eit

European Institute of
Innovation & Technology

2013

Annual Activity Report

Table of Contents

Introduction

The EIT's Annual Activity Report (AAR) 2013 was produced by a report of the EIT Director. It takes stock of the EIT's performance during 2013 and is the basis on which the EIT Director takes responsibility for the achievement of the objectives as set out in the 2013 Work Programme and the management of resources. It is in compliance with Article 47 of the new EIT Financial Regulation, adopted by the Governing Board on 27 December 2013.

The Annual Activity Report 2013 comprises three parts and annexes.

Part-1 provides information on EIT's business and environment, major strategic events that had an impact on the positioning of the EIT, the main KIC operational results in a long-term perspective and financial management conclusions.

Part-2 comprises four sections: (i) outlines the EIT's operational achievements for 2013, reviewing them in terms of the objectives; (ii) reports on and assesses the control results and other relevant elements that support the achievement of the internal control objectives, namely the assessment of activities relating to resource management and the results of internal and external audits, including the implementation of audit recommendations; (iii) assesses of the EIT's Internal Control System (ICS) and addresses the implementation of the internal control standards (as adopted by EIT) and the efficiency of the internal control system; (iv) reviews the assessment of the elements reported in sections-2 and -3 and draws conclusions that support the declaration of assurance, indicating whether it should be qualified with reservations.

The report concludes in Part-3 with a declaration of assurance in which the Director, in his role as Authorising Officer, takes responsibility for the legality and regularity of all financial transactions under his responsibility.

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

The EIT in brief

The EIT is an independent EU body set up by the European Parliament and the Council[1] in 2008 to spur innovation and entrepreneurship across Europe and to overcome some of its greatest challenges. The EIT is located in Budapest. Its parent Directorate-General (DG) at the European Commission is DG Education and Culture (DG-EAC).

The EIT brings together leading higher education institutions, research labs and companies to form dynamic cross-border partnerships – Knowledge and Innovation Communities (KICs) - that develop world-class innovative products and services with market impact, start new companies, and train a new generation of intra- and entrepreneurs.

The first three KICs on climate change, ICT and sustainable energy were selected in 2009 (Climate-KIC, EIT ICT Labs and KIC InnoEnergy). To date, they have provided entrepreneurship training for more than 1000 students and contributed to the creation of more than 100 start-ups. Over 90 new products and services have been launched and more than 400 business ideas are currently being incubated within the KICs.

The EU has decided to expand the EIT's activities over the 2014 to 2020 period within the Horizon-2020 Framework Programme for Research and Innovation and to increase the EIT's budget to EUR 2,7 billion. As a result, the EIT launched a Call for KIC Proposals on 14 February 2014 with a view to selecting two new KICs focusing on innovation for healthy living and active ageing, and on raw materials – sustainable exploration, extraction processing, recycling and substitution. The EIT will also launch a call for KIC Proposals in 2016 focusing on food4future and added-value manufacturing with a further call planned for 2018 addressing urban mobility. The latter is subject to the mid-term evaluation of the EIT and Horizon 2020.

---

[1] REGULATION (EC) No 294/2008 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 March 2008 establishing the European Institute of Innovation and Technology (OJ L 97, 9.4.2008, p. 1)

The year in brief

2013 was characterised by the organisational challenges and strategic developments required in preparation for the enlargement of the EIT's portfolio of KICs so as to justify the increasing recognition of its unique value. The EIT focused on (i) further optimisation of its grant management processes and (ii) preparation for call for new KICs.

During the year, considerable efforts were made to optimise grant management processes. The processing time target for the signature of the grant agreements was achieved. Despite these efforts, the finalisation of the assessment of performance and cost reports for grant agreements for 2012 considerably considerably exceeded the target owing to the growing number of activities at KIC level. The competitive funding mechanism was brought to full maturity.

The EIT worked actively in close cooperation with DG-EAC and the EIT Governing Board members in preparation for the new KIC Call at the beginning of 2014 and put in place all necessary measures.

The alignment of information exchange among EIT constituencies and the Governing Board was very much consolidated. Business planning, meeting preparations and decision-making by the Governing Board were eased through a very well structured cycle of strategic and operational decisions throughout the year as well as very clearly structured agendas for each meeting proposed by the EIT Director in consultation with the Chairman of the EIT Governing Board.

The Internal Auditor resigned on 31 December 2012. The recruitment of a new Internal Auditor was initially unsuccessful and the recruitment process was repeated in spring. The Governing Board appointed the new Internal Auditor in September 2013 to take up duties from 1 January 2014.

To assist the Governing Board in fulfilling its obligations to steer the activities of the EIT in matters involving the final recommendations issued by the Internal Audit Function (IAF) of the EIT, the Internal Audit Service (IAS) of the Commission and the European Court of Auditors, an Audit Committee was established as an advisory group to the EIT Governing Board on 13 December 2012 and continued its work throughout 2013.

From July 2013 until the end of the reporting period, DG-EAC provided management support in the area of grants management, budget and human resources. To meet the increasing challenges, project oriented architecture was put in place in October 2013 to captur high priorities and align contributions by constituencies through the EIT Executive Committee.

Key conclusions on resource management and internal control effectiveness

In accordance with the governance statement of the EIT, EIT staff conducts operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the expected high level of professional standards.

In 2013 the EIT faced with considerable staff turnover despite the high number of recruitments. Overall, this was not harmful to the EIT's productivity but hampered the delivery

of work. The EIT's parent Directorate-General at the European Commission (Directorate-General for Education and Culture) also provided the EIT with Commission staff to fill the gaps until new EIT member of staff were recruited and trained.

Implementation of budget

Budget execution of commitment appropriations
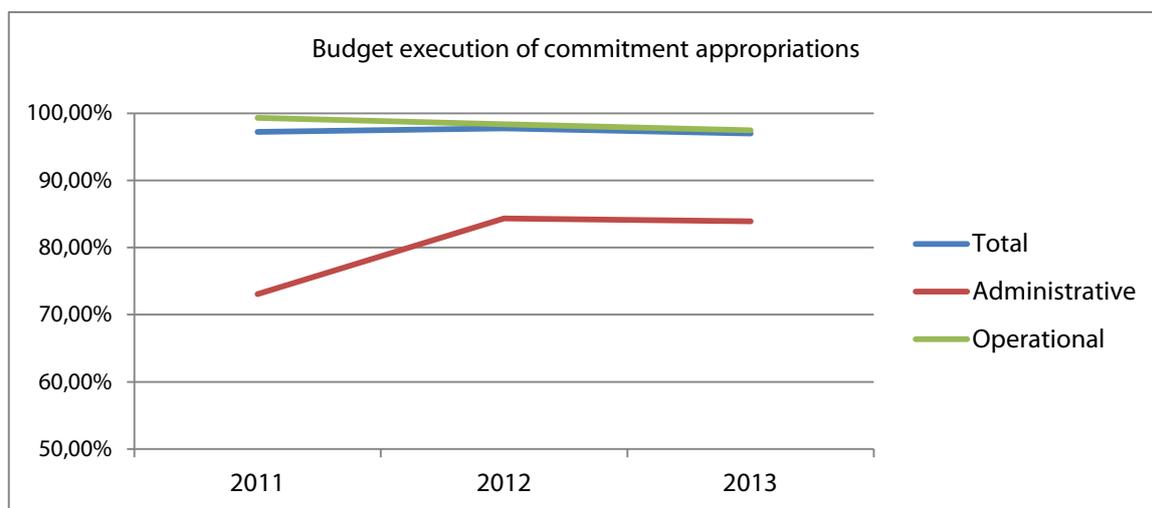
The budget execution rate for 2013 was very high for operational appropriations, while the execution rate for administrative appropriations reached 83,91%. The non-executed part of the administrative budget relates to appropriations earmarked for salary adjustments for 2011 and 2012, regarding which the European Court of Justice (ECJ) eventually made a ruling that prevented these adjustments being paid before year end.

Budget execution of payment appropriations
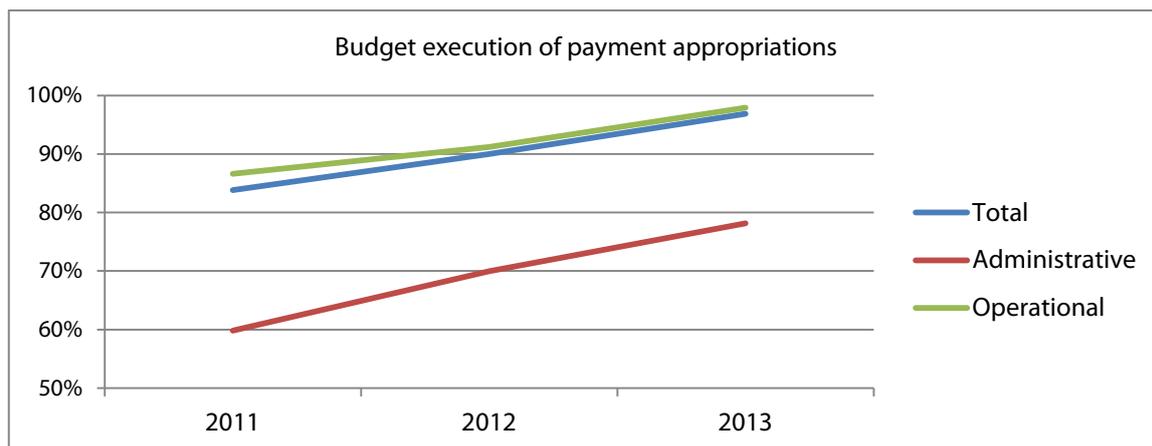
The budget execution rates for 2013 were very high for operational appropriations. The execution rate for (non-differentiated) administrative appropriations reached 78,14% showing a continuous increase since 2011. The non-executed part of the administrative budget relates to commitments earmarked for costs such as cleaning, telecommunications, travel expenses and catering expenses, the expenses for which incurred in the final months of a year are invoiced and paid in year N+1.

Rate of late payments
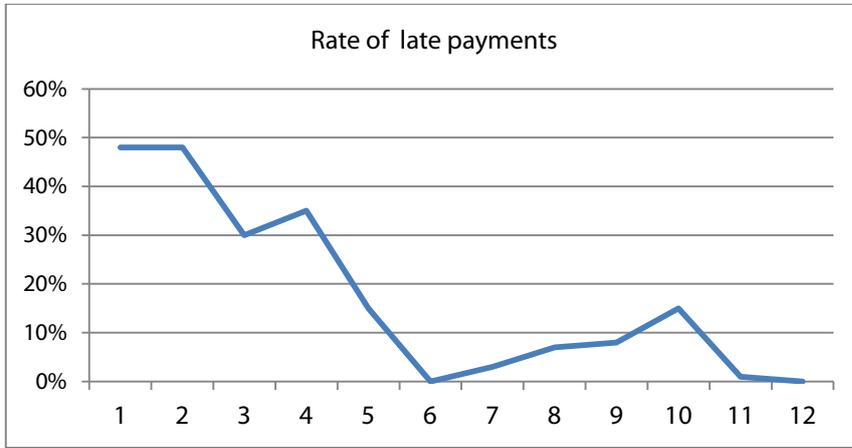
Performance on payment times was significantly increased. Over the year 88% of payments were made on time and the annual average payment time was 22 days.

Internal control system

The EIT applies the internal control standards set by the Commission which aim to ensure the achievement of operational objectives. As required by the EIT Financial Regulation, the EIT Director has put in place the organisational structure and the internal control systems suited to the achievement of the control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

The management assessment of the effectiveness of the internal control systems was partially completed in 2013. Full implementation is expected by the end of 2014. The EIT is continuously taking measures to further improve the efficiency of its internal control systems. Please refer to Part 3 for further details.

In addition, the EIT has systematically examined the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Please refer to Part 2 for further details

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated and necessary improvements and reinforcements are being implemented. The EIT Director, in his capacity as Authorising Officer, has signed the Declaration of Assurance.

1. ACHIEVEMENTS

1.1 Ready to launch the call for future KICs

Throughout 2013 and as specified in the EIT's Strategic Innovation Agenda (SIA), the EIT put in place all necessary measures to deliver a high-quality launch of the 2014 KICs Call for two new future KICs in the following thematic areas: 1) Innovation for Healthy Living and Active Ageing; and 2) Raw Materials: Sustainable exploration, extraction, processing, recycling and substitution.

As a result of a major coordination effort incolving the EIT Governing Board, the EIT Director supported by his staff and the European Commission's Directorate-General for Education and Culture (DG-EAC), with the assistance of external experts, the EIT has developed the overall architecture of the Call, namely:

- preparing the Call's package comprising the Call text and the Framework of Guidance, accompanied by the EIT Financial Regulation and the Principles for financing, monitoring and evaluating KIC activities;
- designing the KICs proposals evaluation process;
- tailoring the electronic submission system (SEP) for H2020 proposals to the EIT Call;

Following the EIT Governing Board's approval of the main orientations of the Call text and the Framework of Guidance on 5 December 2013 at the 28th EIT Governing Board Meeting, the Call text and the Framework of Guidance, the Call and its annexes were published on 14 February (OJ 2014/C 043/11 and on the EIT's website). As the success of the Call depends on clear, timely and comprehensive guidance to all potential applicants, the Selection Criteria were published two months before launching the Call on 12 December 2013 and the Framework of Guidance was published on 17 January 2014. The selection criteria were based on the principles set out in the EIT Regulation and the EIT's core values of impact, operational excellence and strategic partnerships.

The Framework of Guidance developed throughout 2013 presents what the EIT is and how it works, what the KICs are and how they work and what makes a KIC successful. On the basis of the lessons learned since the establishment of the EIT and its first three KICs, it also contains tips on starting a KIC and key information on what happens after the designation of new KICs including EIT and KIC contractual relations, the EIT funding model and the EIT monitoring system.

Before launching the Call, the new EIT Financial Regulation was adopted in December 2013 and the Principles for financing, monitoring and evaluating KIC activities were published on 31 January 2014 as required by the new EIT Regulation building upon lessons learned from and experience with the first three KICs. Horizon-2020's electronic proposal submission system (SEP) adapted to the EIT's Call was fully operational on 31 January 2014

To support the launch of the 2014 Call for KICs Proposals, the EIT decided to conduct a

number of promotional activities. Preparation for these activities began in 2013 ahead of the launch of the Call on 14 February 2014 and the Information Day for the Call that followed on 14 March 2014. The promotional preparations included the creation of a specific visual concept for the 2014 Call for KICs based on the EIT's existing visual presentation elements, the initial stages of the production of information material and the organisation of the Information Day of 14 March 2014. A KICs Call webpage on the EIT's website was created in 2013 to present all relevant information and acts as an access point for applicants to submit their proposals.

Planned activities	Performance indicator	Target (=expected outcome)	Results/Current situation (as achieved)
Call documentation	Call documents finalised by December 2013	Call documents (call for proposals, framework guidance)	Framework of Guidance (published in January 2014) Principles for financing, monitoring and evaluation KIC activities (published in January 2014) Call text and its annexes (published on 14 February 2014)
IT applications	IT platform operational	IT application for submission of proposals	Horizon-2020's electronic proposal submission system (SEP) adapted to the EIT's Call specificities (fully operational on 28 February 2014)

1.2   Strengthened risk assurance and EIT-KIC accountability

1.2.1   Grant management and assurance

Following the decision of the EIT Governing Board regarding the allocation of the financial contribution to the KICs for 2013 in December 2012, the Grant Agreements between the EIT and the KICs were signed for the following amounts: EUR 44 325 620 to Climate-KIC, EUR 41 129 171 to EIT ICT Labs, and EUR 43 410 918 to KIC InnoEnergy.The total EIT financial contribution to the KICs amounted to EUR 128 865 709.

The Grant Agreements between the EIT and the KICs were thereafter signed on 15 February 2013. During 2013 an additional EUR 850 000 was allocated to each KIC for the implementation of outreach activities and grant amendments were accordingly signed between the EIT and the KICs. Throughout 2013, the EIT made a determined effort to simplify and optimise the grant management procedures as a whole, in close cooperation with the KICs, and this resulted in a fully mature architecture comprising three pillars: past performance (assessed by EIT staff), business plans (assessed by external experts) and strategic multi-annual assessment of the evolution of the KIC partnerships strategy (assessed by the EIT Governing Board during its annual Hearing with KICs as explained below).

In the first quarter of 2013 the EIT Governing Board defined the principles and criteria for the allocation of the annual EIT financial contribution to the KICs in 2014, fine-tuning a performance based competition based on an open and transparent procedure. The competitive review mechanisms were also further developed, better defining the evaluation criteria and the procedures for assessing the competitive performance of the KICs.

The three-pillar structure for the evaluation of the past, future, and multiannual perspective of each KIC was confirmed and streamlined, taking into account the past performance of each KIC and their business plan for future activities but also looking more closely to how these elements fit into each KIC's multiannual strategy and contribute to the EIT's overall mission.

The EIT subsequently issued updated the guidelines to the KICs on the preparation of their business plans and reports to ensure that the Governing Board decision was properly implemented and that the presentation of the planning and reporting of the integrated portfolio of KIC activities was rationalised accordingly.

Specific guidelines for the Implementation of the EIT's key performance indicators (KPIs) on enabling innovation and value creation were developed to illustrate the modalities for the presentation of the KPIs.

In the second quarter the EIT analysed the reports on the activities of the KICs in 2012 from an operational and financial point of view. The internal procedures and modalities of the EIT ex-ante operational verification were optimised and strengthened. For the first year, the EIT used panels comprising six external experts in the sectors covered by the KICs (ICTs, Energy and Climate Change) and on the three pillars of the knowledge triangle (education, entrepreneurship and innovation) to assist in the evaluation and this ensured a further degree of solidity and independence.

The ex-ante assessment of KIC reports resulted in final balance payments to the KICs of EUR 83 881 203. The final use of EIT grants resulted in an absorption capacity of 93% of the original budget allocated.

After the closure of the ex-ante assessment of the reports, in the third quarter, the EIT completed the evaluation of the past performance of the KIC representing one of the three pillars for the allocation of competitive funding to the KICs for 2014.

Following the submission of the KICs' Business Plans for 2014, the EIT was also assisted by panels of six external experts for the assessment activities planned by the KICs. To facilitate the work of the independent experts and maximise the added value of the exercise, the EIT developed specific guidance notes for the experts on the assessment of Business Plans. The experts drafted their consolidated assessment report including a list of the main strengths and weaknesses for each KIC's.

Subsequently the KICs were invited to a Hearing with the EIT Governing Board on 12 December 2013 during which the implementation and development of the multiannual KICs

strategy were assessed. The assessment was also supported by a multiannual overview of the evolution of the KICs in the years 2010 to 2013 and the contribution of the 2014 KIC Business Plan to the seven-year strategy.

As a result of the whole competitive funding process, the following amounts were allocated to the KICs for 2014 in December 2013: EUR 63 528 000 to Climate-KIC, EUR 60 077 000 to EIT ICT Labs, and EUR 56 395 000 to KIC InnoEnergy. A further EUR 40 000 000 was set aside to be allocated in a second tranche during spring 2014, of which EUR 38 485 000 has actually been awarded. Therefore the total EIT financial contribution to the KICs for 2014 amounted to EUR 218 485 000. This represents a 66% increase in funds compared to 2013.

