Triennial Work Programme 2012-2014

From unique grant giver to engaged impact investor

European Institute of Innovation and Technology (EIT)
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A. Executive Summary

The EIT's 2012-2014 Triennial Work Programme serves as an "overture" to the Strategic Innovation Agenda (SIA), mapping out the journey from a small unique grant giver to an engaged impact investor with a 'portfolio' of Knowledge and Innovation Communities(KICs).

Following their designation in December 2009, the EIT's first three KICs are now set-up as separate legal entities run by a CEO and have started working more specifically on their activities after the initial set-up phase in 2010. Seven-year agreements between the EIT and each KIC have been signed, while all KIC partners sign an internal agreement with the K IC legal entity. This has never been achieved on a European scale before.

The focus on the EIT and the KICs has shifted from "Can they do it?" to "Can they deliver?"

As such, the primary focus for 2012-2014 is to ensure that the EIT moves closer to becoming a key driver of sustainable growth and competitiveness by producing impactful results. In order to achieve this and move towards an impact investor role, the EIT has defined three strategic objectives for this period:

1. Developing EIT Strategy and Preparing for Implementation of the SIA
2. Driving effectiveness, innovation and entrepreneurship within the KICs
3. Enhancing capabilities of the EIT Headquarters (HQ) in Budapest

The EIT HQ will increase its strategic role as a centre of expertise that will help the Governing Board in developing its strategies. In particular, the EIT Headquarters will focus on preparing for and implementing the SIA, measuring EIT impact, providing support to the Governing Board and Executive Committee, as well as establishing and maintaining close relations with strategic stakeholders in continuing its community building efforts.

The EIT will continue to drive entrepreneurship education and business creation in the KICs, through the promotion of EIT labelled degrees in Europe and internationally, by developing a "learning enhancement model", by implementing the EIT Entrepreneurship Award and through its Academy of Entrepreneurs. However, the EIT must also serve as an icebreaker regarding flexibility and simplification of its working methods so that innovation rates in the KICs and beyond are enhanced.

The EIT HQ is to take a pro-active stance on simplification issues. It strives to gradually introduce simplified procedures, reporting and costs (such as lump sums and flat-rates) for the KICs. The EIT will work in close co-operation with the European Commission with a view to constantly screen opportunities and seek to amend rules, namely the EIT Financial Rules, and regulations.

The EIT was the catalyst that created the KICs and, while it will respect and encourage their autonomy and self-sustainability, the EIT will continue to nurture the KICs through a mix of instruments, primarily through grant agreements. Although grants will remain the main funding mechanism from the EIT to the KICs, the EIT will closely explore the possibility of offering KICs other types of support from an operational and financial point of view.

The EIT HQ has started conveying a clear message of a modern, "can-do" and European Institute, working closely with the KICs to promote and create a European innovation culture with a strong focus on results. The EIT will conduct communication and outreach actions to increase the visibility and impact of its activities.

The EIT HQ will move towards becoming a centre of expertise that professionally manages its human capital and maintains a fit for purpose organisation.

The EIT will become financially autonomous in June 2011. However, the financially autonomous EIT, a European Union body and the European Commission remain proud and interdependent partners.

B. Introduction

This rolling triennial work programme (TWP) outlines the EIT's major priorities and planned initiatives for the period of 2012 until 2014. It allows the EIT to respond to internal and external developments in the fields of science, technology, higher education, innovation and entrepreneurship as well as other relevant areas. This TWP builds on the TWP2011-2013 as adopted by the EIT Governing Board, while taking into account lessons learned and new developments.

Typically, a rolling triennial work programme is based on the strategic, long-term priority fields and financial needs for the EIT for a period of seven years, laid down in a **Strategic Innovation Agenda (SIA)**. Given the importance of the SIA for the European Union's innovation policy and the resulting political significance of its socio-economic impact for the Union, the SIA should be adopted by the European Parliament and the Council on the basis of a Commission proposal prepared, in turn, on the basis of a draft provided by the EIT. The EIT is currently developing a draft SIA to be submitted to the European Commission by June 2011, covering the period 2014-2020.

Discussions on the SIA converge on the ambition of the EIT to over time move from a niche player in the EU innovation landscape, which started as a small grant giving institute, towards an entrepreneurial driven impact investment institute. The EIT envisages to encourage, seed and enable existing centres of excellence in research and higher education in Europe to form entrepreneurial innovation clusters, so-called Knowledge and Innovation Communities (KICs).

KICs are measured by their capability to foster governance structures and entrepreneurship that translate research and education into innovation with societal impact in a business/investment fashion. To achieve real innovation impact, each KIC contains 5 or 6 centres of excellence co-located such that all elements of the Knowledge Triangle (higher education, business and research) are in proximity and can cross-fertilize through people interaction. The KICs are designed to continuously learn from each other, to establish and facilitate a culture in Europe that helps to unlock Europe's enormous potentials to leverage innovation and technology of global importance. The EIT's impact is measured by better entrepreneurially mined and trained people, new products and services for both the existing industry and new businesses, and by creation of a positive impact on European society.

The EIT and KICs together form a distributed institute with headquarters (EIT HQ) in Budapest. The EIT HQ aims to become a centre of expertise that will (help) drive entrepreneurship education and business creation in the KICs, as well as the Governing Board in developing strategies, while serving as "ice breaker" regarding flexibility and simplification of its working methods that enhance innovation rates in the KICs and beyond.

The TWP 2012-2014 serves as an "overture" to the EIT's draft SIA, mapping out the journey from a small unique grant giver to an engaged impact investor with a portfolio of KICs. **The EIT has defined three strategic objectives** for the period of 2012 until 2014 in order to move towards such an impact investor role:

1. Developing EIT Strategy and Preparing for Implementation of the SIA
2. Driving effectiveness, innovation and entrepreneurship in the KICs
3. Enhancing capabilities of the EIT HQ in Budapest

C. Developing EIT Strategy and Preparing for Implementation of the SIA

During 2012 until 2014, the EIT HQ will move toward playing a strategic role as centre of expertise that will help drive the Governing Board in developing strategies. In particular, the EIT will focus on implementing the SIA, measuring EIT and KIC impact, supporting the Governing Board and Executive Committee, as well as establishing and maintaining close relations with strategic stakeholders and by guaranteeing a continuous linkage with the KICs.

