corporate Communications

Following the start of the **EIT Communications Strategy review and update** in 2017, this was completed in 2018 to increase the efficiency and effectiveness of its communications and promotion activities. The finalisation of the update included bilateral consultations with the EIT Governing Board and each Knowledge and Innovation Community to ensure buy-in from the outset, especially for all measures linked to branding. An important aspect is to increase the EIT's visibility through the active promotion of EIT Community activities, achievements and opportunities.

In 2018, the EIT continued to maintain and keep its website up to date. This resulted in a **28.7% increase in unique visitors** interested in many of the EIT's offerings, from the 2018 Call for Proposals, the EIT's annual stakeholder conference INNOVEIT that marked the EIT's ten years anniversary, the EIT Awards nominees and winners 2018, as well as information relating to career opportunities at the EIT. Updates and opportunities to join EIT Community activities were also actively shared through the EIT monthly newsletter and through the EIT's social media channels. In addition, preparatory work began on an updated website, including an audit of the EIT's existing website as well as the plans for a navigation and design update to enhance the user experience.

Implementing the EIT 2018 Integrated Communications Campaign

To increase the reach and impact of its communications, the EIT implements annual promotion campaigns focused on specific tools and channels together with external consultants. Based on lessons learnt in 2017, the cooperation was efficient leading to very good results for both EIT media and social media coverage. EIT media coverage included positive tonality articles in a wide range of print and online outlets, such as Forbes, Euronews, Business Insider, Dnevnik, Le Monde, Postimees, La Stampa, Times of Malta, Euractiv to name but a few. The 2018 campaign also increased both followers and engagement on EIT social media channels, including Twitter and LinkedIn. Highlights of innovators from the 10 year anniversary of the EIT can be viewed here: https://www.youtube.com/playlist?list=PLtrbh42hbiPphMO9xQQRkeDvZsOU7SDnB

Actions	Indicator	Target	Achievement/results
EIT Corporate Communications	Quantitative increase in visits to the EIT website	3% increase in unique visitors to the EIT website in 2018 compared to 2017 unique visitor statistics	2017: 272,783 unique visitors 2018: 350 938 unique visitors ➔ 28.7 % increase
		Project plan for launch of a new website in Q2 2019 developed and first phases implemented by Q4 2018	There has been a delay in the project but the plan for 2018 has been achieved: website audited and first phases of update implemented.
	Timely internal and external communication of EIT Community news, events and calls through the EIT Newsletter and media monitoring	Monthly newsletter and management report issued	12 monthly EIT newsletters and five special edition newsletters disseminated to mailing list, shared on EIT social media channels: https://eit.europa.eu/newsroom/newsletters The management reports are still under development.
	Preparation of EIT activity report	EIT activity reports for key stakeholders prepared per quarter	Activity reports (4 in 2018) prepared for the Governing Board meetings.
	Meetings of EIT Community communications network	At least 3 meetings with proposed actions to enhance EIT Community visibility, awareness and understanding presented to EIT Forum	1 formal meeting and 1 informal meeting took place. More frequent meetings in 2019 prepared through bilateral consultations.
Implementation of EIT 2018 Integrated Communications Campaign	Increase in production of EIT Community success stories demonstrating result and impact	Based on results and achievements from EIT Community, create 10 engaging stories about innovators and entrepreneurs.	Achieved through EIT Community entrepreneurs interviewed during EIT Awareness Days and EIT events (e.g. INNOVEIT) with videos shared across social media channels. EIT Community videos were also

			produced to mark the EIT's 10 year anniversary.
	Quantitative and qualitative increase in EIT media coverage	2% increase in positive or neutral EIT press (print and online) coverage in 2018 compared to 2017 statistics	2017: 1,105 articles 2018: 3,414 articles --> 209 % increase N.B.: 2017 media monitoring figures only covered period 05.05.2017-31.12.2017.
	Quantitative increase in visits to the EIT website and likes/followers on Facebook, Twitter and LinkedIn accounts	2% increase in the number of users liking or following EIT social media channels: Facebook, Instagram, LinkedIn, and Twitter in 2018 compared to 2017 statistics.	Twitter followers 2017: 24,005 Twitter followers 2018: 42,600 ➔ 77.5 % increase LinkedIn followers 2017: 8,211 LinkedIn followers 2018: 13,562 ➔ 65.2 % increase Facebook followers 2017: 32,788 Facebook followers 2018: 52,309 ➔ 59.5 % increase Instagram followers 2017: 502 Instagram followers 2018: 1,121 ➔ 123.3 % increase

1.2.2.2. EIT Regional Innovation Scheme (EIT RIS)

Ensuring effective implementation of EIT RIS activities by KICs

2018 was the first year of the operation of the EIT RIS Guidance Note 2018-2020. The main aim of the EIT RIS is to widen the participation in EIT Knowledge and Innovation Communities' activities for entities that cannot (yet) become KIC partners as well as provide targeted support to individuals and entities from EIT RIS eligible countries to take part in KICs' activities and benefit from KIC services and programmes.

An instrumental role in the implementation of the EIT RIS is played by the EIT hubs (Innovation Centres for EIT Digital). These entities are organisations located in EIT RIS countries, and are selected via an open competitive process after having demonstrated their suitability in terms of thematic competence and local network. The overall EIT Hub role is to ensure visibility of the respective Knowledge and Innovation Community and EIT Community at large and raise awareness about EIT Community activities and facilitate cooperation among KICs and local players of education, business and research areas.

To date, more than 65 EIT RIS hubs operate in 18 EIT RIS countries, covering all EU Member States that are part of EIT RIS. In addition, there are EIT hubs in Serbia and Turkey.

EIT RIS cooperation entities

- EIT Climate-KIC
- EIT Digital
- EIT Food
- EIT Health
- EIT InnoEnergy
- EIT RawMaterials

European Institute of Innovation & Technology
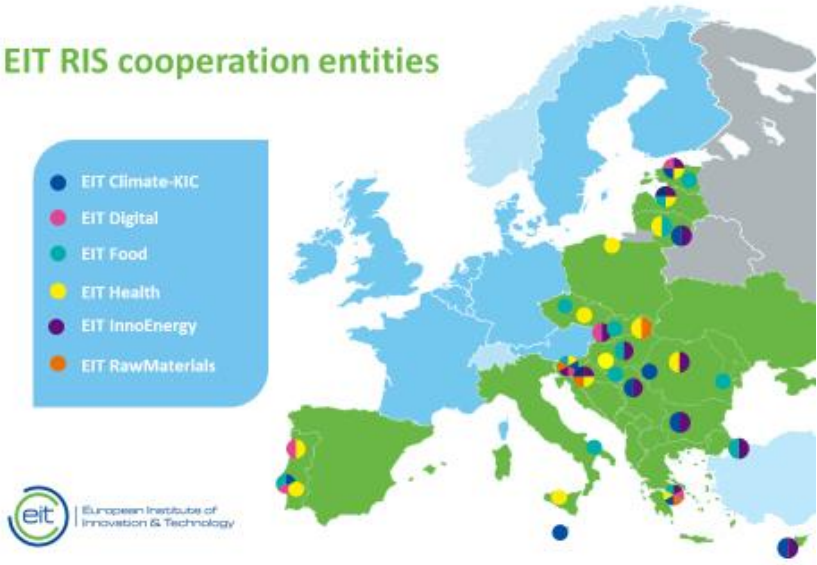
In 2018 KICs implemented a wide set of various activities under their EIT RIS programmes. The activities mainly targeted individuals offering scholarships, fellowships, training programmes, summer schools and internship possibilities. The KICs, notably EIT Health and EIT InnoEnergy, also worked with research organisations to identify their assets and potentials for development of innovation projects. EIT RawMaterials put a special emphasis on the Balkan area and ran a number of innovation projects. Furthermore, the KICs extensively worked with early stage start-ups offering a diverse set of business creation activities. The schematic bellows summarises the diverse set of EIT RIS activities:

- Matchmaking for innovation projects
- Strat up competitions
- Internship programmes
- Access to finance
- Ideation, business plan support, pre-acceleration & acceleration
- **EIT Community building: networking and learning**
- Entrepreneurial education promotion at universities
- Collaboration with governments for know-how
- Capacity strengthening for technology transfer
- Capacity strengthening activities for RIS3 managing authorities
- Training programmes & scholarships

Prior to designing their individual EIT RIS programmes, EIT Knowledge and Innovation Communities identified EIT RIS area specific gaps that they want to address. One of the overarching gap is the lower business maturity of young entrepreneurs in the EIT RIS countries. Hence, **several Knowledge and Innovation Communities have developed business creation and competition programmes tailored to the needs of the EIT RIS countries**. The aim of these activities is to bolster business maturity of new entrepreneurs and showcase local innovations.

For instance, EIT Climate-KIC in cooperation with EIT hubs runs its EIT RIS accelerator since 2016. EIT Digital in 2018 launched its ARISE Venture Programme to support establishment of deep-tech-based ventures. The Programme addressed early stage entrepreneurs from the Eastern and Western Balkans. EIT InnoEnergy piloted its tailor-made early stage acceleration programme Primer in 2018.

As part of the EIT RIS cross-KIC activity, **EIT Health, EIT Food and EIT RawMaterials jointly implemented its cross-sectoral business creation programme, EIT Jumpstarter**. The programme won the Best Association Training Initiative category in the European Association Awards, presented during a ceremony in Brussels on 28 March 2019.

In 2018, around **600 start-ups from the EIT RIS countries** took part in the business creation programmes and competitions specially designed for them by all EIT Knowledge and Innovation Communities.

As a result of a more visible and active presence of the EIT Community in the EIT RIS countries, in 2018 all EIT Communities have welcomed new partners from EIT RIS countries. Altogether 42 organisations from the following EIT RIS countries have joined EIT Knowledge and Innovation Communities[9]: Bosnia and Herzegovina, Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Croatia, Hungary, Lithuania, Latvia, Poland, Portugal, Romania, Serbia, Slovenia and Slovakia.

Coordinated dissemination of information and communication of EIT RIS activities

The KICs ran national events to meet the local stakeholders. **Altogether six** *Meet the EIT Community* **events were organised** in the following locations: Athens, Greece; Ljubljana, Slovenia; Budapest, Hungary; Warsaw, Poland; Novi Sad, Serbia and Sofia, Bulgaria.

KICs also ensured joint representation at the Deep Tech Atelier in Riga, Latvia (EIT RawMaterials and EIT Health) and the EU Week of Regions and Cities in Brussels (EIT Health and EIT Climate-KIC).

At the latter event, the EIT Community ran a workshop titled *Universities as engines for regional growth: Making a case for strengthening regional innovation ecosystems and overcoming innovation divide.* At the workshop the EIT Community and practitioners discussed how to strengthen ecosystems that generate game changers, successful start-ups and ground-breaking innovations by redefining the role of university and its relationship with business and cities. Two cases were presented: the first case study depicted how two universities in Kaunas, Lithuania, joined forces with the help of the city to create an environment conducive to innovation. The Kaunas Technical University and Lithuanian University of Medical Sciences act as the main source of highly professional talent pool strongly supporting the Kaunas key sectors of investment. As part of its Regional Innovation Scheme, EIT Health and EIT Food

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[9] This includes countries where the respective EIT Knowledge and Innovation Community does not have a CLC.

have designated their hubs in Kaunas to connect the Kaunas ecosystem to the EIT Community. The second case study—a success story of a historic district Alfama in Lisbon, Portugal, showcased how it transformed itself to be a 'Smart Sustainable District'. It in particular stressed the importance of the municipality as a driver for transformation and the need to align the city and universities efforts. EIT Climate-KIC's Urban Transitions programme helps Alfama to transform into decarbonised and climate-resilient district.

Developing synergies

In 2018 EIT launched a cooperation with the Network of Horizon2020 National Contact Points (NCPs) for Spreading Excellence and Widening Participation under Horizon 2020. The EIT Community with participation of its Knowledge and Innovation Communities and the NCPs met for a joined workshop in Innsbruck, back-to-back with the Week of Innovative Regions in Europe (WIRE) conference. The cooperation continues in 2019. Furthermore, EIT InnoEnergy with the Ministry of Energy of the Republic of Lithuania negotiated terms of collaboration in implementation of Lithuanian National Energy Independence Strategy. As a result, a unique communication campaign aiming to develop and provide all the necessary business, legal and technological support tools to empower the citizen of the Republic of Lithuania to make a full journey from a passive consumer to an active participant with all necessary information launched in 2019.

Actions	Indicator	Target	Achievement/results
Ensure effective implementation of EIT RIS activities by KICs in line with the Guidance	Increased efficiency and effectiveness of RIS activities by participating KICs	Report on results and outputs of activities implemented by participating KICs by Q4 2018 based on bi-annual EIT RIS reports	All KICs have provided their bi-annual EIT RIS reports describing the major activities in each country they target.
	Widening of participation by EIT RIS eligible countries in EIT activities and deepening collaboration with local networks	At least five new EIT Hubs designated demonstrating the involvement of local actors previously not involved in EIT activities	24 new hubs established in 2018, altogether reaching 60 by the end of 2018.
	EIT hubs with EIT community wide mandate are operational	Concept finalised for EIT community hub (coordinator) in RIS countries and pilot implemented in 3 countries	Following a review of the concept, EIT community hubs were not established, instead KICs have increased their presence and coordination in the EIT RIS countries via their hubs

Coordinated dissemination of information and communication of EIT RIS activities together with the KICs	Timely communication of EIT RIS activities including calls and events and support of cross-KIC communication actions	Publication of EIT RIS calls of KICs on EIT website and dissemination of EIT RIS information and good practices via other relevant channels	The calls for hubs and calls for participation at EIT RIS programmes have been published on the EIT website and distributed to the respective member state representatives.
	Coordinated awareness raising with potential EIT RIS cooperation organisations and related stakeholders	Joint KIC initiatives launched under the cross-KIC collaboration umbrella	Joint representation at Deep Tech Atelier in Latvia and EU Week of Regions and Cities in Brussels. Six *Meet the EIT Community* events: Greece, Slovenia, Hungary, Poland, Serbia and Bulgaria.
Development of synergies	Identification of potential synergies and complementarities with other EU initiatives	Two joint activities initiated/furthered by Q4 2018	Cooperation launched with the Horizon2020 NCP Widening network with a joint workshop in Innsbruck, back-to-back with WIRE conference; EIT InnoEnergy with the Ministry of Energy of the Republic of Lithuania negotiated terms of collaboration in implementation of Lithuanian National Energy Independence Strategy.

1.2.3. Fostering and attracting talent

1.2.3.1. EIT Alumni Community 2018

Providing strategic advice and guidance to the EIT Alumni Board

In 2018, **the strategic advice and guidance given by the EIT to the EIT Alumni Board can be characterised in four ways**. Firstly, the restructuring of the EIT Alumni Annual Work Plan and Strategy. In Q1 2018, it was decided to combine the triennial strategy with the Annual Work Plan for the EIT Alumni board into one programming document in order to align activities, KPIs and goals with those of the EIT. This was completed by the EIT Alumni Board, with the support of the EIT.

Secondly, **the expansion and reshuffling of the EIT Alumni Board**. Following a series of discussions and meetings, the EIT Alumni Community succeeded in supporting EIT RawMaterials in the setting up of their own Alumni Community in June, providing the opportunity to participate in the annual Board of Boards meeting in July and the expansion of the EIT Alumni Board to include a representative from EIT RawMaterials Alumni. To support this reshuffling, the inclusion of dedicated Cross-Community managers to the boards of the individual Alumni Communities greatly enhanced the stabilisation process. The new role, as proposed by EIT Health Alumni and taken up by the remaining communities, entrusts one representative per community to focus solely on strengthening the bridges between networks, and to commit more time to the EIT Alumni Board.

Thirdly, the EIT guided the EIT Alumni Board through a period of governance reform in Q4 2018. This included redefining how Board members are officially nominated and appointed, outlining the division of tasks between the EIT and EIT Alumni, and including provisions for the further expansion of the Board to include Advisory Board members: (one or two key figures from the EIT's history). This should bring weight and a depth of experience to the EIT Alumni leadership team.

Finally, the EIT supported the Board in the drafting of the annual work plan for 2019, taking on board lessons learnt from 2018, and aligning it with the focus areas of the EIT in 2019.

Supporting the EIT Alumni Board in implementing its activities

2018, which marks the third year of an EIT Alumni Community guided by an EIT Alumni Board, has been a period of growth and stability for our Community. As it can be seen on the figure below, the EIT Alumni Board has expanded the Alumni's visibility and reach in a number of ways, ranging from examples of EIT Alumni representation at major external events (HEInnovate, Sziget, Slush etc.) to increasing the number of own cross-community events and social media reach.

Key numbers for 2018

4x more representation at external events

24 EIT Alumni news items against 10 in 2017

700 New social media followers

15 Active Representation at EIT Community events

5 New Cross-Community events

1000+ New members

To name a few milestones of 2018, the EIT Alumni successfully piloted a new partner-based, challenge-solving edition of the EIT Alumni Start-up Days in March with Tataj Innovations, and in May with Grid Singularity. The EIT Alumni Community expanded to a network of over 5000 members and has taken steps towards forging its own path in Europe by organising its annual event – EIT Alumni CONNECT – independently from the EIT's INNOVEIT in October 2018.

In terms of highlights, the President of the EIT Alumni was invited to speak at the European Youth Event at the European Parliament in June, and Swati Pandey, an alumna of EIT Climate-KIC, was called upon to sit on the opening panel discussion at INNOVEIT 2018 alongside EU Commissioner for Education, Culture Youth and Sport – Tibor Navracsics.

The EIT Alumni CONNECT 2018 event was a particular high point for the EIT Alumni Community. Bringing together over 150 participants of 40 different nationalities, this event was a great opportunity to showcase the diversity of the community and to prove the potential of the EIT Alumni as drivers of cross-sectoral collaboration.

For more detailed information, please, refer to the 2018 EIT Alumni Impact report https://eitalumni.eu/blog/2019/02/07/year-in-review-read-the-eit-alumni-impact-report/

Composition of the EIT Alumni Community*

- CommUnity by EIT InnoEnergy = 1771 members
- Climate-KIC Alumni = 2550 members
- EIT Health Alumni = 811 members
- EIT Digital Alumni = 1436 members
- EIT Raw Materials Alumni = 206 members

Total number of members = 6774 members

*Numbers as of December 2018
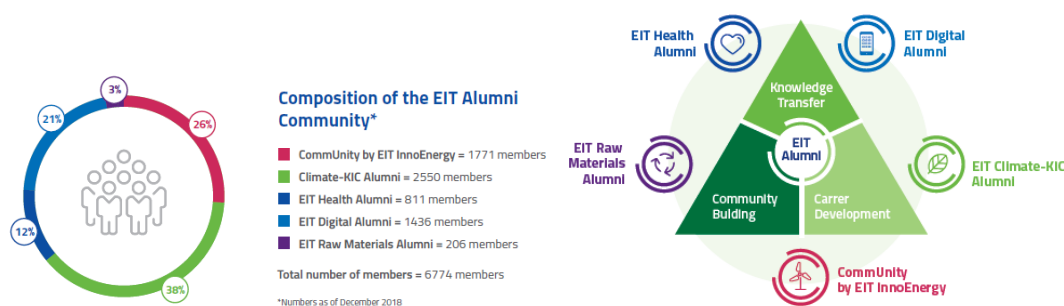
Actions	Indicator	Target	Achievement/results
Provide strategic advice and guidance to the EIT Alumni Board to further develop the community and ensure alignment with	Approval of EIT Alumni Annual Work Programme	Approve EIT Alumni 2019 work programme by Q4 2018	Achieved fully

EIT's strategy and activities			
Support the EIT Alumni Board in implementing its activities	Provide strategic guidance and support to the organisation of the 2018 EIT Alumni Connect Event	Guidance and support to EIT Alumni Connect event provided by Q3 2018 and active participation of 120 alumni from EIT labelled educational programmes (>75% positive feedback in review)	Achieved fully with 150+ participants and 98% positive feedback received

1.2.4 Enhancing stakeholder engagement

1.2.4.1 Stakeholder engagement

Engaging institutional and knowledge triangle stakeholders

2018 was an important year for EIT as the European Commission published its proposal on Horizon Europe, the next research and innovation framework programme that will succeed Horizon 2020. In addition, DG EAC launched in 2018 the ex-ante Impact Assessment for future EIT SIA, which will be part of EIT's legislative package. In this context, **the EIT developed in January 2018 its Stakeholder Engagement Plan** with the main objective to ensure support for the EIT's future ambitions and central position in Horizon Europe. Another important objective was to raise awareness and mobilise interested stakeholders for the EIT 2018 Calls for new Knowledge and Innovation Communities in the areas of Urban Mobility and Added-value Manufacturing. Engagement with key stakeholders such as the European Commission services, the European Parliament, EU Member States as well other key stakeholders from across the Knowledge Triangle was made in a structured, targeted and tailored manner. Regular formal and informal exchanges took place at different levels including the EIT Governing Board Members, the EIT Interim Director and staff, resulting in increased awareness and visibility of the EIT Community, its activities and results.

The EIT representatives conveyed key messages on EIT by participating in 144 third party events and meetings, almost a 30% increase since 2017. This included over 60 high-level events, such as the European Parliament's Science and Technology Options Assessment (STOA) workshop on EIT's role in strengthening innovation and a policy discussion on EIT-EIC synergies, the High Level Conference on Shaping Our Digital Future organised by DG CONNECT, the Educate to create: from digital consumers to digital creators Conference organised by DG EAC under the Bulgarian Presidency, the Science Business Research and Innovation Conference and the Week of Innovative Regions in Europe (WIRE), organised under the Austrian Presidency.

In addition, **EIT successfully organised the Annual Stakeholder Forum, INNOVEIT 2018**, as well other targeted events that focused to priority stakeholder groups. This included the Annual Meeting with the European Commission Services, with participation of around 50 officials from 12 different Directorates-General, where synergies in the areas of innovation, entrepreneurship and education were discussed, as well the annual meeting of the EIT Member

State Configuration with the participation of representatives from 23 Member States compared to 11 in 2017. Furthermore, **EIT organised four awareness days in Serbia, Bulgaria, Poland and Malta with the participation of around 400 stakeholders** from the knowledge triangle in total.

Moreover, the EIT had regular meetings and information exchange with EU multipliers such as COST, LERU, IGLO, The Guild and EARTO, aiming to enhance engagement with these organisations and their members and ensure their support towards EIT's central positioning in Horizon Europe.

The aforementioned actions on stakeholder engagement in combination to close monitoring and rapid response on policy developments, contributed strongly in the central positioning of the EIT in Pillar III of Horizon Europe, published by the European Commission in June 2018. Furthermore, as a result of these intense efforts, the EIT is now acknowledged among key stakeholders as a well-established EU initiative delivering tangible results.

Organising the EIT Stakeholder Forum INNOVEIT 2018

The EIT organised a successful INNOVEIT 2018 which brought together nearly 400 representatives from across the whole EIT Community and a wide variety of innovation stakeholders, including 60 journalists, for a fitting celebration of the impact and results achieved in the first 10 years since the establishment of the EIT. INNOVEIT 2018 showcased, promoted, and celebrated innovations, successful entrepreneurs, and emerging ventures from all EIT Knowledge and Innovation Communities, including their vital contributions to solving the most pressing social challenges facing Europe and its citizens. Additionally, the EIT Stakeholder Forum served as an exceptional opportunity to hold an interactive dialogue as well as provide essential input on the future direction the EIT should take in the next 10 years ahead. During INNOVEIT, the winners of the EIT Awards for the following categories were announced: EIT Change, EIT Innovators, EIT Venture, EIT Woman and the EIT Public Award.

Preparing the EIT Stakeholder Forum INNOVEIT 2019

In 2019, the EIT will organise the fifth edition of its Innovation Forum INNOVEIT in Budapest on 15 October. Based on the post-event analysis of INNOVEIT 2018, the compact structure of the 2018 edition will also be maintained for 2019. The EIT Awards will continue to form part of INNOVEIT 2019 but the special Member States configuration, as well as the EIT Stakeholder Forum and the EIT Alumni CONNECT event will be organised separately.

The 2019 edition will be built around the overall conceptual framework of the EIT's new Strategic Innovation Agenda 2021-2027 (SIA), following its adoption by the European Commission. The specific objectives of INNOVEIT 2019 will be to: 1) showcase all EIT Knowledge and Innovation Communities; 2) introduce EIT Manufacturing & EIT Urban Mobility; and 3) promote the EIT's new SIA including new themes and key topics.

In 2019, special attention will be paid to increase the diversity of stakeholders, including in relation to the new thematic areas of the future SIA. Lessons learned and an outlook for the 2019 edition of INNOVEIT and EIT Awards was presented to the EIT Governing Board on 5 December 2018.