The EIT Governing Board also issued tailor-made strategic recommendations to each KIC in order to strengthen key areas. In addition, the Governing Board decided to make additional funding available for the KICs in 2014 to allow them to implement these recommendations and facilitate a controlled growth for the KICs consistent mid-way through the implementation of their first seven years framework partnership agreement (FPA) and conclusion of the incubation period with the first three KICs in the previous 2010-2013 period.

The Grant Agreement between the EIT and the KICs were signed at the beginning of 2014. The model contracts had been revised during 2013 to take into consideration the new legislative framework of the EU Financial Regulation, and to align implementing provisions with the H2020 Rules for Participation.

The whole process was conducive to the allocation of EIT contributions to the KICs for 2014 and the process for the signature of the grant agreements was rationalised and optimised, gaining both in efficiency and effectiveness.

IT grant management systems:

The EIT also developed new knowledge management and information systems to support the grant management process. The system allows all the communication and reporting from the KICs to be stored on a single IT platform, including the Business Plan, the reporting and its deliverables. Formal checking provided at information level guarantees the completeness and the precision of the information stored. The documents received are automatically archived and versioned to guarantee the compliance and auditability of the process.

Ex-post audits:

An external service provider performed ex-post audits of cost reports relating to grant agreements 2010, 2011 and 2012 on the basis of the Framework Contract of the European Commission. The audit methodology had been devised by the EIT and the KIC Partners to be audited had been selected by the EIT on the basis of a risk assessment, to maximise efficiency. The external audit service provider carried out the on-spot audits based on the audit programme provided by the EIT and reported the results to the EIT. As a result of the audits, the EIT has recovered from the KICs all ineligible amounts identified by the auditors.

In relation to Grant Agreements (GA) with the KICs in 2010, 10 selected KIC partners were audited on the basis of a risk-based sample. The audits were launched in May 2013 and final audit reports were received in October-November 2013. On the basis of the final audit reports, a total of EUR 1 044 512,28 has been recovered.

In relation to Grant Agreements for 2011, the ex-post audits of 28 KIC Partners that had been launched in 2012 were finalised in the months May-June 2013. On the basis of the final audit reports, the total amount recovered from grants for activities in 2011 was EUR 1 242 317,31.

In relation to Grant Agreements for 2012, the EIT selected 29 KIC partners to be audited on the basis of a risk-based sample. The EIT received all final audit reports by the end of April 2014. On the basis of the final audit reports, the total amount to be recovered from grants for activities in 2012 amounts to EUR 575 593,59 for the three KICs.
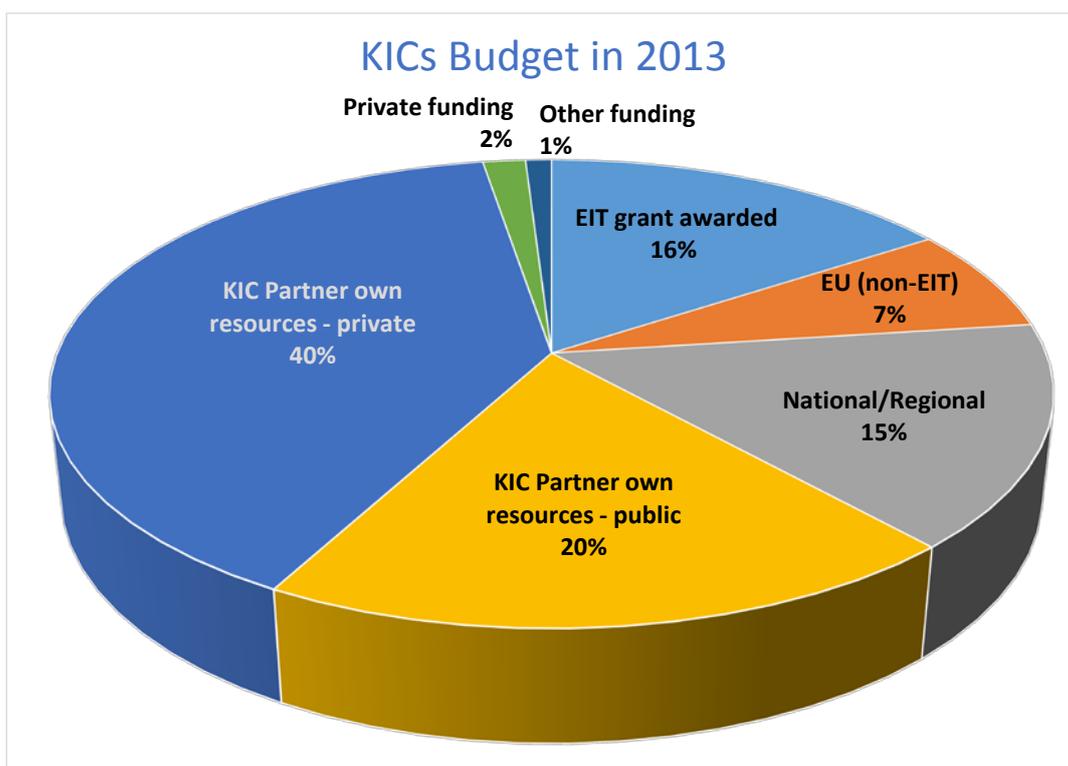
Major KIC activities in 2013

The Climate-KIC community grew significantly in 2013 to 238 partners. A major development was the decision to launch a Nordic Colocation Center (CLC) in Copenhagen (the 2014 Green Capital of Europe) to serving the whole Nordic region. It was also decided to establish a regional twinning programme whereby each of Climate-KIC's RIC regions will establish a partnership with an outreach region. This will enable Climate-KIC to extend innovation opportunities more broadly across Europe – now reaching 18 countries in the north, south east and west.

In the Education pillar, the PhD programme and 31 new masters' programmes were awarded the EIT label and 35 masters were re-labelled. The postgraduate programmes continue to be highly popular and valued, with 76 PhD students and 178 masters students selected from more than 8000 applicants.

The students that graduate from the programmes are of anexceptional calibre, and of the 56 who graduated in 2013, 24% are working in start-ups, 11% in policy positions and 65% in innovation posts. By December 2013 the Climate-KIC Alumni Association has become an affiliate partner of Climate-KIC and has around 500 members with numbers climbing steadily. In addition, in 2013 a new themed summer school was started by the Making Transitions Happen Platform. As a result of the success of this initiative, further themed summer schools will be run in 2014.

In 2013, Climate-KIC Entrepreneurship catalysed and scaled up the creation of new business from inventions concerning climate mitigation and adaptation. This was achieved by running an acceleration (incubation) programme in some of the best entrepreneurship hotspots in Europe.

A venture competition identified 12 new high potential start-ups. Masterclasses (269 participants) also raised the awareness of the entrepreneurship support available. In total 133 business ideas were incubated and 32 start-ups created in 2013. 24 new products and 12 improved products were brought to market.
The Climate-KIC incubation network also extended its cooperation with hotspots in the US and India.

In the Innovation pillar, a major output from 2013 was the development of a small number of major 'flagship' projects. These projects link closely with education and entrepreneurship activities, providing a holistic and highly synergistic ecosystem for a wide range of partners - large corporates, SMEs, academic institutions and public bodies - where they can achieve

much more than the sum of their individual parts. From 13 initial proposals, an initial two flagships were approved in the last quarter of 2013 for launch in 2014. These are the Building Technology Accelerator, which focuses on measureable CO_2 reductions in the building technology market, and Smart Sustainable Districts, which aims to help turn some of Europe's highest profile district-level developments in cities into model projects and test beds for the replication of smart, sustainable city systems in other urban areas world-wide.

More information on Climate-KIC: www.climate-kic.org

The EIT ICT Labs partnership evolved steadily in 2013 in terms of both new core and new affiliate partners. A full colocation center is ready to be launched in 2014 and a new associate partner group has been set up in Madrid. Existing Co-location Centres were operationally strengthened and collaborations and partnerships with external organizations were increased significantly. In particular, a Memorandum of Collaboration was signed with the European Investment Fund to pave the way for easier access to capital for start-ups and spin-offs.

In less than three years, the EIT ICT Labs Master School has become a role model for European Master education. It combines technical and scientific excellence with skills vital to innovation and entrepreneurship, which are now deeply embedded in the programmes. The Master School kick-off, a meeting of 350 students, faculty and staff, for the whole 2013 cohort of students in Berlin was a great success,. The first students have now entered the second year. The colocation centers have developed into valuable resources for the students at all nodes. The EIT Label was granted for four years to all seven technical programmes, subject to a two-year internal mid-term review.

The Business Development Accelerator scouted nearly 300 start-ups and SMEs and actively coached nearly 100. Likewise, about 100 mature technologies were identified, eight of which were selected for further promotion. All this has resulted in 14 European success stories demonstrating the value of this pan-European business support network.

In 2013 EIT ICT Labs facilitated the emergence of a European cloud infrastructure with integrated state-of-the art big data analytics functionality. The Future Cloud action line developed the only open source big data analytics platform originating from Europe; it was transferred to several companies, including Deutsche Telekom, the Internet Memory Foundation, and Mediaplus. The work undertaken in 2013 has led to the preparation of concrete plans to establish a start-up company in 2014 to commercialise results and to establish user communities for these platforms. Through the citizen-centric activities, EIT ICT Labs developed two applications for the Paris and London public transport system as well as a

data visualization system for passenger movements and several large-scale demonstrations and tests.

Smart spaces technologies, based on a combination of proprietary solutions and open services, have been piloted in living labs environments with up to 22.500 users. The Action Line Future Network Solutions produced 30 contribution to standards (ETSI, 3G-PP, ITU), 13 tech transfers/adoptions, six patents, six open source releases, three new products/services and one spin-off company.,

In 2013, EIT ICT Labs continued its outreach programme towards non-KIC collaboration partners across Europe. Key elements of the programme were student opportunities, including a dedicated scholarship programme for over 30 talented students, Start-up Activation, connecting ICT entrepreneurs of the outreach countries with the innovative ecosystems of the EIT ICT Labs co-locations and Scouting, Mobility and Events, which spreads awareness and creates extended networks beyond the EIT ICT Labs partners.

More information on EIT ICT Labs: www.eitictlabs.eu

Efforts to demonstrate the maturity level of KIC InnoEnergy in 2013 took place alongside the formal completion of the company's business processes and its branding. These important organisational activities made the KIC more robust allowing knowledge to no longer be vested in people, but to become an asset of the organization. The branding exercise was intended to revisit and formalise the vision, mission, values, claim, business models and target groups and to moke the KIC's future positioning more homogeneous.

In terms of statistics, in 2013 155 new students enrolled in the KIC InnoEnergy educational programme out of 1041 eligible applicants; 98 of them graduated while the remaining students will do so in the first half of 2014, after finishing their thesis. Many of the students are already working on KIC InnoEnergy projects and some have even created a start-up. 95% of the graduates from the 2011 cohort found a job in less than six months after their graduation. 396 students are currently enrolled on seven EIT-labelled MSc programmes, three Executive Education programs (all with at least 60 ECTS) and in the PhD School, which comprises six tracks aligned with KIC InnoEnergy's thematic fields.

11 new products and services (incremental or disruptive) are being adopted by industry to improve their competitiveness or conquer new market segments. One of the brightest examples is SolabCool, a Dutch SME that has opened a new factory, created eight new jobs and disrupted the market with a product (cold out of wasted heat) developed in a KIC InnoEnergy project. At the end of 2013, KIC InnoEnergy had more than 160 companies involved (of which more than 80 SMEs). 16 (10 in Innovation projects and six by the start-ups) new patents have been filed, the key to securing a defendable market position.

14 new start-ups were created in 2013. Since KIC InnoEnergy launched Highway™ in 2011, 400 business opportunities have been created. InnoEnergy start-ups have raised EUR 6 500 000 of fresh investment One of KIC InnoEnergy start-ups (Opendomo) has crossed the EUR 500 000 revenue mark. A KIC Venture Capital Community has been launched, with nine top European Venture Capitals in Cleantech (Emerald, Demeter, ICOS, ABB VC, Iberdrola VC, Asper, Münich VP, BES, Capricorn), that has allowed the start-ups to get privileged access to 850M€ of investment. 41 patents have been filled since 2011 (16 in 2013) and in each case there is a mechanism through which both the partners of the activities and the KIC benefit from their exploitation.

KIC InnoEnergy continued to strengthen its positioning in the energy sector and knowledge triangle in Europe by obtaining three major EU contracts amid fierce competition. The KIC is now a member of the coordination group of the Strategic Energy Technology Integrated Plan for Europe (SET Plan). The KIC InnoEnergy IRL™ (Innovation Readiness Level) tool is being tested for possible use in future energy-related projects under H2020. This tool encompasses not only the traditional TRL (Technology Readiness level), but also the C(Customer)RL, the M(Market)RL, the S(Societal)RL and the Mf(manufacturing)RL.

The constant attention paid to knowledge triangle integration and its unique leverage is demonstrated through an excellent example, CorPower, a KIC start-up in the Highway. ItsCEO and co-founder had attended some KIC InnoEnergy educational programmes (i.e. From Science to Business) and presented an innovation proposal (together with other KIC partners). His proposal was selected in March 2013 and now four master students and three PhD are employed in the above mentioned start-up. CorPower rose more than EUR 500 000 from other investors. The product CorPower will deliver in January 2016 a wave energy converter which will supply energy at grid parity price. Another similar example of a successful start-up is Enerbyte.

More information on KIC InnoEnergy: www.kic-innoenergy.com
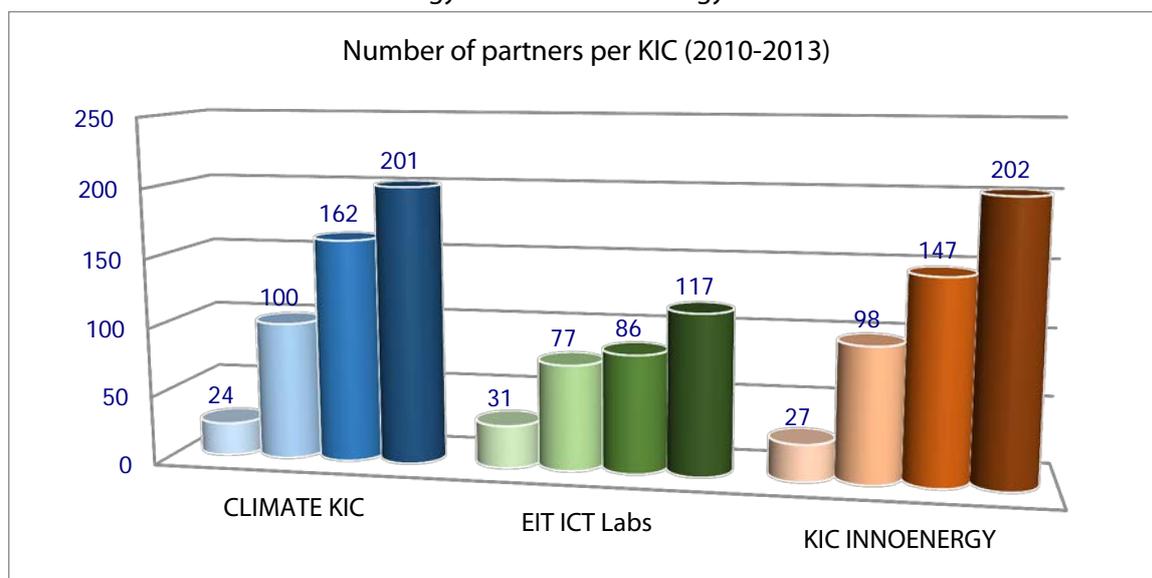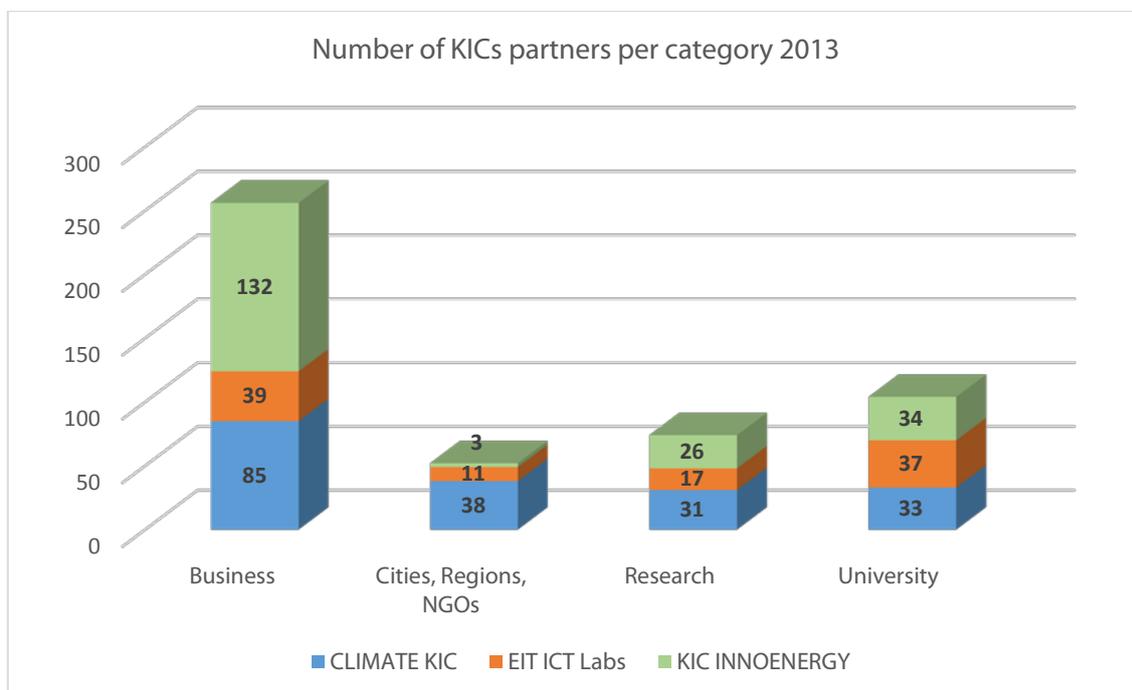
Number of partners per KIC (2010-2013)

Number of KICs partners per category 2013

Planned activities	Performance indicator	Target (=expected outcome)	Results/Current situation (as achieved)
Grant management and assurance	GA2012 closed in 2013	Accepted GA2012 final reports, final balance payments	GA2012 final reports assessed and final balance payment executed by 11 December 2013
	GA2013 signed in Q1 2013	Signed Grant Agreements for 2013	GAs 2013 signed on 15 February 2013
	Allocation of 2014 grants in December 2013	GB decision on 2014 grants allocation	GB adopted 2014 grant allocation in decision of 5 December 2013
	IT for support GA management established	IT for support GA management	Through the development of a document management platform used by the KICs for the submission of the Business Plans, and Reporting.
	Ex-post audit of GA2010 and GA2011 cost reports closed	Closed ex-post audit of GA2010 and GA2011 cost reports and amounts recovered	Ex-post audit of GA2010 and GA2011 cost reports completed. Amounts recovered by 28 January 2014
	Ex-post audit of GA2012 started	Signed contract for ex-post audit of GA2012 and implementation started in 2013.	Ex-post audit for GA 2012 finalised by 26 May 2014

1.2.2   Performance measurement

The EIT's Performance Measurement System (PMS) was designed in early 2012 to assess output and impact for all KIC activities.

