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European Institute of
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EIT

EUROPEAN INSTITUTE OF INNOVATION & TECHNOLOGY

ANNUAL REPORT ACTIVITIES & ACHIEVEMENTS 2008

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Message from the EIT Chairman

A dynamic, fruitful kick-off year

The EIT is a ground-breaking and timely new Europe-wide initiative which aims to generate sustainable European growth and competitiveness in the global knowledge society. It will do this via the stimulation and *delivery* of world-leading innovation and entrepreneurship in the higher education, research and business triangle.

Since the appointment of the EIT Governing Board on 30th July 2008, the EIT officially kicked off its activities on 15th September 2008 during its inaugural meeting in Budapest, which EU Member States had chosen unanimously on 18th June as host location for the future EIT Headquarters.

The Governing Board, stimulated by the considerable responsibility of setting up the EIT governance structure and launching the first call for proposals for the EIT's "Knowledge and Innovation Communities" (KICs) within 18 months of its appointment, has progressed by leaps and bounds. The KIC selection process has been successfully launched ahead of schedule, following an extensive series of pan-European EIT seminars and awareness-raising events, strongly supported by the constantly growing stakeholder community. Future actions are already in the pipeline. Today, whilst complying fully with well-established Community principles, the Board is shaping itself as a dynamic decision-making body with a "can do" mentality, driven by strategic vision, simplification of procedures and strong leadership.

The EIT, owned by all of Europe, is wholly determined to improve the impact of innovation in the EU and beyond. As such, the EIT deserves your support.

Dr. Martin Schuurmans, 23rd June 2009
Chairman, EIT Governing Board

1. Establishment of the EIT and its Governing Board: January-September 2008

1.1. EIT mission

The European Institute of Innovation and Technology (EIT) is a new Community body which aims to emerge rapidly as a key driver of sustainable European growth and competitiveness through the stimulation of world-leading innovation, with a strong impact on economy and society. The mission of the EIT is to grow and capitalize on the innovation capacity and capability of actors from higher education, research, business and entrepreneurship from the EU and beyond, notably via the creation of highly integrated Knowledge and Innovation Communities (KICs).

1.2. EIT legal basis

On 11th March 2008, following 18 months of negotiations between the co-legislators, the European Parliament adopted by a large majority the Council's Common Position of 21st January 2008 on a draft Regulation for the establishment of the EIT. The final Regulation entered into force just under a month later, on 9th April, thus securing the EIT's legal basis.

1.3. Appointment of the EIT Governing Board

In February 2008, the Commission appointed an ad-hoc Identification Committee whose mandate was to recommend the 18 appointed members of the EIT's first Governing Board by summer 2008. The Commission informed the Council and the European Parliament about the Committee's nomination and mandate.

The Committee, chaired by Prof. Günter Stock, President of the Berlin-Brandenburg's Academy of Sciences, was composed of four high-level experts from the fields of higher education, research and business and met in Brussels on four occasions between February and May 2008. The Committee agreed on a two-stage selection process, using as a model the process used to identify members of the European Research Council's (ERC) Scientific Governing Council, which had emerged as best practice in terms of objectivity, efficiency and credibility. Each stage of the process corresponded to Europe-wide, on-line public consultations. The first stage (launched on 10th March 2008) determined the selection criteria for Board members, while the second stage (launched on 11th April 2008) allowed all European-level organizations of relevance to the European landscape to put forward names of candidates. It should be noted that candidates were to be proposed in their personal capacity and not as representatives of their sponsoring organizations.

The Committee's task was then to select 18 members from almost 200 quality candidates, reflecting a balance of experience from the fields of business and academia, whilst constantly putting a premium on excellence. The European Parliament and Council took cognisance of the outcome of the selection process and the Board was thereafter formally appointed by the Commission on 30th July.

1.4. Designation of the EIT Headquarters

Shortly after the adoption of the EIT Regulation, the Slovenian Presidency initiated discussions with Members States in view of adopting a decision on the location of the EIT Headquarters. On 18th June, Budapest was chosen unanimously as host location following a special meeting of EU representatives in the margins of the Competitiveness Council. As part of the Hungarian bid to host the Headquarters, the Hungarian authorities offered to cover the cost of rental office space for 20 years and to pay an amount equivalent to the average salaries of 20 employees for 5 years.