Contributing to common activities of the EIT House in Brussels

Throughout 2018, EIT contributed proactively to the **EIT House Work Plan 2018**, identified priority activities and engagements with Brussels based stakeholders in line with the EIT Stakeholder Engagement Plan as approved by the

EIT Forum comprising the EIT Director and CEOs of all EIT Knowledge and Innovation Communities. EIT participated in all EIT House Coordination Group meetings and regular coordination calls.

With a view to further enhancing visibility, awareness and ultimately understanding of the EIT and its Knowledge and Innovation Communities among Brussels based political decision-makers and innovation stakeholders, the EIT in 2018 reinforced its engagement by transferring one post to the EIT House. Since April 2018, one EIT staff member is leading the **EIT Liaison Office** in Brussels with the objectives of supporting the EIT's positioning in the next Framework for Research and Innovation (Horizon Europe) and of ensuring a continued and focused engagement with both institutional and Knowledge Triangle stakeholders. In addition, facilitation of and support to the Chair and members of the EIT Governing Board as well as the EIT Director during their speaking engagements in Brussels form an important part of the EIT Liaison Office function.

Moreover, a further task of the EIT Liaison Office has been to enhance communication and coordination with and among the EIT and its Knowledge and Innovation Communities. This included closer cooperation on the ground on a day-to-day basis at the EIT House as well as participation in strategic **EIT Knowledge and Innovation Community meetings held at the EIT House** with a view to ensuring greater coherence and consistency in the representation of the EIT Community to both external and internal stakeholders.

Launching the EIT stakeholder management tool

The EIT implemented the first trial of the stakeholder management tool between Q2-Q3 2017. The selected tool was one of the options proposed by the contracted external expert, who had assessed possible options based on the EIT needs. The second trial with another service provider was scheduled from 1 February to 30 April 2018. The Prophet CRM Tool was installed at the end of February and the customisation process started. However, the customisation was not finalised as the service provider cancelled the trial from their end. Following this development and taking into account the resources needed for such an effort, the EIT management decided to postpone the implementation of the EIT stakeholder management tool due to other priorities and lack of human resources.

Organising meetings with targeted groups of EU Member State representatives

During the course of 2018, the EIT built an unprecedented level of engagement with the EU Member States, not least through the organisation of a number of targeted events. These included:

- 6 March 2018 – Meeting on the EIT with the informal grouping of the EU-13 Member States (Brussels);
- 26 March 2018 – Session dedicated to the EIT during the Council Research Working Party (Brussels);
- 18 April 2018 – EIT Awareness Day in Bulgaria and high-level side-meetings (Sofia);
- 26-27 April 2018 – Visit for the Members of the Council Research Working Party to an EIT Co-Location Centre (Berlin);
- 25 September 2018 - EIT Awareness Day in Poland and high-level side-meetings (Warsaw);
- 25 October 2018 – Meeting of the EIT Member State Configuration (Brussels);
- 30-31 October 2018 – EIT Awareness Day in Malta and high-level side-meetings (Kalkara);
- 22 November 2018 – Informal Fireside Chat for the Budapest-based Diplomatic Community hosted by the Austrian Presidency (Budapest);
- 10 December 2018 – Informal lunch-time meeting with the Research Working Party (Brussels).

As a direct result of these events, there is clear evidence that level of awareness of the EIT and its activities amongst the EU Member States has never been higher.

Actions	Indicator	Target	Achievement/results
Engagement with institutional and knowledge triangle stakeholders	Structured dialogue with institutional and knowledge triangle stakeholders established	Stakeholder engagement and priority event plan 2018 approved by January 2018 and implemented throughout 2018	Stakeholder engagement plan and key events overview, as well quarterly updates submitted. Stakeholder engagement implemented according to identified priorities.
		At least two awareness days organised in EIT RIS eligible countries in cooperation with KICs	Four awareness days organised in EIT RIS eligible countries (Serbia, Bulgaria, Poland, Malta)
	Increased EIT visibility through participation in events and related communication coverage	Participation of EIT representatives (including EIT Governing Board members) in at least 20 European/ International events of key stakeholders	Participation in 144 targeted events of key stakeholders, including 26 international conferences and over 60 high-level meetings, following an assessment of 204 invitations.
Organisation of EIT Stakeholder Forum INNOVEIT 2018	Targeted information provided and dialogue with key stakeholders	Participation by at least five knowledge triangle representatives of all three sides and 75% of EU Member States	389 participants in total, out of which: - Business Representatives: 38 - Higher Education Representatives: 16 - Research Representatives: 20 Participants came from 25 Member States (89% representation)
	Positive, above-average feedback received from participants (as measured by a dedicated	> 75 % of feedback received above average	86 % positive feedback

	survey)		
Preparation of the EIT Stakeholder Forum INNOVEIT 2019	Draft concept for the 2019 edition of the EIT Stakeholder Forum based on lessons learnt from previous editions	Evaluation review of the 2018 EIT Stakeholder Forum available by Q4 2018	Lessons learned and a draft concept note for the 2019 edition of INNOVEIT and EIT Awards was presented to the Governing Board on 5 December 2018
Contribution to common activities of the "EIT House" in Brussels	EIT visibility and stakeholder engagement in Brussels increased	EIT participation in agreed Work Plan of EIT House agreed by EIT KIC Forum based on the input of the Policy Working Group	EIT participation in the meetings of the Policy Working Group (*renamed to EIT House Coordination Group*) and active contribution to joint activities under the EIT House Work Plan 2018
Launch of the CRM/ stakeholder management tool for the EIT	Stakeholder management tool operational	Testing completed and launch of a tool to support stakeholder mapping and contact management by Q2 2018	Implementation of the CRM was cancelled by the EIT management due to reprioritisation.
Meetings with targeted groups of EU Member State representatives (e.g. meeting with EIT Member States Configuration, participation in Research Working Party, meeting of Scientific Attachés in Brussels)	Targeted information provided and structured dialogue established with key stakeholders from EU Member States	At least 5 meetings with Member States organised by Q4 2018, including meetings with EIT Member States Configuration	6 meetings organised with Member States, including EIT Member State Configuration and Council Research Working Party

1.2.4.2 Relations with third countries and international organisations

In 2018, EIT Community following a strategic decision by the EIT KIC Forum focused its efforts on three priority countries, USA, China and Israel. The rationale behind this prioritisation was to work closely with key actors of these advanced innovation ecosystems with the aim to position EIT's innovation model among other successful innovation initiatives at international level. In this context, EIT's outreach efforts were supported by a cross-KIC activity, encouraged and steered by the EIT, on Outreach beyond Europe. As a result a structured dialogue was established with key stakeholders in all three locations, including the respective national authorities (e.g. San Francisco Bay Area, the Ministry of Science and Technology (MOST) in China, the Israel-EU R&I Directorate-ISERD), as well the EU Delegations in these locations. In addition, the EIT organised a very successful Awareness Day in Belgrade, Serbia,

together with the Ministry of Education, Science and Technological Development, where more than 100 stakeholders from the knowledge triangle participated. Following this, EIT explored collaboration opportunities both with the Ministry of Innovation and the Ministry of Education, Science and Technological Development of Serbia, which resulted in joint activities in the area of women entrepreneurship.

Actions	Indicator	Target	Achievement/results
Engagement with selected third countries and international organisations	Establish structured dialogues in targeted Third Countries (US, China, Israel) on knowledge triangle integration issues	Structured dialogue and EIT community focal point set up in at least two of the targeted countries and/ or international organisations by Q4 2018	Structured dialogue with key stakeholders established in China, USA and Israel. EIT focal points identified in Silicon Valley and Israel.

1.2.4.3. EIT Awards

Organisation of the 2018 EIT Awards

The 2018 EIT Awards were organized as part of INNOVEIT 2018, to recognize the exceptional achievements of members of its Knowledge and Innovation Communities through the annual EIT Awards in four categories, celebrating achievements and successes, identifying role models to strengthen Europe's entrepreneurial culture and increasing opportunities for the development of EIT Award winners.

The EIT CHANGE Award recognises graduates of EIT education programmes who spur innovation and entrepreneurship, inspiring change for a sustainable future. The EIT INNOVATORS Award recognises teams from our Knowledge and Innovation Communities that develop high-impact products and services for a sustainable future. The EIT VENTURE Award recognises successful start-ups and scale-ups that have been supported by the EIT's Knowledge and Innovation Communities through dedicated business creation and acceleration programmes. The EIT WOMAN Award recognises the outstanding achievements of women entrepreneurs and leaders from our Knowledge and Innovation Communities.

The 2018 EIT CHANGE Award winner was Simone Accornero (supported by EIT InnoEnergy), CEO and co-founder of FlexiDAO (based in Barcelona, Spain), a software that automates energy data processing and exchanges, while combining traceability and transparency for the first time.

The 2018 EIT VENTURE Award winner was Bieke Van Gorp, Chief Business Development Officer and co-founder at Qompium NV (supported by EIT Health). Qompium (based in Hasselt, Belgium) developed FibriCheck, a mobile application that enables users to detect atrial fibrillation and take preventive action.

The 2018 EIT INNOVATORS Award winner was the team is led by Ioannis Tarnanas (supported by EIT Health), President and CSO of Altoida (based in San Diego and Lucerne). The Alzheimer's Disease Prediction Service is one of the first validated solutions able to predict the risk of Alzheimer's for people over 50.

The 2018 EIT WOMAN Award Winner was Isabel Hoffmann, CEO of Tellspec LTD (supported by EIT Food) that has developed a rapid, portable and affordable sensor to test for the quality and decay of raw white fish, and the fraudulent use of excess water in frozen fish.

The EIT Public Award recognises the public's top innovation with thousands of votes cast across Europe. The 2018 EIT Public Award winner was Laura Soucek, founder and CEO of Peptomyc S.L. (supported by EIT Health and based in Barcelona, Spain) a peptide-based solution that can serve as a new treatment option for cancer patients.

For further information, please, refer to https://eit.europa.eu/newsroom/winners-eit-awards-2018-announced.

Preparation of the 2019 EIT Awards

Lessons learned from the 2018 EIT Awards, including surveys submitted by all six KICs, were prepared and approved. The 2019 EIT Awards will retain the same four award categories, see the introduction of additional prize money for 2nd and 3rd placed nominees and a further alignment of the award criteria against the societal challenges EIT and its KICs work on.

Further information, please, refer to https://eit.europa.eu/2019-eit-awards

Actions	Indicator	Target	Achievement/results
Organisation of the 2018 EIT Awards	Timely implementation of the 2018 EIT Awards	2018 winners of all five categories awarded in 2018	Achieved
Preparation of the 2019 EIT Awards	Timely launch of the preparation for the 2019 EIT Awards competition	Preparations for 2019 EIT Awards competition started	Achieved

1.3. New delivery mechanisms and results-oriented monitoring

1.3.1 EIT-KIC relations

1.3.1.1. The role of the EIT as an investor

Monitoring the KIC's implementation of the Principles on Financial Sustainability

Monitoring the KICs' implementation of the Principles on Financial Sustainability comprised the following activities: assessment reports of KICs' financial sustainability strategies and measures that were drafted and communicated to KICs in the context of the 2017 KIC Reports, 2019 Business Plans, GB Rapporteur monitoring visits as well as specific bilateral meetings between the KICs' CEOs/CFOs and GB members and EIT staff. **The EIT Governing Board at its meeting in June 2018 issued recommendations to KICs** such as ensuring engagement at C-level on financial

sustainability, agreeing and stabilising financial sustainability strategies and linking them with impact/KPIs, embedding financial sustainability as an objective at activity level, focusing on high-revenue measures vs. cost reduction/optimisation to achieve profits, introducing clear policies on revenue distribution, and early and continuous engagement with EIT on significant developments (e.g. KICs' investment and impact funds). While KICs implement these recommendations they reported their revenues under five categories: 1) ROI & Equity; 2) Education; 3) Services & Consulting; 4) Membership Fees; and 5) Alternative Funding Sources.

In 2018, KICs reported a total of 23.7 MEUR revenues achieved in 2017 (the lowest revenues were reported by EIT Digital and EIT Climate-KIC, 2.5 and 2.6 MEUR respectively, and the highest revenues were achieved by EIT Health 6.6 MEUR and EIT Raw Materials 7.1 MEUR).

Refining the design and concept of the EIT Growth & Impact Fund (GIF)

Due to the lack of a legal framework in the EIT Regulation which would allow the EIT to develop a fund, and a re-alignment of priorities by the EIT Governing Board, the EIT's Growth & Impact Fund (GIF) development was postponed. Instead, the EIT refocused its attention on the KICs' development of their own fund initiatives, in particular **providing guidance to KICs and proposing a set of high-level principles on KICs' funds**. In 2018, certain KICs advanced their plans to launch funds, namely EIT InnoEnergy, EIT Health and EIT Food.

Actions	Indicator	Target	Achievement/results
Monitor implementation of the Principles on KICs' Financial Sustainability	Periodic monitoring on the implementation of the Principles on KICs' Financial Sustainability is carried out	Assessment reports of KICs' financial sustainability strategies by Q2-Q3 2018	Achieved: assessment reports of KICs' financial sustainability strategies and measures were drafted and communicated to KICs in the context of the 2017 KIC Reports, 2019 Business Plans, GB rapporteur monitoring visits as well as specific bilateral meetings between the KICs CEOs and GB members and EIT staff.
Refine design/concept of the GIF	Timely development of the GIF's concept and coordination of KIC impact fund	Market survey and feasibility study of GIF completed, including review of KIC impact fund initiatives	Due to lack of legal mandate by the EIT and re-alignment of priorities by the EIT Governing Board, the GIF's development was redesigned. The EIT refocused attention on the coordination of KICs' own fund initiatives. In particular, providing guidance and proposing a set of principles for the development of KICs' funds.

1.3.2. Simplification

The objective of simplification for the EIT is to increase its internal efficiency and to achieve results effectively within the current legal framework while maintaining a high level of assurance to address the challenges of a relatively young EU body with limited resources entrusted to manage EUR 2.4 billion of EU funds in the 2014-2020 period. For this purpose, the Task Force Simplification (TFS) was set up in 2015 to propose improvement measures leading to significant efficiency gains resulting in lower overhead and administrative workload for all sides, and therefore ensuring improved operations and results. The TFS held four meetings in 2018 (in February, April, August and October) with representatives of COOs and CFOs from KICs' side and DG EAC representative as observer.

Implementing improvement measures within current framework

In 2018, **the TFS simplified and accelerated the business plan preparation and funding allocation, the business plan amendment process as well as the reporting and final grant payment cycle**. Lessons learnt from different grant related processes were discussed at the TFS and incorporated in grant management. All EIT guidelines have been consulted at the TFS before formally issuing them to KICs. As a cornerstone of the EIT control strategy, the EIT continued to contract audit companies directly for issuing Certificates of Financial Statements on cost claims of KIC partners, which has significantly improved the assurance gained at the ex-ante verification stage and allowed the EIT to reduce the sample for testing as part of ex-post audits. As a good practice, resolution meetings have been introduced both at the BP assessment and report assessment stage between EIT and each of the KICs, in order to avoid several rounds of clarification questions and conclude on the remaining issues in an efficient and timely manner.

Designing the post-2020 legal and operational framework

A revised Terms of Reference was adopted for the Simplification Task Force in 2018, setting the following priorities for the future:

1. **Multiannual grants**: design a multiannual grant cycle to provide multiannual grants instead of the current annual model, including appropriate mechanisms for allocating commitment and payment appropriations in the EU's next multiannual financial framework and an adjusted legal and operational framework for implementation.

2. **Investment based on results**: until 2020 the scope of the simplification measure will be to design simplified cost options (unit costs, lump sums) for the financing of KIC activities, which would significantly reduce administrative burden on both sides. In the long run, the finalisation of an EIT impact framework would allow to move to investments based on results.

3. **Shared services and facilities**: map, identify and pilot potential shared services and facilities across KICs and the EIT.

As regards multiannual grants, a specific working group has been established composed of EIT, KIC and DG EAC representatives. Based on discussions in the TFS and Multiannual WG, the EIT developed a concept and different scenarios for a multi-annual grant cycle, encompassing an efficient combination of multiannual and annual elements with the following positive aspects: increasing long-term legal and planning security and as such providing a long-term perspective to KICs; reducing administrative burden in particular at the planning/allocation stage; ensuring

appropriate level of flexibility through possibility of annual amendments; providing continuous cash flow to KICs through interim payments; allowing EIT GB and EIT staff to monitor the performance of KICs during a multiannual cycle.

The concept for a new multiannual grant cycle was discussed formally with the Commission services in December 2018 and this activity is being continued in 2019 as part of the preparation of the EIT's future legal basis (amended EIT Regulation and EIT Financial Regulation).

Actions	Indicator	Target	Achievement/results
Improvement measures implemented within current framework	High impact measures for simplification identified and implemented to reduce complexity and increase efficiency	Simplification measures selected by the EIT-KIC Forum and implemented by the Task Force for Simplification by Q4 2018	Grant related processes simplified and made more efficient, inter alia by introduction of resolution meetings at business plan assessment stage. Detailed concept for multiannual grants with scenarios drafted and presented to the Commission.
Designing of post-2020 legal and operational framework	Laying down the foundations of the post-H2020 legal and operational framework	Assessing the feasibility of some measures identified which are expected to bring simplified business processes	ToR for Task Force Simplification updated to reflect priorities in relation to future (post-2020) grant management and operations. Detailed concept for a multiannual grant cycle developed and consulted with the Commission. Detailed concept for a multiannual grant cycle developed and consulted with the Commission.

1.3.3. Monitoring, Impact Analysis and Evaluation

1.3.3.1. Implementation of the EIT monitoring strategy

Revising the Monitoring Strategy

The Monitoring Strategy was not revised in 2018. Following an internal assessment, the EIT management decided to revise the Monitoring Strategy only after finalisation of the Impact Framework development in 2020.

Assessing the KICs' implementation of the Good Governance Principles

From May to July 2018 the EIT ran the **annual assessment of the KICs adherence to the Good Governance Principles (GGPs) as set out in the EIT-KIC Grant Agreements**. The assessment methodology was updated fully addressing the

conclusions and recommendations of the Commission's Internal Audit Service (IAS) audit report on "Monitoring of Grant Agreements in the European Institute of Innovation and Technology (EIT)". The outcomes of the assessment showed that all KICs generally address the Good Governance Principles well with the exception of EIT Food, which was still in its structuring phase at the time. The outcomes of the assessment together with recommendations and action plans were communicated to the KICs in September 2018.

In parallel to the 2018 assessment the EIT carried out an internal **lessons learnt analysis from implementation of the Good Governance Principles** by the KICs in the last three years. The main conclusions from the analysis were: the principles should be accompanied by a separate document clarifying assessment and monitoring methodology; the assessment should include the KICs' compliance with the management/ administrative costs thresholds according to the EIT's guidance; it is necessary to extend the scope of the Good Governance Principles to the level of Co-location Centres; the scope of the Principles could benefit from placing more emphasis on transparency of KICs operations; the EIT should consider the introduction of a new principle requiring diversity among members of management, governance and supervisory bodies; and the EIT should consider if the GGPs could also cover coherent guidelines on the affiliation and association of partners which are not able to become fully fledged investors and partners of a KIC.

Following feedback received from the KICs, complementing the EIT's internal lessons learnt analysis, the EIT decided to amend the Good Governance Principles in 2021 to align them with the Horizon Europe provisions.

Implementing the 2018 monitoring plan in line with the approved EIT monitoring strategy

Early 2018, the EIT issued the six KIC monitoring plans with a total of 21 KIC-specific monitoring activities and five horizontal monitoring activities (relevant to all KICs). In general, each monitoring activity included a visit to the KIC's premises and discussion with KIC management but also representatives of KIC Partners. Some monitoring activities were supported by external experts.

All five horizontal monitoring activities were implemented as planned: Good Governance Principles assessment; 7-year review (2010-2016) of the first-wave KICs; Impact Framework review; Gender mainstreaming of EIT Community activities; and ongoing monitoring of cross-KIC activities.

Out of the 21 planned KIC-specific monitoring activities, 15 were implemented. A non-exhaustive list of topics monitored are the implementation of EIT label programmes, KIC-specific aspects related to financial sustainability, innovation ecosystem and management costs, selection of innovation projects as carried out by the KIC before the Business Plan submission, and certain particular KIC added value activities with lower evaluation results and thus higher risks. The recommendations from the monitoring activities were communicated to the respective KICs and incorporated in a recommendations repository.

Actions	Indicator	Target	Achievement/results
Revision of the Monitoring Strategy	Strategy better reflecting last developments of the KIC model	The new strategy adopted by the GB by Q4 2018	The Monitoring Strategy was not revised. The EIT management decided to revise it after finalisation of the Impact Framework development (in 2020).

Assessment of the implementation of Good Governance Principles by KICs	Detailed assessment methodology developed All 6 KICs assessed according to the methodology	Assessment of implementation of good governance principles by KICs by Q4	Assessment methodology was developed in March-April 2018 The assessment was finalised in July and outcomes of the assessment including recommendations and action plans were communicated to the KICs in September 2018
	Lessons learnt and revised Good Governance Principles developed	New, revised Good Governance Principles developed by Q4	The draft of the new principles was developed, however the EIT decided to amend the Good Governance Principles only in 2021 to align them with the Horizon Europe provisions.
Implementation of the 2018 monitoring plan in line with the approved EIT monitoring strategy	Contribution of monitoring activities to improving KIC the grant management	Monitoring plan implemented by Q4 2018 (target: 18 visits)	5 horizontal and 15 KIC-specific monitoring activities implemented

1.3.3.2. Evaluation and impact assessment

Implementing recommendations from previous evaluations

Over the last few years a number of evaluations, assessments and reviews were conducted, namely the EIT Mid-term Evaluation, Impact Study, 7-year review of the first-wave KICs; Innovation and IPR Assessment; Education Assessment; KTI Review; and the Business Creation review. All of these concluded with a set of strategic recommendations for the EIT. In addition, in 2017 the High-level Advisory Group set up by the Commissioner Navracsics issued further recommendations.

In 2018, the EIT integrated and consolidated all strategic and high-level recommendations into a single Repository, which currently includes 139 recommendations. A dedicated team of EIT staff analysed the relevance, priority, content of the recommendations and proposed how best to address them, and subsequently monitors the implementation of respective actions. This allows monitoring, through an accurate and credible process, the improvement of the EIT and KICs governance, operations and performance.

Actions on the majority of the recommendations have been taken. When needed, corrective measures had been introduced to ensure recommendations were leading to excelling the EIT and KICs strategies, policy and activities.

Progress on the implementation of the recommendations can be found in this report under the various sections related to the EIT Label and EIT Alumni, innovation, entrepreneurship, business creation and development, RIS, governance and communications.

7-year Review 2010-2016 of the first wave KICs

The objective of the 7-year review of the first-wave KICs, i.e. EIT Climate-KIC, EIT Digital and EIT InnoEnergy, **was to assess their delivery of the strategy, main results and impacts** from their designation until the end of 2016. As detailed in the EIT's Principles on KICs' Financial Sustainability, "*In year 7 following a KICs' designation, the EIT will undertake an in-depth review of that KIC, with a particular focus on the implementation of its financial sustainability strategy*". This assessment was conducted at the middle of the period of the total EIT funding to the first wave of KICs against the baseline set out in the KICs' proposals submitted in 2009 as well as in subsequent KIC strategic agendas, business plans and relevant EIT legal framework. This stock-taking exercise enabled the EIT to draw lessons and recommendations for the EIT and KICs as well as identify good practices to be shared with the KICs designated in 2014 and beyond. The first 7-year review was performed by a team of external experts under the supervision of the EIT and was primarily based on existing documentation.

The review concluded that all three KICs have made good progress towards achieving their strategic objectives. Overall, KICs performed well in all areas except Financial Sustainability and Synergies & Complementarities with other programmes and to some extent also on Outreach, Communications & Dissemination. In particular, on Financial Sustainability, KICs should diversify their revenue sources, including a balance between private and public funding, based on a stable and ambitious strategy focused on implementation of concrete measures. On Synergies & Complementarities, a clear strategy should be designed, including KPIs and target values. Deeper synergies should also be sought amongst KICs.

Developing the Impact Framework

The EIT launched the development of an Impact Framework that will define the specific socio-economic impacts that the EIT and KICs should deliver by 2027 and will demonstrate their strategic alignment with the EIT mission and high-level objectives. It will underpin the EIT SIA 2021 – 2027, will be valid for the same period of time and will be closely aligned with the future Horizon Europe programme's targets and ambition. The EIT Impact Framework will allow flexibility but will also incorporate the main impacts the KICs should achieve as a return on the investment received from EIT.