Preparing for Implementation of the Strategic Innovation Agenda

The EIT's first SIA will define its strategic, long-term priority fields and financial needs for a period of seven years (from 2014 onwards). The draft SIA foresees a second 'KIC investment round' in 2014 with a view to encourage more world-class and over time self sustainable European innovation hotspots to emerge. Moreover, the EIT will add value to the European innovation landscape by providing a 'role model service' to others, i.e. inspiration, good practice, etc. to the larger initiatives of post-2013 EU funding, namely the Common Strategic Framework, the Education and Training Programmes as well as the Structural Funds. The Governing Board will submit its draft SIA to the European Commission by June 2011.

This TWP outlines the way in which the EIT is planning to prepare for the implementation of all activities presented in the SIA, notably the second round of investment in the KICs. Indeed, the implementation of the SIA will impact all aspects of the EIT's work.

Measuring EIT impact

In December 2010, the EIT Governing Board adopted an **EIT Scoreboard** Framework, based on nine strategic objectives and containing an initial set of 24 indicators. The primary goal of this scoreboard is to monitor, document and communicate the outcomes and impacts of EIT activities to its stakeholders. Indicators are quantitative and qualitative representations that provide summary information on the scope, quality, vitality and impacts of an entity's activities. A scoreboard, understood as a collection of the most important indicators across its main activity areas, is a strategic tool that an entity can use to understand and manage its performance within its current environment and foreseen future developments. Whilst the EIT Governing Board decided to focus on business creation, entrepreneurship education and people mobility in 2011, the EIT Scoreboard will be gradually extended to cover a broader range of strategic objectives. The EIT HQ will keep the Scoreboard updated deriving key data from the KICs' Business Plans, Performance Reports as well as from other initiatives launched and led by the EIT (for example, the Entrepreneurship Academy).

Both the 2009 KIC Call for Proposals and the Annual Grant Agreement provisions requested the KICs to develop their own key performance indicators (KPIs) and scoreboards. The KICs' 2010 and 2011 business plans contain such KPIs and scoreboards although with varying degrees of detail. The EIT envisages **KIC scoreboards to evolve over time and become aligned with the EIT scoreboard** by taking onboard key elements which are considered important for own KIC activities to track. However, such alignment is not to be achieved by means of the EIT engaging into negotiations with the KICs on their own scoreboards, but more through a process of EIT/inter-KIC consultations for gradual harmonisation of selected core KPIs.

It is expected that the KICs' Scoreboards will grow in sophistication, depth and accuracy and will increasingly become key instruments to measure and assess the performance and impacts of KICs' activities. The EIT's assessment and approval of the KICs' Performance Reports will also result in potential adjustments to the KICs' Scoreboards. In addition, the EIT Governing Board will frequently review the KICs' Scoreboards, give strategic guidance, suggest corrective measures where appropriate and decide on the linkages between the EIT's and the KICs' Scoreboards.

Supporting Governing Board and Executive Committee

After an initial starting phase in 2010, the EIT HQ will gradually increase its capabilities to (help) drive the Governing Board in developing strategies. Over time, this will become visible through contributions made in supporting the **Governing Board and the Executive Committee** in their work and providing the **secretariat** for their meetings with preliminary analysis of strategic issues, and providing documentation.

In accordance with the EIT Regulation and upon signature of all three Framework Partnership Agreements between each individual KIC and the EIT, the Governing Board as of 2011 will grow to comprise a total of 22 members. The addition of four new "representative" members to the GB will have substantial implications on the conduct of future GB meetings and decision-making process

thereof as their rights differ from those of the 18 appointed GB members. Supported by the EIT HQ, the GB will have to allow for a number of both organisational and procedural decisions to be taken and changes to be introduced. In particular, laid down procedures regarding KIC grants and annual funding decisions as well as relations with the KICs will have to be clarified. The incoming Chairman of the Board may want to reconsider the role of the Executive Committee with a view to ensure efficient and effective decision-taking at full board level.

Since taking-up its duties in 2008, a number of **Governing Board working groups** were established to kick-start EIT activities. These included working groups on communication, education, research, entrepreneurship, IPRs, EIB, EIT Foundation, mobilisation and industry, scoreboard and SIA. At the end of 2010, the Governing Board discussed the interplay between its working groups and the EIT HQ partly anticipating the enlargement of the GB in 2011. The Board's working groups are chaired by a Governing Board member, championing a particular strategic initiative. The working group provides strategic guidance e.g., by defining a charter or agenda. The EIT HQ staff members support the working groups in defining a strategic view, while providing feedback based on operational know how and experience. The implementation of an adopted strategy will be implemented on a project basis under the end-responsibility of the EIT Director, while involving Governing Board members as and where appropriate. Working groups reinforce the implementation of TWP activities as adopted by the Governing Board with a view to ensure alignment between Governing Board and EIT HQ activities. The TWP, in turn, implements the long-term EIT strategy (SIA) as also adopted by the Governing Board.

Moreover, 2012 will see the renewal of one third of appointed Governing Board members. Led by the Chairman and supported by the EIT HQ, the EIT will prepare in both strategic and procedural terms for the replacement of six GB members at the end of 2012 with a view to ensure an overall balanced composition (regarding higher education, research, and business experience, gender and geographical balance) while maintaining an outstanding high level of expertise of the Governing Board.

