

**EIT**  
**EUROPEAN INSTITUTE OF**  
**INNOVATION & TECHNOLOGY**

**TRIENNIAL WORK PROGRAMME 2011-2013**

**<http://eit.europa.eu>**

June 14 2010



## **Executive Summary**

Europe's strong capabilities in research, education and business are well recognised. But to drive innovation and economic growth we need to go further than simply developing and integrating these individual strengths. What is needed is a new, simple, efficient modus operandi to realise the full potential of the integrated knowledge triangle, with a confident, "can-do" attitude. The entrepreneurial approach of the EIT, leveraging on the richness of talent, ideas and energy in the three winning KICs, will deliver impact through the successful implementation of the knowledge triangle. Delivering impact means educating a new generation of European entrepreneurs, creating new products and processes, starting new businesses, providing new jobs and delivering sustainable growth. As a key element of the "Innovation Union" flagship within the EU 2020, the EIT is firmly committed to playing a leading role in the European innovation and knowledge landscape.

This Triennial Work Program presents the EIT's forward look and plan for the 2011-2013 period, with two main strands:

- supporting the development of the KICs into international role models for innovation and entrepreneurship; and
- putting in place the foundations and vision for EIT's medium and longer term future.

### **Supporting the KICs: growing outstanding role models**

The first priority of the EIT is to support the development of the KICs. This will involve continuous learning, knowledge sharing and improvement, in particular around: education for entrepreneurship; developing simple and effective operating models; addressing interface issues - whether between countries and cultures or corners of the knowledge triangle; a clear focus on results and the delivery of the KICs' business plan; the joint development and application of a balanced scorecard; benchmarking against international best practice where possible and applicable; and last but not least the development of an EIT culture. These activities will be accompanied by a competitive annual funding process to reward excellence in KIC activities and outcomes. A key element of the EIT support to the development of the KICs as role models will be the establishment of EIT labelled KICs degrees and diplomas. These will involve innovative academic curricula and mobility schemes.

### **The EIT's medium and longer term future**

The future direction of the EIT will be developed in detail in the Strategic Innovation Agenda (SIA). The SIA will be prepared by the Governing Board (GB) of the EIT in close cooperation with the European Commission, involving a process of broad consultation with other relevant stakeholders. In the SIA we will demonstrate the added value of the EIT in the context of, and complementary to, existing EU initiatives.

The lessons learnt from the KICs as they develop grow in the period to 2013 will be widely shared and built into a living portfolio of innovation best practices. The KICs themselves will serve as the EIT testbed: to explore the ways in which we can reduce the barriers between partners in the knowledge triangle, and to establish the incentives and measures which can be used to stimulate synergistic interactions.

In the medium term the EIT will engage with policy makers and stakeholders in identifying the grand challenges of the future and the areas where the EIT's new approach can make a difference.

Over the next few years making the best use of funding available across Europe will be critical. The EIT will work with industry and with existing regional and national innovation initiatives to avoid duplication and ensure that innovation funding makes a real impact. The development of the EIT Foundation will be used to enhance flexible funding opportunities for the KICs.

Finally, the EIT will establish and communicate its unique brand of excellence in innovation and entrepreneurship across the EU and internationally.

The EIT welcomes your views under <http://eit.europa.eu/nc/metanavigation/contact.html>

## Introduction

Two years after the adoption of the EIT Regulation by the European Parliament and Council, and fifteen months after the appointment of the EIT Governing Board (GB), the EIT is entering in its operational phase. The first three Knowledge and Innovation Communities (KICs) were selected by the GB in Dec 2009. The fact that the EIT and its GB have been able to deliver this results in such a short time has be down to the committed, "can-do" approach, a strong focus on simplicity, action and results, and an attitude of continuous learning and improvement. Following the successful achievement of this major milestone, this document now presents our forward look and plan for the next three years.

Europe and the world are changing – fast. European policymakers have singled out knowledge, education and innovation, as key drivers for the sustainable growth and prosperity of the European society. As we are slowly emerging from the global economic recession, there is an opportunity and a need to invest in, and further develop and exploit our strengths. The European Commission has put forward an ambitious strategy – the EU 2020 – for a society of smart, sustainable and inclusive growth. The EIT is firmly committed to being a key actor in the implementation of the strategy in the European innovation and knowledge landscape more generally.

The Barroso II Commission has put a strong emphasis on closer integration of knowledge, research/technology, entrepreneurship, business and innovation. As the champion of the knowledge triangle, the EIT has a critical role to play in the response to the global challenges that Europe faces today and in seizing the related opportunities to create new and sustainable growth.

Europe's strong capabilities in research, education and business are well recognised. But to drive innovation and economic growth we need to go further than simply developing and integrating these individual strengths. What is needed is a new, simple, efficient modus operandi to realise the full potential of the integrated knowledge triangle, with a confident, "can-do" attitude. The entrepreneurial approach of the EIT, leveraging on the richness of talent, ideas and energy in the three winning KICs, will deliver impact through the successful implementation of the knowledge triangle.