The EIT established a Strategy and Impact Working Group (SIWG) with the purpose to advise and provide input to the development of the EIT Impact Framework. The SIWG consists of representatives of the EIT, its Governing Board, the DG EAC and one representative of each KIC. As a result of thorough discussions, the SIWG developed the initial draft of the EIT Impact Pathway, and the Framework outcomes and indicators in 2018.

The process of the Impact Framework design had to be closely aligned with the development of the EIT SIA by the European Commission and particularly with the ex-ante EIT SIA Impact Assessment. As part of the latter an assessment of the socio-economic impacts of full life-cycle of a KIC and beyond took place and a draft indicator

framework was proposed. Thus, the Impact Framework development started in the last quarter of 2018 once the outcomes of the impact assessment were available. The work is being continued in 2019.

Developing a methodology and a toolkit for implementing the Impact Framework

This action has been deferred to 2019 due to a delay in the EIT SIA development. The development of the methodology and the toolkit for implementing the Impact Framework can only start once the EIT SIA is adopted and subsequently the EIT Impact Framework underpinning the SIA is approved by the EIT GB.

Actions	Indicator	Target	Achievement/results
Implement recommendations from the EIT and H2020 interim evaluations; 7-year Review of first wave KICs and Impact Study	Roadmap and Action plan for addressing the recommendations implemented	Recommendations from evaluations systemically addressed	Analysis and monitoring of 139 recommendations performed 14 recommendations already fully addressed in 2018
Development of an Impact Framework	Impact framework developed in close collaboration with all KICs Impacts and impact indicators agreed by KICs	Robust impact framework outlining systemic impacts and impact indicators designed by Q3 2018	Draft outcomes and indicators developed
Development of a methodology and a toolkit for implementing the Impact Framework	A methodology developed consisting of guidelines for impact planning and assessment, as well as templates of surveys, bank of interview questions and other tools for collecting data against agreed impact indicators	Comprehensive methodology devised for planning, collecting data, evaluation and reporting of impact by Q4 2018	Postponed to 2019 due to a delay in the EIT SIA development.

1.4. Horizontal activities

1.4.1 Strategy: Co-ordination and implementation

1.4.1.1. EIT Governing Board meetings and EIT management

Actions	Indicator	Target	Achievement/results
EIT internal strategic co-ordination and implementation	Quality of collaboration between the members of senior and middle management measured by the number of meetings in 2018 Number of and participation in meetings of the EIT Strategy Working Group Preparation of Strategy Notes on key elements of the EIT/KIC model	Ongoing feedback collection among senior and middle management to assess quality of collaboration and to identify areas of improvement	Weekly meetings of the EIT Management Team held, list of open priority actions continuously maintained On the work of the EIT Strategy and Impact Working Group, see above.
Strategic co-ordination and implementation between the EIT HQ and the EIT GB and support services to the latter	Effective preparation and implementation of Governing Board (GB) and Executive Committee meetings, GB Working Groups meetings, Panel, GB Rapporteur and other meetings with GB Members participation including the meeting(s) with the KIC Chairmen	Effective and timely preparation and implementation of at least 5 regular GB meetings, 5 regular Executive Committee (ExCo) Meetings, Annual KIC Hearing and Designation of new KICs in compliance with all applicable rules and procedures	The EIT Governing Board held five regular meetings as planned and two extraordinary meetings in 2018 and adopted 43 decisions, including the annual funding allocation to the six KICs and the designation of EIT Manufacturing and EIT Urban Mobility

1.4.1.2. Planning, programming and reporting

Actions	Indicator	Target	Achievement/results

Planning, Programming and Reporting	Timeliness (preparation and submission) of the documents foreseen in the SPP (Strategic Planning and Programming) cycle, namely Budget, Annual Activity Report, Budget implementation report, Report on budgetary and financial management and Single Programming Document	Budget 2019, Draft budget 2020, AAR 2017, Budget implementation report 2017, Report on budgetary and financial management 2017 produced and transmitted on time	Budget 2019, Draft budget 2020, AAR 2017, Budget implementation report 2017, Report on budgetary and financial management 2017 produced and transmitted on time
		EIT Governing Board adopts the Draft Single Programming Document 2020-2022, Budget 2019 and Draft Budget 2020 by mid-Dec 2018	Single Programming Document 2020-2022 and Draft Budget 2020 by mid-January 2019, respecting the legal deadline of 31 January 2019
	Timeliness (preparation and submission) of internal quality reporting	On time delivery of accurate internal reports (ad-hoc, monthly or quarterly) and bi-monthly summary reports for the Commission and GB	Monthly budget execution reports mentioning the deviation to the forecast produced

Bi-monthly activity reports for Commission and GB produced |
| Implementation of the Annual Work Programme | Timely implementation of the Annual Work Programme part of the SPD 2018 | 95% of activities implemented by Q4 2018 | Completed with a few activities postponed to 2019 as presented in this current Report |

1.4.1.3. Internal control and risk management

Actions	Indicator	Target	Achievement/results
Internal Control Standards	Achieves a high level of implementation of Internal Control Standards	100% of internal control standards are implemented by Q4 2018	EIT has been granted full financial autonomy by the Commission based on a comprehensive review of its internal controls as of 1 January 2018 and respectively signed a memorandum of understanding in January 2019 with DG EAC regulating

			that status. EIT will update its decision on the internal control framework in 2019.
Risk Assessment/Risk Management	Critical risks are identified and addressed	Critical risks are identified in the Annual Work Programme and action plans to address them are in place	EIT conducted in 2018 a comprehensive unit risk assessment exercise that resulted in updated risk registers at the EIT- as well as at the individual unit levels. The critical risks were reflected in the AWP.
		80% of recommendations from the audit follow up register are closed	A thorough review of open audit recommendations was conducted in 2018 and above 70% of IAC audit recommendations could be closed or downgraded. All audit recommendations have either been addressed or are being implemented.
Implementation of the EIT Anti-Fraud Strategy	Timely implementation of the actions foreseen in the EIT Anti-Fraud Strategy	100% actions planned for 2018 implemented by Q4 2018	Adoption of the revised Anti-fraud Strategy and action plan in 2018; establishment of the EIT-KIC Anti-fraud network; adoption of the Decision of the EIT Governing Board on laying down Guidelines on whistleblowing; decision of the EIT Director on adopting fraud reporting procedure

1.4.2. Internal communication and work environment

Actions	Indicator	Target	Achievement/results
Internal Communication	Efficient internal communication structures are in place and the internal communication and work	> 95% of staff is fully aware of the EIT and their own objectives and priorities (survey)	All staff in active employment concluded their annual objectives in writing

	environment action plan is implemented.	All EIT decisions are communicated to staff	All decisions are available on the staff intranet immediately
		Regular management and unit meetings take place	Weekly management meetings and regular unit meetings took place
		Internal communication and work environment action plan is implemented	Some actions implemented; regular all staff meetings after each EIT Governing Board meeting organised (and further information sessions during the year)

1.4.3 Administrative support

1.4.3.1. Human resources

Actions	Indicator	Target	Achievement/results
HR Management - Recruitment	Timely and compliant completion of selection procedures	Publication of the vacancy notice within 6 weeks of a vacant post and completion of reserve lists within 3 months from the deadline for applications	3 selection procedures were launched in 2018 from which 1 selection procedure was concluded in 2019. 1 out of the 3 procedures did not meet the target of the 3 months. The average time to complete (for the aforementioned selection procedures) from deadline of applications to establishment of reserve list was 2.67 months
HR - Training	Identification of in-house training courses in the learning and development plan	90% of training sessions provided according to plan	Six in-house training courses were organised in 2018 according to the EIT training plan: PM2 Training, Team Building, In-house languages courses, Ethics and Integrity/Anti-fraud, Stress burnout and COIN Training. In addition, several lunch time info-sessions were also held.
Implementation of the	Trainees support EIT	Subject to budgetary	8 traineeships were started in

EIT Traineeships programme	activities and increase knowledge of EIT	constraints and needs of the Institute, at least 12 traineeships successfully completed in 2018	2018 of which 3 completed in 2018. 6 traineeships that started in 2017 were completed in 2018.
Ensure full use of available human resources	Reduction of the vacancy rate	Not more than 3 vacant posts on average	On average for the 12-month period, 65 posts were filled of a total of 68 establishment plan posts (3 vacant posts). As at end of 31/12/2018, the total number of filled posts was 64.
Implement obligations in the EIT staff Regulation	Effective and efficient implementation of provisions under the Staff Regulation	Adopt implementing rules of the Staff Regulation	The following implementing rules were adopted in 2018: Decision of the GB on the non-application of the Commission Decision on the maximum duration for the recourse to non-permanent staff in the Commission services; Decision of the GB on outside activities and assignments and on occupational activities after leaving the services; Decision of the GB on the implementation of the framework for learning & development; Decision of the GB on laying down Guidelines on whistleblowing. Implemented rules and procedures comply with the staff rules and regulations.
		Compliance with all provisions of staff rules and regulations in place	
		Timely completion of appraisal (by Q2) and reclassification (by Q3) satisfaction based on the result of the staff engagement survey	The appraisal exercise was completed within the indicative timeline published in the administrative notice. The reclassification exercise was completed in Q4 2018.
Ensure the effectiveness of human resources	Staff engagement	At least 65% staff satisfaction based on	No staff engagement survey was completed in 2018 (postponed

policies		the result of the staff engagement survey. 10 HR newsletters were issued in 2018, two HR info-session were held (on the schooling policy and reclassification exercise for management), and 4 presentations on HR matters to the EIT staff at the all-staff meetings	to 2019).
Common staff committee EIT- CEPOL	Establishment of the staff committee and number of meetings	At least three meetings between EIT management and Common Staff Committee	The Common Staff Committee has met three times, two of them at the EIT premises; the Common Staff Committee has organised one meeting with EIT-CEPOL management and four meetings with the EIT staff.
Introduction of SYSPER2	System introduced and functional	SYSPER2 introduced and up and running by Q4 2018	The following phases have been completed in 2018: perID identification; validation of the job-type matrix; data migration of the Organisational Chart; career data migration. Full completion of the SYSPER2 introduction is expected in 2019.

1.4.3.2. Finance, procurement and accounting

Actions	Indicator	Target	Achievement/results
Implement annual budget	High level of absorption of EIT funds	> 95% of non-grant commitment and payment appropriations absorbed by Q4	Execution rate of non-grant commitment appropriations is 90.5%, and of non-grant payment appropriations is 71.1%. The latter is largely due to one large outstanding payment, which due to its complexity required additional analysis, and was respectively exercised with some delay, in the beginning of 2019.

	Legality and regularity of Commitments and payments	For <2 % of commitments and payments errors are detected ex post	Provisional error rate for grants is 1.84% for grants agreements signed in 2017 and paid in 2018. As regards other operational and administrative actions no errors were detected.
Procurement	Efficient and effective procurement procedures completed	85% procurement procedures completed in line with the 2018 procurement plan by Q4 (subject to the initiation of the operational units) including 100% of the prioritised procurement procedures	Implementation rate of initiated procurement procedures is 100%. As regards all procurement procedures planned in 2018 the rate of implementation within year 2018 is 75%, while the rest of the planned procedures were either cancelled, postponed or extended into 2019. Part of the reason for the latter was the substantial increase of the procurement plan during the year compared to the initial version of it.

All priority planned procedures were finalised in due course with exception of two that were postponed to 2019. |
| | | Less than 3% of procurement procedures trigger complaints / court cases | Neither complaints nor findings as regards procurement procedures have been recorded, as well as no errors in the implementation of those procedures have been identified. |
| Management of the financial position of EIT | Timely and correct delivery, compliance and comprehensiveness of | Submission of final accounts for 2017 by Q2 | Submitted by the official deadline |

| | the EIT accounts | All payments carried out <20 calendar days after receipt and registration of the invoice. | 94% of payments were carried out within the deadline s |

1.4.3.3. ICT, document management and infrastructure

Management of Information and Communication Technologies (ICT)

Actions	Indicator	Target	Achievement/results
IT projects mentioned in the IT Master Plan 2018-2020	Number of projects mentioned in the IT Master Plan implemented on time	Full implementation	17/19 projects were completed
Actions mentioned in the IT Security Strategy 2018-2020	Number of projects mentioned in the IT Security Strategy for 2018 implemented on time	Full implementation	13/15 actions have been implemented
Awareness and trainings in the field of ICT	Number of trainings and awareness events	5	Training on use of Zoom were provided to each Section, training on use of the new printers were provided
Risk assessment in the field of ICT	Contract concluded and risk assessment exercise completed	2018	Concluded
Servers' availability ensured	Servers' availability (average over one year)	> 99%	Yes, 99.992%
Provide adequate ICT systems and infrastructure	Adequate IT and infrastructure tools available to staff made available and backup solutions in place	Make general and individualised IT systems permanently available to all staff as required	A new backup storage was implemented. Systems and storage high availability in place. Network connectivity 100% available.

	Hours of continuous downtime of systems minimised and timely response to user requests provided	Maximum one hour downtime of system per incident, <10% of normal user requests require more than two days to resolve and <10% of critical tickets are solved within 4h	Yes - Maximum one hour downtime of system per incident (not counting power outages) Ca. 2% user requests require more than two days to resolve 95% critical tickets are solved within 4 hours
Provide high availability for the DUNA Core Business web site	Minimum downtime of the EIT core business web site for Grant Management	Fully operation of the replica site located at CEPOL and Maximum web site unavailability of 1.5 %	Action cancelled due to already existing high availability on premises
IT equipment inventory	Quality of IT equipment inventory	Ratio of lost IT equipment < 1.5%	Inventory has postponed to 2019.

Document Management

Actions	Indicator	Target	Achievement/results
Document Management System	Reliable and comprehensive implementation of DMS	Comprehensive DMS fully operational (ongoing)	The document management system has become fully operational with the migration to HAN.
	Timely revision of Policies and Practices in line with the action plan following the IAC recommendations (DMO, LSO, LISO and DPO related tasks)	100% of actions implemented by Q4 2018	The new decision on the Document Management policy and procedures entered into force in 2018. The majority of the DMO recommendations have been completed with the introduction of Ares, while the archiving-related actions and the DPO, LSO and LISO tasks are in progress.
	Introduction of ARES	Q2 2018	ARES is operational, the migration to HAN took place in October 2018.
Provision of mailing	Mails expedited timely	Within two working	Mails expedited within

		days	two working days.
services	Incoming mail registered and distributed timely	Incoming mail delivered within one working day following its receipt	Incoming mail registered and distributed on the same day of its receipt

Logistics and Building Management

Actions	Indicator	Target	Achievement/results
Real estate activities 1) Extension of office space 2) Renovation and redecoration of office 3) Optimisation the use of terrace and ensured EIT visibility 4) Installation of a reception function including services	Office modernisation completed	1) Completed by Q1 2018 2) Completed by Q3 2018 3) Completed by Q2 May 2018 4) Completed by Q3 2018	1) Completed by Q4 due to long negotiations with the contractorand completed the entire office re-allocation and move efficiently and timely 2) Remaining offices, meeting rooms and corridors have been painted by Q3 3) Terrace has been furnished and flag poles have been rented to increase EIT's visibility 4) Postponed to 2019 due to an unforeseen and higher priority task, i.e. rental and fitting out of office space in Brussels
Awareness and training on safety and prevention	Delivered as planned	Training delivered by Q4 2018	First aid training and training on work safety provided Intranet updated Annual fire inspections completed
Inventory management 1) Conduct an inventory cycle 2) Retirement of a tangible long-lived asset	1) Tracking rate 2) To be performed within 3 months after completion of inventory exercise	1) Up-to-date ABAC ASSET Inventory with >98% accuracy 2) Complete retirement of a tangible long-lived asset end of Q2 2018	1) Annual inventory cycle completed with 97.3% assets found as labelled. 2) Not completed because of postponement of IT annual inventory cycle to 2019

Provision of adequate infrastructure	Delivered as planned	In the course of the year	All requests have been fulfilled Repairs completed Decision on parking and public transportation policy Decision on internal rule on meetings and representation expense No incident registered Introduction of meeting management tool postponed to 2019 due to its integration into an overall application managing requests. Timely management/ assistance in ID card, VAT reimbursement, diplomatic number plates requests

1.4.4 Internal Audit Capability

Actions	Indicator	Target	Achievement/results
Provision of Internal Audit services	Timely preparation of the IAC audit plan	Audit plan adopted by the EIT GB by March 2018	Achieved. The EIT GB adopted the 2018-2020 IAC Audit Plan on 23/11/2017. Based on this plan, the IAC adopted its own 2018 Annual Audit Plan on 25/01/2018.
Provision of Internal Audit services	Timely production and transmission of IAC audit reports	Submission of the reports to the Director and to the Governing Board by end 2018	Partially achieved. The IAC's own 2018 annual audit plan contained 5 reports, of which 2 were delayed as of 31/12/2018, one at the request of management. One of the delayed reports was finalised in January 2019.

PART II
MANAGEMENT

2.1. EIT Governing Board

The EIT Governing Board (EIT GB) consists of **12 members that are appointed by the European Commission**, aiming to ensure gender and geographical balance, as well as a balance between those with experience in business, higher education, and research. They have a **four-year**, **non-renewable** term of office. The members of the Board act in the interests of the EIT, safeguarding its goals, mission, identity, autonomy and coherence, in an independent and transparent way. The EIT GB is assisted by an Executive Committee composed of four EIT GB members, including the Chair of the EIT GB and a Commission Observer.

On 22 March, **Dirk Jan Van den Berg** was unanimously elected as the **new Chair of the EIT GB**, replacing **Peter Olesen**.[10] Mr van den Berg's mandate lasts from 1 July 2018 to 25 July 2020.

Through two separate selection procedures, the Commission **appointed six new members** of the EIT GB in 2018. In May 2018, **Agnes Paillard**, **Gioia Ghezzi** and **Romana Jordan** were appointed as new members with a mandate from 1 July 2018 to 20 June 2022.[11] In November 2018, **Laima Kauspadiene** was appointed as a Member of the EIT GB for a term of office for four years, while **Sasha Bezuhanova** and **Barbara Nowakowska** were appointed as members until 30 June 2020 to replace two members of the EIT GB who resigned on 30 May 2017 and 31 July 2018.[12] Thus, as of November 2018, the EIT GB is complete with 12 members.

Following the resignation of one of the members of the Executive Committee[13] on 21 April 2018, the Committee had two elected Members, in addition to the Chair and the Commission Observer, from July to December, pending the appointment of new EIT GB members by the Commission. Gioia Ghezzi was appointed as a new member of the Executive Committee by the EIT GB in March 2019.[14]

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[10] Decision 12/2018 of the Governing Board of the European Institute of Innovation and Technology (EIT) on the Appointment of the Chairperson of the EIT Governing Board

[11] Commission Decision C(2018) 2760 of 14 May 2018 on appointing three new members to the Governing Board of the European Institute of Innovation and Technology (EIT).

[12] Commission Decision C(2018) 7320 of 9 November 2018 on appointing three new members to the Governing Board of the European Institute of Innovation and Technology (EIT)

[13] With a mandate from 1 July 2018 to 25 July 2020, according to Decision 13/2018 of the Governing Board of the European Institute of Innovation and Technology (EIT) on the Appointment of the Members of the Executive Committee

[14] Decision 03/2019 of the Governing Board of the European Institute of Innovation and Technology (EIT) on the Appointment of a New Member of the Executive Committee

During 2018, the EIT conducted **three exercises of conflict of interest verification** of EIT GB members. In cases where an actual or potential conflict of interest were identified, appropriate measures were implemented depending on the associated risk level of the identified conflict.[15]

In addition to the regular annual exercise and the verification related to KIC Business Plans, the EIT also conducted a **conflict of interest verification for the 2018 KIC proposals** in the areas of Added-value Manufacturing and Urban Mobility against the list of organisations included in the proposals received. Due to the identification of actual conflicts of interests and as mitigating measures, **two members were denied the rights to participate in the discussion and vote in the designation decision of EIT Manufacturing**, while **three members were denied the same rights related to EIT Urban Mobility**. Due to the identification of potential conflicts of interests, one EIT GB member was subject to close monitoring of participation and voting rights for both designation decisions as a preventative measure.

In 2018, the **EIT GB held five meetings in Budapest**, including the hearings of the proposals for two new KICs and the hearings of the KICs' business plans for 2019. Furthermore, the EIT GB **met the Chairs of the Supervisory Boards of the KICs** to discuss strategic issues in Paris in June 2018 and agreed on EIT community messages in view of the EIT's future strategy. Finally, there was one additional extraordinary EIT GB meeting, organised in March 2018, to discuss the 2014 Call for KICs proposals and the judgement of the General Court in the KENUP vs EIT case. The Executive Committee met four times and had one teleconference meeting to prepare the EIT GB meetings.

The EIT GB members took an **active role in the grant allocation process** for the KICs for the year 2019. Specifically, three EIT GB members acted as Rapporteurs for the three waves of KICs. The Rapporteurs visited one of the locations of the KICs, met the KICs' management and governance teams and followed up on the strategic recommendations put forward by the EIT GB in 2017 contributing strongly to the grant allocation decision.

Besides actively attending the EIT GB meetings, the members took on additional roles in **promoting the EIT amongst key stakeholders** in bilateral meetings and with speaking engagements at high-level conferences and events. Some of the highlights include the European Commission and European Parliament high-level conference on "Shaping our Digital Future" under the Bulgarian Presidency of the Council, were the EIT GB Chair participated in a panel discussion together with Commissioner Moedas, and the Science|Business conference on "Innovative Europe", where the Chair participated in a workshop on innovation hubs. The EIT GB was also represented during the Week of Innovative Regions in Europe (WIRE), the Conference of Rectors and Presidents of European Universities of Technology and at various conferences under the Bulgarian and Austrian Presidencies of the Council of the EU.

In 2018, the **EIT GB adopted 43 decisions**, which can be consulted on the EIT's website.[16]

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[15] According to Decision 13/2015 of the Governing Board of the European Institute of Innovation and Technology (EIT) on the Code of Good Conduct on Conflicts of Interest for Members of the EIT Governing Board, as well as the accompanying methodology to the individual assessments.

[16] https://eit.europa.eu/interact/bookshelf

2.2. Major Developments

In 2018, the **EIT Community continued to deliver** impact and ground-breaking innovations. The EIT's grant reporting process from 2017 showed that the EIT Community has supported over **1,250 start-ups and scale-ups**, which have raised more than **EUR 890 million in investments**, created more than **6,100 high-skilled jobs** and brought over **600 new products and services** to the market. Additionally, more than **1,700 students** have graduated from EIT-labelled programmes and thousands more benefitted from entrepreneurship training. Further demonstrating the attractiveness of the EIT Community, **participations** in the first six Knowledge and Innovation Communities[17] increased to approximately **1,700** by the end of 2018 (an **increase of around 400** participations compared to 2017).

Also clearly affirming the EIT's impact, **Forbes Magazine's 30 under 30 list 2018**[18] included **nine EIT Community-supported entrepreneurs**, bringing the total number to 32 since 2016. Another seven EIT-supported ventures were included in the Global Cleantech 100 list.[19]

INNOVEIT 2018, the EIT's Annual Innovation Forum, **marked the EIT's 10th anniversary celebrations** and showcased some of the successful innovations, ventures, graduates, entrepreneurs and leaders who have emerged from the EIT Community since its establishment. Almost **400 participants attended the event, including over 50 journalists**, **resulting in over 110 article in international outlets**. INNOVEIT 2018 also provided a framework for the EIT Innovation Tour and the EIT Awards where 38 nominees from the EIT Community competed in the following categories: EIT CHANGE Award, EIT INNOVATORS Award, EIT VENTURE Award, EIT WOMAN Award and EIT PUBLIC Award.

The EIT has championed women entrepreneurship and became a frontrunner in this area. Not only was the EIT WOMAN AWARD launched but the EIT also implements a **programme to foster digital and entrepreneurial skills among 12-18 year** old girls and the EIT Governing Board has now 8 out of 12 women among its members, including 3 out of 4 in the ExCo.

Throughout the year, the EIT was constantly engaging with key stakeholders in the context of the negotiations on the **EU's next Multiannual Financial Framework (MFF)** and **Framework Programme for Research and Innovation ('Horizon Europe')**. As a result, the EIT had a prominent place in the Commission's proposals of 2 May 2018 for the next MFF and of 7 June 2018 for the Horizon Europe Legislative Package. Specifically, the Commission proposed a budget of EUR 100 billion for Horizon Europe, including **a budget of EUR 3 billion for the EIT**.