Discussions with the Hungarian authorities have been ongoing since the appointment of the Board and negotiations on a formal Host Agreement began in November, led by the EIT Legal Representative (see below). As result of these negotiations, the future EIT Headquarters, a new construction on the "Infopark" site in Budapest, will be made available by 1st December 2009. During the interim period, the "Collegium" building, set in the Castle area of Buda, has been made available for the Board as its provisional Headquarters.

1.5. Ensuring a rapid launch of EIT activities

Interim support structure
As soon as the EIT Regulation was formally adopted, the Commission accordingly provided the EIT with an interim Legal Representative and an interim Secretariat in order to allow the EIT to operate during the establishment period.

The EIT Legal Representative, Mr. Antonio Silva Mendes, Director of Resources in the Directorate Education and Culture (DG EAC), was appointed by the Commission on 9th April 2008 in order to facilitate the establishment and activities of the Governing Board in Budapest following its appointment. He is responsible for staff, administrative and financial matters including, as the official authorizing officer, the implementation of the EIT budget. During its first meeting, the Board unanimously extended the Legal Representative's mandate until the official appointment of the first EIT Director.

The function of EIT Secretariat is temporarily provided by the Commission (DG EAC), providing the Board with all the support and assistance it requires to carry out its objectives (preparation of documents for Board meetings, logistical support, liaisons with other Commission DGs and other EU institutions…) As the interim period draws to a close and the first Director is appointed, the Commission's "support" unit will be gradually phased out as the new support structure in Budapest, appointed by the Director, is gradually phased in.

Mobilization of industry
Given the importance of business participation for the success of the EIT, a high-level working lunch targeting European industrial actors was organized at the initiative of President Barroso in June 2008, Brussels. The meeting was essentially a preparatory activity aimed at raising awareness as to the EIT's potential role as a catalyst for Europe's innovation system and also more broadly to highlight the importance of the involvement of business and other private actors in the EIT, both conceptually and financially.

Intellectual Property Rights (IPR)

In June 2008, the Commission ordered an IPR study from the Joint Research Centre (JRC). This was done with the intention of providing the future Governing Board with a starting-point for defining broad but clear guidelines for the use and management of IPR between KIC partners, as required in the EIT Regulation.

Initial communication & information activities

In order to help raise awareness and generate continuous momentum and interest around the "EIT" brand from the outset, the Commission rapidly put into place various communication and information channels, including:

- A simple, informative website providing basic information on the EIT and latest news and events. This preliminary website was also used as a vehicle for launching the on-line public consultations leading up to the nomination and appointment of the EIT Governing Board (cf. section 1.3, above).

- The design and production of an EIT brochure produced in 23 languages and broadly disseminated to key innovation stakeholders in all Member States. The brochure is also available via the EIT website.

- The design and production of a short feature-film explaining and promoting the EIT's activities, available via DVD or via the EIT website.

1.6. Building bonds with international partners

The EIT is a European initiative with an international outlook. Several entry-points for international participation exist, all of which were explored over the course of 2008.

At the governmental level, a decision was taken on 4th July 2008 by the EEA Joint Committee, amending Protocol 31 to the EEA Agreement on cooperation in specific fields outside of the "four freedoms". Consequently, EEA-EFTA States (Norway, Lichtenstein and Iceland) can participate fully in the EIT initiative and, in so doing, also contribute financially to EIT activities.

KICs are intended to be dynamic communities, adaptable to change. Therefore, in terms of organizations participating within KICs, new partners from the EU or beyond will be encouraged to join them provided that they bring added value to the consortium, the majority of which should be established in EU Member States.

Numerous bilateral contacts were thus made in 2008 with governmental or individual actors from a number of non-EU countries and for information purposes, including Australia, New Zealand, and Switzerland.