This system put into operation in 2013, and in this first year it focused on measuring outputs through a set of Key Performance Indicators (KPIs) in three different areas:

- Enabling innovation/value creation
- Operational excellence
- Positioning

Within enabling innovation/value creation, the EIT's PMS has been aligned with the KICs' own PMSs, and the planning and reporting of the six "EIT Core Key Performance Indicators (KPIs)" integrated with the yearly EIT grant reporting and award cycle.

In 2013, an electronic document exchange platform was developed to allow the KICs to define their KPI objectives, as part of the yearly business plan and associated budget they submit to the EIT for approval. In 2013, the KICs thus reported their KPI objectives for 2014. The same electronic document exchange platform was also used by the KICs to submit electronically their GA 2012 reporting, including the six "EIT Core KPIs", and associated supporting documents to be reviewed and validated by the EIT, in connection with the GA funding allocation for 2014.

Although the current set of KPIs is more output-oriented than impact-oriented, the comparative analysis of the KICs KPI results in relation to the "EIT Core KPIs" helps outline the KICs' different strategic orientations and up to date results as well as to monitor the development perspective of the different KICs in relation to the EIT's pillar agendas: education for entrepreneurship, new business creation and world-class research/innovation.

In 2013, the revision of the PMS focused on clarifying the definition of the KPIs and their assessment through the publication of improved reporting and planning guidelines for KICs, and also helped prepare for the future evolution towards a more impact-oriented PMS.

EIT is doing all it can to further revise the current PMS so as to provide the necessary predictability for the KICs when they are preparing their strategic objectives, and to guarantee alignment with the objectives set by H2020.

Planned activities	Performance indicator	Target (=expected outcome)	Results/Current situation (as achieved)
KICs' performance measurement through KPI annual assessment of KPIS against reporting guidelines communicated by EIT.	Assessment of six EIT Core KPIs by EIT.	Six EIT Core KPIs submissions for 2013 by all three KICs assessed, and validated by EIT.	Completed by end of November 2013 in view of KICs Funding Allocation 2014, and results communicated to all three KICs by end of Dec 2013.

1.3   Deepening and widening the KICs' activities

1.3.1   Education

After the first EIT label awarding processes by the first three KICs, 2013 was the first year when all three KICs delivered EIT-labelled degrees; a total of 41 EIT labelled master's degrees were offered. Furthermore, in 2013 the first assessment of doctoral programmes was performed. As a result, by the end of 2013 there were in total 96 master's and three doctoral programmes with the EIT label. Cross-KIC collaboration driven by the EIT continued in 2013 through a Working Group composed of KIC Education Directors, EIT GB members and staff.

After this first implementation year the objective was to revise the EIT labelling handbook, and the EIT together with the KICs analysed the best way to reflect the lessons learned. There was consensus that the handbook leaves sufficient flexibility for KICs to adapt their EIT labelling strategy to the specificities of their thematic area. However, it was agreed to postpone the revision of the handbook until 2014 to reflect properly the experience of the first doctoral programmes. Similarly, the definition of a strategy for the promotion of EIT labelled degrees was also postponed until 2014 to have additional time to position the EIT label on the European higher education quality landscape.

All in all, and to facilitate the operationalisation of the EIT label while keeping the current flexibility for KICs, there is consensus on the convenience of splitting the current handbook into at least three documents: a description of the overall EIT label concept, guidelines for reviewer/experts, and guidelines for applicants.

Future work encompass improvements to existing KPIs on education to include more impact-related indicators that are aligned with the lessons learned from the first implementation years of the EIT labelled degrees. New KPIs need to be added to those currently used.

One of the main areas for cross-KIC collaboration in 2013 comprised the first steps towards preparing a Massive Open Online Programme (MOOP) the three KICs, with the main aim of creating a new full postgraduate programme based on the experience of the most successful KIC education activities of the three KICs. The three KICs support this idea and both the EIT and the European Commission are supportive of what would constitute the first tangible cross-KIC project. During 2013 the first funding served to create the basis for a training platform and some experimental work, and additional funding is to be allocated by KICs for the future through the support funding provided by the EIT to KICs. The challenge for the future remains to establish a viable and long-term business model.

As regards the follow-up and monitoring of KIC activities the EIT collaborated actively in a study promoted by DG-EAC on the educational activities of the EIT KICs. The study analysed the first higher education activities of the EIT KICs (i.e. experiences, innovative practices and ways forward) through student surveys, site visits to co-location centres and by setting up a high-level expert panel. The work concluded with very positive findings on path breaking lessons relating to knowledge integration, and with a conference to discuss and disseminate

the findings; this was held in Vilnius in November 2013.

Planned activities	Performance indicator	Target (=expected outcome)	Results/Current situation (as achieved)
Education	Timely revision of the handbook	Revised handbook published	Revision of the handbook postponed

1.3.2   Entrepreneurship

The EIT Roundtable of Entrepreneurs

The second EIT Roundtable of Entrepreneurs on the topic "Matching Entrepreneurship with Venture Capital" took place in Grundlsee, Austria on 11-13 July 2013[2]. Participants represented the investor community (Venture Capital firms and Business Angels), academia, businesses, governments and KICs. A good balance was achieved in terms of representation of the different types of stakeholders and in terms of representatives from EIT/ KICs and of experts external to the EIT Community. The level of representation was very high.

On the first day, the issue of financial support to start-ups was discussed from the perspectives of investors, scholars and political decision-makers. This was followed by a presentation and discussion. During the second day, the strategies of the KICs and the Techstars accelerator to support start-ups were presented and discussed. At the EIT Roundtable meeting Richard Pelly, CEO of the European Investment Fund (EIF), and Willem Jonker, CEO of EIT ICT Labs, signed a Memorandum of Collaboration (MoC) to jointly boost the access to finance for European SMEs and start-ups in the field of ICT. This joint collaboration will connect EIF financing instruments to the EIT ICT Labs innovation ecosystem and business acceleration activities. Key ingredients of the collaboration include connecting the EIF supported financial community to the EIT ICT Labs innovation eco-system, the joint raising of fund capital, and the joint development of future early stage financing instruments. The Chairman of the EIT Governing Board, Alexander von Gabain stated that this was a pilot experiment which might become the model for the existing and future KICs.

The Frankfurter Allgemeine Zeitung published a large article[3] on the event and on the EIT itself.

---

[2] http://eit.europa.eu/events/event-information/eit-roundtable-of-entrepreneurs-2013/

[3] Article "Von der Idee zur Marktreife", August 4, 2013, accessible through http://fazarchiv.faz.net/

The EIT Awards for Entrepreneurship[4]

The 2013 EIT Awards to celebrate innovation and entrepreneurship were held in Budapest on 12 November 2013. The specific objectives were to promote an entrepreneurial and innovation mindset, a can-do spirit and a calculated risk-taking culture by putting the spotlight on KIC ventures and the "Next Generation of Change Agents and Entrepreneurs"; to provide a platform for mutual inspiration and entrepreneurial opportunities and to showcase to the wider audience the potential and talent of young members of the EIT/KIC community and inspire them through role models.

This was the second edition of the EIT Entrepreneurship Awards and awards were handed out to three entrepreneurial ventures emerging from Climate-KIC, EIT ICT Labs and KIC InnoEnergy. In line with the EIT's vision of gradually expanding the EIT Awards, a second category of awards was launched at this event –the EIT CH.A.N.G.E (Change Agents and Next Generation of Entrepreneurs) Award - to put the spotlight on young entrepreneurial talent from EIT-labelled and KIC educational programmes. The CH.A.N.G.E Award went to one master's student and two alumni.

High level entrepreneurs and experts from Europe and the United States contributed as speakers or facilitators at the event. More than 300 participants from all areas of the Knowledge Triangle, including students, alumni, academics, investors, entrepreneurs from the EIT KIC community and beyond, as well as national and European policy makers attended the event. This diverse group of participants allowed for a fruitful exchange and sharing of knowledge and experience on innovation and entrepreneurship, in particular business creation and growth

The communication strategy was integrated into the design of the event from the start. This proved to be very successful as described in the section on communication.

Participants gave very positive feedback during and after the event (orally and through specific questionnaires). In particular the entrepreneurial spirit and the achievements of the CH.A.N.G.E Award nominees impressed the participants and were perceived as convincing examples of the effective entrepreneurial education delivered by the EIT KICs. After the event, a thorough evaluation of the event led to a compilation of lessons to be taken on board from the feedback received and the observations made by the EIT and KICs. Two of the most important conclusions were that the event should be moved to the spring as too many activities are planned in the autumn (e.g. KIC business plans review, KICs selection etc.) and that the scope of the event could be widened to make it even more attractive. A wider range

---

[4] http://eit.europa.eu/events/event-information/eit-awards-2013-celebrating-innovation-and-entrepreneurship/

of EIT Awards will be considered for the future with the aim of improving EIT activities still further.

Planned activities	Performance indicator	Target (=expected outcome)	Results/Current situation (as achieved)
Entrepreneurship – EIT Roundtable of Entrepreneurs	Balanced representation of main stakeholders, namely entrepreneurs, representatives of Venture Capital firms, governmental organisations, academia, and representatives of the EIT community (incl. EIT Governing Board and Headquarters as well as KICs);	EIT Roundtable of Entrepreneurs	62 participants, 52% were not associated with the EIT or KICs. 15% of all participants represented a university, 48% came from the private sector, 13% from research institutions and 24% worked in policy.
	The event produces clear recommendations for EIT, KIC and decision-makers at all governance levels.	Conclusions and recommendations	Report published in 2014
Entrepreneurship – The EIT Awards for Entrepreneurship	Number of participants, degree of target group satisfaction "above average" (as measured by a dedicated questionnaire).	EIT Event	More than 300 participants, >90% of respondents report overall satisfaction with event as good or better
	Concept development and piloting of a new category of EIT Awards for students and alumni by November 2013;	New Award category	EIT CH.A.N.G.E. Award introduced at Event

1.3.3   Strengthening KIC collaborations

A structured and comprehensive dialogue between the EIT and the KICs was established back in 2011 by means of an EIT-KIC Forum. This effective co-operation was continued in 2013. Forum meetings were organised regularly with the participation of the KIC CEOs prior to each EIT Governing Board meetings to streamline the handling of strategic and operational issues of common interest. Moreover, in 2013 the Finance Task Force operated successfully under the umbrella of the EIT-KIC Forum to tackle issues of a more technical nature i.e. alignment of the GA 2014 to H2020 legal bases.

This systematic and structured dialogue allowed issues to be identified at an early stage and to be tackled jointly; it also fostered the continuing improvement of the overall visibility of the results and successes of each KIC. An increased level by participation of KIC representatives and the large number of proposals discussed demonstrated the effectiveness of these

collaboration platforms. The EIT HQ also organised monthly discussions with each of the KICs to address KIC–specific issues incurred at CEO or COO/CFO levels.

The Spring Workshop involving the KIC CEOs and the Governing Board was organised by the EIT Director and staff. The gathering in Budapest Graphisoft park in June 2013 after the first successful experience in Copenhagen in June 2012, provided an informal opportunity to develop common understanding and strategic guidance on important issues such as KIC strategies for financial sustainability, balancing public and business interests and EIT positioning beyond building KICs.

Last but not least, mirroring the consultation platform established by the EIT Director at the operational level with KIC CEOs, the Chairman of the EIT Governing Board established an informal network of contacts with the Chairpersons of the KIC Supervisory Boards, thus providing a loose mechanism for consultation on relevant governance issues or issues of interest to each KIC. The first 'all Chairs' inaugural meeting took place in 2013 and will continue in future in the light of the added value of this governing–level consultation structure.

Planned activities	Performance indicator	Target (=expected outcome)	Results/Current situation (as achieved)
Strengthening KIC collaboration	Number of EIT-KIC Forum meetings	Progress regarding both strategic and operational issues of common interest	Four EIT-KIC Forum meetings with KICs generating management guidance on key business processes and tools
	Spring Workshop and number of All Chairs informal meetings	Shared understanding and guidance on key strategic issues for EIT-KIC success	Spring gathering for KICs and EIT constituencies coupled with informal Chair-level get-togethers to discuss governance

1.4   Reinforcing dissemination of good practices and innovation models

1.4.1   EIT positioning

The EIT has moved on from its start-up phase in which it had to reach out to stakeholders to inform them of its existence and to generate support. The Institute has started building upon the results and successes of the EIT and KICs to the benefit of EU Member States and citizens alike.

Throughout the year, the negotiations on the H2020 package were closely monitored so as to be able to provide advice and support to the EIT Director and Management to accompany the accurate first-hand information provided by the parent DG-EAC at each meeting of the EIT Governing Board as well as on how synergies and complementarities driven by KICs might be achieved under Horizon 2020 as of 1 January 2014.

Furthermore, a second study was tendered to create an 'inventory' of innovation practices emerging from to the KICs. Initial findings were presented and discussed with stakeholders at the EIT Conference under the auspices of the Irish Presidency in Dublin on 29 and 30 April 2013. The final publication[5] illustrates the emerging synergies, between the EIT community and other EU, national, regional and local initiatives, and how this contributes to novel innovation approaches in Europe.

ANALYSIS OF SYNERGIES FOSTERED BY THE EIT IN THE EU INNOVATION LANDSCAPE

Planned activities	Performance indicator	Target (=expected outcome)	Results/Current situation (as achieved)
EIT positioning	Study on synergies conducted	Thorough analysis on EIT in the EU Innovation Landscape	Finalised, printed and published on the EIT website in Q4 2013

1.4.2   Stakeholder relations

Throughout the year, the EIT engaged directly with Member States and other key stakeholders from across the Knowledge Triangle to continue the practice of targeted and convincing outreach activities. A number of 'EIT Awareness Days[6] were organised which included:

-   advising Member States and interested countries on the strategy and structure;
-   liaising with national ministries and/or innovation agencies to ensure

consistent and coherent approach to EIT Awareness Days across Europe.

MS Awareness Days

2013
2012
To be organised

---
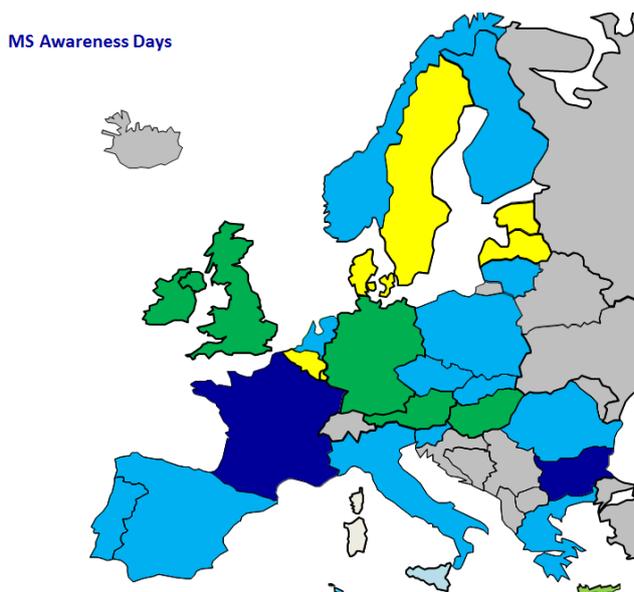
[5] http://eit.europa.eu/fileadmin/Content/Downloads/PDF/Publications/2013/Analysis_of_Synergies.pdf
[6] http://eit.europa.eu/events/past/

The format of the EIT Awareness Days has been perceived as very beneficial not only for national stakeholders, but also for the EIT/KICs as it creates increased understanding and visibility, an important first step in preparing for the EIT Stakeholder Forum and finding the most suitable format for future structured dialogue with strategic key stakeholders, in this case Member States.

A number of briefings, background information notes and presentations for the EIT Director and EIT Governing Board Members were prepared, most notably, for the visit of Ms Androulla Vassiliou (Commissioner for Education, Culture, Multilingualism and Youth) and other authorities.

A draft concept for enhanced engagement with institutional and Knowledge Triangle stakeholders as well as Third Countries was developed to prepare for and embed from 2014 onwards the new, annual EIT Stakeholder Forum in the EIT's overall strategy on enhanced stakeholder engagement.

Planned activities	Performance indicator	Target (=expected outcome)	Results/Current situation (as achieved)
Stakeholders relations	Number of awareness days and geographical coverage	Awareness Days involving EIT and KIC representatives	15 successful events in CZ, FI, DE, GR, IT, LT, MT, NO, PL, PT, RO, SK, SI, ES, NL

1.4.3   Communication, dissemination and outreach

In 2013, the EIT Communications Strategy was updated to help the Institute improve its communications, and therefore its image within the EU innovation community and beyond. The updated strategy also contained guidelines and suggestions to help the EIT with implementation. Following the recommendation of the updated Communications Strategy to focus on the success that the EIT brings its partners and on the achievements of its community, the EIT's communication, dissemination and outreach activities for 2013 concentrated on the organisation of a high level stakeholder conference in April 2013 and on the promotion of the EIT Awards 2013.

The EIT Conference 'Fostering Innovation and Strengthening Synergies within the EU' was held in Dublin[7] on 29 and 30 April 2013 under the auspices of the Irish Presidency of the Council of the European Union and attracted more than 280 EIT stakeholders, with many more

---

[7] http://eit.europa.eu/events/event-information/fostering-innovation-and-strengthening-synergies-within-the-eu-1/

following the online stream. As the EIT strives to become a reference Institute for the fostering of entrepreneurial innovation in Europe, it has become increasingly important to learn from, and share experiences with its stakeholder community. This conference provided a unique opportunity to do so ahead of the launch of the new Call for KICs that the EIT was preparing to launch in 2014.

The EIT Awards 2013[8] provided an important platform to showcase the work of the EIT and its three current KICs. To promote the EIT Awards 2013 and to increase the visibility of the 2013 Award nominees and 2012 Award winners, whilst at the same time raising awareness, and understanding, of the work of the EIT and KICs in the field of entrepreneurship and higher education, the EIT developed and implemented an engaging and dynamic promotional campaign. This resulted in:

- information material: an eBook and factsheets for each of the nominees and past winners of the EIT Awards as well as a report of the EIT Awards ceremony and a EIT Awards Yearbook ;
- videos: 19 professional video interviews conducted with the award nominees and previous winners (two different formats: teaser and interview) as well as two videos of the highlights of the EIT Awards event including footage of the
- nominees pitching their ideas;
- a targeted media campaign: 23 journalists attended the EIT Awards, representing 12 countries (BG, CY, CZ, DK, EE, ES, HU, GR, IT, LT, PL, RO) along with a balanced mix of broadcasting (television and radio) and written media (print and online), all resulting in 16 news items)
- a social media campaign (reaching about 30,000 users and gaining almost 100,000 page impressions on Facebook and some 350 new followers on Twitter).

2013 was also dedicated to improving the EIT's online presence. Whilst the existing website was maintained and updated with relevant content, the EIT also started planning and implementing a relaunch of its website in 2014. Stronger emphasis was placed on social media too and this generated a significant increase in followers across its social media channels (Twitter, Facebook and LinkedIn). Overall, unique visitors to the EIT website grew by 30% from 2012 (up to 153 455 unique visitors in 2013) and by 21% for the number of visits to the EIT website (up to 237 761 visits in 2013).