The EIT Community also reached another **major milestone** in 2018: **growing to eight KICs**, as foreseen in the EIT Strategic Innovation Agenda for 2014-2020, with the **designation of EIT Manufacturing** and **EIT Urban Mobility** in December. The 2018 Call for KIC Proposals was officially launched on 12 January 2018 and was followed by an information day in Brussels, which gathered more than 350 innovators. This resulted in a strong competition and after the closure of the call in July, external experts evaluated the 10 submitted proposals. As a result and after validation by the EIT's Governing Board, three proposals for EIT Urban Mobility and two for EIT Manufacturing were

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[17] EIT Climate-KIC, EIT Digital, EIT InnoEnergy, EIT Health, EIT RawMaterials and EIT Food
[18] https://eit.europa.eu/newsroom/eit-community-continues-make-it-big-forbes
[19] https://eit.europa.eu/newsroom/eit-community-innovators-vanguard-cleantech-sector

invited to the Hearings with the EIT Governing Board in Budapest. The hearings culminated in the Governing Board designating the "MOBILUS" consortium as EIT Urban Mobility and the "Made by Europe" consortium as EIT Manufacturing. On 7 December, the EIT launched the 2019 Call for their Start-up Plan proposals and estimated budgets with a view to sign their Start-up Grant Agreements (SUGA) and provide financial support for the setting-up phase.

The above highlights continued to increase the EIT's visibility among citizens, key stakeholders, governments and EU policy-makers. In 2018, a record-number of more than **3,400 articles were published on the EIT's activities**, while the number of **unique visitors to the EIT's website** increased by **28.7 percent compared to 2017**. The EIT's audience on **social media channels also increased significantly**. For example, the EIT's Twitter followers increased by **77.5 percent in 2018**. In addition, representatives of the EIT participated in over **140 third-party events and meetings** with stakeholders across Europe, which is an almost **30 percent increase since 2017**. Thus, it is safe to say that the awareness of the EIT Community's activities has considerably improved among both citizens and key stakeholders.

In November, the hearings with the KICs took place, resulting in the allocation of the **highest ever EIT financial contribution of EUR 470 million** for the implementation of their 2019 Business Plans. As a result of further simplification efforts, the EIT also managed to reduce the average time-to-grant (**147.6 days in 2018 for the 2019 Specific Grant Agreements**, compared to 176 days for the 2018 grant agreements) and kept the **residual error rate low** (1.82% for the 2017 grant agreements, for which the ex-post audits have already been carried out).

2.3. Budgetary and Financial Management

Planning

The EIT's medium-term priorities were set out in its rolling Single Programming Document 2018–2020, which incorporates the annual work programme and financing decision for 2018. The Single Programming Document is adopted by the EIT Governing Board on the basis of proposals by the EIT Director following the opinion of the European Commission.

Implementation

For commitments, the EIT reached an implementation rate of 92.0%, which was slightly above the execution rate of 2017 (2017: 91.0%, 2016: 94.9%, 2015: 90.6%). This is mainly owing to the increase of implementation on Title 3, which includes grants. However, the level of decommitments due to non-use of funds by KICs still needs to improve further (93.2% of funds claimed from the amounts committed in the 2018 Specific Grant Agreements). On Title 1, the execution rate decreased from 98.1% to 95.5%. On Title 2, the appropriations were implemented at almost the same rate as in 2017, namely at 84.1% (2017: 84.5%). The relatively low implementation rate of commitment appropriations on Title 2 is mainly owing to the nature of the expenses where it is difficult to forecast the exact cost of certain categories, such as transport, fitting-out works, meeting expenses and costs of publication in the Official Journal. The implementation rate of commitment appropriations on Title 3 (92.0%) is slightly higher than in 2017 (91.1%) mainly owing to grants provided to KICs.

The implementation rate of payment appropriations, representing 97.8%, was high, even though there was a slight decrease compared to 2017 (99.5%). The lower implementation rate results partially from the amount of the final balance payment to the KICs and IT support costs. Due to the nature of KIC activities, it is difficult to pre-estimate their final funds required. In addition to that, at the end of the financial year EIT concluded a new framework contract for IT support services, as a result of which the implementation of contracts for IT on-site and off-site support went beyond the financial year, which affected the execution rate of payments.

Amendments and transfers

Two budget amendments were adopted by the EIT Governing Board during the 2018 financial year. In addition, three transfers were approved by the EIT Director which were below the limit established by the EIT Financial Regulation.

Carry-over/re-entry from previous financial year(s)

In its decisions on budget amendment No 1, the EIT Governing Board decided to re-enter the payment appropriations, which were cancelled in 2015 and 2017, for the financial year 2018. The re-entered payment appropriations were fully utilised. The remaining part of appropriations cancelled in previous years was booked on Title 4, where EIT collects cancelled appropriations not needed in the financial year. Title 4 allows to monitor the use of cancelled appropriation in line with the derogation for the three-year rule.

Table – Implementation of commitment appropriations re-entered from 2016 and 2017 to 2018 (C2, C3)

Budget line	Budget Item Description	Commitment appropriations, EUR (1)		
		from 2016	from 2017	total
B4-001	Cancelled appropriations for year n-1 not used in year n	-	27,514,196.51	27,514,196.51
B4-002	Cancelled appropriations for year n-2 not used in year n	1,459,123.92		1,459,123.92
	Total	1,459,123.92	27,514,196.51	28,973,320.43
	GRAND TOTAL	1,459,123.92	27,514,196.51	28,973,320.43

Table – Implementation of payment appropriations re-entered from 2015, 2016 and 2017 to 2018 (C2, C3)

Budget line	Budget Item Description	Payment appropriations, EUR (3)				Payments made, EUR (4)	% Paid (4/3)
		from 2015	from 2016	from 2017	total		
B3-000	KIC grants	1,548,486.24		1,045,128.86	2,593,615.10	2,593,615.10	100.00%
	Total	1,548,486.24	-	1,045,128.86	2,593,615.10	2,593,615.10	100.00%
B4-001	Cancelled appropriations for year n-1 not used in year n		1,617,794.42		1,617,794.42	-	0.00%
	Total	-	1,617,794.42	-	1,617,794.42	-	0.00%
	GRAND TOTAL	1,548,486.24	1,617,794.42	1,045,128.86	4,211,409.52	2,593,615.10	61.59%

RAL situation at the end of the financial year

RAL volumes vary considerably. This is a consequence of the time lag between commitment and payment rather than a problem specifically related to a particular EIT activity. The amount of outstanding commitments as of 31 December 2018 was EUR 111.2 million, which represents an increase of 43.6% compared to 2017. A breakdown of the outstanding commitments is provided in the table below.

The high amount of RAL is the result of the budget increase for KIC grants. Due to the nature of these grants, and the fact that payment of final balance (an average of 30% of the grant amount) is executed in year N+1, the amount of RAL at year-end is, and will always remain, high.

The significant increase in Title 1 RAL concerned agency staff and on-site IT support (81.7%, EUR 358,400.32) owing to several contracts for which the implementation has been completed in 2019.

Table – Evolution of RAL, EUR

Budget Title	2018	2017	2016	Change from 2017 to 2018	Change from 2017 to 2018, %
1 Staff expenditure	438,508.03	168,172.75	195,744.78	270,335.28	160.7%
2 Infrastructure and operating expenditure	295,179.64	252,018.44	393,105.69	43,161.20	17.1%
3 Operational expenditure	110,427,233.91	76,999,708.27	99,080,598.35	33,427,525.64	43.4%
TOTAL	111,160,921.58	77,419,899.46	99,669,448.82	33,741,022.12	43.6%

Management information systems

The EIT used the following software during the financial year: ARES for document management; BLUEBELL for budgetary planning and monitoring; ABAC Workflow for budget management, budgetary accounting and contract management; SAP for financial accounting (general accounting); SPEEDWELL for electronic payment workflow; Datawarehouse for financial reporting; ABAC Assets for fixed asset management; MiMa for mission management; LeaMa for leave management; and the EIT collaboration platform "DUNA" for submission of KICs business plans and reports.

Reporting

Budget execution was reported to the EIT Management on a quarterly basis with deviations from budget execution targets by budget chapters, thereby identifying mitigating actions if and when needed. In addition, the implementation of the EIT Annual Work Programme was continuously monitored. These allowed for corrective actions to be taken where needed to optimise the utilisation of available human and financial resources. Comprehensive budget reports were made available to the organisation on the EIT Intranet. The allocation of financial resources was reviewed once in July and re-allocations were formulated where required.

2.4. Human Resources (HR) Management

Recruitment

In 2018, the EIT remained essentially fully staffed. The EIT recruited 9 staff members, which brought the total number of staff to 64 on 31 December 2018 (an increase by four compared to end-2017) with one ongoing selection processes at year-end. The EIT has stepped up its efforts to fill the remaining vacant posts and this trend is expected to continue and lead to full staffing in 2019 as a further staff member joined the EIT in January-February 2019. The recruitment of the EIT staff was in line with the EIT's objectives and priorities as outlined in the Multi-annual Staff Policy Plan of the Institute. It is important to note that by recruiting two Heads of Unit the EIT has filled all middle management posts. The Director position remained filled on an interim basis throughout 2018 as the recruitment process was launched by the European Commission.

In terms of job screening, the majority of posts belong to the operational or neutral activities (60%), whereas the administrative support and coordination roles correspond to 40% of all posts. In total, 41 out of 68 posts have been identified as operational (60.3%), while 7 posts have been categorised as neutral (10.3%). In addition, 7 posts (10.3%) are classified in the coordination category and 13 posts belong to the administrative support role (19.1%). In terms of legal basis, the implementing rules on HR have been adopted by the Governing Board. The gender ratio of staff at year-end was balanced with 59% female (38 staff) and 41% male (26 staff). In terms of geographical diversity, the EIT had nationals of 20 Member States as staff members in 2018, which is remarkable for a small organisation of 64 staff.

Learning & development

In the area of learning and development, in order to offer benefits to the individuals and the organisation as a whole, in-house training sessions on Ethics & Integrity, Fraud prevention and detection, PM2 Training, in-house language courses, Stress burnout and COIN Training were organised in 2018, in addition to a team building activity and courses attended individually by staff members on external locations.

Staffing situation

The EIT's tasks have been growing significantly over the past years. While the EIT managed three Knowledge and Innovation Communities (KICs) from 2010 to 2014, the EIT Community has grown to eight KICs as of 2019. The amount of grant managed by the EIT has increased from 26 million euros in 2010 to 480 million euros in 2019, while the number of KIC Partners has increased from 73 to more than 1300. This growth has naturally led to a sharp increase in workload to ensure legality and regularity of grant operations as well as in the number of external audits on the EIT.

In addition, the EIT has taken on board new activities to develop its strong innovation potential, to support KICs' Financial Sustainability, to implement the EIT Regional Innovation Scheme for areas in Europe with lower innovation capacity as well as to incentivise KICs for further collaboration, outreach and synergies with other programmes and bodies such as the cooperation on applications of Artificial Intelligence with the Joint Research Centre. Following its education review, the EIT also has identified further potential in the transformation of human capital in Europe, the skills agenda in the areas of entrepreneurship and innovation and in contributing to the ambitious targets of the Commission in its Digital Education Action Plan.

Despite efficiency gains and simplification achieved, the EIT will not be able to manage its growing number of KICs, growing annual budget and additional tasks. The EIT Interim Director disclosed in the EIT Annual Activity Reports for 2016 and 2017 the emerging critical risk concerning the limitation of the EIT's staffing capacity that gives rise to significant risk as to the legality and regularity of future grant payments and the EIT's ability to achieve its strategic objectives set out in its Strategic Innovation Agenda for 2014-2020.

In addition to the above mentioned operational reasons, the following structural problems have impeded the EIT from achieving its full potential since its inception.

1) **Structural under-staffing**: As confirmed by the European Court of Auditors in Special Report 4/2016 on the EIT the amount of grant managed per person at the EIT is significantly higher than for any other EU research grant programme. The resulting high workload and lack of backups puts a constant pressure on staff.

2) **No possibility to offer permanent contracts**: Pursuant to the provisions of the EIT Regulation, the EIT personnel shall be employed under fixed-term contracts. The lack of permanent contracts results in job insecurity and adds to the difficulties already being experienced with regard to staff retention. Following clarifications received from the Commission on the legal interpretation of the relevant provisions of the EIT Regulation, the EIT cannot offer contract extensions to 10 staff members whose 10-year contracts expire in 2020-2021. The resulting instability and turnover will come at a critical moment when the EIT has just launched two new KICs, has a significantly increased budget and should prepare for an enhanced mandate and strengthened Institute role under Horizon Europe. It is important to note as well that the resulting workload in terms of new recruitment procedures in 2019-2020 puts a further strain on the entire EIT, as many otherwise unaffected staff members will have to be heavily involved in recruitment panels.

3) **Unattractive salaries**: The grades of staff at the EIT are lower than the average grades in other EU agencies and the level of salaries at the EIT is set at 71% of those in Brussels. The combined effect seriously hampers the recruitment and retention of talented staff. Staff departing have repeatedly quoted in exit interviews the unattractive salary package as one of the main reasons for leaving the EIT and the majority of staff leaving the EIT left for more attractive positions in the European Commission or other EU Agencies.

The European Court of Auditors pointed out in their audit report[20] on EIT that, despite the increase in the budget and in the number of KICs, the Institute's authorised number of posts did not change significantly. According to the Court, **"this gives rise to a clear risk that the Institute will not have sufficient capacity to deal with the expanded workload"**. This risk has been repeated in the European Parliament's discharge reports on the EIT as well. The report of the European Court of Auditors illustrated the risk as follows (updated with data for 2017-2019, showing that the trend of growing budget and stagnant staff figures continued):

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[20] https://www.eca.europa.eu/Lists/ECADocuments/EIT_2016/EIT_2016_EN.pdf

EIT KEY FIGURES EVOLUTION 2011 - 2019

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Budget (in million euro)	52	72	113	177	232	283	337	430	496
Staff (actual at the yearend)	40	47	41	48	50	59	60	64	
Staff (established posts)	52	52	58	60	62	63	65	68	70
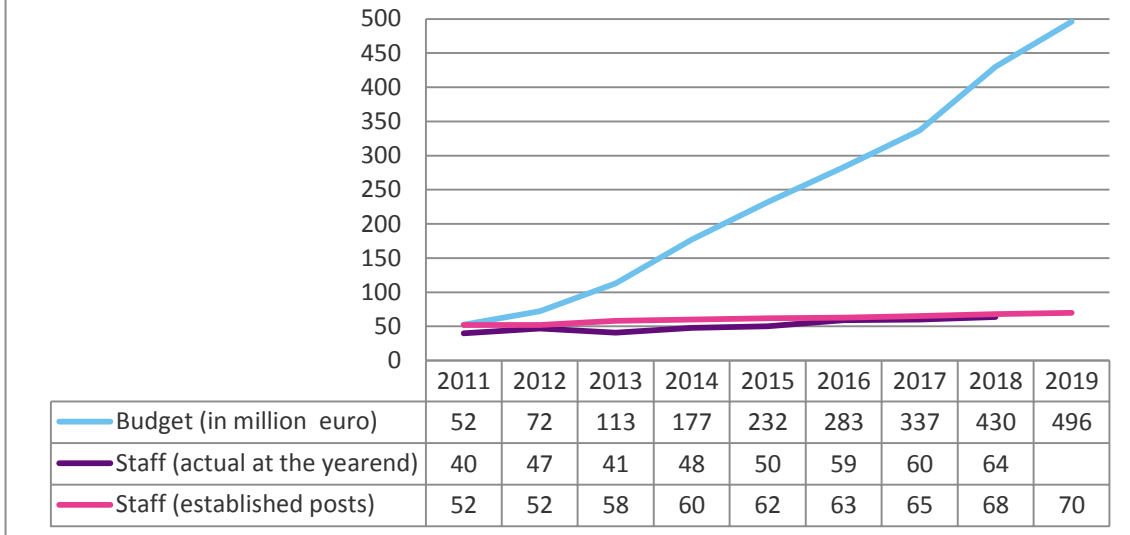
In order to address the structural problems identified above, and to be able to effectively carry out new tasks entrusted to the EIT and to manage the growth of existing tasks, the EIT's staffing capacity needs to be reinforced in the coming years.

2.5 Assessment by Management

The Grant Assurance strategy adopted earlier remained in force also in 2018, relying on the following building blocks of assurance:

Declaration of Assurance in the EIT Annual Activity Report

Guarantees in legal framework | Guidance provided to KICs | Continuous monitoring | Ex-ante verifications | Ex-post verifications

Anti-Fraud Strategy
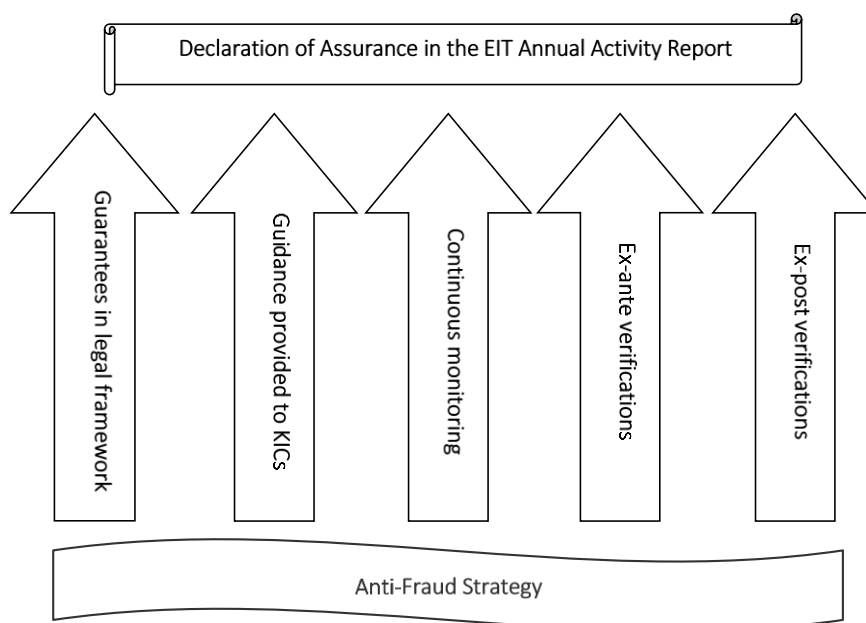
Ex-ante measures applied to grant transactions

The EIT consistently carries out ex-ante verification of both commitment and payment transactions. To ensure full compliance, any changes in the H2020 legal framework and model agreements are taken over by the EIT and incorporated in the Framework Partnership Agreements (FPA) and Specific Grant Agreements (SGA) signed with KICs. In 2018, relevant guidelines were made available providing detailed instructions to KICs, for example Guidelines on the preparation of KIC Business Plans and Budgets (SGA 2019) and Guidelines for the preparation of KIC Reports (SGA 2017). To avoid compliance issues, any doubts as regards interpretation of the legal provisions are regularly discussed with KICs as part of the EIT-KIC Forum and Task Force Simplification meetings. Furthermore, the EIT falls under the scope of the H2020 Participant Guarantee Fund which is an additional financial risk mitigating measure.

In 2018, final balance payments were executed for closing the SGA 2017 with five KICs. The EIT performed the technical and financial assessment of all final reports to assess the adequacy of the implementation of Business Plans and to establish the final balances due. In line with its EIT's Grant Assurance Strategy, in terms of cost eligibility the EIT relies mostly on Certificates on Financial Statements (CFS) issued by independent auditors. The CFS methodology is fully aligned with H2020, as stipulated in annex of the SGA. However, contrary to other H2020 programmes, CFS auditors were contracted directly by the EIT and not by grant beneficiaries, which improved quality and provided a higher level of assurance. All exceptions and weaknesses identified by CFS auditors were followed up with KICs during the ex-ante assessment process, which led either to the acceptance of the costs reported following the receipt of further supporting evidence, or alternatively cost rejections made by the EIT. In addition, the EIT checked the respect of thresholds of EIT funded part of KIC management costs; any excess detected led to cost rejections.

Details of the expenditure/partner coverage for the ex-ante verification of 2017 grants are shown in the following table:

	EIT Climate-KIC	EIT Digital	EIT InnoEnergy	EIT Health	EIT Raw Materials	Total
KAVA cost reported (MEUR)	83.5	87.2	84.7	39.3	42.4	337.1
EIT grant request (MEUR)	70.6	64.5	75.9	33.2	33.0	277.2
EIT grant approved and paid (MEUR)	70.6	64.5	75.9	32.6	32.3	275.9
EIT grant approved and paid (% of grant requested)	100.0%	100.0%	100.0%	98.3%	97.9%	99.6%
KAVA cost covered by CFS (MEUR)	60.4	67.5	69.0	23.4	28.6	248.9
KAVA cost covered by CFS (%)	72.3%	77.4%	81.5%	59.4%	67.4%	73.8%
Number of partners / linked third parties claiming EIT grant	204	120	210	128	136	798
Number of partners / linked third parties covered by CFS	38	45	30	23	32	168
% of partners / linked third parties covered by CFS	18.6%	37.5%	14.3%	18.0%	23.5%	21.1%
Cost rejection by EIT based on financial assessment (MEUR)	2.7	0.5	0.7	0.6	0.9	5.5
Ineligible costs (%)	3.3%	0.8%	1.0%	1.7%	2.2%	1.6%
Grant reduction by EIT based on technical assessment (MEUR)	0.3	2.0	0.8	0.9	1.3	5.4

Taking into consideration the high coverage and the generally good quality of CFSs, combined with the additional checks carried out by the EIT, **it can be concluded that the assurance provided by the EIT ex-ante assessment as regards the legality and regularity of grant expenditure is reasonable**.

Ex-post verification of grants

To obtain reasonable assurance on the legality and regularity of expenditure reported by the KICs and with a view to detecting and correcting errors, the EIT has developed and implemented an ex-post audit strategy. This complements ex-ante controls embedded in the KICs grant management processes.

Ex-post audits of cost reports relating to EIT-KIC SGAs are performed by an external service provider selected using a Framework Contract of the European Commission. The audit methodology has been devised by the EIT based on the H2020 standard audit programme with EIT specific elements added. The external auditor carries out on-the-spot audits and reports to the EIT on the results. For the SGA 2017, 26 KIC Partners (8 for EIT Climate KIC, 6 for EIT Digital, 5 for EIT InnoEnergy, 4 for EIT Raw Materials and 3 for EIT Health) were selected for ex-post audits. In order to ensure representativeness, the KIC partners in the sample were selected by applying monetary unit sampling method. As a second stage, for each partner a sample of 6 cost items was selected for testing. The sampling was

done in collaboration with the European Court of Auditors, who relies mostly on the results of ex-post audits when drawing its opinion on the legality and regularity of grant implementation by the EIT.

The ex-post audit process was initiated in August 2018, on-site visits took place in November and December 2018, and the whole process was completed in April 2019. The audited KAVA cost covered 2.98% of the KAVA cost approved for the Specific Grant Agreements 2017. As a result of the ex-post audits, the detected error rate equals to 1.84%. The residual error rate after ex-ante and ex-post controls is 1.82%, which is below the materiality level of 2% established in the EIT's control strategy. As a conclusion, the EIT considers that grants paid as part of the 2017 SGAs are free from material errors.

Exception reporting, analysis of internal control weaknesses or control failures recorded

In 2018, the EIT followed its standard operating procedure on non-compliance and 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.

In 2018, three exceptions and three non-compliance events were registered.

The total value of non-compliance events registered was EUR 103,924 and the financial impact of the exceptions amounted to EUR 29,454.65.

All events were individually assessed and corrective measures to prevent the repetition of the non-compliance or exception event were taken. Where applicable, procedures were adjusted. The events registered do not indicate a systemic nature. In addition, the EIT continuously updates and improves its financial circuits, workflows, checklists and routing slips.

Fraud prevention and detection

With the revision of the Anti-Fraud Strategy that took place in 2018, the EIT wishes to continue raising awareness with regard to fraud prevention and detection among the staff members, members of the EIT Governing Board, KICs and external contractors, facilitating detection of possible fraudulent behaviours and acting rapidly in close cooperation with OLAF. The EIT Interim Director set the new objectives for the further 3-year period, together with an updated action plan.

Since the adoption of the revised Anti-fraud Strategy, the following activities have been implemented or being implemented:

Compulsory in-house training: An ethics & integrity and anti—fraud training was provided to the EIT staff in June 2018. Regular anti-fraud trainings are being provided to the EIT newcomers, including newly recruited EIT staff and GB members (the last anti-fraud session for the new GB members took place in November/December 2018).

Annual fraud risk assessment: The office has recently concluded an office-wide risk assessment exercise, as a result of which risk registers were established at the unit level, as well as in several thematic areas, including AF. The AF risk register covers all relevant functional areas, including grants management, and following the requirement of the EIT risk management policy it will be reviewed and updated at least twice a year.