Establishing and Maintaining Relations with Strategic Stakeholders

The EIT will continue establishing and maintaining relations with strategic stakeholders. This includes the **EU Institutions**, notably the Commission, Council of Ministers and European Parliament, and **other EU Bodies** (e.g. EU agencies), as well as representatives of **stakeholder organisations from the Knowledge Triangle**. In addition to the regular dialogue held with KIC partners, the EIT will establish new and reinforce existing relationships with relevant national associations in all EU Member States as well as with a number of pan-European umbrella organisations representing the higher education, research, and business communities. These organisations are important partners for the EIT in its drive to foster entrepreneurial education and business creation in Europe. A structured dialogue, with regular meetings between representatives of all knowledge triangle communities and EIT HQ will be maintained with relevant European organisations, which provide input and feedback for the implementation of the EIT's annual work plans.

In 2012, the EIT will consolidate its relationship-building activity with both European and national multiplier organisations through personal visits and discussions in EU Member States. Building on first time contacts in 2010-2011, the EIT will continue to enhance its networks, resulting in comprehensive database which will form the basis of its engagement with stakeholders. In addition, structured dialogue meetings with key stakeholders (including knowledge triangle representatives as well as Commission services) have proved an effective method for the EIT to facilitate closer co-operation with its stakeholders, and to identify opportunities to engage them in partnership in the planning and implementation of current and future EIT activities.

In 2012-2014, the EIT will strive to enhance its relations with non-EU countries as well as relevant international organisations (such as the Organisation for Economic Co-operation and Development [OECD]) to identify global challenges and the means to address these. In supporting the KICs in their activities aiming to leverage innovation and technology of global importance, the EIT, over time, will seek to reinforce relations with relevant third country stakeholders (e.g. the US and the BRIC states).

In 2010, the EIT established the **EIT Foundation** (EITF), a separate legal entity with the specific statutory objective of promoting and supporting the activities of the EIT. It is expected that in 2012

flexible private rather than public funding to EIT activities will start to kick in. The activities funded by the EIT Foundation will be concrete, profiled and distinct from regular KIC funding and activities. In 2011, the EITF will continue to establish its structure, objectives, funding strategy and work plan. Close relations and direct communication are ensured by two factors. Firstly, two EIT Governing Board members also are members of the Foundation's Board which comprises of five members in total. Secondly, the EIT Director participates in the Foundation's board meetings as an observer. As such, the relationship between the EIT and EIT Foundation is maintained at a strategic level, respecting the EITF's autonomous status while ensuring an open dialogue on the type of activities to be funded by the Foundation.

D. Driving Effectiveness, Innovation and Entrepreneurship in the KICs

During 2012 until 2014, the EIT HQ will move toward playing a strategic role as centre of expertise that will drive entrepreneurship education and business creation in the KICs, while serving as icebreaker regarding flexibility and simplification of its working methods that enhance innovation rates in the KICs and beyond. In particular, the EIT will focus on improving entrepreneurship education, fostering new business creation, managing grant agreements, while increasing impact through communication and outreach.

Improving Entrepreneurship Education

One of the main EIT objectives is to create an entrepreneurial mindset in Europe, including the development of students as the next generation of entrepreneurs. **EIT labelled degree** programmes 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, focused on innovation, entrepreneurship and creativity. EIT labelled degrees are characterised by a set of criteria, which focus on robust entrepreneurship education, highly integrated, innovative "learning-by-doing" curricula; mobility, European dimension and openness to the world and a joint outreach strategy and access policy.

The EIT will continue to **shape EIT labelled degrees,** including the further refining of the quality criteria and the EIT specific learning outcomes for entrepreneurship, innovation and creativity, and **support KICs in the implementation of the programmes.** A **"learning enhancement model"** for EIT labelled degree programmes is being developed, which will give assurance that higher education programmes implemented by the KICs fulfil the criteria for the EIT label and foster the creation of a quality culture in the KICs. This tool will also support the creation of core values to build an EIT identity. The aim is to become a role model and a "major European force" with regards to new thinking on educational quality.

The EIT will **promote EIT labelled degrees in Europe and internationall**y by using a diverse set of communication tools for different target audiences (general public, students, and teachers). The restructured EIT website will be a major vehicle and include a dedicated education gateway for prospective students.

The EIT will **promote good practices from the KICs**, and support the development of **cross-KIC education activities,** especially regarding entrepreneurship, creativity and innovation via structured learning and cooperation. In addition, indicators will be **developed to benchmark KIC education activities against best practices from Europe and abroad.**

In order to leverage the great potential of young entrepreneurial people and empower them, the EIT will support the establishment/building of an **EIT student and alumni association/community**. Various activities, such as an "EIT students" **conference** or **round tables** will be organised by the EIT to bring together Master and PhD students from all three KICs.

The EIT will strive for more effective outreach to the younger generations with a view to enhance Europe's over-all innovation and entrepreneurial capacity. **Increasing the human, social and geographical diversity** of the EIT stakeholders is a highly interesting path for the EIT to pursue over the coming years. Visible and inspiring role models are important elements that the EIT will take into consideration.

Fostering New Business Creation

Europe needs knowledge-based innovative enterprises, both new and existing, small and large, ultimately with the potential to compete globally. Creating an entrepreneurial mindset in KICs and in Europe at large is at the very core of the EIT objectives.

The KIC implementation of the EIT entrepreneurship agenda essentially takes place at two levels: at central level, via the annual business plans, and de-centrally at co-location centre (CLC) level.
Building on the events organised in 2011, the EIT will continue organising two to three annual **KIC entrepreneurship workshops** in order to help KICs driving entrepreneurship at both KIC management and CLC level. Such workshops facilitate cross-KIC learning and development of strategies where vision and ambitions are tested against real experience on the ground. Tangible results of the workshops held in 2010 and 2011 include the co-development of cross-cutting concepts to support future KIC activities such as the "EIT Entrepreneurship Charter", the "EIT Entrepreneurship Award" and the "EIT Academy of Entrepreneurs". Other initiatives to be further developed within the framework of the EIT entrepreneurship agenda include, for example, revisiting and benchmarking business incubation models in CLCs and the creation of an EIT label for business accelerators in KICs.