The EIT work program in the 2011 – 2013 period concentrates on the delivery of two main goals:

1. supporting the development of the KICs, in particular in growing their impact in business creation, so that by the end of 2013 these three KICs are becoming role models for innovation; and
2. the shaping of the EIT's development through the delivery of a compelling, realistic and executable strategic innovation agenda (SIA), drawn-up in co-operation with the European Commission and endorsed by the European Parliament and the Council.

The years 2011-2013 will be critical to the success of the first three KICs and to the future of the EIT. The EIT acknowledges that the road ahead will be challenging. In cooperation with the KICs, the Institute will learn fast from the emerging results, the successes and the frustrations, and will develop a highly regarded brand, synonymous with excellence, innovation and entrepreneurship. Entrepreneurial people and entrepreneurial actions will enable the EIT to 'punch above its weight' in shaping the future of Europe.

The current document builds on the first TWP, for 2010-2012, and proposals therein (see Appendix I).

### I. The KICs: growing outstanding role models

The first priority of the EIT in the period 2011 – 2013 is to support the development of the winning KICs, so that by the end of 2013 the three KICs are becoming recognised role models with measurable impact in the KIC focus areas.

The three KICs are focussing on the following impacts and outcomes.

- Climate KIC addresses four high-level themes, each of which is critical to Europe's response to climate change: (i) assessing climate change and managing its drivers, (ii) transitioning to resilient, low-carbon cities, (iii) adaptive water management, and (iv) zero carbon production systems.  
<http://www.climate-kic-proposal.org/>
- EIT-ICTLabs will use ICT as the key enabler driving the transformation towards the Future Information Society. ICT is expected to have a profound influence on society in areas such as: digitally empowered life management via information access and cognitive mobility-base services; innovative services based on the merging of physical and digital worlds; future media and content; novel forms of traffic and transportation; enabling technologies for ICT including security, trust and privacy; and green ICT.  
<http://www.eitictlabs.eu/>

- KIC InnoEnergy focuses on six key areas for an independent and sustainable energy system enabling a climate-neutral Europe by 2050: (i) energy from chemical fuels, (ii) sustainable nuclear and renewable energy convergence, (iii) intelligent energy-efficient buildings and cities, (iv) renewable, clean coal technologies, (v) European smart electric grid, and (vi) electric grid storage.  
<http://www.innoenergy-initiative.com/>

Clearly, energy security, greener energy and an energy efficient society, climate change, and the growing importance of the knowledge society across Europe offer great opportunities for new business creation. Our first critical priority during the 2011-2013 period is to grow this new European innovation potential through consistent support to the KICs in their drive towards the impact areas described in the "2009/EIT/KICs Call for Proposals". These impact areas are:

- the creation of new webs of innovation, which combine the elements of the knowledge triangle (education, research and technology, business and entrepreneurship), to produce new business, both for existing industry and new endeavours; and
- the development of programs of education and training, which improve the ability to challenge, to deal with change, uncertainty and complexity, and which will generate more and better European entrepreneurs.

This strong and consistent support from the EIT for the KICs, the "engines of the EIT's operation", will be built on continuous learning from the KICs. In the first years there will be two key areas of focus: educational programmes and the entrepreneurship agenda.

### I.1 EIT labeled KICs degrees and diplomas:

Right from the outset the three KICs have expressed a strong interest in applying the EIT label to their courses as a quality brand. The development of courses with a strong theme of innovation and entrepreneurship is an excellent early opportunity for 'delivery' by the Universities participating to the KICs. Delivery of new types of course and new types of graduate as well as establishing the EIT educational 'brand'.

The key EIT activity in the 2011-2013 period will be to work with the University KIC partners to implement coherent quality criteria for the EIT label for degrees. The criteria, and simple and effective processes for their application, are currently being developed with the KICs. EIT branded degrees will form a major element of the EIT's intent to deliver a unique brand of excellent and relevant education, responsive to both business and societal demands, including entrepreneurship education with highly integrated and innovative curricula and approaches to learning combines with mobility and outreach.

The KICs' educational activities will take full advantage of the benefits and developments associated with the European Higher Education Area, as developed in the framework of the Bologna process, in particular in the field of quality assurance and recognition. Existing high-profile Community programs, such as Erasmus Mundus and Marie Curie, will be used as benchmark for joint curriculum development and international mobility to enhance the international reputation of the EIT for excellence in innovation and entrepreneurship.

### I.2 Continuous learning and improvement:

We need to "fearlessly and invariably ask... WHY?" (Tom Peters, 25-38, "Leaders are Great Learners", "Re-imagine", [2003, 2009]) in order to be able to move forward with the EIT innovation concepts.