2. Activities and achievements of the EIT Governing Board: September-December 2008

2.1. Setting the EIT Governing Board in motion

A ceremonial event, organized at the Hungarian Academy of Sciences in Budapest on 15th September in the presence of Hungarian Prime Minister Ferenc Gyurcsány, Commission President José Manuel Barroso, and Commissioner for Education, Training, Culture and Youth Ján Figel', marked the public appointment of the Governing Board and the official launch of the EIT's activities.

The Governing Board commenced its new endeavour with the principal aim of setting the EIT in motion as swiftly as possible as a new Community body with strong impact and global outreach. The Board provides a collective balance of multidisciplinary wisdom representing higher education, research, entrepreneurship and innovation from across Europe. Full biographies of Board Members can be found in Annex (1). The Board is entrusted with the strategic leadership of the EIT and, in the short-term, with the overall design, selection, co-ordination and monitoring of the KICs, its first major action at the European level. Solid commitment and availability were key selection criteria for Board members as reflected in the high frequency of plenary meetings, especially during the kick-off phase. Three such meetings took place between September-December 2008.

The basic EIT governance structure was rapidly put into operation thanks to the unanimous appointment of Dr. Martin Schuurmans as the first Chairman of the Board (and, simultaneously, Chairman of the Executive Committee) during the inaugural meeting. This decision was consolidated by the election of Mr. Giovanni Colombo, Dr. Anders Flodström, Dr. Yrjö Neuvo and Dr. Daria Gołębiowska-Tataj as the remaining members of the Executive Committee, during the second meeting on 17th October 2008. The mandate of the Executive Committee is to prepare the meetings of the Governing Board and to facilitate the EIT's strategic decision-making. In particular, it is responsible for overseeing the implementation of the selection of Knowledge and Innovation Communities (KICs, see below), the EIT's rolling triennial work programme and long-term Strategic Innovation Agenda (SIA). Finally, it should be noted that four additional Board Members, elected from among EIT and KIC staff and students, will complement the eighteen existing appointed Members following the establishment of the first KICs, thus completing the initial governance set-up.

All EIT-related decisions, including and going beyond regulatory requirements, are taken by the Board as a whole and are recorded in the Board's summaries of decisions which can be found in Annex (2) or on the official EIT website. During the first meeting, the respective Procedures for the election of the Chairperson and for that of the Executive Committee were adopted unanimously by the Board on the basis of proposals made by the Commission. The Board then adopted unanimously the respective Rules of Procedure for the Governing Board and for the aforesaid Committee, as well as a code of good conduct regarding conflicts of interest. By the second meeting, the Board had also adopted unanimously a decision on Board members' honoraria having obtained the Commission's approval, the EIT language regime and the EIT rules on transparency and access to documents. The duration of Board members' mandates was determined by lots during the third meeting, on 9th December.

2.2. **EIT Director and staffing**

The Board proceeded without delay with the appointment of the first EIT Director, in view of ensuring the smooth establishment of the EIT as a new Community body. The selection process for the recruitment of the Director, responsible for the daily administrative and financial management of the EIT at its future Headquarters in Budapest, was launched directly after the second meeting following a formal decision of the Board. The vacancy notice for the Director's post was published in European newspapers spanning all 27 Member States and sent to their respective Permanent Representations, in order to guarantee an optimal spread of information and the very best candidates. An impressive 268 applications were received, of which 210 were eligible.

2.3. **Preparatory actions: towards the first KICs**

Swiftly opening up discussions and exchanges with the European stakeholder community, the EIT convened a series of seminars in order to help shape its vision of the KICs with the full input of future "users". The first seminar was held in Bratislava (24th November 2008) and attracted significant interest from across Europe. It was as much an awareness-raising event as an initial gathering for potential EIT stakeholders, clarifying in particular key features of the preliminary selection criteria for the first KICs.

During the second Board meeting, the EIT finalized the priority strategic areas for the first wave of KICs, in line with the recommendations of the EIT Regulation but further specified. These priority areas are: "Future Information and Communication Society", "Sustainable Energy", "Climate Change Mitigation and Adaptation". On this basis, three additional, specialized seminars corresponding to the selected KIC themes were then announced in December 2008 for January-May 2009, to be hosted in three different Member States: "Future Information and Communication Society", led by Dr. Y. Neuvo, "Sustainable Energy", led by Prof. W. Herrmann and "Climate Change Mitigation and Adaptation", led by Prof. Julia King. A fourth thematic seminar on "Entrepreneurship", led by Dr. D. Gołębiowska-Tataj, was also proposed for 2009.