The **EIT Entrepreneurship Award** is a structured mentorship programme for annual search, selection and growth of science-based ventures. The programme aims to help ventures nominated by the KICs to grow and develop in a fast, successful and sustainable way by means of a mentorship scheme with highly accomplished entrepreneurs and senior industry leaders.

The longer-term vision for the Award is to develop into ***the*** **European Award for innovative ventures** coming out of European universities, business incubators and KICs. In a wider context, the Award aims to promote European public understanding and cultural acceptance of risk taking in the context of high-growth businesses. It will do so by showcasing resilience, targeting especially serial entrepreneurs and entrepreneurial teams who have teamed up with other actors (researchers, business angels, entrepreneurs) in order to bring market and/or scale up breakthrough innovations.

The **Award should leverage the EIT brand and extend the EIT ecosystem** while at the same time giving the nominated ventures an opportunity to access management know-how, access new markets and raise venture capital financing. The latter is to serve expanding its business operations and sales to global markets. The EIT Academy of Entrepreneurs (see below) is instrumental to this end. Academy members form the core of the Award mentorship scheme and are also members of the Award Assembly selecting the Award winners.

The **Academy of Entrepreneurs** shall become a structured network of world-class entrepreneurs organised within the EIT governance and administrative framework. The Academy will help nurturing and developing the entrepreneurship capacity and capability of the EIT and in Europe at large. It will help building the EIT brand for innovation and entrepreneurship in the global context. Academy members will mentor younger entrepreneurs nominated for several months until the first Award ceremony to be held in February 2012.

The Academy is intended to emerge as the **leading European entrepreneurship think-tank**. It will act as a sounding board to the EIT and the KICs and will provide the mentorship scheme associated with the EIT Entrepreneurship Award Programme. The Academy will also offer strategic guidance to other interested stakeholders. It will provide strategic advice to the EIT upon request. Finally, the Academy will promote and link the EIT to the world of venture capital and to other globally leading communities and institutions in the field of entrepreneurship.

The Academy concept will be developed further together with the KICs, subject to evaluation and decision by the EIT Governing Board.

Both the EIT and the KICs will further **strengthen business creation and entrepreneurship in CLCs** and develop methods and indicators to capture good performance and practice. As of 2012, good practice mapping and cross-learning activities in the fields of intrapreneurship, creativity and leadership will also be added to the EIT/KIC focus on fostering new business creation. For 2013 and

2014, this is envisaged to result in the development of new EIT models and actions for e.g. internships and exchange programs across and/or beyond KICs.

Managing Grant Agreements with Selected KICs

Following the EIT-KICS-2009 call for proposals, the EIT designated three KICs in December 2009 through a simple call and selection process, notably **EIT ICT Labs, Climate-KIC and KIC InnoEnergy**. At the beginning of 2010, a preparatory grant was given to the KICs to set themselves up as autonomous business driven highly integrated partnerships under the leadership of a CEO. In December 2010, seven-year Framework Partnership Agreements (FPA) and first annual Grant Agreements (GAs) were signed with EIT ICT Labs and KIC InnoEnergy, followed by Climate-KIC in February 2011.

These three KICs have set out ambitious visions within their respective fields. KIC InnoEnergy aims to be the leading engine for innovation and entrepreneurship in the area of sustainable energy. EIT ICT Labs' mission is to make Europe a global leader in Information and Communication Technology innovation and Climate-KIC's objective is to accelerate the reduction in carbon intensity of Europe's economy and to ensure that it benefits from new technologies, company growth and jobs. The **KICs' partnerships will grow stronger** and will comprise hundreds of entities from the knowledge triangle and other stakeholders working in a seamless and highly integrated fashion, optimising therefore the potential to innovate and maximising impacts on the ground at a European and global scales.

The EIT was the catalyst that created the KICs and, while it will respect and encourage their autonomy and self-sustainability, **the EIT will continue to nurture the KICs through a mix of instruments, primarily through grant agreements**. Although the EIT plans to continue giving grants as its main funding mechanism to KICs, it does not exclude the possibility of offering them other types of support from an operational and financial point of view.

The **EIT's monitoring strategy of KIC activities** will continue to be solidly anchored in the provisions contained in the FPA and GAs. Over time, the grant management cycle (negotiation, signature, implementation and closure of agreements) will closer link the EIT to the KICs. Learnings stemming from the Business Plans, KICs Performance and Cost Reports and implementation of KIC added-value activities in co-locations and project sites will be invaluable for the EIT to refine and adapt its approach on monitoring and fostering the KICs development. The EIT will pro-actively provide guidance to the KICs and will facilitate inter and intra-KIC collaboration and cross learning. It will also draw lessons, share and disseminate results and best practices with relevant stakeholders. Moreover, **the EIT as an engaged investor** in the KICs will constantly seek new ways of interacting and co-operating with them.

Budget figures for EIT grants to the KICs from 2010 until 2014 are included in the table below.

	2010 preparatory grant	2010 annual grant	2011 annual grant	2012 annual grant	2013 annual grant*	2014 annual grant
KIC grants (million EUR)	3,0	26,4	55,7	75,3	122,8	tbd**

* indicative figure
** will be defined by the next financial perspective

The EIT contributions to the KICs for 2010 and 2011 were allocated mostly according to needs as articulated by the KICs through grant requests based on business plans. In 2011, the Governing Board decided to introduce a first financial incentive for a limited amount of approximately EUR 1.5 million. A **progressive introduction of incentives** is foreseen for 2012 and beyond. Incentives will be linked to the EIT Scoreboard that includes a set of indicators to measure the impact of the EIT. Such

indicators will be included in requirements for KIC business plans to provide upfront strategic guidance to the KICs.