2011-2013 will see early results emerging from the KICs which will enable progress to be assessed against their original goals described in their business plans (including educational activities) and triennial programmes. The KIC business plans, which include short-, mid- and long term deliverables, targeted investment returns and key performance indicators, have two main, interlinked objectives: (i) the plan is a key instrument for a KIC to attract funding (including the EIT's annual grant), and (ii) the plan must be a working document, used throughout the whole KIC, to build and grow the business through collaboration across all the knowledge triangle partners.

The EIT will pay special attention to the lessons learnt from the experiences of the KICs in the field of entrepreneurship. This will include hands-on entrepreneurial experience and relevant practical experience in start-ups, SME and big companies, as well as through the Academy of Entrepreneurs (cf. TWP 2010-12, app. I). In order to achieve continuous performance improvement, the EIT will collect data on entrepreneurial activities. Those who deliver high impact by daring to create new business of all kinds will be celebrated through the EIT Entrepreneurship Award. Entrepreneurial cultures, such as the USA, show us that learning from failures can be at least as important as learning from success. The risk appetite of the KICs and the EIT will make learning from failure, in both educational and business initiatives, an important source of learning to improve the effective exploitation of the knowledge triangle to deliver a step change innovation performance. Building on

these first years of experience, the three KICs will be well on the path to being recognised international role models by the end of 2013, with measurable impact in the specific KIC focus areas.

### *1.2.1 Simplification of operational approaches*

As the new "concept" of the KIC is put to the test, issues and challenges will surface. In 2010 we are already sharing the first lessons learnt from the experience so far with the KICs, for example in terms of legal structure and governance arrangements. Simplification of operational requirements (monitoring, reporting, auditing), to improve operational effectiveness and responsiveness within the KICs, requires clear legal and financial structures as well as good management of the EIT to make the best use of its financial autonomy. The EIT-KIC relationship will be characterised by simple, clear, effective, annual grant agreements, with a commitment to 'light touch' controls and a focus on results. The EIT and its management team will develop strong personal relationships with the KICs' leadership teams, based on shared values of integrity, risk appetite and control, high energy, flexibility and a collaborative and supportive approach to problem solving

### *1.2.2 A "learning by doing" approach – results and scoreboard:*

The prime source of learning is found in the body and quality of results generated by the KICs versus their business plans and anticipated deliverables, which are part of the (annual) grant agreements. The KICs' impact in their priority areas will be regularly reviewed through a scoreboard jointly agreed upon between the EIT and the KICs. These key indicators focus on the generation of innovative responses to climate change, on the development of sustainable forms of energy and means for future information society, realising clear new business opportunities. The outcome of the KICs will be assessed by their capacity to foster world-class excellence, to attract best talents worldwide and to create new generations of entrepreneurs through new education curricula. These activities will be monitored and supported across the KICs.

### *1.2.3 KICs as a main source of best practice celebrated by the EIT Entrepreneurship Award:*

The EIT will seek various kinds of input and support to drive continuous improvement through the production of actionable intelligence. Building up on the strategic guidelines defined by the Governing Board, the EIT will develop first-class expertise through the interaction between its staff, the KICs, successful innovation practitioners, external experts, institutions / associations and the European Commission. The EIT will first leverage on Europe's outstanding capacities in research, education and business, which are brought together within the KICs. The EIT will nurture this unique pool of "hands-on" experience, concentrated in the KICs' co-location centres, where the free flow of knowledge takes place across the innovation web. Success stories, best practices and highlights of seamless knowledge flows within the knowledge triangle will be repeatedly brought forward and shared via the EIT website, conferences and interviews). The launch of the first call for the EIT Entrepreneurship Award is scheduled for June 2011 (cf TWP 2010-2012). The Award will recognise a KIC's top success story that promotes the key role of entrepreneurship in the knowledge triangle. One of the success factors leading to new business creation (for instance, entrepreneurship education, innovation driven technology development or the exploitation of entrepreneurship through SMEs) will be celebrated by the first EIT Award in December 2011.

### *1.2.4 Promoting interaction with innovation practitioners – the EIT Academy of Entrepreneurs:*

The EIT Academy of Entrepreneurs will bring together 20 renowned entrepreneurs. It will be a privileged networking gate to the outside world of innovation, and will fulfil three main missions: (1) be an entrepreneurship think-tank, (2) promote and link the EIT and KICs to the broader world and (3) act as a sounding board for the KICs and their entrepreneurship activities (cf TWP 2010-2012).

From the second half of 2010, it is also planned to develop solid webs of networking with world class institutes, universities, business and other partnerships within the knowledge triangle and not related to the first KICs. This constantly updated web of knowledge about "the future of innovation", will be mainly focused on, but not limited to, the KICs grand themes (sustainable energy, climate change adaptation and mitigation and the future of information and communication society). This web of knowledge will also involve various leading associations, external experts and other stakeholders consulted during the preparation of the SIA.