2.4. **KIC selection process and selection criteria: first steps**

Some initial key principles concerning the KIC selection process were already agreed upon during the third Board meeting on 9th December 2008. These include the rationale for a one-stage selection process with two sub-steps corresponding to (a) the overall quality, attractiveness and added value of KIC proposals (b) the capacity and capability of the proposed KIC partners to achieve the KIC's objectives. The Board also decided that the call for KIC proposals would be as straightforward as possible: for instance, the maximum submission length of any KIC proposal is 40 pages. In addition, the Board rapidly confirmed - in line with regulatory requirements - that evaluations of KIC proposals would be carried out by external, independent experts, rather than by individual Members of the Board itself.

In terms of criteria for the selection of KICs, the Board decided to extend the minimum number of Member States participating in KICs from two – as stated in the EIT Regulation – to three, in order to emphasize the EIT's international dimension. An important decision taken by the Board during the meeting of 9th December was that KICs are to be both virtual and "physical" communities, via the establishment of four to six "co-location centres" within each KIC. These are lead nodes within KICs where partners from different sectors and countries will work together face-to-face in multidisciplinary, "diverse" teams tackling challenges of mutual concern. The EIT will build on excellent existing regional and national clusters and aims via its KICs to shift the perspective to global horizons, encouraging the

transnational dimension of knowledge sharing and transfer and welcoming participation from non-EU countries (cf. 1.6, above). Finally, given the ambition and multidimensional nature of KICs, the Board has clearly underlined the need for strong business-like leadership and management, with a constant focus on efficiency and delivery.

The Board has emphasized on several occasions that the EIT is not a new funding agency for innovation but rather an innovation "broker", seeking new ways of connecting diverse actors from across the innovation chain. To this end, the Community contribution is a considered as an incentive for potential KIC partners to leverage further public-private funding and not as a goal *per se*. The EIT will therefore contribute up to 25% of KICs' annual budgets, expecting the remainder to come from a variety of sources, including private industry, existing Community programmes, Structural Funds and so on. The EIT therefore expects KICs to adopt a gradual, business-orientated approach, acting on the basis of a committed, long-term development perspective.

2.5. <u>Mobilization of key innovation players & cross-fertilization with existing endeavours</u>

The Governing Board has endeavoured to mobilize key actors from the European innovation landscape in order to generate interest and support for the EIT and to promote cross-fertilization with existing regional, national and Community initiatives from the very start. Several meetings have already taken place, with many others planned for 2009.

The EIT was represented for instance in December before both the Competitiveness Council and the ITRE Committee of the European Parliament, allowing in particular an open exchange of views on the developing shape of KICs. A salient theme for discussion was the European nature of the EIT, which will emphasize the transnational dimension of knowledge sharing and knowledge transfer and which is to be owned by all European Member States and citizens. The importance of fostering strong links and cross-fertilization between the EIT and existing Community programmes and initiatives, notably those operating under the 7th Framework Programme, was also strongly emphasized. It was made clear that the EIT intends to capitalize upon, rather than replace or work in isolation from, existing endeavours, taking a step further in terms of scope, ambition and implementation.

Given that the EIT is the first initiative to bring together higher education, research and innovation at the European level, several meetings have been organized between the Board, Commission President José Manuel Barroso and the corresponding Commissioners for Higher Education (Ján Figel') and Research (Janez Potočnik), in order to ensure that the EIT's innovative features are brought to the fore. In parallel, several individual meetings with potential stakeholders from the fields of higher education, research, entrepreneurship and innovation in Europe - and beyond - were arranged in 2008 or planned for 2009. These have been designed to mobilize and maintain a constant, constructive dialogue with key actors on the ongoing shaping of the EIT.