The EIT will **(re-)balance trust and control** by providing an adequate level of pre-financing early each year to ensure KICs' cash flow, phasing out the requirement to provide a bank guarantee for pre-financing with well-established KICs, focusing more on performance (results) rather than costs, while assuming its accountability towards European tax payers as investors in the EIT through sound financial management.

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. The EIT will continue to seek new ways of doing things better in an accountable and transparent manner. **Driving flexibility and simplification in EIT working methods** that enhance innovation rates in the KICs and beyond are of paramount importance. In the context of EU programmes, the EIT will take a pro-active stance and play the role of an ice-breaker on simplification issues. It will strive to gradually introduce simplified procedures, reporting and costs (such as lump sums and flat-rates) for the KICs. The EIT will work in close co-operation with the European Commission with a view to constantly screen opportunities and seek to amend rules, namely the EIT Financial Rules, and regulations in that respect.

As the concept of the KICs is still very new, issues and challenges will surface, requiring a **continuous learning-by-doing approach**. The EIT and its management team will continue to develop and maintain strong personal relationships with the KICs' leadership and operational teams. This relationship builds on shared values of integrity, commitment, flexibility, agility, accountability and a collaborative and supportive "can do" attitude to problem solving.

In the course of 2012, the EIT will prepare for a **second round of investment in (new) KICs for 2014 and beyond**, in line with SIA. A call will be launched in early 2013 and lead to a number of selected KICs by the end of 2013. A preparatory/incubation grant could be offered to the selected new KICs to accelerate the set up of their governance and operational structures. The EIT will put forward new themes all with high societal relevance and all chosen to reflect top changes in the education landscape and new business creation opportunities. These new themes together with the existing three themes can be translated into a second round of investment in 2014 and onwards.

Increasing Impact through Communication and Outreach

The EIT will conduct communication and outreach actions to increase the visibility and impact of its activities. To this end, a communication strategy was established in 2010, complemented by a yearly communication action plan. The EIT will work closely with the three KICs to promote the EIT brand and to disseminate KIC results, while **reaching out to stakeholder communities in all Member States.** To this end, the EIT is further developing its website with integrated digital communication tools. The EIT will also make use of publications and information materials, events, media, and speaking engagements to achieve these objectives.

The EIT has started conveying a clear message of a modern and "can-do" European Institute, working closely with the KICs to promote and create a European innovation culture with a strong focus on results. The EIT plans to **integrate new digital communication tools** into its new website so that it becomes a participative and interactive website. This will allow the EIT to build a community with its stakeholders, enabling them to disseminate EIT content and to create their own EIT relevant content. Such interactive applications will include for instance a social media newsroom and multi-user blogs as well as opportunities to hold live interviews allowing stakeholders to directly interact with the EIT and its Governing Board.

The EIT will continue promoting its brand and KIC results by issuing **publications**, relating to specific EIT activities and dissemination of its and the KICs results. In addition, **information materials** will be used to communicate the EIT brand in order to increase visibility amongst its wider stakeholder community. In order to foster a green approach, the EIT will minimise the publication of paper based documents and will promote the use of recycled materials.

Meeting face to face with stakeholders is an important element of the EIT's communication strategy and as such, great emphasis is placed on EIT brand events. Conferences allow the EIT to disseminate results to stakeholders whilst at the same time enable it to directly gain feedback and input on key issues. As such, the EIT will continue to organise **two EIT brand events each year,** ideally linked to the rotating Presidency of the Council of the European Union, complemented by a number of **targeted events and workshops** organised throughout the year.

Since its conception in 2008, media coverage has mainly focussed on the EIT itself as a newly established institute. However, since the designation of the KICs and the start of their activities in 2010, there has been an increased interest from the media in covering these issues. Media will play an important role in increasing awareness and understanding amongst stakeholders as well as in the dissemination of EIT results. The EIT will progressively engage in **active media relations** focused on successful case studies built around the KICs and their activities. To successfully share these case studies, the EIT will continue building relations with a core group of well-informed and interested media.

In order to promote the EIT brand and disseminate KIC results, the EIT and the members of its Governing Board will continue to accept **invitations to speak at conferences and events** that attract key EIT stakeholders. Such speaking engagements also provide an opportunity to network with relevant decision makers and experts within the Knowledge Triangle and the European decision makers.

E. Enhancing Capabilities of the EIT HQ in Budapest

The EIT HQ in Budapest established itself as a motivated service oriented learning organisation with a strong drive to deliver results. Since its establishment, the EIT HQ has mainly concentrated its efforts on the execution of the various processes to get the selected KICs up and running, while preparing for its functioning as autonomous institute. The EIT will step-up its efforts to move beyond this point and focus on its strategic role as **centre of expertise** that can (help) drive entrepreneurship education and business creation in the KICs, the Governing Board in developing strategies, while serving as an "ice breaker" regarding flexibility and simplification of its working methods. In particular, it will move towards becoming a centre of expertise that professionally manages its human capital, maintains a fit for purpose organisation, while partnering with the European Commission.