Operating from Budapest and as a European Institute open to the world, the EIT will further develop its international vision, planning for instance an annual trip to visit leading organizations from non EU-countries (for instance the BRIC countries) with the clear potential of bringing added value to the KICs.

### *1.2.5 Benchmarking:*

Benchmarking the KICs' results against the outcome of other instruments and means used elsewhere in the world to enhance innovation performance will be another key source of learning. Benchmarking is an important tool to assess opportunities for performance improvement, to track progress and to gauge the added-value of the EIT and its KICs. Benchmarking will also offer a measure of the impact of unique aspects of the EIT. The EIT will look for step-changes in the outcome of current programmes brought in by partners in the initial operation of the KICs.

### *1.2.6 Building the overall EIT culture through the KICs:*

One annual "inter-KICs" seminar will be organized at a selected co-location centre to share best practices between KICs' governance structures, knowledge management, IP processes etc., and to promote cross fertilisation through complementary themes, synergetic projects and business opportunities across the KICs. Whilst this inter-KIC learning process will help the KICs improve further, it will also provide the EIT with worthwhile input for the launch and support of the next KICs.

### 1.3 Funding:

The foreseen budget for the EIT for the period 2011-2013 starts from € 54.1 mln (2011), becoming € 71.3 mln in 2012 and finally reaching € 118.3 mln in 2013. Since the KICs are the primary source of learning and the "core engines" of value creation, the EIT Governing Board has decided to maximise its investment in the Annual Grants to the KICs: in 2011, the running cost of the EIT will be maintained below € 6.2 mln. The operational costs of EIT, which cover both the Annual Grant for the KICs plus important activities such as Communication, the EIT Entrepreneurship Award, The Entrepreneurship Academy as well as support and counseling (engagement of practitioners and other stakeholders) will be in excess of € 56.5 mln (with as much as € 54.5 mln for the Grant).

Currently, some of the learnings, networking and benchmarking cannot be realistically executed from the € 6.2 mln corresponding to the minimized running costs of the EIT Institute in 2011. Moreover, there is no budget room to keep the momentum on EIT and KICs in Europe for 2011. This is most desirable though, since various parties in Europe are already gearing up for a second round of KICs in 2014. Currently, the EIT's Governing Board is anticipating an incubation call for KICs in 2012 and preparation for this in 2011. Therefore, an additional budget of about € 5 mln for 2011 would be most desirable.

From 2012 onwards, when the Institute is fully established, the EIT's running costs are planned to reach a stable level below € 8 mln, with a maximum allocation to the grants. Focus on KICs activities, empowerment and outcome, rather than complex control by the EIT Institute, are the two simple drivers that will maximise the budget allocation to the Annual Grants.

In the 2012 budget, a ± € 5 mln provision is currently planned to support the possible early preparation of the new KICs to be launched at the end of 2013 / early 2014. This would cover part of the cost of an incubation call for KICs and the 2012 selection process. The EIT Governing Board will make a decision on this call pending the progress with the Strategic Innovation Agenda (SIA) and the stakeholder consultations as well as the availability of extra budget for the incubation call in 2012.

Superior KIC performances will be rewarded by differentiated funding: following the review of the KICs' results and the yearly hearing, the EIT's Governing Board will support the KICs triennial work program with tailored annual grants. This results-driven grant distribution, a form of competition between the KICs, is another driver that will encourage the KICs in their search of excellence. The level and development over time of KIC funding from non-public sources is also a measure of their significance to private businesses. The acquisition of such private funding by the KICs and by the EIT Foundation (cf. TWP 2009-2012) will offer a number of financing options serving different goals, ranging from the direct investment in seed capital or venture funds to straight funding of the KICs and potential new EIT initiatives.

## **II. Shaping EIT's medium and longer term future**

The EIT will drive its future long term success with an ambitious Strategic Innovation Agenda (SIA) to be produced by the EIT Governing Board in close co-operation with the European Commission. The SIA will outline the EIT's future activities and include future KIC thematic areas as well as the EIT's financial needs. A draft of the first EIT Strategic Innovation Agenda (SIA) will be submitted to the European Commission by June 31<sup>st</sup> 2011. The final version will be submitted to the European Parliament and the European Council at the end of 2011. This SIA will set out the direction for the EIT's long-term development in the context of the EU 2020 vision.

In addition to the EIT's long-term role and its complementarities and interactions with other European initiatives in the fields of research, education and entrepreneurship, the SIA may also address topics around the function and connection of the EIT with regards to the KICs (more than an umbrella organization), the future "optimal" number of KICs and the EIT's regulation and governance. The EIT has the ambition to further strengthen its interactions with private companies (their R&D departments, funding, new business development expertise). Relations with the European Commission's key Directorate Generals (Education and Culture, Research and Innovation and Enterprise and Industry) and greater synergies with future European, national and regional programs and initiatives will also be further developed. To support the post 2013 EIT budget, new funding opportunities will be looked at, from other European funding instruments and/or from the EIT Foundation. Brought together, these various activities and instruments will bring the EIT where it wants to stand in 2020: an established and recognized driver of innovation in Europe.