Adoption of internal reporting procedure: To facilitate to staff members of the EIT the reporting of serious wrongdoings, it was established an internal reporting procedure on 18 July 2018. This reporting procedure is considered as an important tool to detect fraud and as part of the
internal control mechanisms put in place within the EIT in the field of anti-fraud.

- Review of the access rights to IT tools:

- A decision has been made on appointing the IAC as the ABAC access rights focal point.
- Further to the implementation of HAN as the single DM system of EIT in October 2018, the DMO as part of her function monitors the respective access rights to the system, which processes the majority of EIT's documentation, and it has been implemented as part of the DM policy.
- In regards to the existing HR systems, which currently are used to process and manage staff entitlements and other related, such as LeaMa, MiMa, FlexiTime, Telework etc,, are already in the pipeline to be exchanged by end of 2019 with the relevant SYSPER modules, which has already been agreed with the Commission, and which in its turn will impose the respective protocols for access to these systems. Currently the review of access to these systems is performed by the IT section, in co-operation with EIT's management which has to endorse each profile.

-Adoption of the whistleblowing guidelines: These guidelines ensure an effective implementation of the obligation laid down in the EU Staff Regulations: 'to blow the whistle'. They describe the internal and external reporting procedures, general and specific measures to protect the whistleblowers and the modalities to provide feedback to the whistleblower. The whistleblowing guidelines were adopted in 2017 and amended in December 2018.

-Maintaining regular communication/cooperation with OLAF: During 2018, the EIT maintained regular communication with OLAF with regards to different ongoing investigations by providing relevant documentation requested by OLAF in due time.

-EIT staff intranet on anti-fraud more visible: The section on the EIT staff intranet devoted to anti-fraud was created in 2018 and it is updated on a regular basis. New Governing Board decisions or EIT Director's Decisions related to anti-fraud are published on the EIT staff intranet, on the Anti-fraud dedicated corner, and communicated to all staff via the regular EIT HR newsletter. Furthermore, on the dedicated corner, which is accessible to all staff members, information is published on how to prevent and detect fraud, as well as on how to report fraud and/or irregularities, including the current regulatory framework on this subject-matter.

-EIT-KICs' anti-fraud network: The EIT-KIC anti-fraud network was established in April 2018. This network is composed of representatives from the different KICs: EIT Climate-KIC, EIT Digital, EIT InnoEnergy, EIT Raw Materials and EIT Health. This network is aimed at:

- facilitating the exchange of best practices, build a common approach in the fight against fraud and strengthen the cooperation between the EIT and the KICs in fraud prevention and detection;
- raising awareness with regard to fraud matters among KICs employees, facilitating the detection of possible fraudulent behaviours and acting rapidly in close cooperation with OLAF.
- fraud proof-environment within and among the KICs to reinforce the proper implementation of the obligations set out in the FPA and SGA as regards detection and prevention of fraud.

It adopted a common Action plan in fraud prevention and detection for the period 2018-2019.

The annual meeting of the anti-fraud network organised by the EIT was held on 19 October 2018 in Brussels, with five out of six KICs represented. A representative of the European Anti-Fraud Office (OLAF) attended as well this meeting. He provided a comprehensive presentation on anti-fraud focusing partly on the work with external beneficiaries. The objective of this training workshop was to raise awareness among the KICs anti-fraud contact points on fraud prevention and detection to ensure the effectiveness of the anti-fraud measures and develop further tools for early detention of fraud.

In light of the above, it should be noted that most of the key required actions described in the action plan of the revised Anti-fraud Strategy had already been implemented. Nevertheless, the work to be carried out by the anti-fraud team as well the one of the EIT-KIC anti-fraud network should continue devoting their efforts towards achieving the full implementation of the remaining actions.

2.6 Assessment of audit results during 2018

2.6.1 Internal Audit Service (IAS)

The **IAS conducted a risk assessment** at the EIT in October 2018, which will be the basis for its next multiannual audit plan, and presented their preliminary views to the Audit Committee on 13 November. The EIT is awaiting the official result of the risk assessment.

The IAS **finalised its audit on ex-ante verification of payments** to KICs on 31 January 2019. The IAS concluded that although the EIT has designed and implemented procedures for the ex-ante verification of payments to the KICs that are overall generally effective, efficient and in line with the legal requirements of Horizon 2020, very important weaknesses exist in the area of prevention and detection of fraud.

The IAS issued three audit findings and related recommendations, of which the EIT accepted one related to document management. Two audit findings were not accepted, as in the view of the EIT final report of the IAS does not reflect the actual situation at the EIT. Notwithstanding the disagreement with the two of the audit findings, the EIT has drawn up an action plan for the implementation of all recommendations, including the two rejected ones. The action plan has been accepted by IAS as adequate.

The IAS has performed a **follow-up** of audit recommendations in the EIT between March and November 2018 and reported the results in a note. The IAS closed five recommendations stemming from three previous audits as follows:

Audit (year)	Recommendation (rating)
Audit on the selection process for new KICs (2015)	Rec. N°7 – enhance the definition of the role of the Independent Observer

	Rec. N°8 – streamline decision-making when preparing the new call
Audit on transition to Horizon 2020 (2016)	Rec. N°2 – strengthen the monitoring of entry/exit of partners and their impact on the partnership structure during the KIC start-up and before signing the FPA
	Rec. N°3 – improve the quality of the start-up milestones
Audit on Monitoring of grant agreements (2017)	Rec. N°3 - methodology and quality assurance of monitoring

In addition, the remaining three recommendations had all been reported as ready for review by the EIT while the IAS was drafting its note. These were not covered by the IAS follow-up and the subsequent review will be subject to a separate note.

2.6.2 Internal Audit Capability (IAC)

IAC mostly implemented its annual audit plan although some limited number of delays occurred.

The IAC finalised the report on the potential **outsourcing of the Accounting Officer's Functions** on 7 May 2018, recommending the outsourcing to DG BUDG. The IAC issued two very important and one important recommendations. The Interim Director accepted all recommendations and drew up an action plan for their implementation.

The IAC finalised the report on the **Follow-up to the EIT's Financial Autonomy** on 19 December 2018 with the following conclusions:

- The EIT Interim Director reviewed all 21 documents that were agreed between DG EAC and the EIT. However, the EIT should take further steps to ensure that all approved internal procedures are transparently available for staff.

- With regard to implementation of the European Commission's Internal Control Standards, the IAC concluded that there were no areas with major weaknesses which would have an effect on the EIT's financial autonomy. However, the EIT should adopt new Internal Control Standards and make further improvements.

The IAC issued two recommendations, both of which have been accepted by the Interim Director and the preparation of action plans is ongoing.

The IAC finalised the **2018 follow-up to recommendations** on 25 January 2019, covering the issues stemming from 13 previous IAC reports. The conclusions of the report were the following:

- Based on the results of this follow-up engagement, no recommendations rated as 'critical' remained open because they were all either closed or downgraded due to partial implementation.

- The number of open 'very important' recommendations decreased from 45 to 11.

- Altogether, the IAC closed 53 out of the 116 reviewed recommendations (46 %). Closures were mostly based on implementation, a few sub-recommendations were no longer applicable and one subject is no longer accepted by management. The IAC downgraded 28 recommendations (24 %) due to partial implementation status. Furthermore, two outstanding recommendations have been upgraded due to meanwhile increased risk.

The EIT Management is currently updating the relevant action plans and IAC will report on the follow-up of open recommendations by the end of 2019.

2.6.3 European Court of Auditors (ECA)

Financial (discharge) audit on year 2017

The European Court of Auditors published its annual audit report on the EIT on 9 October 2018, **issuing an unqualified (clean) opinion stating that all expenditure and revenue presented in the EIT's 2017 accounts are „legal and regular in all material respects"**. Amongst other EU agencies, the EIT Interim Director participated in the hearing by the EP's Budgetary Control Committee (CONT) to discuss this report in the framework of the 2017 discharge process on 3 December 2018. Based on the audit report and the hearing, the CONT Committee voted, on 20 February, in favour of granting discharge to the Director of the EIT in respect of the implementation of the EIT budget in 2017. Finally, the **European Parliament granted discharge to the Interim Director of the EIT** following a vote in the plenary session on 26 March 2019.

Financial (discharge) audit on year 2018

ECA issued its clearing letter in respect of their audit mission carried out in September 2018 on financial year 2018, stating that their audit "did not lead to any preliminary findings". A second audit mission by the Court took place in April 2019. The EIT received the preliminary observations of the Court on 24 May 2019 with an unqualified, clean audit opinion on both the EIT's annual accounts and the payments underlying the accounts for the year ended on 31 December 2018.

Follow-up to performance audits

As reported in the EIT's Annual Activity Report for 2017[21], the EIT and the Commission had implemented most of the actions stemming from the recommendations of the ECA Special Report 4/2016 and was on track to implement the only open action, which referred to the amendment of the EIT Regulation as follows.

Recommendation No 1: The Commission should propose an amended EIT legal basis to the European Parliament and Council, revising the EIT's funding model. *"The KIC activities not funded by the EIT should not be included in the calculation basis when determining the EIT'S financial contribution to the KICs, as was the case in the original 2008 legal basis establishing the EIT. Removing the 25 % funding condition would alleviate much of the operational and*

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[21] https://eit.europa.eu/sites/default/files/16_2018_assessment_and_adoption_of_the_2017_annual_activity_report_adjusted_123-129_004.pdf

financial reporting burden of the KIC partners. The leverage effect should be measured to demonstrate the EIT's success in attracting additional funding for innovation."

As reported above, the Commission's proposal for the amended EIT Regulation is expected to be published by mid-2019. Therefore, the implementation of the above recommendation is on track for application in the next Multi-annual Financial Framework (2021-2027).

The EIT was not subject to a new performance audit in the course of 2018.

2.7 Follow up of IAC recommendations and action plans for IAC audits

The IAC reviewed the implementation status of all past IAC recommendations for which the target date was due by November 2018 and have not yet been closed, which means 116 accepted recommendations stemming from 13 past IAC assignments and reported the results to the EIT Governing Board and the Interim Director. The IAC did not review the implementation of recommendations for which the target dates were not yet due at the cut-off date.

Based on the results of this follow-up engagement, no recommendations rated as 'critical' remained open because they are all either closed or downgraded due to partial implementation.

The number of open 'very important' recommendations decreased from 45 to 11. Altogether, the IAC closed 53 out of the 116 reviewed recommendations (46 %). Closures were mostly based on implementation, a few sub-recommendations were no longer applicable and one subject[22] is no longer accepted by management. The IAC downgraded 28 recommendations (24 %) due to partial implementation status. Furthermore, the IAC upgraded two outstanding recommendations due increased risk:

- Recommendation No 5 on personal data protection from the 2015 report in Document Management: The remaining risk is assessed higher than in 2015 at the time of the original audit report because the new data protection Regulation (EU) 2018/1725 entered into force on 12 December 2018. New EIT tasks derive from the new rules. In addition, the new rule introduced that the EDPS should have the power to impose administrative fines sanctioning the Union institution or body for non-compliance with this Regulation. Finally, the EIT's Data Protection Officer's capacity is limited due to long-term leave. As a result, the risk is higher than in 2015 and the recommendation is upgraded from important to very important.

- Recommendation No 11 on data quality from the report on Entry and Exit of Partners: As the data cleansing in response to this IAC recommendation was planned by 12/2018 but is significantly delayed, it can delay the implementation of the business intelligence module. Therefore, the risk is upgraded from low to medium; and the recommendation from desirable to important.

The below chart shows the status of the 116 recommendation reviewed by the IAC in 2018:

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[22] Definition of key profiles and establishment of reserve lists for all of them (issue # 2 in the report on vacancy management and issue # 2 in the report on efficiency gains in HR)

Closed, downgraded and open IAC recommendations
25 January 2019
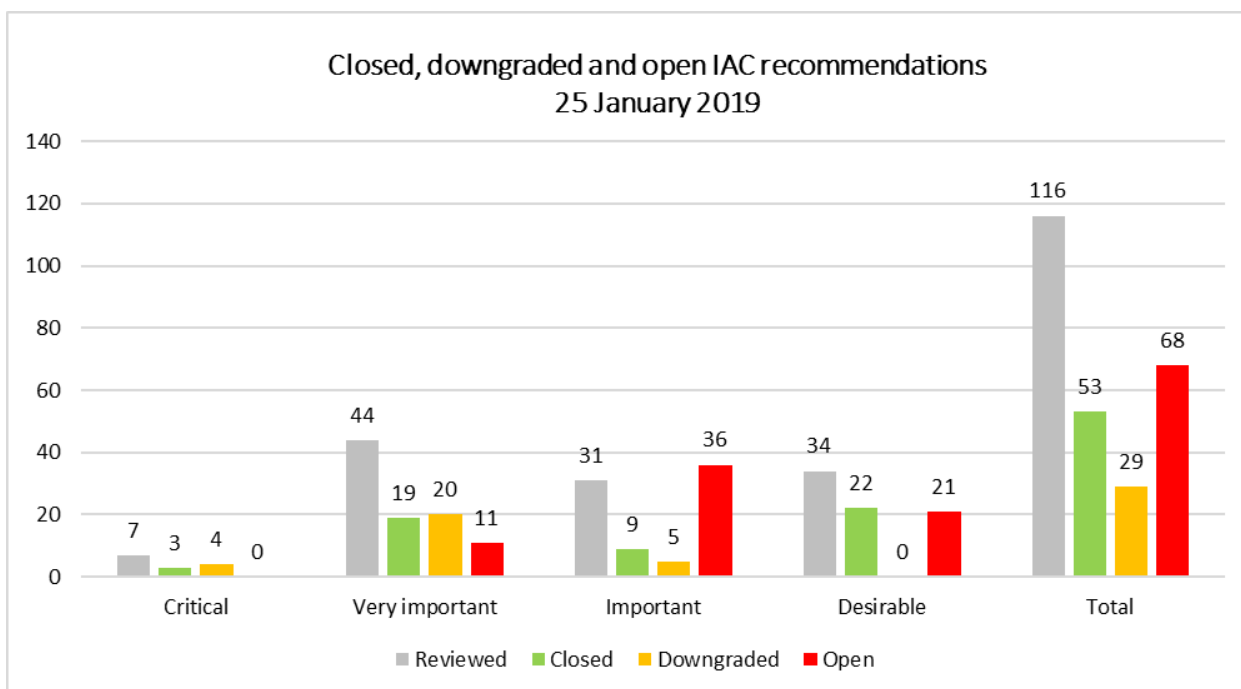
Open very important recommendations:

IAC report (year)	Recommendation	Status as per IAC report of January 2019	Status reported by management (April 2019)
Audit on Risk Management (2012)	No 6. Implement a management and internal control system for the prevention and detection of fraud	Implementation ongoing *	Implementation ongoing
Audit on Monitoring of Activities (2012)	No 2. Explicitly demonstrate the intervention logic linked to the setting of objectives and the development of relevant performance indicators for the KICs	Implementation ongoing *	Implementation ongoing
	No 3. Conduct and document an information needs analysis	Implementation ongoing *	Implementation ongoing
	No 4. Manage the information on KICs, KICs grants and KICs' projects through a single IT system or database	Implementation ongoing	Implementation ongoing
Audit on Document	No 5. Personal data protection	Implementation	Implementation

Management (2015)		ongoing	ongoing
Audit on IT	No 1. Introduce an IT Disaster Recovery Plan	Implementation ongoing *	Implementation ongoing
	No 2. Strengthen IT security	Implementation ongoing	Implementation ongoing
	No 4. IT Project Management, Dependency on contractor	Implementation ongoing	Implementation ongoing
	No 5. Introduce an IT project management methodology	Implementation ongoing	Implementation ongoing
	No 6. Formalise data management	Implementation ongoing	Implementation ongoing
Consulting on the Entry and Exit Process of KICs' Partners (2017)	No 4. Balanced participation in the partnerships	Implementation ongoing	Ready for review

* Disagreement between the IAC and the Interim Director:

From among the above listed 11 recommendations, there was a disagreement between the Interim Director and the IAC regarding the closure of recommendations. While management requested the closure of these issues, the IAC decided to keep them open. There was disagreement concerning the following recommendations: Audit on Risk Management issue # 6, Audit on Monitoring of Activities issue # 2 and 3, Audit on IT report issue # 1.

Action Plans

The preparation of action plans for recommendations stemming from the IAC report on the Follow-up to the EIT's Financial Autonomy is ongoing. Management has drawn up action plans to implement the recommendations for all other previous IAC reports. The EIT Management is currently updating the relevant action plans and IAC will report on the follow-up of open recommendations by the end of 2019.

2.8 Follow up of observations from the Discharge authority

In response to the European Parliament decision of 18 April 2018 on discharge in respect of the implementation of the budget of the EIT for the financial year 2016, the EIT informed the Discharge Authority of follow-up actions taken and progress made in respect of observations made by the European Parliament on 30 August 2018. In particular, the following actions have been taken in order to address the observations of the European Parliament.

The EIT has taken significant corrective measures and completed most of the open actions addressing the Court of Auditors' comments from 2012, 2014 and 2015. In particular, the EIT is now fully financially autonomous from the Commission since 1 January 2018, the Court's audits have confirmed the effectiveness of the EIT's new approach to ex-ante verification of cost statements and the EIT has introduced and formalised an appropriate procedure for the utilisation of unused appropriations. This has been confirmed in the Court's annual audit report on the EIT for the year 2017. The few actions still ongoing require by nature a longer time period to complete (e.g. one of the Court's comments in 2014 related to the financial sustainability of the Knowledge of Innovation Communities (KICs), which is a long-term objective according the applicable legal basis, as KICs are expected to reach financial sustainability within the 7 to 15 years EIT funding period from their designation.

The EIT has completed the recruitment for the management posts and there are no vacant middle management positions as of August 2018. The European Commission published the vacancy for the EIT Director position on 1 June 2018 (OJ C 187A). The recruitment is currently ongoing.

As regards the European Parliament's concerns about the "*gender ratio of the Management Board*" with 36% female and 64% male members, the EIT can report that eight of the current 12 EIT Governing Board members are female (i.e. 67%).

Concerning the observations of the discharge authority on the "*limited competition*" in the 2016 Call for KIC Proposals, the EIT reported that it had launched a Call for Knowledge and Innovation Communities (KICs) Proposals in the thematic areas of Urban Mobility and Added-value Manufacturing on 12 January 2018. As a result, the EIT received five and three eligible proposals for EIT Urban Mobility and EIT Manufacturing, respectively. The significant increase in the number of proposals submitted compared to the Call in 2016 demonstrates the effectiveness of the mitigating measures taken by the EIT and it also confirms the interest of European innovation actors in the EIT model.

As regards the Parliament's observation on "*the need … to incorporate in the cooperation-model a structure in which given funds will flow back to the Institute*", the EIT pointed out that the EIT as an EU body is not an investor in the beneficiary companies. Therefore, there is no legal basis for funds to flow back from the beneficiaries to the EIT. The beneficiary companies are supported by the Knowledge and Innovation Communities (KICs), which are represented by autonomous legal entities. Therefore, the EIT's concept of financial sustainability foresees that funds from successful innovative products flow back to the KICs. The EIT ensures through the objective of financial sustainability that is set for KICs that they will benefit financially from the success of innovative products and services brought to the market. As the revenues generated by KICs increase, the EIT can gradually reduce the grant funding provided, while KICs can maintain their level of activities and continue to deliver results and impact for Europe in their fields of societal challenge.

As regards the Discharge Authority's call on the Commission to ensure a coordinated innovation policy around the concept of "Open Innovation", we referred to the Commission's legislative proposal for Horizon Europe: https://ec.europa.eu/commission/publications/research-and-innovation-including-horizon-europe-iter-and-euratom-legal-texts-and-factsheets_en

Concerning the link of the EIT to the concept of Open Innovation, the EIT has been placed in the pillar 'Open Innovation' in the draft proposal of the European Commission for Horizon Europe, which will be a solid basis for improved coordination between the EIT and other innovation instruments.

As a result of the Court's observations on procurements carried out by the KIC Legal Entities, the EIT carried out procurement monitoring activities at the KIC Legal Entities, made targeted recommendations for improvement, issued a detailed procurement guidance and requested the KIC Legal Entities to establish action plans to address the Court's comments. The EIT closely monitors the implementation of action plans by the KIC Legal Entities. The Court of Auditors has not reported a finding in this area in respect of the 2017 financial year.

PART III
ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

3.1. Risk management

As part of the evolving risk-management system in EIT, in addition to its Policy on risk management adopted in October 2016, the office has introduced a full-fledged risk register in 2018, both at EIT level, as well as at the unit level. It is regularly reviewed in order to validate and/or update the existing risks, as well as the respective mitigating measures.

3.2. Compliance and effectiveness of Internal Control Standards (ICS)

The office maintains a well-functioning system of Internal Controls. In order to put additional measures in place, EIT has appointed an Internal Control focal point, and a deputy to the function, who are responsible for the risk management and internal controls in the office, with EIT Decision No 27/2018. In addition, the EIT intends to amend by the end of 2019 its existing Decision on Internal Control by adopting the new Internal Control Framework of the Commission.

No	Title	Description of weakness and risk	Potential impact	Mitigating action under way
1	Risk of irregularities due to limitation of EIT staff resources	The EIT's tasks have been growing significantly over the past years. While the EIT managed three Knowledge and Innovation Communities (KICs) from 2010 to 2014, the EIT Community has grown to eight KICs as of 2019. The amount of grant managed by the EIT has increased from 26 million euros in 2010 to 480 million euros in 2019, while the	The European Court of Auditors pointed out in their audit report on EIT that, despite the increase in the budget and in the number of KICs, the Institute's authorised number of posts did not change significantly. According to the Court, "this gives rise to a clear risk that the Institute will not have sufficient	Significant steps have been taken by the EIT to address the errors and identified weaknesses and the control systems are improving, as confirmed by the unqualified audit opinions of the European Court of Auditors for the financial years 2014, 2016 and 2017 and by the full financial autonomy having been granted to the EIT in

| | | number of KIC Partners has increased from 73 to more than 1300. This growth has naturally led to a sharp increase in workload to ensure legality and regularity of grant operations as well as in the number of external audits on the EIT.

In addition, the EIT has taken on board new activities to develop its strong innovation potential, to support KICs' Financial Sustainability, to implement the EIT Regional Innovation Scheme for areas in Europe with lower innovation capacity as well as to incentivise KICs for further collaboration, outreach and synergies with other programmes and bodies such as the cooperation on applications of Artificial Intelligence with the Joint Research Centre. Following its education review, the EIT also has identified further potential in the transformation of human capital in Europe, the skills agenda in the areas of entrepreneurship and innovation and in contributing to the ambitious targets of the Commission in its Digital Education Action Plan.

Despite efficiency gains and simplification achieved, the EIT will not be able to manage its growing number of KICs, growing annual | capacity to deal with the expanded workload". This risk has been repeated in the European Parliament's discharge reports on the EIT as well.

With the same or even a decreasing number of resources and in the light of an increase in its budget and number of KICs, the EIT may not be able to maintain its checks and risks an increase of error rates. Consequently, there is a higher likelihood of qualified opinions by the European Court of Auditors. This can in turn lead to the fact that the European Parliament may not grant the discharge to the EIT and reputational damage occurs, which prevents the EU from supporting the EIT with the necessary resources to reach its ambitions and objectives.

Moreover, other operational activities will have to be decreased creating negative operational and reputational impact for the EIT, as it will not be able to develop its institute role or respond to requests for synergy | 2017.

The revision of the EIT grant assurance strategy, the implementation of the good governance principles for KICs, the simplification agenda and development of procedures and various other measures leading to efficiency gains have further contributed to reach and maintain a relatively high level of assurance and low error rate.

The European Commission has been asked to address the structural understaffing of the EIT and provide for more resources in the establishment plan. These requests were declined.

The EIT also asked the European Commission for an amendment of its Regulation including the provisions concerning staff contracts in 2016. This amendment will not enter into force before 2021.

The EIT can take further measures to ensure core functions are maintained, for example through further efficiency gains, an increased use of interim staff, trainees, external experts and outsourcing of some tasks. However, these measures have limitations in their |
|---|---|---|---|---|

| | | budget and additional tasks. The EIT Interim Director disclosed in the EIT Annual Activity Reports for 2016 and 2017 the emerging critical risk concerning the limitation of the EIT's staffing capacity that gives rise to significant risk as to the legality and regularity of future grant payments and the EIT's ability to achieve its strategic objectives set out in its Strategic Innovation Agenda for 2014-2020.

The following structural problems have impeded the EIT from achieving its full potential since its inception.