Managing Human Capital

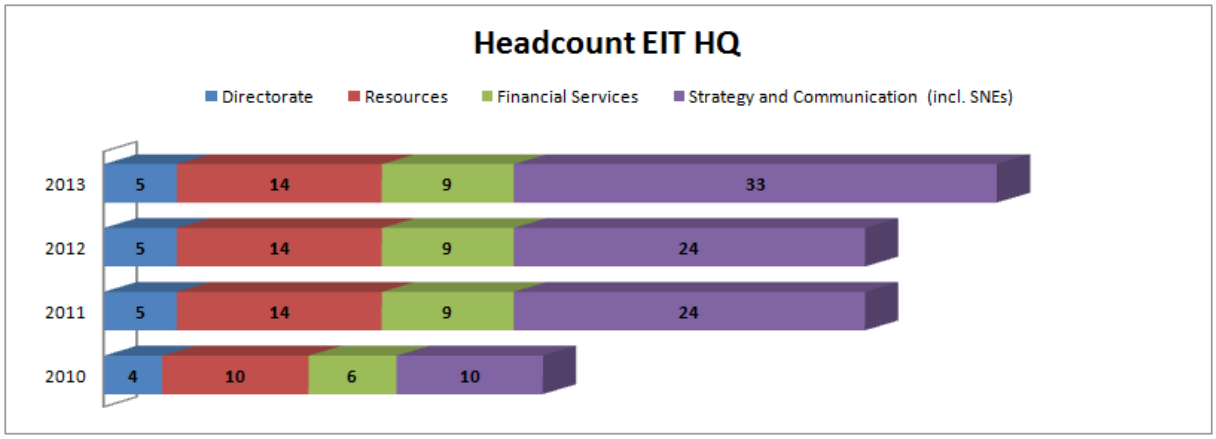
Moving towards a centre of expertise driving strategy, flexibility and simplicity requires inter alia **attracting and retaining highly qualified and motivated people** with in-depth expertise in chosen areas with clear leadership qualities, acting as „game shifters". Particular attention will be paid to effective on the job training and access to training courses to obtain relevant knowledge and skills, including individual and team coaching programmes as modern human capital investment.

The EIT HQ is committed to cultivating a **modern, open-minded and tolerant working environment**. The underpinning value system in the EIT is based on a strong belief that people make the difference, celebrate successes and learn from failures. At the same time, people are aware of the need to continuously balance risk and control so that entrepreneurship can thrive i.e., driving strategy, flexibility and simplification, while performing sound financial management. The emphasis on internal communication and building a corporate culture of this new team is supported by organisation of **teambuilding** exercises.

The EIT highly values information sharing, co-operation and direct interaction among all staff. To facilitate **internal communication**, the EIT fosters transparency and direct face-to-face communication. Internal communication will have to be closely linked and derived from the EIT corporate culture. As of 2012, the EIT will facilitate information sharing through its own intranet, to be enhanced over time with applications that support the exchange of internal information and business processes.

The EIT HQ will count 52 employees by the end of 2011. The coordination and support to the activities of the KICs will be a growing task, as the KICs consolidate and start delivering their first results. The EIT has requested additional staff to **achieve its strategic objectives (1 and 2)** as requested by the Governing Board. Further recruitment to prepare for the EIT's second round of investment in (new) KICs depends on the final adoption of the SIA by Council and Parliament.

The ratio between staff ensuring the compliance of recurring administrative tasks of an autonomous EU body and staff working directly to achieving objectives 1 and 2 will be decreasing over time, as recruitment will take place mainly to increase resources in the 'expertise centre' that will help GB and KICs in driving effectiveness of innovation and entrepreneurship and new strategic developments.



* Including 3 Commission Officials in 2010

In addition, the EIT will explore all possible avenues to **mobilise additional competencies**, including secondment of experts, available expertise within the Commission services, partnerships with other organisations as appropriate and procurement of services (including contracting experts registered in an expert database).

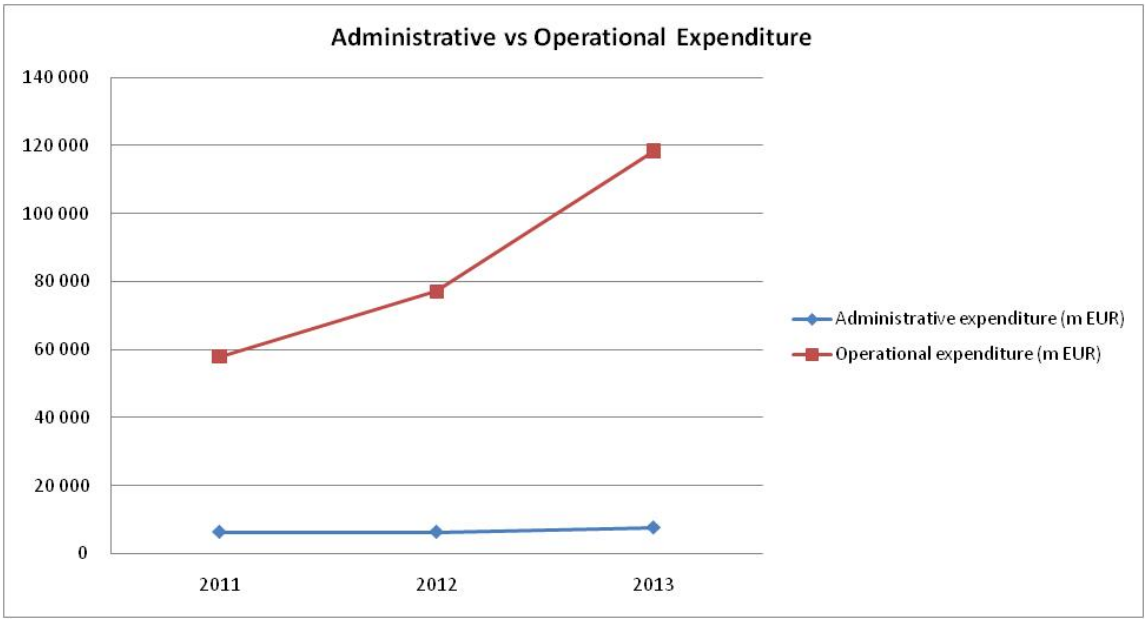
The Institutes' multi annual staff policy plan 2012-2014 describes in more detail the management of human resources.

Maintaining Fit for Purpose Organisation

In autumn 2010, the **EIT reorganised its organisational structure** in close consultation with the Governing Board and European Commission to align with its changing strategic needs. It currently comprises of a Directorate and three distinct units i.e., Resources, Financial Services and Strategy & Communication. Further adaptations will be made over time as appropriate.

Like every autonomous EU body, the EIT will ensure compliance with applicable rules and procedures, including the implementation of a number of independent functions and segregation of duties as well as maintaining an internal audit function.