## II.1 roadmap adoption SIA:

### *II.1.1 Consolidate continuous learning and success stories: a key input to the SIA:*

The execution of this 2011–2013 triennial work programme and the learning that will emerge from the three KICs' first year of operation (e.g. the effectiveness of their leadership, of the governance structure, co-location centres, of the interactions between their partners and in particular with industry and engagement of SMEs, VCs...) will generate essential insights. The EIT will support the KIC learning process in 2011 and beyond through dedicated learning activities and will consolidate the lessons learnt from KIC so that a wealth of best practices can emerge in the mid- and long-term. The KIC launch event, which will take place in Barcelona in June 2010, will start off this learning process.

### *II.1.2 Stakeholder consultation:*

These learnings will be discussed with a wide range of stakeholders, and possibly combined with foresight and impact assessment studies to prepare for a new call for KIC proposals and consider new means of value-creation within the knowledge triangle. The EIT is, and could be even better equipped, to tackle most of the six key challenges identified in the EU 2020 strategy (in particular, confronting global challenges, sustainable growth and jobs, growth based on knowledge and innovation, an inclusive high-employment society, green growth: a sustainable and competitive economy). The EIT will organize a workshop in early 2011 to explore and discuss which societal challenges the next KICs should address. Participation of different stakeholder groups (i.e. representing the knowledge triangle, policy makers, etc) is planned from the end of 2010 onwards.

## II.2 maintaining momentum:

### *II.2.1 Incubating:*

The EIT's Governing Board believes that early preparation for the designation of new KICs at the beginning of 2014 is essential. This is based on the experience built from the early work during the Preparatory and First Annual Grant Agreements in 2010, which indicates that setting up the three selected KICs is a challenging and resource intensive experience for all partners and for the EIT. Building up on the experience accumulated with the first three KICs, drawing from the outcome of the foresight/impact studies started in 2010 and from the engagement with a large audience of the knowledge triangle stakeholders in 2011, the EIT Governing Board will consider launching an open call for the incubation of new partnerships in 2012, which could lead to potential new KICs as of 2014. The TWP for 2012-2014 will present concrete ideas on how to build on the experience made with the existing KIC to successfully incubate potential future KICs. This may also entail a request for additional funding for 2011 and 2012.

### *II.2.2 Capitalize on results, learning from KICs to engage EU Institutions:*

As the KICs start generating results, the EIT will build its portfolio of KIC innovation best practices and capitalize on the results achieved by the KICs. The EIT will promote this portfolio and engage proactively with policy makers (European Commission, European Parliament and European Council) and relevant stakeholders (R&D Communities, Business and Higher Education), in order to make a difference to the European innovation landscape and to best present the case for the added-value of future KICs to Europe.

Through the KICs, the EIT has a unique opportunity to test the enablers that allow SMEs to thrive, such as mobility, access to capital, entrepreneurship education. Similarly, feedback about the incentive of clear European IP guidelines, of interoperable standards, about the stimulus of the regulation framework, or about retaining talent from abroad is an important part of the EIT's role in bringing the business world and the policy makers closer in their effort of increasing and improving Europe's innovation performance.

### II.3 Communication and promoting the EIT brand:

Since the EIT's mission is to grow and capitalise on the innovation capacity of partners from the three sides of the knowledge triangle, communication is a particularly important focus area for the first years of a young institute. The main objectives of the 2011-2013 communication plan, as developed by the EIT Governing Board, intend to increase the EIT's visibility and improve the level of understanding of the EIT among three target audiences: business sector and investment sources, institutional/government bodies as well as students and researchers. By sharing KIC results and impacts, the EIT aims to motivate key stakeholders to participate in EIT and KIC activities and to mobilise new sources of funding for EIT and/or its Foundation.

The EIT realises that the wide range target audience calls for different communication approaches. Hence, the EIT plans to deploy its communication plan in two steps. To begin with (as of 2010), the EIT will consolidate its existing website, link it to the KICs and a whole range of new information will be made available (overview of the EIT and the KIC structure, organization charts, update about KIC progress and status, new activities, calendar of events, photos gallery). In short, the EIT will share a whole range of active information, conveying a clear message of a modern, "can-do" and 'simple' European Institute, working closely with the KICs to promote and create innovation in Europe with a strong focus on results.

Secondly, from 2011 onwards, the EIT plans to integrate new communication tools into the website so that it becomes a participative website. This will allow the audience to spread EIT content and to create their own EIT relevant content: such interactive applications include for instance a social media newsroom, multi-user blogs, and groups on Facebook and LinkedIn. A forum within the EIT domain will be created, where members of the KICs, in particular, will be able to communicate in a private environment so that sensitive issues and opportunities can be discussed.