---

[8] See chapter 1.3.2

Planned activities	Performance indicator	Target (=expected outcome)	Results/Current situation (as achieved)
Communication, dissemination and outreach including EIT Conference, 'Fostering Innovation and Strengthening Synergies within the EU'	Number of visits to EIT website	Up-to-date website featuring important news, innovation highlights and events from EIT community.	Number of visits to the EIT Website in 2012: 196,735. 20% increase in 2013 to 237761 visits.
	Number of participants, Level of satisfaction	High-level stakeholder conference	282 participants Good geographical balance: participants from 22 EU Member States as well as Norway, Switzerland and Canada Good sectoral representation: Academia, KICs, Research Centre, EU Institutions, Industry, Media, National Government bodies, SMEs Participants Feedback on the overall impression of the organisation: Excellent - 40% Very good - 29% Good - 24% Satisfactory - 7%

1.4.4   Development of an EIT Alumni community

The EIT Alumni Community was launched at the EIT Connect! event held in Budapest on 10 and 11 November 2013, bringing together more than 150 students and alumni from Climate-KIC, EIT ICT Labs and KIC InnoEnergy. It provided a platform for participants to actively share knowledge, exchange ideas and collaborate on challenges concerning topics such as sustainable mobility, smart cities and resource efficiency, and to be part of building a vibrant EIT alumni community of young entrepreneurs, innovators and change agents. The ideas and proposals collected during and after the event were used to further refine the concept of the EIT Alumni Community and to develop the next steps for its implementation. The feedback received during and after the event (through specific feedback questionnaires) confirmed the added value of bringing together students and alumni from across the KICs and resulted in concrete ideas for the development of the EIT Alumni Community.

For the majority of students and alumni the most positive aspect of the event was to meet and network with fellow students and alumni from the other KICs and to develop joint ideas on cross-thematic themes.

Planned activities	Performance indicator	Target (=expected outcome)	Results/Current situation (as achieved)
EIT Alumni	Number of participants, level of satisfaction, media coverage	Student and Alumni event	More than 150 students and alumni from Climate-KIC, EIT ICT Labs and KIC InnoEnergy marked the launch of the EIT Alumni Community. The success of the event was confirmed by the positive feedback received, as well as by the concrete ideas and proposals that were collected to further develop the EIT Alumni Community.

1.4.5   EIT Foundation

In 2013, the EIT continued to support EIT Foundation (EITF) activities through active engagement. Two members of the EIT Governing Board, Jeroen van der Veer and Peter Olesen as EITF Board member closely followed the EITF activities, thus ensuring strategic alignment between the EIT and the EIT Foundation. Furthermore, EIT HQ with the EIT Director as an observer on the EITF board attended three out of five board meetings during the year. The Secretary General of the EIT Foundation had planned to attend at least one meeting of the EIT KIC Forum, but this had to be re-scheduled for 2014.

At the operational level, EIT staff also directly engaged with EIT Foundation working group activities, to i) provide guidance for an internship programme, ii) contribute to an executive entrepreneurial training programme and iii) participating in the EIT Foundation Annual Innovation Forum.

The loan of EUR 75 000, that was awarded by the EIT to the EIT Foundation in 2011, was to be paid back by the end of 2013. Owing to the constrained financial situation, the EIT Foundation could pay back only EUR 12 850. Subsequent to thorough discussions and an assessment of the overall situation, the loan agreement was amended and the payback date of the balance amount of EUR 62 150 was put back to December 2014. With a view to being able to make repayment, the EIT Foundation will further develop its activities, in particular its new business model, sponsoring and enlargement strategy, to create a sustainable portfolio of activities.

Planned activities	Performance indicator	Target (=expected outcome)	Results/Current situation (as achieved)
EIT foundation	Board meetings	At least half the meetings attended	Three out of five meetings to assist with the EIT Foundation's strategy and activities

1.5 Specific efforts to improve 'economy' and 'efficiency' of spending and non-spending activities

In accordance with to the EIT Financial Regulation (Article 29), the principle of economy required that the resources used by the EIT in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of efficiency concerns the best relationship between resources employed and results achieved.

The respect of these principles is continuously pursued through the implementation of internal procedures and predefined practices. These procedures ensure that activities are executed in an efficient manner (e.g. the different workflows contribute to efficient cooperation between staff, units, etc…) and according to the principle of economy.

The EIT is continuously fine-tuning its internal arrangements to improve the efficiency and economy of its operations. The following initiatives show how these principles are implemented in the EIT:

The management team organises monthly reviews of key business processes through a strategic planning table. Budget implementation and audit activities are systematically reviewed and followed up and necessary action decided. Internal work has been reduced through the introduction of IT support tools for the management of KICs grants implementation and compliance. The IT support tools also cover knowledge management and information flows serving EIT across the board.

EIT has decided to use SharePoint to improve collaboration within the organization and to secure collaboration with the KICs. An intranet/extranet (Duna) was implemented so documents and data can be collected centrally. This reduces time when revising content and allows the verification of the accountability of figures (figures related to the KICs, etc). The usage of common action plan helped improve action control and the implementation of wikies, in addition helped to formalise procedures interactively, provide operative support for EIT staff and increase the resilience of the organization.

In 2013, the EIT implemented the SharePoint 2013 platform for use in collaboration and document management. On this platform, named Duna, a filing register was developed and implemented registering incoming, outgoing and internal documents requiring an archiving procedure in accordance with ICS 11 and internal decision 22/2010 on document management. In parallel, a dedicated team recovered, attributed proper registration and metadata, and organised the 2010-2012 documents from the document registers.

Alongside this feature, a dedicated collaboration area was developed, where the KICs are able to upload documents concerning the Business Plans. These are then embedded in a workflow which is tailored according to the internal procedure for the management of these documents and their verification.

The SharePoint 2013 platform was implemented as an intranet site, as well as a collaboration platform and also serves the purpose of document management. Out-of-the-box features, following a thorough analysis of document and content management at the EIT, were used to ensure auditability, version traceability and identification of working documents with appropriate metadata attributions.

In 2012 EIT introduced an eHR tool for mission management (MiMa) and for leave management (LeaMa). The eHR tool was further developed by the introduction of additional features (certificate requests, absence calendar, automatized request for travel arrangements quotes) and a test version of the flexitime module has also been put in place, thereby further increasing the efficiency of HR support.

The templates for financial workflows were fine-tuned and thus further improved.

2.   MANAGEMENT OF RESOURCES

This part provides key information on the nature and characteristics of the EIT, its administrative structures and accountability chain (Section 2.1) as well as the functioning and effectiveness of the internal control system (Section 2.2).

Governance

The EIT is an independent EU body and has its own legal personality. Its activities are steered by its Governing Board, which is the principal governing body of the EIT entrusted with the role of strategic leadership and the overall direction of the activities implemented by the EIT. It is independent and autonomous in its decision-making and is responsible for the selection, designation, evaluation and support of the KICs. The Governing Board brings together 22 high calibre members balancing prominent expertise from the fields of higher education, research, business and innovation. It adopts the EIT's Rolling Triennial Work Programme, the budget and establishment plan, the Annual Work Programme/Financing decision and the subsequent Annual Activity Report and the Annual Accounts. The EIT Governing Board generally meets four times a year to provide strategic guidance and make decisions[9], including on annual financial allocations to the KICs.

In 2013, the EIT Governing Board met four times in Budapest: on 7 March, 30 May, 19 September and 5 December. The EIT Governing Board adopted 21 decisions in 2013.

The Governing Board is assisted by an Executive Committee composed of five Governing Board members, including the Chairman of the Governing Board. The Executive Committee met four times in Budapest to prepare for Governing Board meetings. Additional extraordinary Executive Committee meetings were held on 17 October, and 11 November. In addition, on 4 December a hearing with the KICs was held to assist the Governing Board in reaching a decision on the annual financial allocation to the KICs for the financial year 2014. The EIT Governing Board members met with KIC representatives for spring workshop in Budapest on 29 May. In accordance with the transparency principle, the list of all decisions taken by the EIT Governing Board is made publicly available on the EIT website (http://eit.europa.eu/about-us/governing-board/board-decisions/).

The EIT's parent Commission Directorate-General is the Directorate-General for Education and Culture of the European Commission (DG-EAC), which is also an observer on the Governing Board. The EIT maintains close working relations with its parent DG. Cooperation with other Commission services is governed by Service Level Agreements.

The EIT is an autonomous body and it has its own legal personality. It is managed by a Director who is the Authorising Officer and Appointing Authority for the staff. Two operational units and one administrative unit help the EIT achieve its objectives.

---

[9] Founding Regulation, Article 3(3): 'The Governing Board shall meet in ordinary session at least three times a year…'

In 2013 the European Parliament and the Council adopted the H2020 framework programme for Research and Innovation. EIT will form a part of this while at the same time preserving its identity and autonomy. EIT's activities will expand over the 2014 to 2020 period as part of the Horizon 2020 Framework Programme and its budget will increase significantly to EUR 2,7 billion.

2.1 Management of human and financial resources

2.1.1 Human resources

In 2013, 18 recruitment procedures were launched and the EIT recruited 10 staff (including four contract changes) while 10 colleagues left the Institute mostly going to other EU agencies. As a result, there were 41 members of staff on 31 December 2013 (with two additional AD posts where an offer letter had been sent and accepted before the end of the year).

To promote social dialogue and staff well-being, the EIT Staff Committee was established in 2013 to represent the interests of the staff and to provide a channel for expressing staff opinion.

With a view to the entry into force of the new Staff Regulations on 1 January 2014, the Governing Board adopted the first set of general implementing provisions to ensure the clarity and legal certainty of the legal basis in the field of HR. Rules for working time arrangements were also adopted.

In the area of learning and development, to offer benefits to the individuals and the organisation as a whole, in-house training sessions on Project Management, Advocacy Skills and Improving collaboration by managing yourself (MBTI assessment) were organised for all staff, in addition to courses attended individually by staff members on external locations.

The eHR tool has been further developed by the introduction of additional features (certificate requests and absence calendar) and a test version of the flexitime module has also been put in place, thereby further increasing the efficiency of HR support.

2.1.2 Budgetary and financial management

Planning

The EIT's medium-term priorities are specified out in its rolling Triennial Work Programme (for 2013: TWP 2012-2014 and TWP 2013–2015) which are translated into annual work programmes/financing decisions. Both Triennial and annual working programmes are endorsed by the EIT Governing Board on the basis of proposals by the Director. The units

establish their unit work programme on the bases of the objectives and main activities set out in the Annual Work Programme (AWP) adopted by the Governing Board.

Implementation

Since June 2011 the EIT has been partially financially autonomous, which means that in 2013 the EIT's parent Directorate-General at the European Commission (DG-EAC) continued to provide consultation and ex-ante verification in two areas: 1) KIC grant management and 2) high-value procurement procedures.

The execution of payment appropriations improved between 2012 and 2013. The 2013 execution rate for payment appropriations increased significantly from 90% to 96,86%. The execution rate for commitment appropriations decreased slightly from 97,74% to 96,97% owing to the availability of human resources and contracts. The high execution rate (over 95%) was down to the fact that the EIT's management was regularly and properly informed about the degree of budget implementation and execution of actions so that it could react quickly in the event of underperformance. In 2014, the EIT intends to further improve and make its planning, monitoring and implementation processes more effective and efficient by simplifying the existing procedures and systems making them more appropriate to the needs of management and staff and providing more guidance for staff, etc. (Detailed figures are presented in Annex 2)

In 2013, the EIT further reduced the gap between the starting date of the annual grant agreements and their signature dates. The EIT has established a roadmap in cooperation with the KICs, including issuing templates for business plans and reports, and this led to the signature of the 2013 grant agreements in February 2013 (in 2011 grants were signed in May while in2012, the grant agreements were signed in March and April). Further efforts will continue to be made to sign the grant agreements at the end of January/beginning of February each year.

The EIT used the following financial information systems in 2013:
- ABAC Workflow for budget management, budgetary accounting;
- SAP for financial accounting (general accounting);
- Business Objects for financial reporting;
- ABAC Assets for fixed asset management; and
- MiMa for mission management.

Reporting

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

2.1.3 Control effectiveness and efficiency

In 2012 the financial circuit was reviewed, taking into consideration the level of delegation, the nature of expenditures, the number of transactions, the level of available skills and elements of cost efficiency. This resulted in the establishment of a new financial circuit which was adopted in July 2012 and was not changed in 2013.

The heads of units acted as Authorising Officers by Delegation (AODs) on budget lines up to EUR 60 000. The continuity of the service in the absence of the responsible authorising officer was ensured by the decision of the EIT Director on co-delegation, cross-delegation and deputising rules adopted on 8 March 2013. The deputies of the AODs were subsequently designated.

The segregation of the initiation and verification of an operation, meaning that the members of staff responsible for verification must be different from those performing the initiation, is ensured by set delegations as well as by established electronic (ABAC) and paper workflows. The initiation and/or the verification functions are split for the majority of financial transactions between an operational initiation/verification subfunction and a financial initiation/verification sub-function.

Ex-ante verification

In compliance with the EIT Financial Regulation, ex-ante financial verification was carried out on all financial transactions (commitments, payments, recoveries, etc.) by the EIT member of staff designated to perform this task. Errors detected during these checks were documented on the check list and corrected before the transaction was approved. This ensured sound financial management of the EIT budget and the legality and regularity of the financial transactions.

As stated above the EIT has been partially financially autonomous since June 2011, which means that the EIT's parent Directorate-General at the European Commission (DG-EAC) continued supporting the EIT, by way of ex-ante verification of KIC grant transactions and high-value procurements exceeding EUR 60 000. These prior consultations provided a second level of assurance for the Authorising Officer.

Ex-ante measures applied to grant transactions

The EIT consistently carries out ex-ante verification of both commitment and payment transactions. In addition, as an ex-ante mitigating measure of any financial risk associated with pre-financing payments, the EIT decided to request financial guarantees. In 2013 numerous guidelines were made available providing detailed instructions to KICs as regards 2013 and 2014, namely Guidelines on the entry and exit of KIC Partners to and from the KICs (GA 2013 and GA 2014), Guidelines on the preparation of KIC Business Plans and Budgets (GA 2014), Guidelines for the preparation of KIC Reports (GA 2013 and GA 2014), EIT Financial Guide (GA 2013) and EIT methodology for certificates on financial statements (GA 2014).

In 2013, final balance payments were effected by closing grant agreements for 2012. The EIT performed the technical and financial assessment of all final reports to assess the adequacy of the implementation of the Business Plans and to identify the final balances due. Annex 7 (Internal Control Template for Budget Implementation) describes the control strategy applied for grant management.

In line with its grant assurance strategy, the EIT combined its sources of assurance by either performing a desk check on a sample of supporting evidence and/or by requesting Certificates on the Financial Statement (CFS) by independent auditors. All exceptions and weaknesses identified by the CFS auditors were followed up with the KIC during the ex-ante assessment process, which led either to the acceptance of the costs reported following the receipt of further supporting evidence, or alternatively corrections being made by the EIT. After examining the CFS issued by the auditors, the EIT carried out an analytical review of information received as part of the cost reports. When deemed necessary, follow up questions and requests for supporting documentation were sent to the KICs in the framework of the ex-ante assessment process.

Details of the expenditure/partner coverage are shown in the following table.

	EIT ICT Labs	KIC INNOENERGY	CLIMATE KIC
EIT grant requested (EUR)	**24 303 460**	**32 476 172**	**28 657 133**
EIT grant approved and paid (EUR)	24 283 893	32 293 335	27 292 299
EIT grant approved and paid (in % of grant requested)	*99.9%*	*99.4%*	*95.3%*
EIT grant covered by CFS (in EUR)	21 767 407	30 204 210	24 799 907
EIT grant covered by CFS (in %)	*89.6%*	*93.0%*	*86.5%*
Number of partners claiming EIT grant	67	107	105
Number of partners covered by CFS	33	26	24
% of partners covered by CFS	*49%*	*24%*	*23%*

As a result of the ex- ante verification procedures described above, necessary preventive actions were taken to reduce the risk of undue amounts being paid to the KICs. Taking into consideration the high coverage and the generally good quality of CFS, combined with the analytical review carried out by the EIT, it can be concluded that the assurance provided by the EIT ex-ante assessment as regards the legality and regularity of expenditure is reasonable.

Ex-post verification of grants

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

Ex-post audits of cost reports relating to grant agreements for 2010, 2011 and 2012 were performed by an external service provider on the basis of the Framework Contract of the European Commission. The audit methodology was devised by the EIT and the external audit service provider carried out on-the-spot audits based on the audit programme provided by the EIT and reported the results. KIC Partners to be audited had been selected by the EIT primarily on the basis of a risk assessment to maximise the efficiency of the resources spent on ex-post audits, while a certain part of the sample had been randomly selected to increase the representativeness of the sample.

The coverage levels achieved by the ex-post audits are demonstrated in the following table.

KIC	EIT grant paid (EUR)	EIT grant paid to audited partners (EUR)	Number of partners audited	Coverage (% of EIT grant paid)
Climate KIC – GA 2010	3 780 634,25	1 871 783,78	2	49,51%
Climate KIC – GA 2011	9 178 537,67	5 214 804,50	8	56,82%
Climate KIC – GA 2012	27 118 969,48	8 157 875,76	10	30,08%
EIT ICT Labs – GA 2010	4 143 298,96	1 416 357,94	3	34,18%
EIT ICT Labs – GA 2011	16 566 414,44	9 902 532,69	10	59,77%
EIT ICT Labs – GA 2012	24 207 511,05	7 000 076,33	6	28,92%
KIC InnoEnergy – GA 2010	6 139 430,18	3 202 912,61	5	52,17%
KIC InnoEnergy – GA 2011	22 866 055,00	17 024 281,76	10	74,45%
KIC InnoEnergy – GA 2012	32 385 415,40	9 397 970,66	13	29,02%
TOTAL	**146 386 266,43**	**63 188 596,03**	**67**	**43,17%**

As regards 2012 Grant Agreements, the EIT selected 13 KIC Partners purely on a random basis in addition 16 on the basis of risk. All 29 final audit reports on the 2012 Grant Agreements were received by the EIT by April 2014 and recovery orders were issued to all three KICs. The total amount to be recovered as a result of the ex-post audits of 2012 Grant Agreements is EUR 575 593,59. As the total amount of grant audited under 2012 Grant Agreements was EUR 19 258 898,28, the detected error rate in the audited sample of 29 KIC Partners is 2,99%. However, the detected error rate in the random sample was 1,37%, while the detected error rate in the risk-based sample was 3,29%. In accordance with the instructions issued by DG Budget, the EIT uses the error rate resulting from the random sample for reporting on the effectiveness of controls in the annual activity report. As the „representative detected error rate" of 1,37% is well below the materiality level of 2% established in the EIT's control strategy and used by the European Court of Auditors, the EIT considers that grants paid as part of 2012 Grant Agreements are free from material errors.

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

In 2013, the EIT followed its standard operating procedure (SOP) on exception reporting adopted in 2012. All instances of overriding controls or deviations from established processes and procedures are documented in exception reports. Instances of non-compliance events are documented in non-compliance reports.