The Board has given a special focus to the mobilization of financial resources in support of the long-term sustainability of EIT activities, notably from the private sector, using the initial Community contribution as leverage for future funding. A dedicated working group has for instance been set up on the "mobilization of industrial partners", composed of Board members with strong business background and experience.

2.6. Developing the EIT brand for excellence in innovation

Initial communication and information activities were further stepped up under the impulsion of the newly appointed Governing Board and include:

- An informative website: http://eit.europa.eu. The site provides easy access to background material on the EIT;

- A simple and recognisable graphic identity and logo, adopted unanimously by the Board during the second meeting, symbolizing the integrated spheres of higher education, research and innovation :

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- The promotion of the EIT in other media, notably through the establishment of press relations and including the provision of ready-to-use written and audiovisual material.

2.7. Implementation of the Community contribution to the EIT budget

The Governing Board has been strongly attached to making the best possible use of EIT funds, both in terms of short-term commitments and the leverage of increasing contributions from the private sector in the mid- to long-term.

The Community contribution allocated to the EIT budget corresponding to the entire 2008 calendar year amounted to EUR 2.9M, with an additional EFTA-EEA contribution of EUR 69.310,00. The budget was implemented on the basis of the EIT Work Programme, adopted by the Commission on 16th May 2008 following a proposal from the EIT Legal Representative (cf. 1.5.) The Work Programme, essentially orientated towards starting up the infrastructure, served as the financing decision.

A detailed breakdown of budget execution can be found in Annex (3). In total, almost EUR 2M were committed, covering EIT activities in 2008 and a part of those in early 2009. Of this, the largest share – over EUR 1M – targeted communication and awareness-raising activities, covering for example the organization of EIT seminars in Slovakia, Hungary, Austria and Spain, the creation of an EIT graphic identity, EIT presentational brochures in all Community languages, video presentations and the launch of the official EIT website. Other important spending posts over the period included the vacancy notice for the EIT Director published in newspapers across all Member States and the organization of Governing Board meetings in Budapest. Due to the particular nature of the EIT's kick-off year, with the start of the Board's activities in September and the ensuing additional time required for settlements, most of the payments will take place in 2009.

With respect to the above, it should also be noted that the Regulation establishing the EIT was adopted in March 2008, that is, six months later than initially foreseen. Thus the official appointment of the Board only took place in July; the bulk of the implementation of the EIT occurred during the second half of 2008 and particularly following the inaugural Governing Board meeting of 15th September. Moreover, following the official designation on 18th June of Budapest as host for the EIT Headquarters, the Hungarian authorities provided temporary accommodation and material for Governing Board meetings organized in Budapest and committed themselves to find the definitive premises and pay all the rental costs for 20 years. These costs had initially been foreseen in the EIT budget.

- ANNEX -

1) EIT Governing Board: short biographies

Please consult the dedicated EIT website page: http://eit.europa.eu/about-eit/governing-board/board.html

2) Summaries of decisions of the EIT Governing Board

Please consult the dedicated EIT website page: http://eit.europa.eu/about-eit/official-documents.html

3) Implementation of the EIT budget 2008

Please consult p12, below.

3) Implementation of the EIT budget 2008

Index	Subject	Commitments		Payments	
		Budgeted	Consumed	Budgeted	Consumed
1	Awareness-raising activities (including business event and EIT launching conference)	550.000	796.635	550.000	47.205
2	Specialized advice on legal and contractual issues, including IPRs	450.000	115.160	450.000	56.080
3	Assistance human resources: publication and selection	350.000	200.626	350.000	0
4	Assistance for the definition of IT and digital communications specifications for the EIT	50.000	0	50.000	0
5	Communication and information activities	450.000	263.256	450.000	63.818
6	Acquisition of movable property	10.000	8.400	10.000	0
7	Translation services	50.000	50.000	50.000	0
Total		**1.910.000**	**1.434.077**	**1.910.000**	**167.103**
Administrative expenditure					
1	Meetings, honoraria, travel accommodation and other expenses incurred by the Governing Board and the Executive Committee	990.000	542.946	990.000	48.189
	TOTAL	**2.900.000**	**1.977.023**	**2.900.000**	**215.291**