Hence, a certain overhead comes as a feature of any autonomous EU entity. The EIT will keep this part of the organisation as small as possible, while limiting the number of staff performing assistant functions, thereby maximising the number of highly qualified staff working on more strategic tasks.



	2011		2012		2013*	
Staff expenditure (m EUR)	4 528	7,04%	4 973	5,96%	6 052	4,80%
Infrastructure expenditure (m EUR)	1 820	2,83%	1 386	1,66%	1 627	1,29%
Operational expenditure (m EUR)	57 947	90,13%	77 078	92,38%	118 300	93,90%
Total	**64 295**	**100,00%**	**83 437**	**100,00%**	**125 979**	**100,00%**

* draft estimate

Thus, the **EIT will keep itself lean and mean** by developing into an organisation that deserves solid approach to finance while being a community body fulfilling its strategic objectives as outlined above. The EIT will strive to keep the institute's administrative expenditure to a low level.

The EIT will maintain an **Internal Audit function** as independent, objective assurance and consulting function designed to add value and improve the EIT's operations. It helps the EIT to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The Internal Auditor reports to the Chair of the Governing Board and for day-to-day matters to the EIT Director. As a matter of good practice, the Internal Auditor participates as observer in Management Team meetings. The EIT will cooperate with the IAS of the European Commission.

Partnering with the European Commission

The EIT will become financially autonomous in June 2011. However, the **autonomous EIT and the European Commission remain interdependent partners** for a number of reasons.

First, the EIT will maintain an administrative relation with the European Commission e.g., in drafting rolling triennial work programmes and proposing subsequent draft budgets, subject to approval by the Budgetary Authority. Second, the European Commission will 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.

Third, the EIT will define its strategic, long-term priority fields and financial needs for the EIT for a period of seven years based on a **draft SIA** to be submitted by the EIT to the European Commission until June 2011. The SIA will be of very high importance for the Union's innovation policy and will have political significance in terms of its socio-economic impact. The legislative SIA proposal, to be

published by the European Commission under the leadership of DG Education and Culture in late 2011, will then be adopted by the European Parliament and the Council.

Finally, the European Commission will carry out regulatory independent evaluations of the EIT (first one being due by mid 2011). Partnering arrangements are established through a **memorandum of understanding** between EIT and DG EAC. The EIT internal auditor will work in co-operation with the European Commission's Internal Audit Service as required by the given regulations and procedures.

F. Annual Work Plan 2012

In 2012, the EIT will start implementing a number of activities to achieve its strategic objectives set for the period between 2012 and 2014:

1. Developing EIT Strategy and Preparing for Implementation of the SIA
2. Driving effectiveness, innovation and entrepreneurship in the KICs
3. Enhancing capabilities of the EIT HQ in Budapest

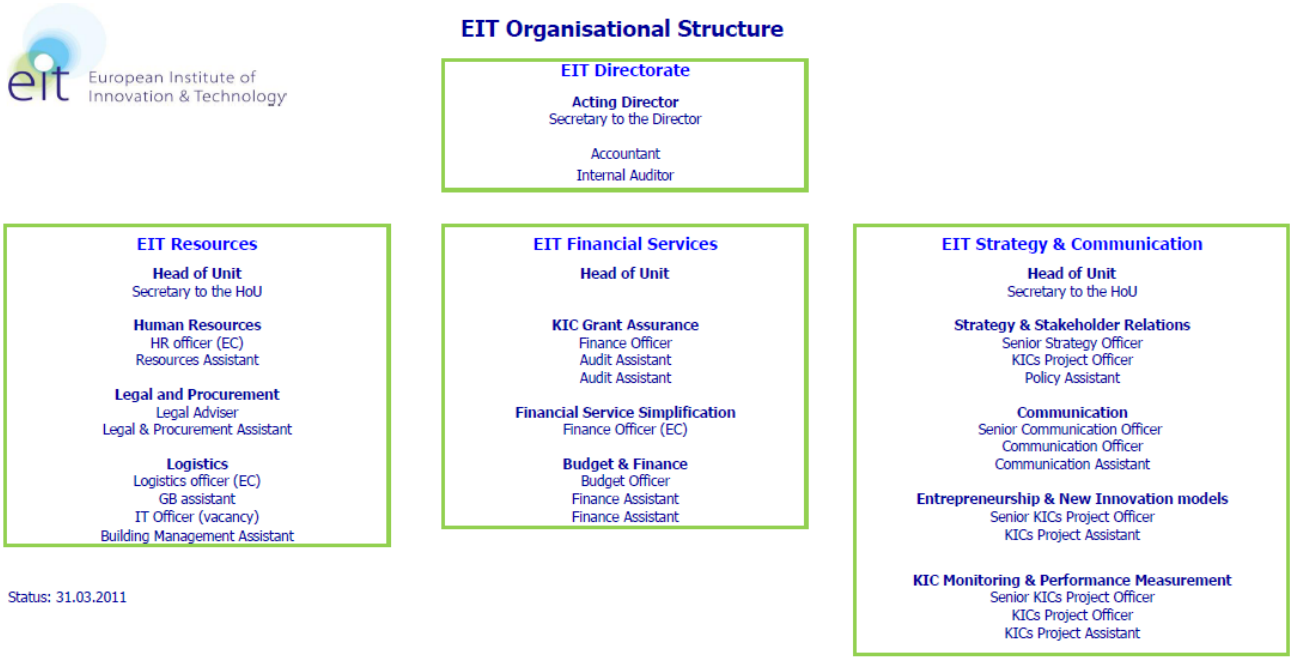
For each objective, **multi-annual work streams** will be maintained from 2012 until 2014. These work streams correspond to the activities as described in the TWP. Subsequent work streams may be adapted each year based on results achieved and lessons learned.