1) **Structural under-staffing**: As confirmed by the European Court of Auditors in Special Report 4/2016 on the EIT the amount of grant managed per person at the EIT is significantly higher than for any other EU research grant programme. The resulting high workload and lack of backups puts a constant pressure on staff.
2) **No possibility to offer permanent contracts**: Pursuant to the provisions of the EIT Regulation, the EIT personnel shall be employed under fixed-term contracts. The lack of permanent contracts | creation. In addition, the structural understaffing can affect negatively staff engagement, well-being and the work environment and risks to lead to increased staff turnover. | scope and effectiveness.

Finally, if the request for additional resources is not granted, the EIT will have to further reduce non-core activities in 2020 as was done already in 2019. |

		results in job insecurity and adds to the difficulties already being experienced with regard to staff retention. Following clarifications received from the Commission on the legal interpretation of the relevant provisions of the EIT Regulation, the EIT cannot offer contract extensions to 10 staff members whose 10-year contracts expire in 2020-2021. The resulting instability and turnover comes at a critical moment when the EIT has just launched two new KICs, has a significantly increased budget and should prepare for an enhanced mandate and strengthened Institute role under Horizon Europe. 3) **Unattractive salaries**: The grades of staff at the EIT are lower than the average grades in other EU agencies and the level of salaries at the EIT is set at 71% of those in Brussels. The combined effect seriously hampers the recruitment and retention of talented staff. Staff departing have repeatedly quoted in exit interviews the comparably less		

		attractive salary package as one of the main reasons for leaving the EIT.		

PART IV
MANAGEMENT ASSURANCE

4.1 Review of the elements supporting assurance

The information reported in Parts II and III derives from the results of the management supervision of activities and audit observations contained in the audit reports listed. These reports are based on a systematic analysis of the evidence available. This approach provided sufficient guarantees as to the completeness and reliability of the information reported and ensures a complete coverage of the EIT budget.

In conclusion, the management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Interim Director of the EIT, in his capacity as Authorising Officer has signed the Declaration of Assurance. Nevertheless, the EIT Interim Director wishes to draw attention to an emerging critical risk concerning the limitation of the EIT's staffing capacity that gives rise to significant risk as to the legality and regularity of future grant payments and the EIT's ability to achieve its strategic objectives set out in its Strategic Innovation Agenda for 2014-2020.

4.2 Overall conclusion on assurance

The information reported in Parts II and III does not result in any major issues meriting a reservation as regards 2018 expenditure in the EIT's accounts.

Nevertheless, as indicated in section 3.2 above, there is an inherently higher risk level of the EIT that can only be addressed through the full implementation of mitigation measures. As some of these measures are under the control of other institutions than the EIT, the EIT Interim Director cannot reduce this critical risk to an acceptable level and fully ensure that the EIT reaches its objectives without the indicated measures being implemented by these institutions.

As explained in sections 2.4 and 3.2, the EIT has been structurally under-staffed to perform its tasks as confirmed at various occasions by the European Court of Auditors. This means that the level of control and checks, and subsequent assurance that can be reached may be lower than that of other EU programmes and Agencies, which have more adequate staffing compared to the budgetary amounts and operational complexity of programmes managed.

A high risk remains considering that the requested amendment of the EIT Regulation which would offer the EIT the possibility to conclude indefinite staff contracts has not been adopted as planned. There is a risk that up to 10 staff

will leave in 2019-2020, as the EIT cannot offer contract extensions to the staff that reach the current 10-year limit of fixed term contracts. This comes at a critical moment as the EIT has launched two new KICs, has a significantly increased budget and should prepare for an enhanced mandate and strengthened Institute role under Horizon Europe.

Despite its structural under-staffing, the EIT has been able to achieve lower error rates than the average for the Horizon 2020 up to now due to its improved grant assurance strategy relying on thorough ex-ante and ex-post verifications as well as continuous guidance provided to its beneficiaries (KIC Partners). However, with the sharp increase in the number of grant beneficiaries (above 1,400 as of end-2018 and growing), the EIT may not be able to maintain the same level of controls and hands-on guidance without increasing the number of staff working on grant management activities and risks an increase in error rates.

The alternative course of action for the EIT is to reduce or stop other operational activities, creating negative operational and reputational impact for the EIT, as it will not be able to achieve its objectives set out in the Strategic Innovation Agenda for 2014-2020.

The European Commission has been asked to address the structural understaffing of the EIT and provide for substantially more resources in the establishment plan. These requests were declined. The EIT also asked the European Commission for an amendment of its Regulation including the provisions concerning staff contracts in 2016. However, this amendment will not enter into force before 2021.

The EIT will take further measures to ensure core functions are maintained, for example through further efficiency gains, an increased outsourcing of non-core tasks, use of interim staff, trainees and external experts. Moreover, several synergy initiatives with positive potential will have to be delayed or discontinued. However, these measures have limitations in their scope and effectiveness. Consequently, a residual error rate below the materiality level of 2% cannot be guaranteed in future years.

DECLARATION OF ASSURANCE

I, the undersigned,

Interim 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 view.

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 judgement and on the information at my disposal, such as the results of the ex-ante assessment, ex-post controls, the work of the internal audit capability, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the institution.

Dublin, 5 June 2019

Martin Kern

ANNEXES

Annex I: Validated EIT core KPIs (Grant Agreements 2017)

EIT core KPI		EIT Digital	EIT Climate-KIC	EIT InnoEnergy	EIT Health	EIT Raw Materials
EITN01	# Graduates from EIT labelled MSc and PhD programmes	232	80	201		
EITN01_M	# Graduates from EIT labelled MSc programmes	215	65	174		
EITN01_D	# Graduates from EIT labelled PhD programmes	17	15	27		
EITN02	# Start-ups created by students enrolled and graduates from EIT labelled MSc and PhD programmes	2	2	4		
EITN03	# Products (goods or services) or processes launched on the market	96	82	20	9	2
EITN04	# Start-ups created as a result of innovation projects	9	2	0	0	3
EITN05	# Start-ups supported by KICs	33	266	80	100	34
EITN06	Investment attracted by start-ups supported by KICs	€ 5,850,000	€ 187,832,231	€ 32,000,000.00	€ 27,900,000	€ 3,601,433
EITN07	# Success stories submitted to and	8	58	12	26	8

|	accepted by EIT					
EITN08	# External participants in EIT RIS programmes	9	55	127	7	12
EITN8.1	# External participants (individuals) in EIT RIS programmes	0	22	17	0	-
EITN8.2	# External participants (organisations) in EIT RIS programmes	9	33	110	7	12
EITN09	Budget consumption of KICs	75.80%	87.62%	88.95%	95.39%	92.83%
EITN10	Error rate of KICs	0.79%	3.34%	0.96%	1.69%	2.18%
EITN11.1	Financial Sustainability (FS): revenue of KIC LE	€ 2,448,785.07	€ 2,629,576.44	€ 4,932,738.41	€ 6,620,836	€ 7,148,045.45
EITN11.2	Financial Sustainability (FS): FS coefficient	4%	4%	6%	19,94%	22%

Annex II: Statistics on financial management

Breakdown and changes in commitment and payment appropriations per chapter:

Title, Chapter	Heading	VOTED BUDGET (Dec.2017)		AMENDMENTS/TRANSFERS		RE-ENTRY		ASSIGNED REVENUE		FINAL BUDGET	
		Commitment appropriations (EUR)	Payment appropriations (EUR)	Commitment appropriations (EUR)	Payment appropriations (EUR)	Commitment appropriations (EUR)	Payment appropriations (EUR)	Commitment appropriations (EUR)	Payment appropriations (EUR)	Commitment appropriations (EUR)	Payment appropriations (EUR)
1	STAFF EXPENDITURE	5,107,500.00	5,107,500.00	883,000.00	883,000.00	0.00	0.00	0.00	0.00	5,990,500.00	5,990,500.00
11	Staff in active employment	4,213,000.00	4,213,000.00	435,000.00	435,000.00	0.00	0.00	0.00	0.00	4,648,000.00	4,648,000.00
12	Recruitment expenses	36,000.00	36,000.00	0.00	0.00	0.00	0.00	0.00	0.00	36,000.00	36,000.00
13	Mission	220,000.00	220,000.00	75,000.00	75,000.00	0.00	0.00	0.00	0.00	295,000.00	295,000.00
14	Socio-medical infrastructure	133,600.00	133,600.00	-20,300.00	-20,300.00	0.00	0.00	0.00	0.00	113,300.00	113,300.00
15	Training	55,000.00	55,000.00	35,000.00	35,000.00	0.00	0.00	0.00	0.00	90,000.00	90,000.00
16	External staff and linguistic support	446,000.00	446,000.00	358,300.00	358,300.00	0.00	0.00	0.00	0.00	804,300.00	804,300.00
17	Representation	3,900.00	3,900.00	0.00	0.00	0.00	0.00	0.00	0.00	3,900.00	3,900.00
2	INFRASTRUCTURE AND OPERATING EXPENDITURE	1,264,637.20	1,264,637.20	107,870.00	107,870.00	0.00	0.00	1,892.80	1,892.80	1,374,400.00	1,374,400.00
20	Building and associated costs	125,300.00	125,300.00	113,600.00	113,600.00	0.00	0.00	0.00	0.00	238,900.00	238,900.00
21	Information and communication technology	385,987.86	385,987.86	39,600.00	39,600.00	0.00	0.00	1,112.14	1,112.14	426,700.00	426,700.00
22	Moveable property and associated costs	39,019.34	39,019.34	-7,350.00	-7,350.00	0.00	0.00	780.66	780.66	32,450.00	32,450.00
23	Current administrative expenditure	359,350.00	359,350.00	62,000.00	62,000.00	0.00	0.00	0.00	0.00	421,350.00	421,350.00
24	Publications, information, studies and surveys	4,000.00	4,000.00	-2,000.00	-2,000.00	0.00	0.00	0.00	0.00	2,000.00	2,000.00
25	Meeting expenses	350,980.00	350,980.00	-97,980.00	-97,980.00	0.00	0.00	0.00	0.00	253,000.00	253,000.00
3	OPERATIONAL EXPENDITURE	423,123,906.25	390,208,591.44	-1,500,850.45	-52,374,887.93	0.00	2,593,615.10	95,455.31	95,455.31	421,718,511.11	340,522,773.92
30	Grants	417,721,958.25	384,520,446.44	-612,805.45	-51,893,962.93	0.00	2,593,615.10	95,455.31	95,455.31	417,204,608.11	335,315,553.92
31	Knowledge and Innovation Communities	2,664,903.00	2,814,760.00	429,300.00	-29,500.00	0.00	0.00	0.00	0.00	3,094,203.00	2,785,260.00
32	EIT's impact	2,328,000.00	2,411,910.00	-980,300.00	-159,950.00	0.00	0.00	0.00	0.00	1,347,700.00	2,251,960.00
33	Simplification, monitoring and evaluation	409,045.00	461,475.00	-337,045.00	-291,475.00	0.00	0.00	0.00	0.00	72,000.00	170,000.00
4	CANCELLED APPROPRIATIONS	1,459,123.92	0.00	0.00	0.00	27,514,196.51	1,617,794.42	0.00	0.00	28,973,320.43	1,617,794.42
40	Cancelled appropriations not used in year n	1,459,123.92	0.00	0.00	0.00	27,514,196.51	1,617,794.42	0.00	0.00	28,973,320.43	1,617,794.42
	TOTAL	430,955,167.37	396,580,728.64	-509,980.45	-51,384,017.93	27,514,196.51	4,211,409.52	97,348.11	97,348.11	458,056,731.54	349,505,468.34

EIT revenue collected, EUR

Income line	Income line header	Income appropriation, EUR	Entitlements established, EUR (1)	Revenue received, EUR	Outstanding amounts, EUR
200	European Union subsidy	312,886,716.00	312,886,716.00	312,886,716.00	0.00
300	Contributions by the EFTA member states	7,290,260.00	7,290,260.00	7,290,260.00	0.00
310	Contributions by third countries	25,000,000.00	25,000,000.00	25,000,000.00	0.00
570	Revenue arising from repayment of amounts wrongly paid	780.66	780.66	780.66	0.00
590	Other revenue from administrative operations	20,558.11	20,558.11	20,558.11	0.00
600	Surplus, balances	4,211,409.52		0.00	0.00
701	Repayment of KICs grants incurred as a result of an ex-post audit (assigned revenue)	95,744.05	95,744.05	95,455.31	288.74
	TOTAL	349,505,468.34	345,294,058.82	345,293,770.08	288.74

Comparison of budget execution for commitments, EUR
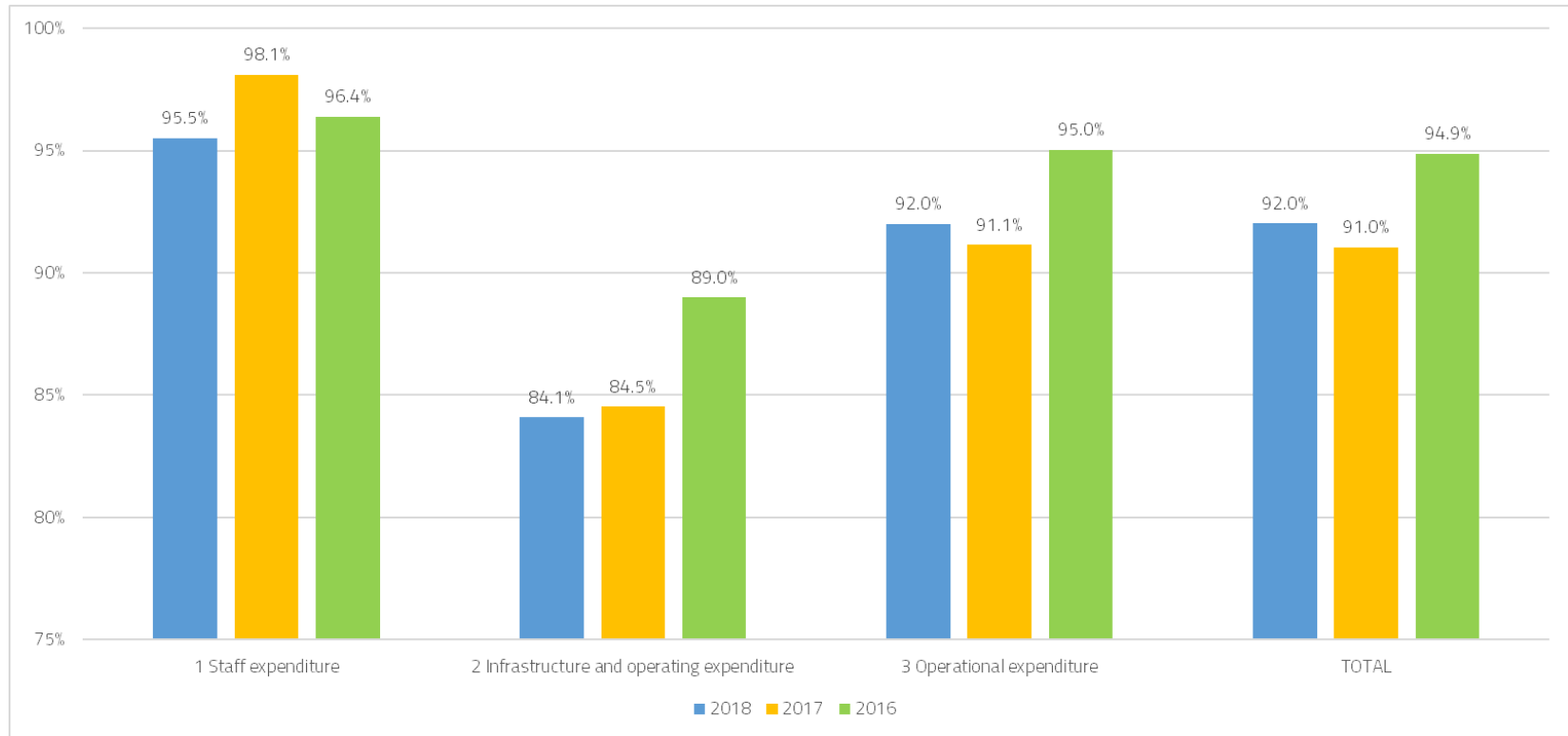
Comparison of budget execution for payments, EUR
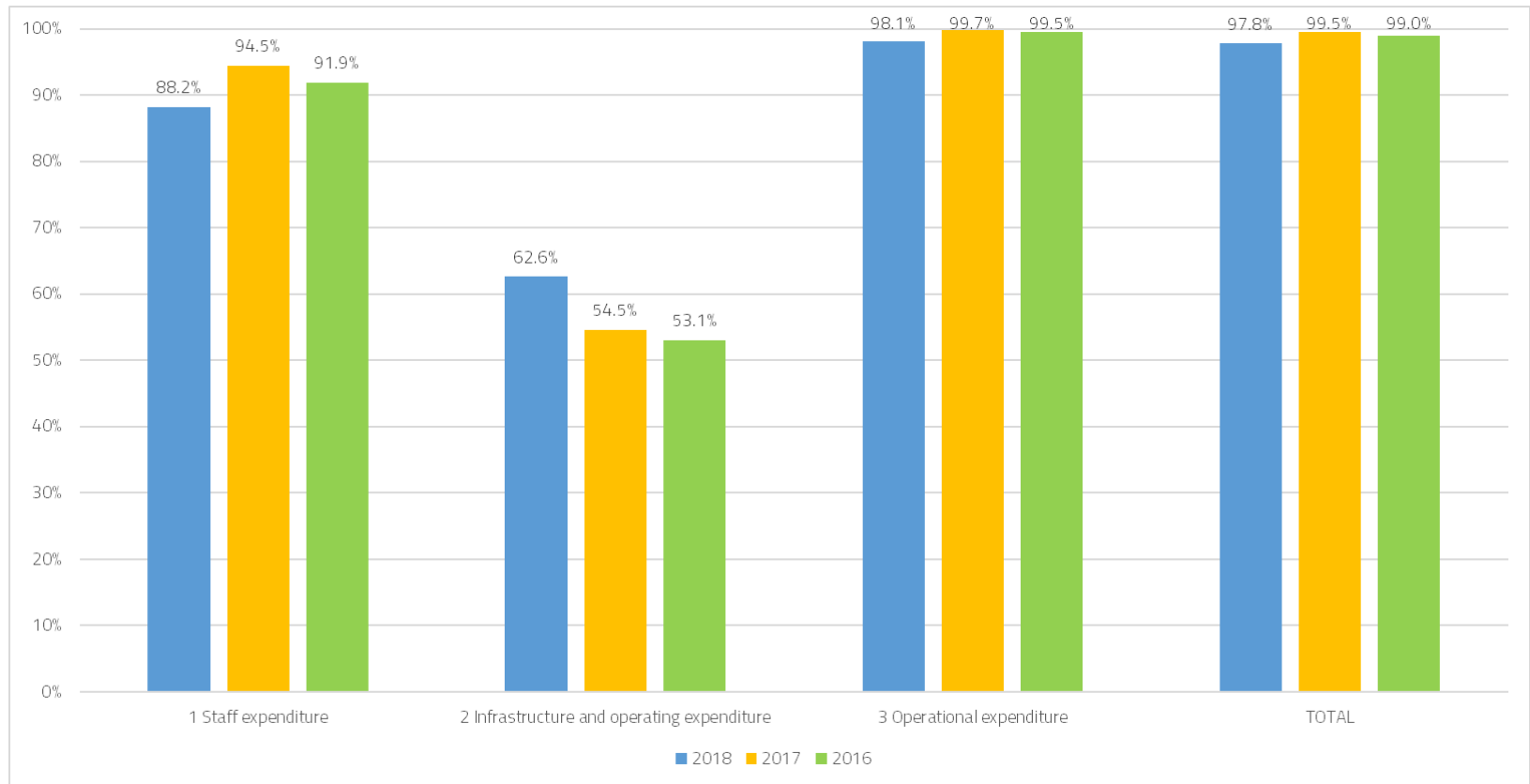
Comparison of committed and RAL amounts for financial years 2015, 2016 and 2017, EUR
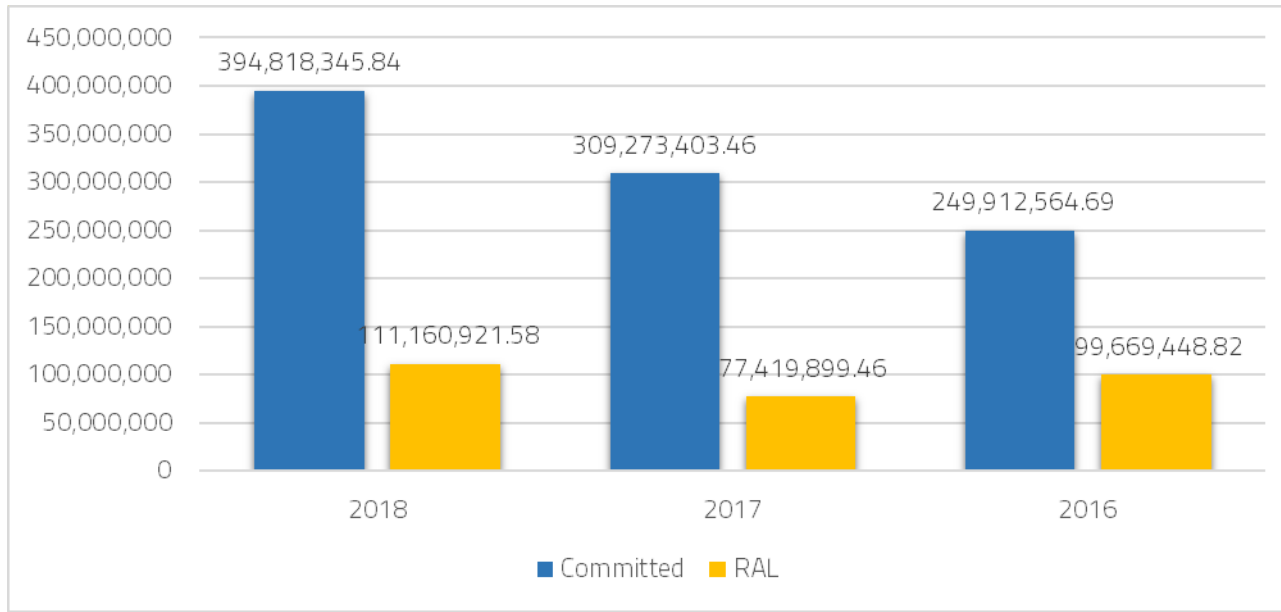
Annex III: Organisational chart in 2018
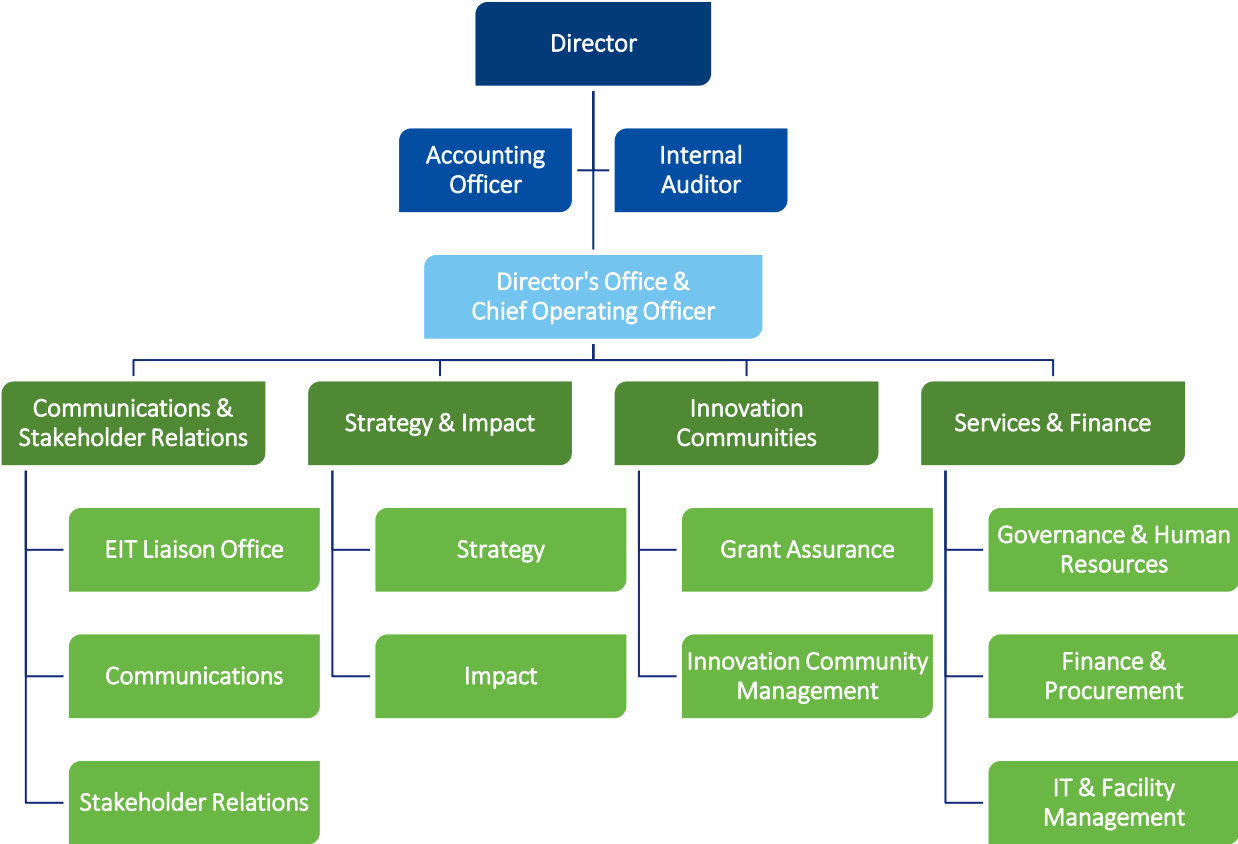
Annex IV: Establishment Plan and additional information on Human Resources management