In addition to the website, the EIT also plans to engage in an active media relations process, focused on successful case studies built around the KICs. To successfully share these case studies, the EIT will build relations with a core group of well-informed and broadly interested press. The institute will arrange regular briefings between journalists and the EIT, carry out press conference and briefings organized around the case studies and their positive results as well as develop press packs available to all target press. Finally, the EIT plans to organise two main communication events per year, starting in early 2011 in Hungary with a broad engagement of stakeholders taking part in the development of the SIA.

An important objective of the communication activities is related to the continuous improvement of the EIT label's reputation: the institute will define and promote a unique EIT quality culture, through the adherence to top competency assurance levels (recruitment and training), and by adopting/creating world-class, modern project and management processes.

A last objective is creating a brand of excellence. The EIT will differentiate itself through a strong, clear and attractive message. The EIT brand will focus on entrepreneurship, innovative education, mobility and outreach. And the EIT will stand for "can do", impact on society, efficiency-driven and entrepreneurial people who long for opportunities and excel at embracing them.

### II.4 the EIT Foundation:

The EIT foundation (cf. TWP 2010-2012) will be created in 2010 to serve three purposes: (1) to have an agile and flexible instrument for funding high-risk innovative initiatives by entrepreneurs and talented students in the EIT; (2) for funding to help initiate and grow KIC spin-out companies in EIT and (3) as a service to KICs to channel funding as and when appropriate. The first key activity of the EIT Foundation and the EIT is to execute the process of capital acquisition, attracting seed, venture capital and other donors through a clear communication of the unique value propositions of the EIT-KICs and of their societal impact at large. Donations can be made in different forms, for instance as annuities, cash and donation in kind (for example a patent can be donated). Capital should build up to possibly € 100 mln Euro over the years.

The EIT Foundation's Governing Board, in consultation with its parent EIT, needs to decide on the investment plan, which can range from direct investment into the KICs, or through other capital funds, but all in the context of the EIT. Built upon the status of a charity foundation raising (transnational) funds directly for the EIT/KICs, the EIT Foundation can play a role in the enhancement of the EIT-KICs activities.

### II.5 Interdependence – continuing the relation with the Commission:

The core values of "can-do", focus on results, speed and simplicity characterise the operational culture of the EIT. These values bind together the actions of the EIT in Budapest, the EIT's Governing Board and the European Commission. The EIT values, its autonomy and teaming up with DG EAC and the Commission are the root of its initial success and in 2011-2013, this will remain the cement that unites the EIT team, the Governing Board and the Commission in the delivery of the two aforementioned goals. Strengthened by transparent and

outstanding ties, the EIT, its Governing Board and the Commission will focus on the following specific tasks during 2011-2013:

- a lean and efficient EIT will further develop a strong relationship with the KICs, based on mutual trust and confidence: results will be jointly assessed, learnings will be turned into continuous improvement, grants will be prepared together to yield maximum impact: the EIT and KICs will work out first-class rolling triennial work programs, budget proposals, annual reviews and plans; we will draft a compelling SIA.
- the Governing Board, with its new members from the KICs from 2010 onwards, will define the long term strategic growth of the EIT, which will be outlined in the SIA.
- the Commission will carry out a regulatory independent evaluation of the EIT (first one by mid 2011) and will also support the EIT efforts in the broad context of the European Research and Innovation Plan and the Youth on the Move initiative to become a world class body for excellence in entrepreneurial higher education.

### **III. EIT's activities 2011:**

#### **EIT Annual Plan 2011**

The activities for 2011 will be driven by the following main four objectives: a) consolidation of the first KICs and assessment of their preliminary results, b) consolidation of the EIT office, which will operate as of 1<sup>st</sup> of January as a fully independent entity, and c) preparation of the SIA, which will lay down the basis for the EIT long term development EIT and finally d) delivering on the EIT Foundation

#### **Consolidating the first KICs**

2011 will be the first full implementation year of the KICs. The EIT will assess the first, preliminary results stemming from the first cycle of KICs operation, as test beds of how knowledge can become the engine of innovation in Europe.

Education and entrepreneurship will be at the heart of the EIT learning process in 2011. On education, the EIT will assess the implementation of the quality criteria underpinning the use of the EIT brand by the KICs. Equally, the EIT will also promote the sharing of experiences and initial results in the field of entrepreneurship. The Entrepreneurship Academy, which is to be established in 2011, will play a key role in embedding entrepreneurship within all KIC activities.

2011 will mark the consolidation of the KICs as legally and financially structured entities, following a gradual development path. The EIT will help the KICs operate as fully organized KICs, for instance by offering specialised legal counselling. The EIT intends to learn about the governance structure of the KICs and their co-location centres from the initial KIC set-up phase, in view of the preparation of the next round of KICs. The delivery mechanisms initially planned could be adjusted in Q4 2011 to better cater for the KICs' emerging needs.