In 2013 no exception and five non-compliance events were recorded. The total value of the non-compliance events amounted to EUR 5 914,63 (2012: EUR 123 168,25), which represents 0,006% of the total payments executed in 2013. The non-compliance events concerned the reimbursement of minor costs such as meals and travel costs without prior authorisation.

Mitigating measures have been put in place to address the internal control weakness. The register for exceptions and non-compliance events is updated and maintained centrally level.

Risk assessment exercise

EIT uses the same principles and main elements of the European Commission's risk management methodology[10]. In the light of the risk associated with the management environment and procedures suited to the performance of EIT duties, the risk management exercise is performed yearly, covering all EIT activities.

On the basis of the result of the comprehensive risk assessment carried out in 2012, the three EIT units reviewed the 2012 risk register in relation to their 2013 objectives and activities and, as a result, updated the unit's risk register. The units then proposed including their most significant risks in the EIT's risk register, a proposal adopted by the EIT Management in December 2012. The EIT risk register follows the template recommended by the Commission[11] and risks are categorised on the basis of the Commission risk typology. The EIT risk register contains the actions planned to address the risks, including who should perform them as well as the target dates for completion. The implementation of the action plan was monitored throughout 2013 to ensure it continued to be effective and relevant. To this end, the EIT risk register and action plans are reviewed by the EIT Management on a quarterly basis.

As the grants awarded to the KICs represent the largest share of EIT's operational budget (around 90%), an adequate identification and management of the risks associated with their implementation is crucial to the EIT's Director Declaration of Assurance.

---

[10] SEC(2005)1327 adopted in October 2005 "Towards and effective and coherent risk management in the Commission services"
[11] Risk management in the Commission – Implementation guide, October 2010 version

Specific risks associated with the management of grants are:

- Inherent risks linked to the multiplicity of organisations and systems, involved in diverse operations;
- Inherent risk deriving from the start-up phase of KICs;
- Inherent risk deriving from the complexity and nature of KIC added-value activities;
- The fact that the reliability of the KICs internal control systems has not yet been fully explored;
- The fact that the quality and accuracy of the certificates on financial statements are not yet known.

These risks are mitigated by:

- Guarantees built into Grant Agreements provisions;
- Continuous guidance provided to KICs in terms of performance and financial matters;
- Close follow-up of the implementation of the KICs' added-value activities;
- Ex-ante verifications such as the assessment of performance and cost reports;
- Ex-post verifications.

In 2013, the risk mitigating activities in respect of grants largely concerned the:

- Update of the annual grant agreement with appropriate guarantees;
- Guidance provided to KICs (e.g. EIT methodology for the preparation of Certificates on Financial Statements and EIT Financial Guide);
- Detailed ex-ante assessment of cost and performance reports related to the Grant Agreements for 2012; and
- Ex-post verification of the Grant Agreements for 2012 launched in October 2013.

For further details on risk mitigating actions implemented in 2013 please refer to Annex 8.

2.1.4   Fraud prevention and detection

In accordance with the Common Approach on EU decentralised agencies, the EIT intends to develop a fraud prevention strategy based on the guidance to be issued by OLAF in 2014.

2.2 Assessment of audit results and follow up of audit recommendations

2.2.1 European Court of Auditors (ECA) audits

The European Court of Auditors published its final audit report on the annual accounts of the EIT for the financial year 2012 on 13 December 2013[12]. In the statement of assurance section of the report, the Court of Auditors expressed its opinion on the reliability of the accounts and on the legality and regularity of transactions underlying the accounts. The Court expressed a qualified opinion, as "the Court could not obtain sufficient appropriate audit evidence on the legality and regularity of the audited grant transactions related to 2010 activities". On the other hand, the Court also stated that "the transactions underlying the annual accounts for the year ended 31 December 2012 are legal and regular in all material respects" with the exception of grant transactions related to 2010 activities".

In response to the Court's qualified opinion on 2010 Grant Agreements, the EIT launched ex-post audits in May 2013. The audit work was carried out in July-August 2013 and the final audit reports were published in October-November 2013. On the basis of the final audit reports, all amounts unduly paid to KICs under Grant Agreements for 2010 were recovered in December 2013-January 2014. The total amount recovered from the three KICs was EUR 1 044 512,28.

To avoid a similar situation in the future, a comprehensive grant assurance strategy, covering both ex ante and ex-post controls was put in place by the EIT in 2012-2013. The established procedures and guidance documents are regularly updated to address any weaknesses detected by the EIT itself and/or by other control authorities. Where appropriate, these provisions are incorporated in the Grant Agreements or issued as EIT guidelines addressed to the KICs. To guarantee that the KICs interpret the guidelines correctly, they are also presented at regular meetings.

In addition to the qualified opinion on the 2010 grant transactions, the Court of Auditors made the following comments on internal controls and budgetary management:

- Budgets for grant agreements signed in 2010 and 2011, which resulted in payments in 2012, were not sufficiently specific. There was no link between the approved funds and the activities to be implemented. Grant agreements did not set individual thresholds for specific cost categories (i.e. staff costs, sub-contracting, legal services, etc.) and did not include rules for the procurement of goods and services by the KICs and their partners.

- EIT also carried out technical verifications for all funded projects as part of its ex ante verifications. However, there was a lack of quantifiable targets that hampered an effective assessment of project activities and results. Business plans did not define in

---

[12] http://www.eca.europa.eu/Lists/ECADocuments/EIT_2012/EIT_2012_EN.pdf

detail the activities to be implemented; nor did they set clear milestones, deliverables per activity or quality criteria.

-   Out of the committed appropriations carried over from 2011 amounting to some 22 million euro, some EUR 10 000 000 (45 %) were cancelled in 2012. The high level of cancellations is mainly due to lower than estimated costs claimed by beneficiaries under 2011 grant agreements (EUR 9 200 000 million or 92 % of cancelled carry-overs).

The EIT replied and took action on the above comments as follows:

-   The link between grants and activities to be implemented was established at a strategic level by focusing on outcomes and impact as well as at operational level through the KICs portfolio of activities. This approach is fully compliant with EIT Regulation and allowed the EIT to experiment with new and simplified approaches to enhancing the flexibility and efficiency of the KICs. Individual thresholds for specific cost categories (i.e. staff costs, sub-contracting, legal services, etc.) are not set as the Financial Regulation does not require them and, in addition, they do not help meet EIT/KICs objectives and operating needs. As regards subcontracting, Grant Agreements stipulate that contracts must be awarded on a best value for money basis and that conflicts of interest must be avoided. This is consistent with the relevant provisions of the Financial Regulation.

-   Concerning quantifiable targets in the KICs' Business Plans, EIT issued guidelines to the KICs for the preparation of Business Plans in March 2012 and requested their KPIs achievement data for 2010 and 2011. These guidelines were recently revised in 2013 for the Business Plans for 2014 in order to further improve the quality of the planning and reporting from the KICs as well as EIT's assessment of their performance.

-   EIT acknowledged the Court's comment. By the end of 2012 the KICs completed their initial phase, which is also reflected in the use of grants (see also the explanations provided at point 15). Although there is a high level of carry-overs from 2012 to 2013, significant progress is expected since cancellations of carry-overs will be considerably reduced from 45 % (2011 carry-overs) to an estimated 13 % (2012 carry- overs). EIT is following this issue closely.

The Court of Auditors carried out an audit mission from 11 to 15 November 2013 in respect of the financial year 2013 and issued a letter summarising the preliminary findings on 31 January 2014. The EIT formally replied to the preliminary findings of the ECA by letter on 20 March 2014. The final audit mission took place between 12 and 16 May 2014. The EIT has not yet received the final audit report for 2013.

2.2.2 Internal Audit Service (IAS) and Internal Auditing Function (IAF) audits

The Internal Audit Service carried out a "limited review" mission from 12 to 16 November 2012. The objective of the limited review engagement was to provide the EIT Director and the Governing Board with an independent assessment of the design of the internal control systems with a view to preparing annual Grant Agreements. The IAS issued its final report on 30 April 2012 and confirmed that the action plan proposed by the EIT Director adequately covers all the risks. During 2013, the EIT implemented most of the actions included in the action plan and improved its procedures for the annual grant allocation, assessment of KICs' business plans and mitigation of the risk of conflict of interest. The IAS carried out a follow-up audit from 17 to 21 February 2014 to review the implementation of actions by the EIT. As a result, the IAS issued a draft follow-up report on 11 March 2014, in which it acknowledged progress made by the EIT. Nevertheless, a number of actions were considered by the IAS to still be open as of March 2014, as further improvements are deemed necessary. The EIT is currently analysing the draft follow-up report of the IAS and will provide comments in due course.

The Internal Audit Function (IAF) resigned as of 31 December 2012 and the recruitment of the new EIT Internal Auditor took longer than expected, as the vacancy notice had to be republished owing to an insufficient number of suitable applicants. The new Internal Auditor started on 1 January 2014. Therefore, no IAF audits were carried out in 2013.

To bridge the period between the departure of the former Internal Auditor and the arrival of the new one, the EIT decided to set up an Audit Committee of the Governing Board. The Audit Committee is composed of four members, three Governing Board members elected among the appointed members and one member representing the European Commission. The Audit Committee provides support to the Governing Board in increasing the quality of the follow-up and implementation of the audit recommendations, for which the EIT Director bears sole responsibility. The Audit Committee also serves as a reporting line for the Internal Auditor, thereby guaranteeing the independence of the function. The inaugural meeting of the Audit Committee took place in March 2013. The Committee has two regular meetings and two briefings per year.

Regarding the follow-up of previous IAF audits, the EIT has been implementing the recommendations issued by the former IAF. In "Risk management in the EIT", the Internal Auditor issued seven recommendations, six of which the EIT has fully implemented. The only remaining recommendation (fraud prevention strategy) is to be implemented when the agencies receive the final guidance note for the preparation of fraud prevention strategies from OLAF. This is in line with the timing set out in the "Common Approach" endorsed by the European Parliament. As regards the audit on "Monitoring of activities in the EIT", the recommendations on information needs analysis and the setting-up of an IT platform for grant management have been completed. The EIT has developed a platform for the submission and assessment of Business Plans and KIC Reports. The implementation of the recommendations related to the continuous monitoring of KICs is ongoing.

3.   ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

The EIT applies the internal control standards set by the European Commission, which are intend to achieve operational objectives. The EIT assesses the effectiveness of its key internal control systems annually. The assessment makes use of a number of monitoring measures and sources of information including reported instances of exceptions, non-compliance events relevant audit findings; and the risk assessment process.

The management assessment of the effectiveness of the internal control systems was partially completed in 2013. Full implementation is expected by the end of 2014.

The EIT's management plan for the reporting year included a number of measures to improve the implementation of Internal Control Standards (ICS). By the end of the reporting year, these measures had been satisfactorily implemented. As regards ICS 6 Risk management, ICS 7 Operational structures, ICS 9 Management supervision and ICS 10 Business continuity measures are still being implemented. Full implementation is expected by the end of 2014. For further details please refer Annex 9.

As regards the overall state of the internal control system, generally the EIT complies with the three assessment criteria for effectiveness; i.e. (i) staff having the required knowledge and skills, (ii) systems and procedures designed and implemented to manage the key risks effectively, and (iii) no instances of ineffective controls that have exposed the EIT to its key risks.

In line with the principle of continuous improvement of management procedures, on-going efforts are being made to further enhance the effectiveness of the EIT's control arrangements, inter alia by taking into account any control weaknesses reported and exceptions recorded.

4. MANAGEMENT ASSURANCE

4.1 Review of the elements supporting assurance

The information reported in Parts 2 and 3 derives from the results of management and auditor monitoring contained in the reports listed. These reports are based on a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and ensures a complete coverage of the EIT budget.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director of the EIT, in his capacity as Authorising Officer has signed the Declaration of Assurance.

4.2 Reservations and overall conclusion on assurance

The information reported in Part 2 and 3 does not result in any major issues meriting a reservation.

DECLARATION OF ASSURANCE

I, the undersigned,

Director of the European Institute of Innovation and Technology

In my capacity as authorising officer

Declare that the information contained in this report gives a true and fair view[13].

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

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

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

Budapest, date 30.6.2014

....
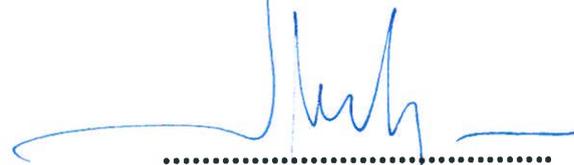
(signature)

José Manuel Leceta

---

[13] True and fair in this context means a reliable, complete and correct view on the state of affairs in the service.

Annexes

ANNEX 1: Human and Financial resources

Activity	Human Resources by activity		
	Establishment Plan posts (AD and AST)	External Personnel (CA and SNE)	Total
Operational activities	18	7	25
Horizontal activities	9	7	16
Total	**27**	**14**	**41**

General remark: the above data rely on the snapshot of EIT personnel actually employed as of 31 December of the reporting year. These data do not necessarily constitute full-time-equivalents throughout the year.

EIT personnel actually employed as of 31 December 2013 by grades		
Grade	Posts envisaged in EIT budget 2013[14]	Posts actually filled as of 31 December 2013
Establishment plan posts		
AD14	1	1
AD11	1	
AD9	4	2
AD8	8	6
AD7	2	
AD6	12	12
AD5	1	1
AST4	2	2
AST3	3	3
Total	**34**	**27**
External personnel		
FGIV	6	2
FGIII	8	6
FGII	6	5
SNE	1	1
Total	**21**	**14**
Grand total	**55**	**41**

---

[14] Including mmodifications in 2013 in application of flexibility rule

Gender balance (M=male, F=female)

Gender balance

M, 20
F, 21
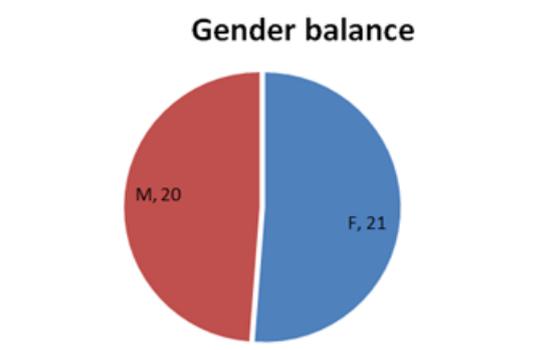
Nationalities by contract type

Nationalities

AD	FGIII	AD	AD	AD	AD	FGIII	FGIV	AD	AST	FGII	AD	SNE	AD	AD	AD	FGIII	FGIV	FGII	FGIV	AD	FGIII
TA	CA	TA	TA	TA	TA	TA	CA	TA		CA	TA	SNE	TA	TA	TA	CA		CA		TA	CA
AT	BG	DE	ES	FI	FR	GB	GR	HU			IT	NL	PL	PT	RO			SK		SV	BE
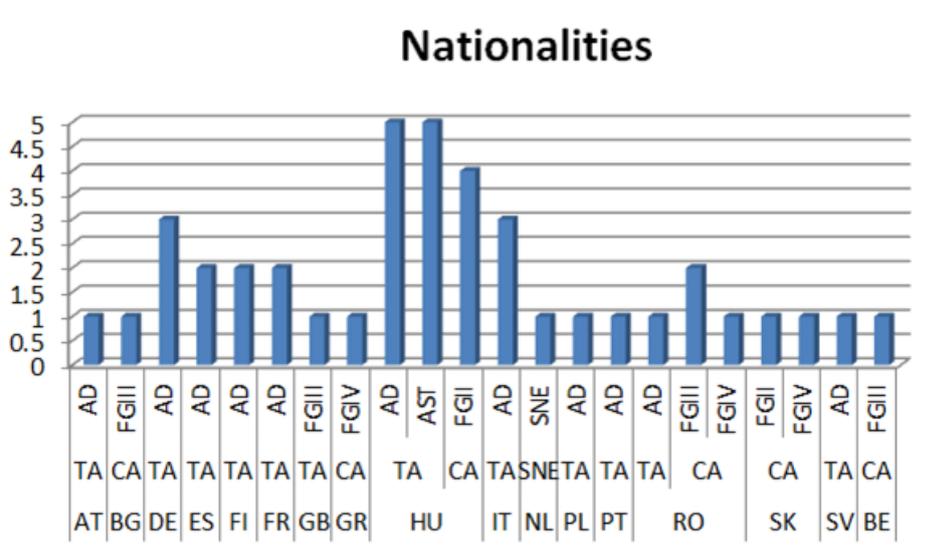
Number of days of leave authorised to each grade under the flexitime and compensatory leave schemes			
Grade	No of days of leave authorised under the flexitime leave scheme	No of days of leave authorised under the compensatory leave scheme	Total No of days of leave authorised
Establishment plan			
AD14			**0**
AD11	10		**10**
AD9	30,5		**30,5**
AD8	79,5	2	**81,5**
AD6	114,5	3	**117,5**
AD6	18	1	**19**
AST4	11,5		**11,5**
AST3	20	1	**21**
External personnel			
FGIV	37	1	**38**
FGIII	48,5		**48,5**
FGII	55	2	**57**
SNE	12		**12**
Total	**436,5**	**10**	**446,5**

Financial Resources by activity (EUR) implementation of Commitment Appropriations (CA)			
Activity	Operational expenditure	Administrative expenditure	Total
Operational activities	133 543 508	2 650 348	136 193 856
Horizontal activities		1 696 222	1 696 222
TOTAL	**133 543 508**	**4 346 570**	**137 890 078**

ANNEX 2:   Annual accounts and financial reports

BALANCE SHEET

ASSETS

	31.12.2013	31.12.2012
A. NON CURRENT ASSETS		
Intangible fixed assets	**16.138,00**	**30.043,00**
Tangible fixed assets	**145.589,00**	**171.166,00**
Land and buildings	0,00	0,00
Plant and equipment	50,00	351,00
Computer hardware	72.529,00	78.480,00
Furniture and vehicles	63.282,00	70.434,00
Other fixtures and fittings	9.728,00	21.901,00
Tangible fixed assets under construction	0,00	0,00
Long-term receivables	**1.135,14**	**1.135,14**
Long-term pre-financing	1.135,14	1.135,14
Long-term receivables with consolidated EC entities	0,00	0,00
TOTAL NON CURRENT ASSETS	**162.862,14**	**202.344,14**
B. CURRENT ASSETS		
Stock	**0,00**	**0,00**
Short-term receivables	**783.489,26**	**1.397.243,35**
Short term prefinancing	62.150,00	96.103,55
Current receivables	651.287,71	1.281.405,84
Long term receivables falling due within a year	0,00	0,00
Sundry receivables	59.482,90	14.537,88
Prepaid expenses and accrued income	10.568,65	5.196,08
Cash and cash equivalents	3.117.696,94	8.215.647,36
TOTAL CURRENT ASSETS	**3.901.186,20**	**9.612.890,71**
TOTAL	**4.064.048,34**	**9.815.234,85**