Establishment Plan:

Category and grade	Establishment plan 2018		Actually filled as of 31 December 2018
	Officials (n/a)	Temporary staff (TA)	Temporary staff (TA)
AD 16		0	0
AD 15		0	0
AD 14		1	0
AD 13		0	0
AD 12		1	0
AD 11		0	1
AD 10		3	2
AD 9		9	9
AD 8		9	9
AD 7		9	7
AD 6		7	10
AD 5		0	0
Total AD		**39**	**38**
AST 11		0	0
AST 10		0	0
AST 9		0	0
AST 8		0	0
AST 7		0	0
AST 6		0	0
AST 5		1	1
AST 4		3	2
AST 3		1	2
AST 2		0	0
AST 1		0	0
Total AST		**5**	**5**
AST/SC 6		0	0
AST/SC5		0	0
AST/SC4		0	0
AST/SC3		0	0

AST/SC2		0	0
AST/SC1		0	0
Total ST/SC		**0**	**0**
TOTAL		**44**	**43**

Category	Authorised 2018	Actually filled as of 31 December 2018
Contract staff (CA)		
FG IV	9	6
FG III	7	9
FG II	6	5
FG I	0	0
TOTAL	**22**	**20**
Seconded national Experts (SNE)	2	1
TOTAL	**68**	**64**

a) Information on the entry level for each type of post

Key functions	Type of Contract (TA, CA)	Function group, grade of recruitment	Indication whether the function is dedicated to administrative support or operations
CORE FUNCTIONS			
Director (level 1)	*TA*	*AD 14*	*Management (both administration and operational)*
Chief Operating Officer (level 2)	*TA*	*AD 11*	*Management (both administration and operational)*
Head of Unit	*TA*	*AD9*	*Management (both administration and operational)*
Senior Officer	*TA*	*AD8*	*Operational*
Officer (Programme)	*TA/CA*	*AD6/FGIV*	*Operational*
SUPPORT FUNCTIONS			
Head of Unit Services and Finance	*TA*	*AD9*	*Administration*
Head of Section Governance & Human Resources	*TA*	*AD9*	*Administration*
Head of Section Finance and Procurement	*TA*	*AD6*	*Administration*
Communications Officer	*TA*	*AD5*	*administration and operational*
Head of Section IT and Facility Management	*TA*	*AD 6*	*administration*
Officer (Policy)	*TA*	*AD6*	*administration*
Secretary	*CA*	*FG II*	*administration and operational*
SPECIAL FUNCTIONS			
Data Protection Officer (Legal officer appointed, not a separate function)	*TA*	*AD6*	*Administration*

Legal Officer	TA	AD6	Administration
Accounting Officer	TA	AD8	Administration
Internal Auditor	TA	AD7	Administration

b) Result of the job screening exercise (31/12/2018)

Job Type and Category	Year 2017	Year 2018
ADMINISTRATIVE SUPPORT AND COORDINATION	29%	29.41 %
Administrative Support	12	13
Coordination	7	7
OPERATIONAL	60%	60.29%
Top-Level Operational Coordination	4	5
Programme Management & Implementation	21	21
Evaluation & Impact Assessment	7	7
General Operational	7	8
NEUTRAL	11%	10.29%
Finance	6	6
Control	1	1

Annex V: Human and Financial resources by activity

Activity	TA	CA	SNE	Operational HR[1]	Operational exp., EUR [2]	Overheads, EUR [3]	Total cost (operational exp. and overheads), EUR
Consolidating, fostering growth and impact of the KICs	20	6	0	26	386 283 534	2 794 135	389 077 668
Creating new KICs	2	1	0	3	254 914	322 400	577 314
The EIT's next Strategic and Innovation Agenda (SIA) 2021-2027	1	0.5	0	1.5	127 457	161 200	288 657
Fostering and attracting talent	2	2	0	4	339 886	429 867	769 752
Enhancing stakeholder engagement	4	1	1	6	509 828	644 800	1 154 629
EIT KIC Relations	0.5	0	0	0.5	42 486	53 733	96 219
Simplification	1	0	0	1	84 971	107 467	192 438
Monitoring, impact analysis and evaluation	3	0.5	0	3.5	297 400	376 133	673 533
Strategy: Coordination and implementation	4	1	0	5	0	537 334	537 334
Administrative support and coordination	5.5	8	0	13.5	0	1 450 801	1 450 801
TOTAL	43	20	1	64	387 940 476	6 877 870	394 818 345

1 The operational Human Resources consist of the total number of Temporary and Contract Agents directly involved in operations.
2 The operational expenditure is the costs directly involved in the implementation of the projects of the AWP.
3 The overheads are costs indirectly involved in the implementation of the projects of the AWP. These include fixed costs such as salaries, rent, software licences and other similar costs. In addition, overheads include variable costs such as office equipment and supplies, ICT equipment, telecommunication costs and other similar expenses. The total overheads are distributed to each area of activity in proportion to the operational staff employed in each area of activity.

Annex VI: Specific annexes related to part II

a) Budget implementation

Budget Title	Fund Source	Commitment			Payment		
		Appropriations, EUR	Commitments made, EUR	%	Appropriations, EUR	Payments made, EUR	%
1 Staff expenditure	C1	5,990,500.00	5,722,137.70	95.52%	5,990,500.00	5,283,629.67	88.20%
		5,990,500.00	5,722,137.70	95.52%	5,990,500.00	5,283,629.67	88.20%
2 Infrastructure and operating expenditure	C1	1,372,507.20	1,155,731.95	84.21%	1,372,507.20	860,552.31	62.70%
	C4	1,892.80		0.00%	1,892.80		0.00%
		1,374,400.00	1,155,731.95	84.09%	1,374,400.00	860,552.31	62.61%
3 Operational expenditure	C1	421,623,055.80	387,940,476.19	92.01%	337,833,703.51	331,443,181.04	98.11%
	C4	95,455.31	0.00	0.00%	95,455.31		0.00%
		421,718,511.11	387,940,476.19	91.99%	337,929,158.82	331,443,181.04	98.08%
TOTAL		429,083,411.11	394,818,345.84	92.01%	345,294,058.82	337,587,363.02	97.77%

Revenue

Income line	Income line header	Income appropriation, EUR	Entitlements established, EUR (1)	Revenue received, EUR	Outstanding amounts, EUR
200	European Union subsidy	312,886,716.00	312,886,716.00	312,886,716.00	0.00
300	Contributions by the EFTA member states	7,290,260.00	7,290,260.00	7,290,260.00	0.00
310	Contributions by third countries	25,000,000.00	25,000,000.00	25,000,000.00	0.00
570	Revenue arising from repayment of amounts wrongly paid	780.66	780.66	780.66	0.00
590	Other revenue from administrative operations	20,558.11	20,558.11	20,558.11	0.00
600	Surplus, balances	4,211,409.52		0.00	0.00
701	Repayment of KICs grants incurred as a result of an ex-post audit (assigned revenue)	95,744.05	95,744.05	95,455.31	288.74
	TOTAL	349,505,468.34	345,294,058.82	345,293,770.08	288.74

Expenditure

Implementation of the commitment and payment appropriations per budget item (C1)

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/3)	R A L (2-4)
A-1100	Basic salaries including weightings	2,375,000.00	2,304,066.19	97.01%	2,375,000.00	2,304,066.19	97.01%	-
A-1101	Allowances	795,000.00	784,298.66	98.65%	795,000.00	784,298.66	98.65%	-
A-1102	Employers charges	125,000.00	125,000.00	100.00%	125,000.00	125,000.00	100.00%	-
A-1110	Remuneration and allowances of contract agents	906,000.00	853,740.84	94.23%	906,000.00	853,740.84	94.23%	-
A-1121	Entitlements related to entering the service	147,000.00	147,000.00	100.00%	147,000.00	147,000.00	100.00%	-
A-1130	Schooling	300,000.00	300,000.00	100.00%	300,000.00	287,315.24	95.77%	12,684.76
	Total	4,648,000.00	4,514,105.69	97.12%	4,648,000.00	4,501,420.93	96.85%	12,684.76
A-1200	Recruitment expenses	36,000.00	35,470.63	98.53%	36,000.00	29,892.64	83.04%	5,577.99
	Total	36,000.00	35,470.63	98.53%	36,000.00	29,892.64	83.04%	5,577.99
A-1300	Mission expenses	295,000.00	295,000.00	100.00%	295,000.00	275,464.35	93.38%	19,535.65
	Total	295,000.00	295,000.00	100.00%	295,000.00	275,464.35	93.38%	19,535.65
A-1400	Restaurants and canteens	1,100.00	1,063.85	96.71%	1,100.00	1,063.85	96.71%	-
A-1401	Medical expenses	20,000.00	15,405.08	77.03%	20,000.00	14,324.49	71.62%	1,080.59
A-1402	Early childhood centre and approved day nurseries	80,000.00	53,270.78	66.59%	80,000.00	45,549.06	56.94%	7,721.72
A-1403	Social contacts among staff members	8,000.00	5,954.83	74.44%	8,000.00	5,954.83	74.44%	-
A-1404	Other social expenses	4,200.00	2,272.06	54.10%	4,200.00	2,272.06	54.10%	-
	Total	113,300.00	77,966.60	68.81%	113,300.00	69,164.29	61.05%	8,802.31
A-1500	Training	90,000.00	84,398.87	93.78%	90,000.00	50,891.87	56.55%	33,507.00
	Total	90,000.00	84,398.87	93.78%	90,000.00	50,891.87	56.55%	33,507.00
A-1600	Agency staff	320,000.00	310,598.65	97.06%	320,000.00	116,289.34	36.34%	194,309.31
A-1601	Seconded National Expert	81,000.00	78,113.60	96.44%	81,000.00	78,113.60	96.44%	-
A-1602	Trainees	53,000.00	31,990.33	60.36%	53,000.00	21,035.92	39.69%	10,954.41
A-1603	IT support	141,300.00	140,762.00	99.62%	141,300.00	5,487.00	3.88%	135,275.00
A-1604	Administrative assistance	164,000.00	110,515.10	67.39%	164,000.00	92,653.50	56.50%	17,861.60
A-1611	Translation	45,000.00	41,015.75	91.15%	45,000.00	41,015.75	91.15%	-
	Total	804,300.00	712,995.43	88.65%	804,300.00	354,595.11	44.09%	358,400.32
A-1700	Representation expenses	3,900.00	2,200.48	56.42%	3,900.00	2,200.48	56.42%	-
	Total	3,900.00	2,200.48	56.42%	3,900.00	2,200.48	56.42%	-
	TOTAL - Title 1	5,990,500.00	5,722,137.70	95.52%	5,990,500.00	5,283,629.67	88.20%	438,508.03
A-2000	Renting	64,100.00	64,045.00	99.91%	64,100.00	35,658.31	55.63%	28,386.69
A-2002	Building insurance	1,500.00		0.00%	1,500.00		0.00%	-
A-2003	Water gas electricity and heating	15,000.00	15,000.00	100.00%	15,000.00	6,425.19	42.83%	8,574.81
A-2004	Cleaning and maintenance	47,500.00	44,971.85	94.68%	47,500.00	18,162.02	38.24%	26,809.83
A-2005	Security and surveillance	27,300.00	22,396.29	82.04%	27,300.00	3,121.94	11.44%	19,274.35
A-2006	Fitting out of premises	78,500.00	61,609.87	78.48%	78,500.00	1,881.38	2.40%	59,728.49
A-2009	Other building expenditure	5,000.00	115.07	2.30%	5,000.00	115.07	2.30%	
	Total	238,900.00	208,138.08	87.12%	238,900.00	65,363.91	27.36%	142,774.17
A-2100	Acquisition renting of equipments and software	213,037.86	202,821.09	95.20%	213,037.86	154,813.33	72.67%	48,007.76
A-2101	Maintenance and repair of equipments	212,550.00	212,550.00	100.00%	212,550.00	162,326.68	76.37%	50,223.32
	Total	425,587.86	415,371.09	97.60%	425,587.86	317,140.01	74.52%	98,231.08
A-2200	Acquisition general, technical equipment	350.00	283.39	80.97%	350.00	283.39	80.97%	-
A-2212	Transport cost	10,000.00	8,707.21	87.07%	10,000.00	6,928.99	69.29%	1,778.22
A-2220	Acquisition of furniture	21,319.34	11,003.12	51.61%	21,319.34	11,003.12	51.61%	-
	Total	31,669.34	19,993.72	63.13%	31,669.34	18,215.50	57.52%	1,778.22

Implementation of the commitment appropriations (C3) and payment appropriations per budget item (C2)

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/3)
B3-000	KIC grants				2,593,615.10	2,593,615.10	100.00%
	Total	–	–		2,593,615.10	2,593,615.10	100.00%
B4-001	Cancelled appropriations for year n-1 not used in year n	27,514,196.51	–	0.00%			
B4-002	Cancelled appropriations for year n-2 not used in year n	1,459,123.92		0.00%	1,617,794.42		0.00%
	Total	28,973,320.43	–	0.00%	1,617,794.42	–	0.00%
	GRAND TOTAL	28,973,320.43	–	0.00%	4,211,409.52	2,593,615.10	61.59%

Implementation of the commitment and payment appropriations per budget item (C4)

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/3)	RAL (2-4)
A-2100	ICT equipment acquisition	1,112.14		0,00 %	1,112.14		0.00%	
A-2220	Acquisition of furniture	780.66		0,00 %	780.66		0.00%	
	Subtotal	*1,892.80*		*0,00 %*	*1,892.80*		*0.00%*	
B3-000	KIC Grants	95,455.31		0,00 %	95,455.31		0.00%	
	Total	97,348.11	–	0,00 %	97,348.11	–	0.00%	0,00

Implementation of the commitment and payment appropriations per budget item (C8)

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/3)	RAL (2-4)
A-1200	Recruitment expenses	5,112.49	5,112.49	100.00%	5,112.49	5,112.49	100.00%	–
	Total	5,112.49	5,112.49	100.00%	5,112.49	5,112.49	100.00%	–
A-1300	Mission expenses	31,081.68	28,160.00	90.60%	31,081.68	28,160.00	90.60%	–
	Total	31,081.68	28,160.00	90.60%	31,081.68	28,160.00	90.60%	–
A-1401	Medical expenses	496.21	496.21	100.00%	496.21	496.21	100.00%	–
A-1403	Social contacts	200.00	–	0.00%	200.00	–	0.00%	–
	Total	696.21	496.21	71.27%	696.21	496.21	71.27%	–
A-1500	Training	16,502.92	12,368.88	74.95%	16,502.92	12,368.88	74.95%	–
	Total	16,502.92	12,368.88	74.95%	16,502.92	12,368.88	74.95%	–
A-1600	Agency staff	45,480.15	42,296.25	93.00%	45,480.15	42,296.25	93.00%	–
A-1602	Trainees	14,210.00	14,210.00	100.00%	14,210.00	14,210.00	100.00%	–
A-1603	IT support	35,200.00	35,141.00	99.83%	35,200.00	35,141.00	99.83%	–
A-1604	Administrative assistance	11,039.40	9,795.12	88.73%	11,039.40	9,795.12	88.73%	–
A-1611	Translation	8,849.90	6,663.85	75.30%	8,849.90	6,663.85	75.30%	–
	Total	114,779.45	108,106.22	94.19%	114,779.45	108,106.22	94.19%	–
	TOTAL – Title 1	168,172.75	154,243.80	91.72%	168,172.75	154,243.80	91.72%	–
A-2000	Renting	300.00	300.00	100.00%	300.00	300.00	100.00%	–
A-2003	Water gas electricity and heating	20,000.00	10,980.78	54.90%	20,000.00	10,980.78	54.90%	–
A-2004	Cleaning and maintenance	5,580.23	3,312.00	59.35%	5,580.23	3,312.00	59.35%	–
A-2005	Security and surveillance	6,049.70	5,773.30	95.43%	6,049.70	5,773.30	95.43%	–
	Total	31,929.93	20,366.08	63.78%	31,929.93	20,366.08	63.78%	–
A-2100	Acquisition renting of equipments and software	37,014.51	37,014.51	100.00%	37,014.51	37,014.51	100.00%	–
A-2101	Maintenance and repair of equipments	8,444.80	8,444.80	100.00%	8,444.80	8,444.80	100.00%	–
	Total	45,459.31	45,459.31	100.00%	45,459.31	45,459.31	100.00%	–
A-2200	Acquisition, rental of general and technical equipment	4,600.00	4,600.00	100.00%	4,600.00	4,600.00	100.00%	–
A-2220	Acquisition of furniture	14,051.06	13,841.46	98.51%	14,051.06	13,841.46	98.51%	–
	Total	18,651.06	18,441.46	98.88%	18,651.06	18,441.46	98.88%	
A-2300	Stationery	845.01	143.36	16.97%	845.01	143.36	16.97%	–
A-2301	Postage and delivery charges	800.73	556.12	69.45%	800.73	556.12	69.45%	–
A-2302	Telecommunication charges	11,316.73	8,683.01	76.73%	11,316.73	8,683.01	76.73%	–
A-2303	Legal expenses and damages	5,280.00	5,280.00	100.00%	5,280.00	5,280.00	100.00%	–
A-2305	Bank charges	26,997.89	920.67	3.41%	26,997.89	920.67	3.41%	–
	Total	82,542.48	52,466.08	63.56%	82,542.48	52,466.08	65.30%	–
A-2400	Official Journal	650.00	521.09	80.17%	650.00	521.09	80.17%	–
	Total	650.00	521.09	80.17%	650.00	521.09	80.17%	–
A-2500	Organisation and travel expense of Governing Board meetings	110,087.78	50,160.33	45.56%	110,087.78	50,160.33	45.56%	–
	Total	110,087.78	50,160.33	45.56%	110,087.78	50,160.33	45.56%	–

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/2)	RAL (2-4)
B3-000	KIC Grants	73,146,374.68	53,134,399.42	72.64%		51,936,004.42	97.74%	1,198,395.00
	Total	73,146,374.68	53,134,399.42	72.64%	–	51,936,004.42	97.74%	1,198,395.00
B3-111	Planning, reporting and audits	1,144,957.56	1,088,792.43	95.09%		1,088,792.43	100.00%	–
B3-112	Knowledge Triangle Integration	68,320.15	56,134.41	82.16%		46,015.41	81.97%	10,119.00
B3-114	New KICs	166,555.79	144,230.04	86.60%		144,230.04	100.00%	–
	Total	1,379,833.50	1,289,156.88	93.43%		1,279,037.88	99.22%	10,119.00
B3-202	Communications and dissemination	1,693,050.86	1,464,398.66	86.49%		154,035.53	10.52%	1,310,363.13
B3-203	Alumni	174,202.59	109,442.48	62.82%		102,802.48	93.93%	6,640.00
B3-204	Stakeholder relations	367,055.70	326,616.11	88.98%		326,616.11	100.00%	–
B3-205	Awards	116,747.80	105,561.07	90.42%		105,561.07	100.00%	–
	Total	1,867,253.45	1,573,841.14	84.29%		256,838.01	16.32%	1,317,003.13
B3-301	EIT-KIC relations	30,000.00	30,000.00	100.00%		21,515.00	71.72%	8,485.00
B3-303	Monitoring and evaluation	92,443.14	63,979.24	69.21%	–	63,979.24	100.00%	–
	Total	122,443.14	93,979.24	76.75%		85,494.24	90.97%	8,485.00
TOTAL		76,515,904.77	56,091,376.68	73.31%	–	53,557,374.55	95.48%	2,534,002.13

b) List of contracts, external experts and grants awarded in 2018

List of procurement contracts and exceptional negotiated procedures

The below list includes the compulsory information for publication purposes on:

1) Contracts (direct contracts, framework contracts, purchase orders) awarded by the EIT for a value between **EUR 15 000 and EUR 60 000** (see Article 123 (4) of the Rules of Application to the Financial Regulation):

Number of the contract	Contract type	Supplies/Services	Name of the contractor	amount of the contract (net)	Currency
35/2018/NP/EITP ROC	Purchase order	PUBLICATION OF VACANCY FOR A DIRECTOR FUNCTION OF THE EIT	TERRA FIRMA ASSOCIATES LIMITED	19 470,63	EUR
30_2018_PO_EITP ROC	Purchase order	EIT'S PARTICIPATION TO THE SCIENCE BUSINESS CONFERENCE: INNOVATIVE EUROPE – TIME FOR A NEW STRATEGY? ORGANISED ON 4 AND 5 JUNE 2018 IN BRUSSELS	Science Business Publishing Ltd	15 000,00	EUR
18/2018/CEI/EITP ROC/1A/01	Direct service contract	ORGANISATION OF INSPIRATIONAL LEADERSHIP & ENTREPRENEURSHIP WORKSHOPS	INOMER SAS	29 500,00	EUR
29/2018/NP/EITP ROC	FWC	PROVISION OF ADMINISTRATIVE ASSISTANCE TO THE EIT	HUNGARY HOME & RELOCATION SERVICES Kft	15 000,00	EUR
34/2018/EITPROC	Direct service contract	PROVISION OF CLEANING SERVICES FOR THE PREMISES OF THE EIT IN BUDAPEST, HUNGARY	P N P CLEANING SERVICE KFT	8 536 680,00	HUF

2) Contracts (direct contracts, framework contracts, purchase orders) awarded by the EIT for a value of **EUR 60 000 and more** (see Article 123 (4) of the Rules of Application to the Financial Regulation):

Number of the contract	Contract type	Supplies/Services	Name of the contractor	amount of the contract (net)	Currency
02/2018/OP/EITPROC/Lot1/1	FWC	PROVISION OF IT RELATED SERVICES	UNISYSTEMS INFORMATION TECHNOLOGY	1 500 000,00	EUR
02/2018/OP/EITPROC/Lot1/2	FWC	PROVISION OF IT RELATED SERVICES	SYSMAN INFORMATION TECHNOLOGIES CO	1 500 000,00	EUR
02/2018/OP/EITPROC/Lot2/1	FWC	PROVISION OF IT RELATED SERVICES - SOFTWARE DELEVLOPMENT	EUROPEAN DYNAMICS LUXEMBOURG SA	2 000 000,00	EUR

Number of the contract	Contract type	Supplies/Services	Name of the contractor	Amount of the contract (net)	Currency
02/2018/OP/EITPROC/Lot2/2	FWC	PROVISION OF IT RELATED SERVICES - SOFTWARE DELEVLOPMENT	UNISYSTEMS SYSTEMES INFORMATIQUE SA	2 000 000,00	EUR
36/2018/NP/EITPROC	Lease contract	LEASE OF OFFICE SPACE TO THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (EIT) IN BRUSSELS	IMMO GUIMARD 7 NV	223 200,00	EUR
01/2018/NP/EITPROC	Lease contract	LEASE OF OFFICE SPACE EIT HQ, BUDAPEST	MAGYAR POSTA TAKAREK INGATLAN BEFEK	238 258,32	EUR

3) Aggregate amount of **specific contracts and order forms based on framework contracts exceeding EUR 135 000,** if their volume is above EUR 15 000 (see Article 124 (4) of the Rules of Application to the Financial Regulation):