The EIT will fully exploit the potential of KICs as role models, seeking new ways of delivering world class innovation. Two inter-KIC learning seminars will be organized in the course of 2011. The first one, to be held in Q2, will focus on simplification (the KICs are expected to rapidly provide examples of best practice in terms of governance and financial arrangements for private and public partnerships). The second one, in Q4, is intended to facilitate knowledge sharing on entrepreneurship promotion across KICs. The first EIT Entrepreneurship Award will be bestowed to the designated winner(s) at that point in time.

As part of the continuous KICs learning and development process, the EIT will promote structured dialogue and co-operation with interested, strategic parties from third countries. In the first half of 2011, the EIT will build on and further develop the contacts initiated with Chinese organizations on the occasion of the EIT Expo Day in Shanghai in Q3 2010.

#### **Preparing EIT's long term development through the SIA**

Building on the preparatory activities launched in the second half of 2010, the EIT will prepare its first Draft Strategic Innovation Agenda by June 2011.

The EU 2020 Strategy will provide a strong political basis for EIT's future vision and operation. One of the main challenges of the SIA will be to clearly define the position, role and added value of the EIT within the EU 2020 Strategy and the resulting revamped research, innovation and knowledge landscape. Open questions related to the EIT's future development that will be addressed in the SIA are: (i) the EIT **Governance** model (ii) EIT **Operations** (e.g. number and themes of future KICs, possible other instruments -beyond KICs- supporting the

promotion and international recognition of the "EIT" brand...) and (iii) **Resources** (e.g. sustainability of the EIT financial model and amount of the Community contribution after 2013). The SIA should also aim to establish appropriate cross-fertilizing connections with existing initiatives.

The SIA will be drafted following wide-ranging consultations with all relevant stakeholders, driven by the EIT in co-operation with the Commission. To this end, in Q1 2011, the EIT will develop an interactive communication platform, including a social media newsroom, with a view of reaching out to all potential parties interested in future EIT development and getting their timely feedback.

A high-level conference, which will be organised in Q1 in close co-operation with the Hungarian Presidency, will help identify inter alia, the challenges that will be addressed by the second wave of KICs.

Moreover, as of Q1, the EIT will seek support from specialized support from relevant players and organizations, including through foresight assessments, in order to identify priority areas to be considered for the launch of new KICs.

During the first half of 2011, the EIT will also build on empirical evidence and learnings from the KICs selection process, initial agreements, first activities and working methods, via monitoring and inter-KIC seminars. This ongoing "learning" dimension will be of particular importance for the future shaping of the second wave of KICs. Finally, the findings of the external independent evaluation of the EIT's establishment and initial operations, to be launched by the Commission and to be completed by June 2011 at the very latest, will also feed into the draft SIA.

Throughout the year, the EIT and the Commission will work hand-in hand during the preparation of the draft SIA by the EIT and in the second half of the year, following its formal submission to the Commission for approval.

### **Delivering on the EIT Foundation**

The EIT Foundation is intended to serve as an attractive and lean financial tool for receiving funds from private, financial and philanthropic donors (and for rapidly channelling these funds towards KICs' activities). Its legal establishment is on track and will be finalised by the end of 2010. The Foundation will have its legal registration in the Netherlands.

To attract donations on a sufficiently large scale and to kick-off the Foundation's activities, throughout 2011, the EIT Foundation is expected to focus on the development of: a) A Fund-raising Strategy, which identifies potential donors notably from the private, banking and philanthropic financing communities (this might be further taken up by a professional fund-raiser); b) A Support/funding strategy, which defines clear criteria for the allocation of the funds and identifies KICs activities that are likely to make the foundation a flagship/showcase of support for innovation and entrepreneurship; c) an Asset-management strategy, which defines the principles for a sound management of the cash flow.

### **Consolidating the EIT office in Budapest**

The EIT Budapest office will operate as a fully independent autonomous body as of 1 January 2011, with a staff estimated at 52 employees by the end of 2011. The increased number of staff for 2011 is in line with the growth in activities foreseen for the EIT. In particular, the coordination and support to the activities of the Knowledge and Innovation Communities (KICs) will be a growing task, as the KICs consolidate and start delivering their first results.

A major challenge for the EIT office will be to set up the EIT as an original Community body with a strong business mindset in its operation (quick mobilisation, delivery and impact), whilst at the same time, as beneficiary of Community funds, ensure its compliance with Community rules and accountability before the European Parliament.

As part of the continuous learning process and feeding-in of European policies in the EIT's activities, regular exchanges will be promoted between EIT staff and the Commission's services, through a.o. the organisation of one-day seminars/lectures by Commission officials in the Budapest office on policy areas relevant to the EIT and the KICs.