CAPITAL AND LIABILITIES

	31.12.2013	31.12.2012
A. CAPITAL		
Accumulated surplus/deficit	**(20.503.574,23)**	**(2.953.567,85)**
Economic result of the year	**(32.100.754,85)**	**(17.550.006,38)**
TOTAL CAPITAL	**(52.604.329,08)**	**(20.503.574,23)**
B. NON CURRENT LIABILITIES		
Provisions for risks and liabilities	**0,00**	**0,00**
Long-term liabilities with consolidated entities	**0,00**	**0,00**
TOTAL NON CURRENT LIABILITIES	**0,00**	**0,00**
C. CURRENT LIABILITIES		
Provisions for risks and liabilities	**102.789,31**	**48.279,17**
Accounts payable	**56.565.588,11**	**30.270.529,91**
Current payables	0,00	43.634,51
Long-term liabilities falling due within the year	0,00	0,00
Sundry payables	5.028,23	509,22
Accrued expenses and deferred income	56.560.559,88	30.226.386,18
Accounts payable with consolidated EC entities	0,00	0,00
TOTAL CURRENT LIABILITIES	**56.668.377,42**	**30.318.809,08**
TOTAL	**4.064.048,34**	**9.815.234,85**

CASH FLOW STATEMENT

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	**-32.100.754,85**	**-17.550.006,38**
Operating activities		
Adjustments		
Amortization (intangible fixed assets) +	13.905,00	13.910,00
Depreciation (tangible fixed assets) +	67.155,23	60.820,18
Increase/(decrease) in Provisions for risks and liabilities	54.510,14	-18.667,38
Increase/(decrease) in Value reduction for doubtful debts	0,00	0,00
(Increase)/decrease in Stock	0,00	0,00
(Increase)/decrease in Long term Pre-financing	0,00	0,00
(Increase)/decrease in Short term Pre-financing	33.953,55	6.434.826,79
(Increase)/decrease in Long term Receivables	0,00	-1135,14
(Increase)/decrease in Short term Receivables	579.912,51	-1.263.132,98
(Increase)/decrease in Receivables related to consolidated EU entities		0,00
Increase/(decrease) in Other Long term liabilities		0,00
Increase/(decrease) in Accounts payable	26.294.946,23	17.596.692,44
Increase/(decrease) in Liabilities related to consolidated EU entities		0,00
Other non-cash movements		0,00
Net cash Flow from operating activities	**-5.056.372,19**	**5.273.307,53**

Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-41.578,23	-69.078,18
Proceeds from tangible and intangible fixed assets (+)		
Net cash flow from investing activities	**-41.578,23**	**-69.078,18**

Net increase/(decrease) in cash and cash equivalents	-5.097.950,42	5.204.229,35
Cash and cash equivalents at the beginning of the period	8.215.647,36	3.011.418,01
Cash and cash equivalents at the end of the period	3.117.696,94	8.215.647,36

ECONOMIC OUTTURN

<table>
<tr><td colspan="3">ECONOMIC OUTTURN ACCOUNT
31.12.2013</td></tr>
</table>

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Subsidy of the Commission	93.462.181,00	68.697.863,00
Host state contribution	1.560.000,00	1.926.227,38
Revenues from admin operations - fixed asset income	0,00	0,00
Other operating revenue	1.598.561,45	1.271.738,51
TOTAL OPERATING REVENUE	**96.620.742,45**	**71.895.828,89**
Staff expenses	2.986.838,65	2.668.380,47
Fixed asset related expenses	81.060,23	74.730,18
Other administrative expenses	1.288.183,16	1.143.400,47
Operational expenses	124.375.776,40	85.579.605,15
TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES	**128.731.858,44**	**89.466.116,27**
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	**(32.111.115,99)**	**(17.570.287,38)**
Financial operations revenues	10.568,65	24.405,91
Financial operations expenses	207,51	4.124,91
SURPLUS/ (DEFICIT) FROM FINANCIAL ACTIVITIES	**10.361,14**	**20.281,00**
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	**(32.100.754,85)**	**(17.550.006,38)**
Extraordinary gains	0,00	0,00
Extraordinary losses	0,00	0,00
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS	**0,00**	**0,00**
ECONOMIC RESULT OF THE YEAR	**(32.100.754,85)**	**(17.550.006,38)**

BUDGET OUTTURN

Table 1 - Budget outturn		2013	2012
REVENUE			
Commission subsidy (for the operating budget -Titles 1,2 and 3 - of the agency)	+	93 462 181,00	68 697 863,00
Host Member State contribution	+	1 560 000,00	1 560 000,00
Other income	+	2 174 397,66	6 491 387,95
TOTAL REVENUE (a)		**97 196 578,66**	**76 749 250,95**
EXPENDITURE			
Title I:Staff			
Payments	-	3 450 021,83	2 576 115,37
Appropriations carried over	-	105 872,20	299 023,27
Title II: Administrative Expenses			
Payments	-	597 255,92	557 130,00
Appropriations carried over	-	193 420,05	336 590,05
Title III: Operating Expenditure			
Payments	-	91 615 737,59	67 511 192,71
Appropriations carried over	-	1 843 377,43	6 433 823,80
TOTAL EXPENDITURE (b)		**97 805 685,02**	**77 713 875,20**
OUTTURN FOR THE FINANCIAL YEAR (a-b)		**-609 106,36**	**-964 624,25**
Cancellation of unused payment appropriations carried over from previous year	+	474 365,97	4 019 561,76
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned reven	+	1 635,00	366 227,38
Exchange differences for the year (gain +/loss -)	+/-	32 628,66	-32 714,76
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		**-100 476,73**	**3 388 450,13**
Balance year N-1	+/-	3 388 450,13	-1 824 955,81
Positive balance from year N-1 reimbursed in year N to the Commission	-	0,00	0,00
Result used for determining amounts in general accounting		**3 287 973,40**	**1 563 494,32**

RECONCILIATION OF THE BUDGETARY AND ECONOMIC OUTTURN

	EUR
Economic result	-32 100 754,85
Adjustments for accrual cut off reversal 31.12.N-1	-30 226 386,18
Adjustments for accrual cut off reversal 31.12.N	56 560 559,88
Unpaid invoices at year end but booked in charges	5 028,23
Depreciation of intangible and tangible assets	81 060,23
Provisions	54 510,14
Payments made from carry over and payment appropriations	6 595 071,15
Other revenue	24 406,00
Asset acquisitions	-41 578,23
recovery orders (grants) not yet cashed	-557 593,59
recovery orders (grants) from previous years cashed in 2013	1 242 317,32
recovery orders (others) not yet cashed	-59 088,36
New pre-financing paid in 2013 and remaining open as 31.12.2013	0,00
Pre-financing open at the end of 2012 and paid in 2013	21 103,55
Payment appropriations carried over	-2 142 669,68
Cancellation of unused carried over payment appropriations from previous year	474 365,97
Accrued income/ Deferred Charges	-10 568,65
Exchange rate differences according EOA	-117 520,85
Exchange rate differences according BOA	32 628,66
Other	64 632,53
Total	-100 476,73
Budgetary result	-100 476,73

REVENUE

Table 3 - EIT'S revenues collected in 2013					
Type of revenue	Revenue Budget (1)	Entitlements established (2)	Revenue received (3)	%, 3/1	%, 3/2
Commission subsidy incl. EFTA	93 462 181	93 462 181	93 462 181	100,00%	100,00%
Host Member State contribution	1 560 000	1 560 000	1 560 000	100,00%	100,00%
Other revenue	3 737 892	2 187 248	2 174 398	58,17%	99,41%
- bank interest	24 406	24 406	24 406	100,00%	100,00%
- EITF loan		12 850	0		0,00%
- repayment of grant following ex-post audit	2 149 992	2 149 992	2 149 992	100,00%	100,00%
- positive budgetary outturn 2012	1 563 494				
Total	**98 760 073**	**97 209 429**	**97 196 579**	**98,42%**	**99,99%**

EXPENDITURE

Summary of the implementation of the budget (C1, R0 and C4)

Table 4 - Overview of budget implementation in 2013							
Budget Title	Heading	Commitment appropriations			Payment appropriations		
		Final budget, EUR (1)	Committed Amount, EUR (2)	% (2/1)	Payment appropriations, EUR (4)	Paid amount, EUR (5)	% (5/4)
Title 1	Staff expenditure	4 248 335	3 555 894	83,70 %	4 248 335	3 450 022	81,21 %
Title 2	Infrastructure and operating expenditure	931 500	790 676	84,88 %	931 500	597 256	64,12 %
Total Title 1 and 2 - Administrative expenditure		*5 179 835*	*4 346 570*	*83,91 %*	*5 179 835*	*4 047 278*	*78,14 %*
Title 3	Operational expenditure	137 017 905	133 543 508	97,46 %	93 580 238	91 615 738	97,90 %
TOTAL		**142 197 740**	**137 890 078**	**96,97 %**	**98 760 073**	**95 663 015**	**96,86 %**

Implementation of the commitment and payment appropriations (C1)

Budget item	Heading	Commitment appropriations, EUR (1)	Committed Amount, EUR (2)	% (2/1)	Payment appropriations, EUR (4)	Paid, EUR (5)	% (5/4)
	Table 5 - Implementation of commitment and payment appropriations (C1)						
A-1100	Basic salaries including weightings	700 000,00	562 105,05	80,30 %	700 000,00	562 105,05	80,30 %
A-1101	Allowances	353 000,00	243 462,14	68,97 %	353 000,00	243 462,14	68,97 %
A-1102	Employers charges	60 000,00	48 762,56	81,27 %	60 000,00	48 762,56	81,27 %
A-1110	Remuneration and allowances of contract agents	340 000,00	192 265,27	56,55 %	340 000,00	192 265,27	56,55 %
A-1120	Termination of service	215 000,00	200 709,05	93,35 %	215 000,00	200 709,05	93,35 %
A-1130	Schooling	100 000,00	96 052,55	96,05 %	100 000,00	96 052,55	96,05 %
	Total Chapter 11	**1 768 000,00**	**1 343 356,62**	**75,98 %**	**1 768 000,00**	**1 343 356,62**	**75,98 %**
A-1200	Recruitment expenses	42 000,00	26 889,33	64,02 %	42 000,00	21 889,33	52,12 %
A-1201	Entitlements related to entering transfer and leav	180 000,00	101 564,48	56,42 %	180 000,00	101 564,48	56,42 %
	Total Chapter 12	**222 000,00**	**128 453,81**	**57,86 %**	**222 000,00**	**123 453,81**	**55,61 %**
A-1300	Mission expenses	320 000,00	279 000,00	87,19 %	320 000,00	264 867,67	82,77 %
	Total Chapter 13	**320 000,00**	**279 000,00**	**87,19 %**	**320 000,00**	**264 867,67**	**82,77 %**
A-1400	Restaurant and canteen	500,00	465,00	93,00 %	500,00	0,00	0,00 %
A-1410	Medical expenses	7 000,00	3 111,00	44,44 %	7 000,00	2 411,00	34,44 %
A-1420	Early childhood centre and approved day nurseries	63 135,00	32 412,04	51,34 %	63 135,00	32 412,04	51,34 %
A-1430	Social contacts among staff members	5 800,00	5 400,00	93,10 %	5 800,00	0,00	0,00 %
	Total Chapter 14	**76 435,00**	**41 388,04**	**54,15 %**	**76 435,00**	**34 823,04**	**45,56 %**
A-1500	Training	100 400,00	82 617,91	82,29 %	100 400,00	37 186,22	37,04 %
	Total Chapter 15	**100 400,00**	**82 617,91**	**82,29 %**	**100 400,00**	**37 186,22**	**37,04 %**
A-1601	Seconded National Expert	50 000,00	42 799,54	85,60 %	50 000,00	42 799,54	85,60 %
A-1603	IT support	45 000,00	23 268,00	51,71 %	45 000,00	0,00	0,00 %
A-1604	Administrative assistance	55 000,00	37 124,90	67,50 %	55 000,00	27 948,90	50,82 %
A-1611	Translation	50 000,00	17 478,75	34,96 %	50 000,00	15 478,75	30,96 %
	Total Chapter 16	**200 000,00**	**120 671,19**	**60,34 %**	**200 000,00**	**86 227,19**	**43,11 %**
A-1700	Representation expenses	1 500,00	406,46	27,10 %	1 500,00	107,28	7,15 %
	Total Chapter 17	**1 500,00**	**406,46**	**27,10 %**	**1 500,00**	**107,28**	**7,15 %**
	Total Title 1	**2 688 335,00**	**1 995 894,03**	**74,24 %**	**2 688 335,00**	**1 890 021,83**	**70,30 %**
A-2010	Building insurance	4 000,00	0,00	0,00 %	4 000,00	0,00	0,00 %
A-2020	Water gas electricity and heating	24 500,00	20 000,00	81,63 %	24 500,00	0,00	0,00 %
A-2030	Cleaning and maintenance	15 000,00	10 665,00	71,10 %	15 000,00	4 980,98	33,21 %
A-2040	Security and surveillance	1 500,00	0,00	0,00 %	1 500,00	0,00	0,00 %
A-2050	Fitting out of premises	1 200,00	654,23	54,52 %	1 200,00	654,23	54,52 %
A-2090	Other expenditure related to the buildings	1 000,00		0,00 %	1 000,00	0,00	0,00 %
	Total Chapter 20	**47 200,00**	**31 319,23**	**66,35 %**	**47 200,00**	**5 635,21**	**11,94 %**
A-2100	Acquisition renting of equipments and software	170 500,00	137 361,02	80,56 %	170 500,00	55 828,31	32,74 %
A-2101	Maintenance and repair of equipments	125 000,00	101 272,52	81,02 %	125 000,00	77 646,32	62,12 %
	Total Chapter 21	**295 500,00**	**238 633,54**	**80,76 %**	**295 500,00**	**133 474,63**	**45,17 %**
A-2200	Acquisition rental of general and technical equipm	5 000,00	1 015,00	20,30 %	5 000,00	631,14	12,62 %
A-2201	Maintenance and repair of general and technical eq	7 500,00	0,00	0,00 %	7 500,00	0,00	0,00 %
A-2212	Transport cost	1 000,00	436,18	43,62 %	1 000,00	386,18	38,62 %
A-2220	Acquisition rental of furniture	15 000,00	0,00	0,00 %	15 000,00	0,00	0,00 %
A-2221	Repair of furniture	1 000,00	0,00	0,00 %	1 000,00	0,00	0,00 %
	Total Chapter 22	**29 500,00**	**1 451,18**	**4,92 %**	**29 500,00**	**1 017,32**	**3,45 %**
A-2300	Stationery and office supplies	15 000,00	11 008,84	73,39 %	15 000,00	9 006,01	60,04 %
A-2310	Postage and delivery charges	6 000,00	3 000,00	50,00 %	6 000,00	2 524,45	42,07 %
A-2320	Telecommunication charges	39 000,00	39 000,00	100,00 %	39 000,00	35 257,30	90,40 %
A-2330	Legal expenses and damages	11 800,00	0,00	0,00 %	11 800,00		0,00 %
A-2340	Handling and moving	2 500,00	207,61	8,30 %	2 500,00	207,61	8,30 %
A-2350	Bank charges	1 000,00	220,35	22,04 %	1 000,00	120,35	12,04 %
A-2360	Honoraria for Governing and Executive Committee Me	197 000,00	193 500,00	98,22 %	197 000,00	193 500,00	98,22 %
A-2390	Other administrative expenses	1 000,00	34,07	3,41 %	1 000,00	34,07	3,41 %
	Total Chapter 23	**273 300,00**	**246 970,87**	**90,37 %**	**273 300,00**	**240 649,79**	**88,05 %**
A-2400	Official Journal	6 000,00	3 989,17	66,49 %	6 000,00	2 589,17	43,15 %
A-2401	EIT publications	2 000,00	2 000,00	100,00 %	2 000,00		0,00 %
A-2410	Purchase information	5 000,00	3 571,78	71,44 %	5 000,00	3 571,78	71,44 %
	Total Chapter 24	**13 000,00**	**9 560,95**	**73,55 %**	**13 000,00**	**6 160,95**	**47,39 %**
A-2500	Organisation of Governing Board and Executive Comm	28 000,00	26 229,68	93,68 %	28 000,00	15 465,55	55,23 %
A-2501	Travel expenses of Governing Board and Executive C.	240 000,00	234 216,70	97,59 %	240 000,00	192 808,65	80,34 %
A-2520	Internal meetings	5 000,00	2 293,82	45,88 %	5 000,00	2 043,82	40,88 %
	Total Chapter 25	**273 000,00**	**262 740,20**	**96,24 %**	**273 000,00**	**210 318,02**	**77,04 %**
	Total Title 2	**931 500,00**	**790 675,97**	**84,88 %**	**931 500,00**	**597 255,92**	**64,12 %**

Budget item	Heading	Commitment appropriations	Committed Amount (2)	% (2/1)	Payment appropriations	Paid (5)	% (5/4)
B3-000	KIC Grants	131 788 913,00	130 138 390,46	98,75 %	89 543 336,00	89 543 336,00	100,00 %
	Total Chapter 30	**131 788 913,00**	**130 138 390,46**	**98,75 %**	**89 543 336,00**	**89 543 336,00**	**100,00 %**
B3-110	KIC monitoring and performance measurement	740 000,00	407 110,96	55,01 %	457 850,00	417 960,96	91,29 %
B3-120	Entrepreneurship activities	250 000,00	119 908,76	47,96 %	108 960,00	36 212,26	33,23 %
B3-130	Educational activities	230 000,00	100 881,89	43,86 %	190 100,00	113 718,51	59,82 %
B3-150	Experts	70 000,00	19 394,24	27,71 %	75 000,00	52 970,75	70,63 %
B3-151	Legal assistance	100 000,00	91 462,00	91,46 %	55 000,00	34 458,00	62,65 %
B3-190	Other KIC related activities	129 000,00	16 899,11	13,10 %	45 000,00	12 989,11	28,86 %
	Total Chapter 31	**1 519 000,00**	**755 656,96**	**49,75 %**	**931 910,00**	**668 309,59**	**71,71 %**
B3-200	Communication tools	570 000,00	559 053,95	98,08 %	360 000,00	191 738,12	53,26 %
B3-201	Media affairs	15 000,00	15 000,00	100,00 %	15 000,00	0,00	0,00 %
B3-202	Communication strategy and corporate identity	185 000,00	184 499,75	99,73 %	96 000,00	96 000,00	100,00 %
B3-203	EIT brand events conferences	690 000,00	563 101,49	81,61 %	330 000,00	183 538,36	55,62 %
	Total Chapter 32	**1 460 000,00**	**1 321 655,19**	**90,52 %**	**801 000,00**	**471 276,48**	**58,84 %**
B3-300	Strategy development	85 000,00	83 727,02	98,50 %	145 000,00	105 223,86	72,57 %
B3-301	Stakeholder relations	15 000,00	1 760,90	11,74 %	9 000,00	4 325,14	48,06 %
	Total Chapter 33	**100 000,00**	**85 487,92**	**85,49 %**	**154 000,00**	**109 549,00**	**71,14 %**
	Total Title 3	**134 867 913,00**	**132 301 190,53**	**98,10 %**	**91 430 246,00**	**90 792 471,07**	**99,30 %**
	Total	**138 487 748,00**	**135 087 760,53**	**97,54 %**	**95 050 081,00**	**93 279 748,82**	**98,14 %**

Implementation of the commitment and payment appropriations (C2)