Each work stream, in turn, consists of several **annual work packages** (WPK). The EIT HQ will implement these work packages on a **project management** basis. This allows proper allocation of responsibilities and sound distribution of resources within the EIT HQ organisation, as well as reporting and monitoring of progress on implementation. An overview of the 2012 activities is included in Annex 1. Annex 2 provides a breakdown of the planned operational budget for 2012. According to Article 60 of the EIT Financial Regulation a financing decision of the Governing Board is required on the EIT work plan 2012 in order to implement the budget. This decision will link the budget to specific activities.

Annex 1: Overview activities 2012

Objective 1 – Developing EIT strategy and preparing for implementation of the SIA	
Work stream 1.1 – Preparing for implementation of the Strategic Innovation Agenda	
WPK 1.1.1	Triennial Work Programme development
Work stream 1.2 – Measuring EIT impact	
WPK 1.2.1	EIT Scoreboard
Work stream 1.3 – Supporting Governing Board and Executive Committee	
WPK 1.3.1	Secretariat GB and EC
WPK 1.3.2	GB Working Groups
Work stream 1.4 – Establishing and maintaining relations with strategic stakeholders	
WPK 1.4.1	Relations with EU Institutions and stakeholders Knowledge Triangle
WPK 1.4.2	Relations with EIT Foundation
Objective 2 - Driving effectiveness, innovation and entrepreneurship in the KICs	
Work stream 2.1 - Improving entrepreneurship education	
WPK 2.1.1	EIT labelled degree programmes (incl. learning enhancement and promotion)
WPK 2.1.2	Promotion of good practices from KICs and support of cross-KIC education activities
WPK 2.1.3	Development of indicators and benchmarking
WPK 2.1.4	EIT student and alumni association/community
Work stream 2.2 - Fostering new business creation	
WPK 2.2.1	EIT Entrepreneurship Agenda (incl. workshops)
WPK 2.2.2	EIT Entrepreneurship Award
WPK 2.2.3	EIT Academy of Entrepreneurs
WPK 2.2.4	Strengthening entrepreneurship in co-locations
Work stream 2.3 – Managing grant agreements	
WPK 2.3.1	KIC business plan requirements and assessment
WPK 2.3.2	KIC Hearing
WPK 2.3.3	FPA and specific agreements
WPK 2.3.4	KIC Monitoring and performance/Impact measurement
WPK 2.3.5	Grant assurance
WPK 2.3.6	Simplification
Work stream 2.4 – Increasing impact through communication and outreach	
WPK 2.4.1	Communication strategy and corporate identity
WPK 2.4.2	Digital communication,
WPK 2.4.3	Publications and information materials
WPK 2.4.4	EIT brand events and speaking engagements
WPK 2.4.5	Media affairs
Objective 3 – Enhancing capabilities of EIT HQ in Budapest	
Work stream 3.1 – Managing human capital	
WPK 3.1.1	Multi-annual Staff Policy Plan (MSPP)
WPK 3.1.2	Recruitment plan
WPK 3.1.3	Training plan
WPK 3.1.4	Internal communication
WPK 3.1.5	Teambuilding and social events
Work stream 3.2 – Financial management	
WPK 3.2.1	Budgetary planning and programming
WPK 3.2.2	Budget implementation monitoring and reporting
Work stream 3.3 – Maintaining fit for purpose organisation	
WPK 3.3.1	Possible adaptations of organisational chart
WPK 3.3.2	Internal Audit function
Work stream 3.4 – Partnering with the European Commission	
WPK 3.4.1	Memorandum of Understanding
WPK 3.4.2	Liaison with European Commission

Annex 2: Breakdown planned budget 2012

Activity					COMMITMENT appropriations 2012
Title	Chapter	Article	Item	Heading	
Title 1 - Staff expenditure					4 973 000,00
	Chapter 11 Staff in active employment				3 609 000,00
	Chapter 12 Recruitment expenses				168 000,00
	Chapter 13 Mission				321 000,00
	Chapter 14 Socio-medical infrastructure				131 000,00
	Chapter 15 Training				141 000,00
	Chapter 16 External staff and linguistic support				573 000,00
	Chapter 17 Representation				30 000,00
Title 2 - Infrastructure and operating expenditure					1 386 000,00
	Chapter 20 Buildings and associated costs				200 000,00
	Chapter 21 Information and communication technology				338 000,00
	Chapter 22 Movable property and associated costs				46 000,00
	Chapter 23 Current administrative expenditure				371 000,00
	Chapter 24 Publications, information, studies and surveys				26 000,00
	Chapter 25 Meeting expenses				405 000,00
Title 3 - Operational expenditure					77 078 000,00
	Chapter 31 Knowledge and Innovation Communities				76 478 000,00
		Article 310 KIC consolidation and support			1 178 000,00
			Item 3100 Enterpreneurship		373 000,00
			Item 3101 Monitoring and reporting		335 000,00
			Item 3102 Education and learning		420 000,00
			Item 3103 EIT Foundation		0,00
			Item 3104 Expert database		0,00
			Item 3105 Legal expert		50 000,00
			Item 3109 Other		0,00
		Article 311 Grants			75 300 000,00
			Item 3110 Climate change mitigation and adaptation		25 100 000,00
			Item 3111 Sustainable energy		25 100 000,00
			Item 3112 Future information and communication society		25 100 000,00
	Chapter 32 Communication				600 000,00
		Article 320 Communication and outreach			600 000,00
			Item 3200 Communication tools		174 000,00
			Item 3201 Media affairs		50 000,00
			Item 3202 Corporate identity		125 000,00
			Item 3203 Conferences and events		251 000,00
			Item 3204 Internal communication		0,00
			Item 3209 Other		0,00
	Chapter 33 Strategy and stakeholder relations				0,00
		Article 330 Strategic innovation agenda			0,00
		Article 331 Stakeholders relations			0,00
TOTAL					83 437 000,00

Annex 3: Organisational Chart