Furthermore, the EIT office will promote structured interactions with leading innovation and knowledge centres across Europe, and beyond, through for instance short internships and exchanges of staff to keep up with latest development and trends in innovation worldwide.

## **Appendix I: Executive Summary, TWP 2010 – 2012.**

The EIT is about creating a new European way to deliver economic growth through addressing major global and societal challenges, such as people-friendly communication, a sustainable supply of energy and a habitable environment. Innovative approaches that will help existing European industries and SMEs to prosper, whilst also generating new businesses, updating skills, creating new jobs and developing exciting new entrepreneurial talent. The current economic crisis only serves to reinforce the timeliness of this initiative.

### What is special about the EIT?

The EIT aims to deliver world-leading innovation through collaboration between all the actors in the "knowledge triangle" within Knowledge and Innovation Communities (KICs). For the first time, all the stakeholders in the innovation chain - industry, higher education, research and technology institutes and entrepreneurs - will be brought together with a common goal: a positive social and economic impact for Europe, to be measured in terms of new business creation in existing industries and SMEs, creation of new businesses, job creation and the education and delivery of a new generation of entrepreneurs. EIT's focus on impact has resulted in a concentration of activities in co-location centres, a strong focus on the leadership of KICs, simple approaches and a strong emphasis on entrepreneurship and entrepreneurship education. The EIT will not do this in isolation. It aims to capitalize upon and promote strong bonds with existing and forthcoming Community initiatives.

### On track

Today, we are pleased to report that the EIT is on track with the process of delivering the first 2 or 3 KICs. The KIC call for proposals was published on April 2<sup>nd</sup> 2009, proposals must be submitted by August 27<sup>th</sup> and the final selection will be complete before the end of this year, slightly ahead of schedule. The call, selection criteria and IP guidelines are simple, transparent and brief: the call text is only 9 pages; proposals are limited to 40 pages. KICs can start immediately, in 2010, based on an initial grant. The KIC 7 year framework agreement will be signed in the second quarter of 2010, releasing the full grant of the first year of operation.

### KICs, Innovation and Entrepreneurship

The EIT Governing Board will assess the progress of KICs through a simple balanced scorecard approach. The EIT will work with the KICs to stimulate and reward performance. In the area of education, the EIT will encourage the leading universities and business schools involved in KIC partnerships to develop innovative new curricula, targeting in particular stronger entrepreneurial and multi-disciplinary skills. The use of the EIT label in conjunction with these new diplomas will be an important part of building the EIT brand.

The EIT will encourage the exploration of a wide range of innovation models within the KICs, including open, non-technological and user-driven innovation. The EIT will identify, and share widely, best practice, particularly that associated with co-location of people from a diverse range of backgrounds. Best practice in knowledge transfer will be of a particular interest. Administration will be kept as simple as possible for the KICs, for example through simple funding mechanisms including the use of lump sums and flat rates.

The creation of an EIT culture of innovation, education and entrepreneurship will be implemented through multiple means: seminars, summer schools, newsletters, networking and an EIT website; in short – through highly interactive physical and virtual communication.

The EIT will encourage KICs to develop entrepreneurial skills, cultures and governances to boost new business creation. The development of KIC-specific instruments will contribute to the success and consolidation of KICs. These will include an entrepreneurship academy, an entrepreneurship prize aimed at universities and an interactive website hosting innovation and entrepreneurship and building the entrepreneurial community.

### Seeking new ways

The EIT has been created as a Community Body with a strong business focus and an unprecedented level of autonomy in decision-making and operations. For the EIT to be successful a 'CAN DO' approach is essential, characterized by simplicity, leadership, competition and agility. The EIT will strive to 'seek new ways' of doing things better in an accountable and transparent manner. This includes initiatives in the area of mobilization of funding such as the EIT Foundation. The limit of 25% funding for KIC activities from the EIT will strongly enhance the commitment (75%) of the collaborating parties. The EIT will also be seeking new ways to

approach many of its other activities, including governance, KIC support, operation of the EIT headquarters and relations with the Commission.

#### The Strategic Innovation Agenda (SIA) and new KICs

After the summer break in 2009, the EIT will start initial preparations for the Strategic Innovation Agenda and the development of a proposal for new KICs. In 2010, a broad audience will be engaged in the thinking and discussion, including the European Parliament, the European Commission and the Council. The delivery of the SIA will be a major milestone in establishing the EIT as a convincing new instrument for stimulating innovation in Europe. The EIT Governing Board believes that the momentum created in Europe associated with the launch of the first round of KICs should be followed up as soon as possible with a second competition.

#### Annual plan 2010

Finally, the report summarizes the plan for the EIT's activities in 2010. These are concentrated on delivering the KICs, consolidating the KICs through various supporting actions, collecting and sharing lessons learned, and using this experience in the development of the SIA and the proposal for new KICs.

#### Invitation

We very much welcome your comments and suggestions.