Budget item	Heading	Commitment appropriations, EUR (1)	Committed Amount, EUR (2)	% (2/1)	Payment appropriations, EUR (4)	Paid, EUR (5)	% (5/4)
**Table 6 - Implementation of appropriations carried over from 2012 to 2013 on decision**						
B3-000	KIC Grants				6 063 679,48	6 063 679,48	100,00 %
	Total Chapter 30	**0,00**	**0,00**		**6 063 679,48**	**6 063 679,48**	**100,00 %**
B3-110	KIC monitoring and performance measurement				67 000,00	0,00	0,00 %
B3-140	EIT Fundation				25 000,00	0,00	0,00 %
B3-150	Experts				29 345,00	0,00	0,00 %
B3-151	Legal assistance				42 020,00	0,00	0,00 %
	Total Chapter 31	**0,00**	**0,00**		**163 365,00**	**0,00**	**0,00 %**
B3-200	Communication tools				83 559,90	0,00	0,00 %
B3-202	Communication strategy and corporate identity				123 219,42	53 521,80	43,44 %
	Total Chapter 32	**0,00**	**0,00**		**206 779,32**	**53 521,80**	**25,88 %**
	Total	**0,00**	**0,00**		**6 433 823,80**	**6 117 201,28**	**95,08 %**

Implementation of the commitment and payment appropriations (C4)

Budget item	Heading	Commitment appropriations (1)	Committed Amount (2)	% (2/1)	Payment appropriations (4)	Paid (5)	% (5/4)
**Table 7 - Implementation of appropriations from assigned revenue**						
B3-000	KIC Grants	2 149 991,75	1 242 317,32	57,78 %	2 149 991,75	823 266,52	38,29 %
	Total	**2 149 991,75**	**1 242 317,32**	**57,78 %**	**2 149 991,75**	**823 266,52**	**38,29 %**

Implementation of the commitment and payment appropriations (C8)

Budget item	Heading	Commitment appropriations, EUR (1)	Committed, EUR (2)	% (2/1)	Paid, EUR (3)	Balance commitmen, EUR (1-2)	RAL (-3)
Table 8 - Implementation of appropriations carried over automatically from 2012 to 2013							
A-1130	Schooling	1 500,00	0,00	0,00 %	0,00	1 500,00	0,00
	Total Chapter 11	**1 500,00**	**0,00**	**0,00 %**	**0,00**	**1 500,00**	**0,00**
A-1200	Recruitment expenses	1 500,00	1 092,97	72,86 %	1 092,97	407,03	0,00
	Total Chapter 12	**1 500,00**	**1 092,97**	**72,86 %**	**1 092,97**	**407,03**	**0,00**
A-1300	Mission expenses	74 652,80	67 108,91	89,89 %	67 108,91	7 543,89	0,00
	Total Chapter 13	**74 652,80**	**67 108,91**	**89,89 %**	**67 108,91**	**7 543,89**	**0,00**
A-1410	Medical expenses	2 150,37	721,88	33,57 %	721,88	1 428,49	0,00
A-1420	Early childhood centre and approved day nurseries	1 527,75	0,00	0,00 %	0,00	1 527,75	0,00
A-1430	Social contacts among staff members	3 560,00	3 540,00	99,44 %	3 540,00	20,00	0,00
	Total Chapter 14	**7 238,12**	**4 261,88**	**58,88 %**	**4 261,88**	**2 976,24**	**0,00**
A-1500	Training	50 595,73	30 969,89	61,21 %	30 969,89	19 625,84	0,00
	Total Chapter 15	**50 595,73**	**30 969,89**	**61,21 %**	**30 969,89**	**19 625,84**	**0,00**
A-1601	Seconded National Expert	1 151,28	0,00	0,00 %	0,00	1 151,28	0,00
A-1603	IT support	60 000,00	60 000,00	100,00 %	60 000,00	0,00	0,00
A-1604	Administrative assistance	93 854,34	92 931,24	99,02 %	92 931,24	923,10	0,00
A-1611	Translation	7 531,00	0,00	0,00 %	0,00	7 531,00	0,00
	Total Chapter 16	**162 536,62**	**152 931,24**	**94,09 %**	**152 931,24**	**9 605,38**	**0,00**
A-1700	Representation expenses	1 000,00	19,84	1,98 %	19,84	980,16	0,00
	Total Chapter 17	**1 000,00**	**19,84**	**1,98 %**	**19,84**	**980,16**	**0,00**
	TOTAL Title 1	**299 023,27**	**256 384,73**	**85,74 %**	**256 384,73**	**42 638,54**	**0,00**
A-2020	Water gas electricity and heating	25 000,00	15 957,32	63,83 %	15 957,32	9 042,68	0,00
A-2030	Cleaning and maintenance	5 933,31	4 976,58	83,88 %	4 976,58	956,73	0,00
A-2040	Security and surveillance	1 000,00	620,00	62,00 %	620,00	380,00	0,00
A-2090	Other expenditure related to the buildings	6 960,11	1 809,56	26,00 %	1 809,56	5 150,55	0,00
	Total Chapter 20	**38 893,42**	**23 363,46**	**60,07 %**	**23 363,46**	**15 529,96**	**0,00**
A-2100	Acquisition renting of equipments and software	51 978,56	51 732,29	99,53 %	51 732,29	246,27	0,00
A-2101	Maintenance and repair of equipments	22 987,89	22 987,89	100,00 %	12 524,79	0,00	10 463,10
	Total Chapter 21	**74 966,45**	**74 720,18**	**99,67 %**	**64 257,08**	**246,27**	**10 463,10**
A-2212	Transport cost	80,35	36,17	45,02 %	36,17	44,18	0,00
A-2220	Acquisition rental of furniture	31 691,05	31 410,16	99,11 %	31 410,16	280,89	0,00
	Total Chapter 22	**31 771,40**	**31 446,33**	**98,98 %**	**31 446,33**	**325,07**	**0,00**
A-2300	Stationery and office supplies	3 561,80	3 254,09	91,36 %	3 254,09	307,71	0,00
A-2310	Postage and delivery charges	500,00	94,06	18,81 %	94,06	405,94	0,00
A-2320	Telecommunication charges	10 903,10	10 598,20	97,20 %	10 598,20	304,90	0,00
A-2330	Legal expenses and damages	31 878,30	31 728,30	99,53 %	19 004,50	150,00	12 723,80
A-2350	Bank charges	100,00	99,35	99,35 %	99,35	0,65	0,00
A-2360	Honoraria for Governing and Executive Committee Me	53 000,00	22 000,00	41,51 %	22 000,00	31 000,00	0,00
A-2390	Other administrative expenses	248,52	68,66	27,63 %	68,66	179,86	0,00
	Total Chapter 23	**100 191,72**	**67 842,66**	**67,71 %**	**55 118,86**	**32 349,06**	**12 723,80**
A-2400	Official Journal	5 500,00	1 368,09	24,87 %	1 368,09	4 131,91	0,00
A-2410	Purchase information	867,18	792,62	91,40 %	792,62	74,56	0,00
	Total Chapter 24	**6 367,18**	**2 160,71**	**33,94 %**	**2 160,71**	**4 206,47**	**0,00**
A-2500	Organisation of Governing Board and Executive Comm	17 102,45	6 559,60	38,35 %	6 559,60	10 542,85	0,00
A-2501	Travel expenses of Governing Board and Executive Com	66 559,34	38 213,49	57,41 %	38 213,49	28 345,85	0,00
A-2520	Internal meetings	738,09	365,61	49,53 %	365,61	372,48	0,00
	Total Chapter 25	**84 399,88**	**45 138,70**	**53,48 %**	**45 138,70**	**39 261,18**	**0,00**
	TOTAL Title 2	**336 590,05**	**244 672,04**	**72,69 %**	**221 485,14**	**91 918,01**	**23 186,90**

Budget item	Heading	Commitment appropriations, EUR (1)	Committed, EUR (2)	% (2/1)	Paid, EUR (3)	Balance commitmen, EUR (1-2)	RAL (-3)
B3-000	KIC Grants	34 078 024,54	27 785 617,47	81,54 %	27 785 617,47	6 292 407,07	0,00
	Total Chapter 30	**34 078 024,54**	**27 785 617,47**	**81,54 %**		**6 292 407,07**	**0,00**
B3-110	KIC monitoring and performance measurement	159 850,00	159 850,00	100,00 %	159 850,00	0,00	0,00
B3-130	Educational activities	14 585,20	12 836,62	88,01 %	12 836,62	1 748,58	0,00
B3-140	EIT Foundation	75 000,00	0,00		0,00 %	75 000,00	0,00
B3-150	Experts	64 771,00	45 016,41	69,50 %	45 016,41	19 754,59	0,00
B3-151	Legal assistance	44 508,00	34 458,00	77,42 %	34 458,00	10 050,00	0,00
	Total Chapter 31	**358 714,20**	**252 161,03**	**70,30 %**	**252 161,03**	**106 553,17**	**0,00**
B3-200	Communication tools	235 886,37	187 571,37	79,52 %	130 631,37	48 315,00	56 940,00
B3-202	Communication strategy and corporate identity	135 193,87	132 007,49	97,64 %	132 007,49	3 186,38	0,00
B3-203	EIT brand events conferences	20 500,18	5 387,47	26,28 %	5 387,47	15 112,71	0,00
	Total Chapter 32	**391 580,42**	**324 966,33**	**82,99 %**	**268 026,33**	**66 614,09**	**56 940,00**
B3-300	Strategy development	59 900,00	59 900,00	100,00 %	59 900,00	0,00	0,00
B3-301	Stakeholder relations	2 734,75	2 564,24	93,77 %	2 564,24	170,51	0,00
	Total Chapter 33	**62 634,75**	**62 464,24**	**99,73 %**	**62 464,24**	**170,51**	**0,00**
	TOTAL Title 3	**34 890 953,91**	**28 425 209,07**	**81,47 %**	**582 651,60**	**6 465 744,84**	**56 940,00**
	TOTAL	**35 526 567,23**	**28 926 265,84**	**81,42 %**	**1 060 521,47**	**6 600 301,39**	**80 126,90**

Implementation of the commitment and payment appropriations (R0)

Table 9 - Implementation of appropriations from external assigned revenue (R0)							
Budget item	Heading	Commitment appropriations, EUR (1)	Committed Amount, EUR (2)	% (2/1)	Payment appropriations, EUR (4)	Paid, EUR (5)	% (5/4)
A-1100	Basic salaries including weightings	900 000,00	900 000,00	100,00 %	900 000,00	900 000,00	100,00 %
A-1101	Allowances	250 000,00	250 000,00	100,00 %	250 000,00	250 000,00	100,00 %
A-1102	Employers charges	50 000,00	50 000,00	100,00 %	50 000,00	50 000,00	100,00 %
A-1110	Remuneration and allowances of contract agents	360 000,00	360 000,00	100,00 %	360 000,00	360 000,00	100,00 %
	TOTAL	**1 560 000,00**	**1 560 000,00**	**100,00 %**	**1 560 000,00**	**1 560 000,00**	**100,00 %**

ANNEX 3:   Materiality criteria

Materiality is the basis for defining significant deficiencies in both qualitative and quantitative terms. The materiality criteria used by the EIT and the way of assessing their significance is presented below.

Qualitative criteria are linked to failure in achieving the EIT's short-term objectives, reputational risks of the EIT, significant deficiencies in the EIT's control systems and repetitive errors. These involve use of resources, sound financial management, and legality and regularity of the transactions. Their significance is judged on the basis of their nature, scope, duration, existence of compensatory measures, existence of effective corrective actions.

In quantitative terms a deficiency is considered material in cases where the financial impact or risk of loss is greater than 2% of the EIT's budget. In addition, the weakness must imply a significant reputational risk.

ANNEX 4: Information on members of the EIT Governing Board and of the Executive Committee

According to EIT Governing Board Decision of 17 October 2008 the honoraria of the members of the Governing Board, its chairperson and the members of the Executive Committee is
- 2,000 EUR per meeting for each Board member;
- 3,500 EUR per meeting for each Executive Committee member; and
- 5,000 EUR per meeting for the Chairperson.

Name	Function	ExCo meetings Total number of meetings in 2013: 7	GB meetings Total number of meetings in 2013: 4
BOJAR Gabor	Appointed GB Member	0	4
GARANA María	Appointed GB Member	0	4
JOHANSSON Ulf	Appointed GB Member	0	4
KERAVNOU-PAPAILIOU Elpida	Appointed GB Member	0	4
KOLAR Jana	Appointed GB Member	0	4
MAKAROW Marja	Appointed GB Member	0	4
OLESEN Peter	Appointed GB Member	0	4
PRENDERGAST Patrick	Appointed GB Member	0	4
REVELLIN-FALCOZ Bruno	Appointed GB Member since July 2012, Executive Committee Member since September 2012	6	4
ROCCA Gianfelice	Appointed GB Member	0	3
THRIFT Nigel	Appointed GB Member	0	4
VAN DER VEER Jeroen	Appointed GB Member since July 2012, Executive Committee Member since September 2012	7	4
GOLEBIOWSKA-TATAJ Daria	Appointed GB Member & Executive Committee Member	5	4
HERRMANN Wolfgang	Appointed GB Member	0	4

MAEX Karen	Appointed GB Member & Member of the Executive Committee since September 2012	7	4
TROPSCHUH Peter F.	Appointed GB Member	0	4
VIIK Linnar	Appointed GB Member	0	4
VON GABAIN Alexander	Chairman of GB, appointed GB Member	7	4
LAMMASNIEMI Jorma	Representative GB Member	0	4
PATTE Christine	Representative GB Member	0	4
SAUQUET Alfons	Representative GB Member	0	4
RICHARDSON.-CHRISTENSEN Katherine	Representative GB Member	0	2

ANNEX 5: List of contracts, external experts and grants awarded in 2013

The below list includes the compulsory information for publication purposes on: Purchase orders, direct and framework contracts awarded by the EIT for a value between EUR 15 000 and EUR 60 000; and the aggregate amount of order forms and specific contracts above EUR 130 000 signed in 2013 under EIT framework contracts. Articles 123 (4) and 124 (4) of the Rules of Application to the Financial Regulation

Contract type	Supplies/Services	Name of the contractor	Value of the contract	Currency
FWC[15]	Software Acquisition Channel	Comparex	60 000,00	EUR
FWC	Courier worldwide and in Hungary	TNT Express Hungary Ltd.	15 000,00	EUR
FWC	Development of Knowledge Management Platform	Grape Solutions Zrt	15 877 440,00	HUF
FWC	Network Storage	S&T Consulting Hungary Ltd	58 940,00	EUR
FWC	Provision of IT service desk	Delta Systems Kft.	17 997 650,00	HUF
SC[16]	S testa services	Orange Business	52 315,50	EUR
OF[17]	EIT Student Alumni November	Tumlare Corp (exNet Travel Service)	435 466,25	EUR
OF	Webdesign and architecture	EWORKX SA	132 450,00	EUR
OF	Legal assistance	SJ Berwin	91 462,00	EUR

Aggregate amount of specific contracts, order forms above EUR 130 000 signed in 2013 under other institution's framework contracts. Article 124 (4) of the Rules of Application to the Financial Regulation.

Name of Institution	Contract type	Supplies/services	Name of the contractor	Value of the contract	Currency
DG EAC	SC	Organisation of conference "Fostering Innovation and strengthening Synergies within the EU	Team Work	148 366,40	EUR
DG EAC	SC	Student and Alumni Connect day and EIT Awards2012	Team Work	175 025,00	EUR
DG EAC	SC	EIT Awards media campaign	Ecorys	210 266,88	EUR
DG EAC	SC	EIT campaign future KICs call	Ecorys	668 546,17	EUR
DG BUDG	SC	Ex-post audit	Moore Stephens	149 000,00	EUR

---

[15] FWC = Framework contract
[16] SC = Specific contract
[17] OF = Order form

List of experts

EIT expert contracts signed in 2013 Article 26 (4) EIT Financial Rules.

Expert	Description	Amount net above 15,000 EUR	Database
José Morelo Zayas	Impact assessment 2013	18 000,00	DG RTD
Julia Lane	Impact assessment 2013	18 000,00	DG RTD
Yves Boisselier	2014 Business plan assessment, 2012 performance report assessment	17 302,00	DG RTD
Bernard Kolmel	2014 Business plan assessment, 2012 performance report assessment	18 652,00	DG RTD

Grants awarded

Name of the beneficiary	city	Country/ territory	Co-financing rate	Amount (EUR)	Subject of grant
Knowledge and Innovation Community Association Climate-KIC	Utrecht	The Netherlands	100,00%	45 140 619,00	Climate change mitigation and adaption
Knowledge and Innovation Community EIT ICT Labs IVZW	Brussels	Belgium	100,00%	41 979 171,18	Future information and communication societies
Knowledge and Innovation Community KIC InnoEnergy SE	Eindhoven	The Netherlands	100,00%	44 260 917,60	Sustainable energy

List of KICs partners

Knowledge and Innovation Community Association Climate-KIC

Aberystwyth University
ABGnova GmbH
Agenzia per L'energia a lo sviluppo sostenibile
Agenzia Regionale Prevenzione e Ambiente dell' Emilia-Romagna
Alma Mater Studiorum - Università di Bologna

Arcadis Nederlands BV
ARIA Technologies SA
Asociación Agrupación Marmol Innovación
Asociación de Investigación de las Industrias Cerámicas
Association Airparif

Association SIDE Cluster	Electricite de France
ASTER - Regional Technology Development Agency	ESRI
Aston University	Etablissement Public d'Aménagement de la Ville Nouvelle de Marne-la-Vallée
Astrium	EVO Electric Ltd
Bayer Crop Science AG	Federación Valenciana de Empresarios de la Construcción
Bayer Material Science AG	Federacion Valenciana de Municipios y Provincias
Bayer Technology Services GmbH	FONDATERRA
Beriner Verkehrsbetriebe	Fondation de coopération scientifique Campus Paris Saclay
Berliner Stadtreinigungsbetriebe	Forschungszentrum Jülich GmbH
Birmingham City Council	Frank GmbH
Birmingham City University	Frankfurt am Main City
Birmingham Science Park - Aston Ltd	Fraunhofer Institute for Wind Energy and Energy Systems Technology
BlueLion Foundation	Fundación Comunidad Valenciana - Región Europea
Bosch Slabbers Den Haag BV	
Budapest University of Technology and Economics	Fundacja Cedres
Carbon Management Hungary	Future Water
Carthago Consultancy BV	GASAG Berliner Gaswerke AG
CDC Climat	GDF Suez SA
Centre national de la recherché scientifique	Gradepoint
Centro Euromediterraneo sui cmbiamenti climatici s.c.ar.l.	Green Hill Sustainability Ltd
Chalmers	GreenTEG AG
City of Budapest	Greenwatt Technology Ltd
Climate Change Organisation	Hamburg University
Climate-KIC Alumni Association	HaskoningDHV Nederland B V
Climpact SA	Helmoltz German Research Centre for Geosciences
Commissariat à l'énergie atomique et aux énergies alterantives	Hiflux
Computational Modelling Cambridge Limited	Hungarian Bioenergy Comptence Centre
Comune di Bologna	Hungarian Investment and Trade Agency
Consiglio Nazionale delle Richerche Istituto de Biometeorologia	IBM Research GmbH
Consorzio per il Controllo dei Prodotti Biologici S.r.l	Imperial College of Science, Technology and Medicine
Coopers International Associates	Imperial Innovations Ltd.
Cornelissen Consulting Services	IncubAlliance
CRESS Carbon Reducing Energy Storage Systems Limited	Ingenieurgesellschaft Prof. Dr. Sieker GmbH
Dave Green Energy Services	Innovation-Bridge-Consulting
Department of Energy and Climate Change	Institut des Sciences et Industrie du Vivant et de l'Envirronnement - AgroParisTech
Dirección General de Obras Públicas	Institut des sciences et technologies de Paris
E4tech (UK) Ltd.	Institut Dezentrale Energietachnologien gGmbH
Ecole des Ingenieurs De La Ville De Paris	Institute for Sustainability
Ecole Nationale superieure des Ponts et Chaussées	Institute Wohnen und UmweltGmbH
Ecole Polytechnique	Instituto de la pequena y mediana empressa Valenciana
Economics For The Environment Consultancy Ltd.	Instituto Tecnológico de la Construcción
EDINN Global S.A.	Instituto Tecnológico de la Energía
Eidgenössische Technische Hochschule Zürich/Swiss Federal Institute of Technology	Instituto Valenciano de la Edificación
	Interinn Energy Holding Nyrt.