Number of the contract	Contract type	Supplies/Services	Name of the contractor	Amount of the contract (net)	Currency
DIGIT/R3/PO/2015/023 - PRINCESSE II - SLG.AVT.DI0756002	Order form(s)	Leasing of IT equipment and other related services	CANON HUNGARIA KERESKEDELMI KFT	34 339,20	EUR
BUDG 15-PO-03	Specific Contract(s)	Audit services	BAKER TILLY BELGIUM BEDRIJFREVISORE	144 950,00	EUR
BUDG 15-PO-03	Specific Contract(s)	Audit services	MAZARS SA	28 750,00	EUR
EAC/27/2015 Lot 1	Specific Contract(s)	Communication Services	CECOFORMA S.A.	1 556 446,92	EUR
DIGIT DI/07360	Order form(s)	Acquisition of IT software	COMPAREX NEDERLAND BV*	69 340,84	EUR
DIGIT DI/07624 Lot 3	Specific Contract(s)	Consulting services	Deloitte Consulting and Advisory CVBA	104 670,00	EUR
DIGIT DI/7500 Lot1	Order form(s)	Acquisition of IT equipment and maintenance	DIMENSION DATA BELGIUM	18 148,65	EUR
04/2017/EITPROC/01	Specific Contract(s)	Audit services	ERNST & Young Reviseurs d'Emterprises SCCRL	491 400,00	EUR
04/2017/EITPROC/01	Specific Contract(s)	Audit services	Moore Stephens LLP	519 400,00	EUR

03/2017/EITPROC	Specific Contract(s)	Digital Communication services	EWORX YPIRESIES ILEKTRONIKOU EPICHE	115 960,00	EUR
38/2013/OP/EITPROC	Specific Contract(s)	IT services	Grape Solutions Zrt. and Delta Systems	222 807,00	EUR
07/2015/OP/EITPROC	Order form(s)	Provision of interim staff services to the EIT	STARJOBS MAGYARORSZAG HUMANSZOLGALT	195 166,06	EUR
02/2018/OP/EITPROC/Lot1/1	Specific Contract(s)	IT services	UNISYSTEMS INFORMATION TECHNOLOGY	105 670,00	EUR

3) List of exceptional negotiated procedures in 2018:

Number of the contract	Contract type	Supplies/Services	Name of the contractor	amount of the contract (net)	Currency
03/2018/NP/EITPROC	Direct service contract	PROVISION OF LEGAL SERVICES	DE BANDT ADVOCATEN AVOCATS ATTORNEY	49 500,00	EUR

List of experts

In accordance with Article 40(5) of the Horizon 2020 Rules for Participation and Article 287(5) of the rules of Application of the Financial Regulation, the below listed experts have been contracted in 2018:

Name of expert	Area	Amount (EUR)
MAYA WIDMER	ASSESSMENT OF GENDER MAINSTREAMING	Below EUR 15,000.00
MIRELLA VISSER	ASSESSMENT OF GENDER MAINSTREAMING	21 734,00
EFKA HEDER	BASELINE REVIEW	Below EUR 15,000.00
ALEXANDRINA SIRBU	BP ASSESSMENT	Below EUR 15,000.00
ALMUDENA JUSTO MARTINEZ	BP ASSESSMENT	Below EUR 15,000.00
ATHANASIOS DEMIRIS	BP ASSESSMENT	Below EUR 15,000.00
BARBARA MARTINI	BP ASSESSMENT	Below EUR 15,000.00
CAMILLA NAJA SOERENSEN KJELDSEN	BP ASSESSMENT	Below EUR 15,000.00
CATHERINE HALBERT	BP ASSESSMENT	Below EUR 15,000.00
DAVID TORMEY	BP ASSESSMENT	Below EUR 15,000.00
DINA BERZINA	BP ASSESSMENT	Below EUR 15,000.00
ELZBIETA UZUNOW	BP ASSESSMENT	Below EUR 15,000.00
FELIX SIMAC	BP ASSESSMENT	Below EUR 15,000.00
GRACIELA PADOANI	BP ASSESSMENT	Below EUR 15,000.00
IRENA KONDRATENKO	BP ASSESSMENT	Below EUR 15,000.00

JONATHAN LEWIS	BP ASSESSMENT	Below EUR 15,000.00
JOSE LUIS MARIN DE LA IGLESIA	BP ASSESSMENT	Below EUR 15,000.00
JULIE ANN SIME	BP ASSESSMENT	Below EUR 15,000.00
KOFTEROS STAVRIANA	BP ASSESSMENT	Below EUR 15,000.00
LARCH CHRISTOPH	BP ASSESSMENT	Below EUR 15,000.00
LORENZO DI GREGORIO	BP ASSESSMENT	Below EUR 15,000.00
MARC ROSEN	BP ASSESSMENT	Below EUR 15,000.00
MARIA SEMEDO	BP ASSESSMENT	Below EUR 15,000.00
MATTHIAS KUPPERS	BP ASSESSMENT	Below EUR 15,000.00
MECELLA MASSIMO	BP ASSESSMENT	Below EUR 15,000.00
MERJA SANKELO	BP ASSESSMENT	Below EUR 15,000.00
MEYER ROUX	BP ASSESSMENT	Below EUR 15,000.00
PAASIKIVI RIIKA	BP ASSESSMENT	Below EUR 15,000.00
PAOLA TERESA MARIA MASSARI	BP ASSESSMENT	Below EUR 15,000.00
PAULO BAPTISTA	BP ASSESSMENT	Below EUR 15,000.00
RAYMOND WINGER	BP ASSESSMENT	Below EUR 15,000.00
RENATA KOERFER	BP ASSESSMENT	Below EUR 15,000.00
ROMANO DANIELA	BP ASSESSMENT	Below EUR 15,000.00
ROSEMARY O'CONNOR	BP ASSESSMENT	Below EUR 15,000.00
SANDRA HERRON-MARX	BP ASSESSMENT	Below EUR 15,000.00
SEYHAN TURAN	BP ASSESSMENT	Below EUR 15,000.00
SORINA IUGA	BP ASSESSMENT	Below EUR 15,000.00
SPIRIDON PLATIAS	BP ASSESSMENT	Below EUR 15,000.00
STELA STANCHEVA	BP ASSESSMENT	Below EUR 15,000.00
SYP ALINA	BP ASSESSMENT	Below EUR 15,000.00
ZITA JULIANNA DIBACZI	BP ASSESSMENT	Below EUR 15,000.00
MASSY WILHELMENA JANE	EIT IMPACT FRAMEWORK (2021-2027)	Below EUR 15,000.00
BUTKEVICIENE EGLE	EIT LABEL	21 102,00
BUTKEVICIENE EGLE	EIT LABEL	32 417,00
DANA REDFORD	EIT LABEL	37 367,00
JOSE-GINES MORA	EIT LABEL	32 417,00
KENNY BREDA	EIT LABEL	21 102,00
REDFORD DANA	EIT LABEL	23 352,00
RICHARD TUNSTALL	EIT LABEL	Below EUR 15,000.00
ALESSIA MELASECCHE GERMINI	GRANT REPORTING	Below EUR 15,000.00
BENEDICTE MARIE MEYER ROUX	GRANT REPORTING	Below EUR 15,000.00
CHRISTIAN SUOJANEN	GRANT REPORTING	Below EUR 15,000.00
CHRISTOPHE LARCH	GRANT REPORTING	Below EUR 15,000.00
DAVID TORMEY	GRANT REPORTING	Below EUR 15,000.00
ENRIQUE MUNOZ TRONCOSO	GRANT REPORTING	Below EUR 15,000.00

FABIAN WAGNER	GRANT REPORTING	Below EUR 15,000.00
FELIX SIMAC	GRANT REPORTING	Below EUR 15,000.00
GIOVANNI CARAMANICO	GRANT REPORTING	Below EUR 15,000.00
GRACIELA PADOANI	GRANT REPORTING	Below EUR 15,000.00
JONATHAN LEWIS	GRANT REPORTING	Below EUR 15,000.00
JOSE LUIS MARIN DE LA IGLESIA	GRANT REPORTING	Below EUR 15,000.00
JULIE-ANN SIME	GRANT REPORTING	Below EUR 15,000.00
KASPER HALLENBORG	GRANT REPORTING	Below EUR 15,000.00
KATHY KIKIS-PAPAKIDIS	GRANT REPORTING	Below EUR 15,000.00
LORENZO DI GREGORIO	GRANT REPORTING	Below EUR 15,000.00
MARC ROSEN	GRANT REPORTING	Below EUR 15,000.00
MARKUS SCHNEIDER	GRANT REPORTING	Below EUR 15,000.00
MASSIMO MECELLA	GRANT REPORTING	Below EUR 15,000.00
MERJA SANKELO	GRANT REPORTING	Below EUR 15,000.00
MICHAEL EVAN GOODSITE	GRANT REPORTING	Below EUR 15,000.00
NEENA CHAPPELL	GRANT REPORTING	Below EUR 15,000.00
NICOLA CIULLI	GRANT REPORTING	Below EUR 15,000.00
NUNO SILVA	GRANT REPORTING	Below EUR 15,000.00
PAUL JAMES PHELAN	GRANT REPORTING	Below EUR 15,000.00
PLATIAS SPYRIDON	GRANT REPORTING	Below EUR 15,000.00
RIBI JOAN	GRANT REPORTING	Below EUR 15,000.00
RICHARD JOHN FAINT	GRANT REPORTING	Below EUR 15,000.00
RIIKKA IRMELI PAASIKIVI	GRANT REPORTING	Below EUR 15,000.00
SEPPANEN MARKO	GRANT REPORTING	Below EUR 15,000.00
SLAWOMIR ZOLKIEWSKI	GRANT REPORTING	Below EUR 15,000.00
SORINA IUGA	GRANT REPORTING	Below EUR 15,000.00
SYP ALINA	GRANT REPORTING	Below EUR 15,000.00
WOLGANG PETER RIEGELMAYER	GRANT REPORTING	Below EUR 15,000.00
YVES BOISSELIER	GRANT REPORTING	Below EUR 15,000.00
GIOVANNI CARAMANICO	MONITORING	Below EUR 15,000.00
MARIA TERESA FERRANDO	MONITORING	Below EUR 15,000.00
IOANNIS ZEVGOLIS	MONITORING	Below EUR 15,000.00
BEELLA SATISH KUMAR	OBSERVER 2018 EIT KICS CALL PROPOSALS	15 076,00
CIULLI NICOLA	OBSERVER 2018 EIT KICS CALL PROPOSALS	15 076,00
DAVID GRAHAM MCCARTNEY	OBSERVER 2018 EIT KICS CALL PROPOSALS	15 076,00
DE LA MAZA URIARTE SILVIA	OBSERVER 2018 EIT KICS CALL PROPOSALS	15 076,00
EFTHYMIOS KALIAMPAKAS	OBSERVER 2018 EIT KICS CALL PROPOSALS	15 076,00
GONZALEZ DAVID	OBSERVER 2018 EIT KICS CALL PROPOSALS	15 076,00
IZASKUN ARENAZA	OBSERVER 2018 EIT KICS CALL PROPOSALS	15 076,00
LAGRO PERIHAN ESRA	OBSERVER 2018 EIT KICS CALL PROPOSALS	21 852,00

LU MENG	OBSERVER 2018 EIT KICS CALL PROPOSALS	15 076,00
OJALA PASI OLAVI	OBSERVER 2018 EIT KICS CALL PROPOSALS	15 076,00
PAVKOV MARIJA	OBSERVER 2018 EIT KICS CALL PROPOSALS	15 076,00
PINNA VALENTINA	OBSERVER 2018 EIT KICS CALL PROPOSALS	15 076,00
PRIEUR JOSEPH	OBSERVER 2018 EIT KICS CALL PROPOSALS	Below EUR 15,000.00
SHARPE MICHAEL	OBSERVER 2018 EIT KICS CALL PROPOSALS	16 652,00
SIBALIJA TATJANA	OBSERVER 2018 EIT KICS CALL PROPOSALS	15 076,00

Grants awarded

Name of the beneficiary	City	Country/territory	Co-financing rate	Amount (EUR)	Subject of grant
Knowledge and Innovation Community: InnoEnergy SE	Eindhoven	The Netherlands	92,58%	86 965 779,92	Support the implementation of KIC added value activities (GA 2018)
Knowledge and Innovation Community: Climate -KIC Holding BV	Utrecht	The Netherlands	83,50%	83 524 232,12	Support the implementation of KIC added value activities (GA 2018)
Knowledge and Innovation Community: EIT Digital IVZW	Brussels	Belgium	78,00%	79 663 654,52	Support the implementation of KIC added value activities (GA 2018)
Knowledge and Innovation Community: EIT Raw Materials GmbH	Berlin	Germany	81,53%	53 554 352,22	Support the implementation of KIC added value activities (GA 2018)
Knowledge and Innovation Community: EIT Health E.V.	München	Germany	92,91%	56 153 905,00	Support the implementation of KIC added value activities (GA 2018)
Knowledge and Innovation Community EIT Food: EIT FOOD IVZW	Leuven	Belgium	68,38%	24 212 353,81	Support the implementation of KIC added value activities (SUGA 2018)

Annex VII: Specific annexes related to part III

a) Critical risk mitigating actions undertaken in 2018

Description of the critical risk	Proposed mitigating actions	Accomplished risk mitigation actions
Budget cuts or legal changes beyond the EIT's control Causes: changes in political priorities by the Council, EP or Commission Consequences: insufficient budget available for the EIT to implement its objectives or adverse legal changes jeopardising the operations	Continued stakeholder management to influence decisions potentially affecting the EIT.	Continuous dialogue was maintained with key political decision makers (Council, EP, Commission) to have timely information about potential changes in the legal basis or in the multi-annual budget. The risk has not materialised.
Title: Non-implementation of core elements of EIT Annual Work Programme 2018 due to insufficient human resources or high turnover of staff Causes: lack of resources Consequences: reputational loss, potential legal/financial implications	The current staff attempts to ensure mutual back-up of all strategically important tasks. Recruitment in the HR plan for 2018 to ensure reserve lists are available. Use of interim staff and trainees.	Through the use of interim staff and trainees, outsourcing, relying on shared services of other EU institutions (e.g. by joining inter-institutional framework contracts) and achieving further efficiency gains by simplification, the EIT managed to implement the core elements of its 2018 Work Programme.

	Improve the procedures (SOPs) on KIC grant management.	
Improper implementation of EIT-KICs agreements given the complexity of the KIC concept Causes: new Framework Partnership Agreements, complex KIC governance, activities and evolving partnerships Consequences: irregularities, recovery of EIT funds; delays in implementing KICs' activities; negative reactions from EC, ECA, OLAF, KICs; damage reputation/credibility of the EIT	Implement revised grant assurance strategy and EIT anti-fraud strategy. Review of implementation of good governance principles. Internal detailed assessments of Performance and Cost reports for the GA 2017. Assessment of certificates on the Financial Statements that are required by the EIT. Risk based ex-post audits to be performed on GA 2017.	Revised grant assurance strategy and anti-fraud strategy in place and implemented. Implementation of good governance principles by KICs monitored in 2018. Detailed assessment of cost and performance reports by the EIT performed, CFSs obtained. Ex-post audits carried out. Simplification Agenda under implementation.
Legal and procedural aspects delaying successful completion of the 2018 KIC call Causes: unexpected formal or legal obstacles may arise Consequences: delay of call preparation, launch and implementation; damage to the EIT's credibility	Lessons learnt and IAS audit recommendations concerning 2014 and 2016 KIC calls have been addressed. Planning of the process assuming two weeks contingency in case of some unexpected legal and procurement problems. Adequate operational and legal resources and external expertise allocated to the KIC call, including an independent observer	Through implementation of all proposed mitigating measures, the EIT was able to complete the 2018 KIC Call within the timeline foreseen.

Insufficient interest from potential bidders to participate in the 201 8 KIC call Causes: too tough requirements presented in the call, no understanding of the KIC concept among potential participants, economic crisis in the EU - reduced R&D expenditures/industrial participation Consequences: delay/cancellation of the call - need to re -publish a call, damage to the EIT's credibility	Further refinement of the Call including the eligibility criteria based on the lessons learnt from the 2016 Call. To prepare and carry out a dissemination plan together with the EIT Communications Team. Preparation of dissemination package (including guidance) well in advance, use of multiplier organisations	As reported above, all proposed mitigating measures were implemented and altogether 10 proposals were received.
IT hardware or software failure Causes: Hardware devices or software failure Consequences: Systems and services could be stopped for different periods of time	Update of IT strategy and policy, including IT security strategy Off-site back-up system in co-operation with CEPOL. IT software security review. External support for IT section. Address relevant audit recommendations.	Strategy review completed with support of external consultants. Off-site back-up system in place. IT security improved by acquisition of new software. External IT support (1st and 2nd level) available throughout 2018. Audit recommendations are addressed continuously.
Revise planning and organisation of the administrative and operational processes Causes: inappropriate time management, insufficient and inefficient processes Consequences: non-achievement of objectives or delay in the achievement, waste of time and resources	Start the 2020-2022 budgetary planning in September 2018, monthly monitoring of the budget and procurement implementation, review of the budget and procurement implementation twice per year.	Planning for 2020-2022 started in August 2018. Monthly budget monitoring reports issued. Monthly procurement monitoring meetings held. Quarterly review meetings of the implementation of the AWP 2018 held. Increased emphasis on cross-unit

		cooperation and common objectives set. Internal Communication Action Plan under implementation.
Staff involved in procurement process may not be properly qualified or familiar with relevant regulations, rules and procedures and may not be properly and consistently apply the rules Causes: staff involved in procurement process have no financial training and expertise, no follow-up of the changes in the rules, guidance Consequences: non-compliance with the legal and regulatory requirements, waste of time and resources	Expenditure Life Cycle training for newcomers and staff, training on procurement, regular workshop and guidance on financial and procurement practicalities	Regular finance and procurement trainings held for newcomers and all other colleagues. Set of SOPs related to procurement activities finalised and adopted in 2018.

b) Specific annexes related to "Assessment of the effectiveness of the internal control systems[23]"

Standard	Brief description of the action (areas assessed during the Financial Autonomy review)	Status as of 31.12.2018
ICS 1 – EIT's raison d'être	Is 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	Overall assessment of status: fully or mainly compliant EIT's mission exists and is communicated to staff. The interim evaluation of the EIT published in 2017 confirmed the EIT's raison d'être. EIT is periodically reviewing the alignment of KICs' missions to the EIT's mission at several stages from KIC's selection to their annual business plans.
ICS 2 – Ethical and Organisational Values	Management and staff are aware of and share appropriate ethical and organisational values and uphold these through their own behaviour and decision-making.	Overall assessment of status: fully or mainly compliant Compulsory annual training provided, including final quiz to check staff's awareness. The Anti-Fraud Strategy was updated in 2018 and actions implemented as planned. Conflict of interests are managed both at the KIC as well as at the EIT level as per the set procedures. The EIT has established the role of Ethics coordinator. In addition to that, mandatory ethics trainings for all staff are held on annual basis.
ICS 3 - Staff Allocation and Mobility	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.	Overall assessment of status: fully or mainly compliant EIT HR completed mapping of jobs and generic job descriptions. The Single Programming Document 2018-2020 describes the redeployment of resources in view of budgetary constraints, as well as changes to the organigramme in order to strengthen the focus on the core activities. Implementing rules for the engagement of temporary staff and the a list of mitigating measures including mobility in case of sensitive functions in place, but constrained by organisational limitations inherent to small agencies.

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[23] Based on the financial autonomy assessment of the European Commission carried out in 2017.

ICS 4 – Staff evaluation and development	Staff performance is appraised annually. Adequate measures are taken to develop the skills necessary to achieve the objectives set.	Overall assessment of status: fully or mainly compliant The appraisal system is in place and has been conducted according to the latest GB Decisions on TA & CA appraisal implementing rules. The office maintains an annual training plan for all-staff training activities, and specific/targeted training is also addressed through the individual training maps of all staff members.
ICS 5 - Objective and performance indicators	The EIT's objectives are clearly defined in the EIT Strategic Innovation Agenda. 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	Overall assessment of status: fully or mainly compliant The setting of detailed objectives, key performance indicators and targets for the EIT is part of the preparation of the Single Programming Document as per the applicable Commission guidelines. As regards the objectives and KPIs of the Knowledge and Innovation Communities, they are assessed on an annual basis as part of the business plan assessment and funding allocation process.
ICS 6. Risk Management Process	A risk management process is in place which allows management to identify, assess and address existing or potential issues that may hamper the achievement of the EIT's objectives and is integrated into the annual activity planning.	Overall assessment of status: fully or mainly compliant Risk management SOP has been integrated in SPD/AWP planning process; unit level registers were established as from 2018 and are periodically reviewed in compliance with the SOP. Critical risks have been included in the SPD and reported on in this present report. A dedicated Grant Assurance Strategy exists, which ensures that there are an efficient and effective controls in place in terms of proper implementation of EIT's grants portfolio.
ICS 7 - Operational Structure	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.	Overall assessment of status: fully or mainly compliant Clear organigramme and governance framework, including proper formal delegation system, have been put in place and are reviewed and updated as needed on recurrent basis. EIT's sensitive functions have been identified through an annual risk assessment exercise based on the applicable Commission guidelines. EIT implements a list of mitigating measures in regard to tackling the risks imminent to sensitive posts, including mobility when/if applicable and feasible. The overall approach to the IT function has been gradually improved through putting measures in place in regard to IT security and overall IT management and planning.

ICS 8 – Processes and procedures	The EIT's processes and procedures used for the implementation and control of its activities are effective and efficient, adequately documented. They include arrangements to ensure segregation of duties and to track and give prior approval to control overrides or deviations from policies and procedures.	<u>Overall assessment of status: fully or mainly compliant</u> In the course of 2018, as part of its overall commitments towards achieving a status of Financial Autonomy, EIT has completed a substantive review of its whole internal regulatory framework, including drafting and/or updating more than 50 internal documents. Those included EIT's internal guidelines, SOPs etc., governing the core processes in all operational and administrative areas. EIT will continue to perform periodical checks and updates of its internal regulatory documents.
ICS 9 – Management Supervision	Management supervision is performed to ensure that the implementation of activities is running efficiently and effectively.	<u>Overall assessment of status: fully or mainly compliant</u> EIT management is hands-on with most decision making processes and takes a significant role in ensuring all aspects of internal control and regularity issues. Weekly management meetings are held in which decisions on current issues are taken. Furthermore, senior management monitors and supervises the implementation of EIT activities through quarterly review meetings with middle management.
ICS 10 - Business Continuity	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.	<u>Overall assessment of status: fully or mainly compliant</u> Business Continuity Plan (BCP) was updated and adopted in 2018. IT Disaster recovery plan was updated as part of the BCP package. In principle, business continuity remains an issue for the EIT due to its structural under-staffing, which EIT has consistently communicated.
ICS 11 - Document Management	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)	<u>Overall assessment of status: Fully or mainly compliant</u> The transition to the EC's records management system (HAN) took place in October 2018, the Filing Plan and the Specific Retention List have been adopted. In addition, the IT access management policy and the policy on handling mailboxes have been developed.

ICS 12 - Information and Communication	Internal communication enables management and staff to fulfil their responsibilities effectively and efficiently, including in the domain of internal control. 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.	<u>Overall assessment of status: fully or mainly compliant</u> EIT has an Internal Communications Plan and most of the measures outlined in it have already been implemented, In addition to that Internal Communications is consistently part of the agenda of EIT's management discussions. The EIT's external communications strategy was updated and adopted by the EIT Governing Board in 2018. In regards to the IT systems, the EIT has consistently followed a policy of adopting IT applications and business solutions developed and maintained by the Commission (e.g. ABAC, HAN, SYSPER, MIPS etc.), which substantially diminishes the IT risks related to the main systems supporting EIT's business processes. In addition, EIT continuously invests efforts towards improving its IT security through periodical IT vulnerability tests, staff training etc.
ICS 13 - Accounting and Financial Reporting	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	<u>Overall assessment of status: compliant</u> EIT uses SAP and ABAC and follows the inbuilt accounting processes and manuals. Furthermore, in 2018 EIT outsourced the Accountant's function to DG BUDG thus ensuring another layer of efficient controls over its accounting processes and reporting.
ICS 14 - Evaluation of Activities/ Impact assessment	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	<u>Overall assessment of status: mainly compliant</u> The EIT monitoring strategy as adopted by the EIT Governing Board, including a revised set of KPIs, is in place and has been implemented throughout 2018. The EIT was subject to an external independent evaluation by the Commission in 2017. An EIT Impact Framework is being developed.
ICS 15 - Assessment of Internal Control Systems	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	<u>Overall assessment of status: mainly compliant</u> The EIT reports on the effectiveness and efficiency of the EIT's internal control system at least annually in the Annual Activity Report. The internal controls functioning at the EIT are being monitored by means of different ways at the EIT such as the registration of exceptions and non-compliances. An Internal Control Coordinator

		(ICC) and deputy to the ICC were appointed in 2018. The Decision on Internal Control Framework is planned to be updated by end of 2019.
ICS 16 - Internal Audit Capability	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.	Overall assessment of status: compliant IAC in place and the annual internal audit plan was implemented.

Annex VIII: Final annual accounts 2018