International Synergies Ltd	SEED Foundation
Iparfejlesztési Kôzalapitvány	Seif Management and Consulting GmbH
Istituto Cooperativo per l'Innovazione	Select Innovation Limited
IVeridis UK Limited	Sky Energy BV
KLM	SmarterBetterCities AG
Knight Frank	Social Entrepreneurship Initiative & Foundation
Koninklijke DSM NV	Solarvalley Mitteldeutschland
L'Association pour le developpement du pôle de compétitivité Advancity	SouthPole Carbon
l'Institut national de la recherché agronomique	Stadshavens Rotterdam
Laborelec	StartLife
LCA Works Limited	Startzentrum Zurich Cooperative
Limon GmbH	Stichting / Association Climate KIC
Lower-Silesia Regional Development Agency	Stichting Deltares
Météo-France	Stichting Dienst Landbouwkundig Onderzoek
Meteorological Environmental Earth Observation	Stichting Historie der Techniek
MIDEME S.L.U.	Stowarzyszenie Centrum Rozwiazan Systenowych
Mines ParisTech	Studio Exter
Municipality of Wroclaw	Suez Environnement SA
Mycologix Ltd.	Technical University of Darmstadt
MyCorporation Incubation Services Ltd	Technische Universität Berlin
MyCorporation Szolgáltató Kft.	Technische Universität München
Naked Energy	Technische Universiteit Delft
National Physical Laboratory	Thales Alenia Space France
NEGOS Negotiation Consulting Plc.	The Castellón City Council (City of Castellon)
Netherlands Organisation for Applied Scientific Research	The HUB Zürich Association
Novacem Ltd.	The Province of Utrecht
Noveltis	The University of Birmingham, incorporated by Royal charter under the Laws of England and Wales
NUMTECH	The University of Kassel
Oasis Palm Tree Ltd	The University of Reading
Organica Technologies Private Company Limited by Shares	The University of Warwick
Phillips Electronic Nederlands B V	The Valenciaport Foundation for Research, Promotion and Commercial Studies of the Valencia Region
Planetary Skin Institute	Tourisme, Transpors, Territoires Environnement Conseil
Plaxica Ltd.	TRE S.p.A. Tozzi Renewable Energy
Poplar HARCA	TU Delft Vastgoed B.V.
Porta Capena	TU-Campus EUREF GmbH
Potsdam Institute for Climate Impact Research	Twynstra Gudde Adviseurs en Managers BV
Process Systems Enterprise Ltd.	Tygron Serious Gaming B V
Provadis School of International Management and Technology	Universidad Cardenal Herrera-CEU
QinetiQ	Universidad de Alicante
Rothamsted Research Ltd.	Universitat Politècnica de València
RWTH AACHEN University	Université de St. Quentin en Yvelines
SAFEGE	Universite Pierre et Marie Curie - Paris 6
Sainsbury's supermarkets limited	Universiteit Utrecht
Schiphol Nederland BV	University of Debrecen, Centre for Agricultural
Science Business Publishing Ltd	

and Applied Economic Sciences	Veolia Environnement
University of Valencia	Wageningen University
University of Wroclaw	Wroclaw Agglomeration Development Agency
Unternehmer TUM GmbH	Wroclawskie Centrum Badan EITplus sp. z o.o.
Unternehmer TUM projekt GmbH	WROCŁAWSKIE PRZEDSIĘBIORSTWO HALA LUDOWA SP
Valenciana De Aprovechamiento Energetico de Residous S A	WWF Switzerland
Vattenfall Europe AG	Yes!Delft
Vattenfall-Europe-Innovation GmbH	Yes!Delft Students

Knowledge and Innovation Community EIT ICT Labs IVZW

Aalto-korkeakoulusäätiö	Fondation de Coopération Scientifique "Campus Paris-Saclay"
Åbo Akademi University	Fondazione Bruno Kessler
Acreo AB	FONDAZIONE POLITECNICO DI MILANO
Alcatel-Lucent Bell Labs France	fortiss GmbH
Alcatel-Lucent Bell NV	Forum Virium Oy
Alcatel-Lucent Deutschland AG	France TELECOM
Alcatel-Lucent Ireland	Fraunhofer Gesellschaft zur Förderung der angewandten Forschung e.V.
ALFSTORE	Futurice
Associazione Trento RISE	Green Communications
British Telecom	Hermia Ltd.
Budapest University of Technology and Economics	Images & Réseaux
C.R.F. Società Consortile per Azioni	IMDEA Software
Cap Digital	iMinds Information
Cassidian SAS	Imperial College London
Commissariat a l'Energie Atomique et aux Energies Alternatives	INRIA
Consiglio Nazionale delle Ricerche	Institut Mines-Télécom
CREATE-NET	Institute of Sustainability
CSC-IT Center for Science	Intel
CWI	JCP-CONSULT SAS
DATA PUBLICA	Karlsruher Institut für Technologie (KIT)
Deutsche Telekom AG	Kista Science City AB
Deutsches Forschungszentrum für Künstliche Intelligenz GmbH	Kungliga Tekniska Högskolan
EICT GmbH	Luleå University of Technology
EIT ICT Labs Germany GmbH	Lund University
EIT ICT Labs Italy	MILPIX SA
EIT ICT Labs IVZW	Missions Publiques Sarl
EIT ICT Labs Stockhom	Nederlandse Organisatie voor toegepast-natuurwetenschappelijk onderzoek - TNO
Engineering Ingegneria Informatica S.p.A.	Nokia Oyj/Nokia Research Center
Eötvös Loránd University	NXP
Ericsson AB	Oce Technologies BV
Ericsson Hungary Ltd	Oulun yliopisto
EURECOM	Philips Electronics Nederland BV
Federazione Trentina della Cooperazion	POLE SCS

Politecnico di MILANO	Thales CS SAS
Politecnico di Torino	Thales Nederland
Reply SpA	Thales Services SAS
SAP AG	TU München
Scuola Superiore Sant'Anna	Universität des Saarlandes
SICS, Swedish Institute of Computer Science AB	Université Jean Monnet, Télécom Saint Etienne
Siemens AG	Université Nice Sophia Antipolis
ST-Ericsson AB	UNIVERSITE PARIS-SUD XI
Stichting imec Nederland	Université Pierre et Marie Curie - Paris 6
Stichting Novay	Universiteit Twente
STMicroelectronics Srl (Italy)	Universiteit Utrecht
Stockholm Innovation & Growth AB	University College London
Stockholm university	University of Bologna
SYSTEMATIC PARIS REGION	University of Edinburgh
Tampere Technical University	University of Helsinki
Tampereen yliopisto	University of Trento DISI
Technische Universität Berlin	University of Turku
Technische Universität Darmstadt	University Rennes 1
Technische Universiteit Delft	Vereniging EIT ICT Labs Eindhoven
Technische Universiteit Eindhoven	Vereniging Point-One
Technopolis	VTT Technical Research Centre of Finland
Telecom Italia IT	VTT Ventures Ltd
TELECOM ITALIA SPA	

Knowledge and Innovation Community KIC InnoEnergy SE

3E NV	Blue Edge - Engenharia de Sistemas, Lda
ABB AB/Corporate Research	Boneffice Sp. z o.o
Acciona Infrastructuras S.A.	Boson Energy S.A
Ahlers Lindley	BTG Biomass Technology Group BV
Ahlers Lindley Lda	Bundesanstalt für Materialforschung und Prüfung
Akademia Górniczo - Hutnicza im. Stanislawa Staszica	Camelina Company Espana S.L.
Amcor Flexibles BVBA	Centre Technique des Industries Mécaniques
Apparatura Pomiarowka Kwant Bogdan Niewczas Sp. J	Centro de Investigaciones Energeticas, Medioambientales y Tecnologicas
AREVA Renewables GmbH	CG Holdings Belgium N.V.
AREVA RENOUVELABLES	Cidete Ingenieros S.L.
AREVA SA	Cofely Refrigeration B.V GDF Suez
Asociatia Centrul De Biotehnologii Microbiene Biotehgen	Commissariat a l'Energie Atomique et aux Energies Alternatives
AVA-CO2 Forschung GmbH	Compower AB
AVA-CO2 Schweiz AG	CorPower Ocean AB
batScap	Cortus AB
Bay Zoltan Nonprofit Ltd.	Cracow University of Technology
BEAR Holding BV	De Beijer RTB/Ares B.V.

67

De Beijer RTB/ARES BV	ICY BV
Deutsches Biomasse Forschungszentrum gemeinnützige GmbH	Impact Coatings AB
Disatech	Infraserv GmbH & Co. Höhst KG
DVGW-Forschungsstelle am Engler-Bunte-Institut des KIT - Karlsruhe Institute of Technology	Innowacyjne Przedsiębiorstwo Wielobranżowe POLIN Sp. z o.o.
E4 Experts energia exergia economia ecologia SL	Institut de Recerca en Energia de Catalunya
Eandis C.V.B.A.	Institut des Sciences et Technologies de Paris
EC Systems SP. Z.o.o.	Institut National des Sciences Appliquées de Lyon
Ecole des Mines de Nantes	Institut Polytechnique de Grenoble
EdF Polska CUW SP. Z o.o.	Institute National Polytecnique de Toulouse
EDP Inovacao S.A.	Institute of Chemical Engineering - Polish Academy of Sciences
EFD Induction S.A.	Instituto Superior Tecnico
E-Flox GmbH	Instituto Técnico Agronómico Provincial de Albacete (ITAP)
Eifer Europaeisches Institut fur Energieforschung EDF-KIT	Instytut Chemicznej Przeróbki Węgla
EKO-GAW Grzebieluch Adam	Instytut Katalizy I Fizykochemii Powierzchni im. Jerzego Habera Polskiej Akademii Nauk
Electricite de France	International Department of the KIT
Energie Baden-Württemberg AG	IVL Svenska Miljoeinstitutet AB
Energihuset	JES Energia Sp. z o.o.
EnergyICT N.V.	Karlsruher Institut für Technologie
Enertecs	Katholieke Universiteit Leuven
EQTEC Iberia	Katowicki Holding Weglowy S.A.
Ericsson AB	KIC SE
ETC Battery and FuelCells Sweden AB	Kms Technology For Automtion Gmbh
Etudes et Productions Schlumberger	Kungliga Teknika Högskolan
Evohaus GmbH	Kymaner Tecnologias Energéticas Lda.
Expektra Ab	Laulagun Bearings S.A
Fabryka Kotłów SEFAKO S.A.	Level Energy Technology B.V.
FixSus BVBA	LignoGEN GmbH
FixSus BVBA	Linde Material Handling GmbH
Flubetech, S.L.	LV Electronics
Fraunhofer-Gesellschaft zur Forderung der angewandten Forschung - Institut fur System und Innovationsforschung ISI	McPhy Energy
	MECAL Wind Farm Services BV
	Metal Working and Plastic Processing Metal ERG J.m.j Cieslak s.j.
Fundacio ESADE	Micro Turbine Technology BV
Fundación Cener Ciemat	Mödinger GmbH
Gas Natural Fenosa	Multichem EKO S.C.
GDF Suez	Nederlandse Organisatie voor Toegepast Natuurwetenschappelijk Onderzoek
GETT Fuel Cells International AB	N-Ergia Sp. z o.o.
Główny Instytut Górnictwa	Nova Synergy Industrial Solutions S.L.
Grenoble Alpes Innovation et Incubation	NXP
Grenoble Ecole de Management	NXP Semiconductors Netherlands BV
Harvard Engineering Plc	Oskomera Projecten B.V.
High Performance Computing-Simulation Acceleration	Outotec AB Sweden
Höganäs AB	Outotec GmbH Germany
Hogeschool Zuyd	Petale
H-tec Wasserstoff-Energie Systeme G.m.b.H.	
Iberdrola S.A	

Plastipolis	Tecnalia
Politechnika Czestochowska	Tecnologia Solar Concentradora SL
Politechnika Śląska	Termo Fluids
Politechnika Warszawska	Terra Energy
Politechnika Wroclawska	Tfm Energia Solar Fotovolta Ica S.A.
PollyPower AB	The Szewalski Institute of Fluid-Flow Machinery, Polish Academy of Sciences
Primateria AB	Total
Progression Industry BV	Triphase NV
Promont Sp. Z.o.o.	TTI G.m.b.H. - TGU Smartmote
Provadis School Of International Management And Technology A.G.	Uavision - Engenharia De Sistemas, Lda
Qualistéo	Universitat Politecnica de Catalunya
Rafako S.A.	Universität Stuttgart
Raigi S.A.S.	Universite Bordeaux 1
Ratfisch Analysen Systeme GmbH	Université d'Aix-Marseille
REMAK- ROZRUCH S.A.	Université Pierre et Marie Curie
Rhodia Operations	Université Pierre et Marie Curie
RobCork	Universitet I Oslo
Saint Trofee V.O.F	University of Corsica
SAS Agrithermic	University of Silesia in Katowice
Savoie Technolac	University of Ulster
Schneider Electric	Uniwersytet Jagiellonski
SCK.CEN (Studiecentrum voor kernenergie)	Uppsala Universitet
Sdsil Investigacao E Desenvolvimento De Solucoes Solares Lda	Valemo SARL
SiLiMiXT	Valldoreix Greenpower
SITA OUEST	Van Looy Group
Smart Grids Flanders	Vattenfall AB
SOCIETE DE CONSEIL ET DE PROSPECTIVE SCIENTIFIQUE	Vinci Technologies
Societe De Conseil Et Prospective Scientifique	Vlaamse Instelling voor Technologisch Onderzoek
Soluciones de Ingenieria Maritima Operacional S.L.	VSB Technical University of Ostrava
SOLVAY SA	Waifer Nederland B.V.
Steinbeis Europa-Zentrum der Steinbeis Innovation GmbH	Wave Energy Centre - Centro de Energia das Ondas
Stichting Kiemt	Wavec Offshore Renewables- Centro de Energia Offshore
S'TILE	Zaklad Utylizacji Odpadow Malex Monika Malicka
Stockholm Innovation & Growth AB	Zehnder Group Nederland B.V.
STRI AB	Zigor Research & Development A.I.E.
Svenska Elforetagens Forsknings - och Utvecklings- Elforsk - AB	
Syngaz Sp. Z.o.o.	
Tandem Sun AB	
TAURON Ciepło S.A.	
Tauron Dystrybucja S.A.	
Tauron Wytwarzanie S.A.	
Technion Israel Institute of Technology	
Technische Universität Dresden	
Technische Universiteit Eindhoven	

ANNEX 6:   Performance measurement system – Scorecard

Enabling innovation/value creation (What we do)		Measure[18] 2013		2012	2011	2010
Attractiveness of educational programs	With the objective to attract the best talent and develop entrepreneurship education, this KPI will measure the number of eligible applicants for EIT labelled PhD and Masters Programs the number of eligible applicants to other education programs that include KAVA divided by the number of available seats[19]	5.65	Applicants	1.42	1.65	1.16
Number of new graduates	In order to measure the number of new graduates to show the increase, it will be measuring the number of new graduates from EIT labelled PhD and Masters Programs and the number of new graduates from other education programs that include KAVA.	140	graduates	36	9	30
Number of business ideas incubated	Number of formalized commitments established between KICS and entrepreneurs. These commitments should clearly state the commitments that the venture is accepting and if applicable what the venture gives in exchange.	260	ideas	101	79	0
Number of start-ups created	It will be measuring the number of new venture created within KIC Activities, legally incorporated and committed to their first customer.	57	start-ups	14	4	0

[18] The first 6 KPIs of Enabling innovation/value creation (so called "Core KPIs") are based on KIC reported data for the years 2010, 2011 and 2013. For Year 2012 the KPIs had been verified and approved by the EIT. Verification of 2013 measures is still in progress at the data of publication of this report.

[19] Definition has been modified in 2013 from an absolute value of eligible applicants to a relative measure of applicants in comparison with the offered seats.

Knowledge Transfer/Adoption	With the Objective of foster growth into existing business, this KPI will measure the number of knowledge adoptions (by KIC partners) and the number of knowledge transfers (from one KIC partner to another KIC partner or to third parties) that are output of a KIC activity.	124	transactions	35	5	1
New or improved products/services/processes launched into the market	This KPI will measure the increase in the number of new or improved products/services/processes launched into the market that are direct output of a KIC Activity.	49	products	9	3	0
EIT initiatives having a positive impact on the KICs	To demonstrate the added value that the EIT HQ can provide in enabling the KICs success, this KPI will measure the individual level of accomplishment of top initiatives agreed by the EIT Forum.	94%	achievement	94%	-	-
EIT-codified knowledge	With the purpose of learning about innovative practices and models, this will be measuring the number of publications sponsored by the EIT, addressing in depth innovative practices and models and written by a legitimised author.	1	publications	1	1	-

Operational excellence   (How we do)

		Measure 2013		2012	2011	2010
Talent on the job	With the purpose of having the best person in the right positions, retain them and develop them, the KPI will measure the level of achievement of the objective assigned to all the staff members.	*NA*	achieved objectives	NA	-	-
% of processes formalised	With the objective of defining, implementing and run coherent and consistent processes, this KPI measure the level of completion of the reference model (e.g. ICS, BPM …) actions implemented out of defined.	80%	actions completed	86%	-	-
Level of satisfaction on EIT services	To measure the internal Stakeholders satisfaction, the measure will account the percentage of replies that are at least 4 to 5 to each stakeholder satisfaction questionnaire.	*NA*[20]	of people very satisfied	25%	-	-
Due dates for GA completion, reporting acceptance and payment execution	In order to increase efficiency and effectiveness of the organisation, will be measure the delay for the signature of the Grant Agreement and the Lead time for reporting acceptance and payment execution.	11[21]	days	58	100	222

---

[20] The EIT decided to postpone the measure after the closure of the analysis of reporting not to influence the results.

[21] Please note that that in 2013 the exercise for the assessment of the reporting is still ongoing therefore the measure does not take in consideration the payment execution.

Positioning   (Where we are)

	Measure 2013		2012	2011	2010
Dissemination	To keep external stakeholders informed and updated about EIT community news, activities and achievements, it will be measured the number of unique visits to EIT Website.	237,776 visits	196,735	46,050	-
To maintain a constant dialogue with external stakeholders	To encourage the learning and potential uptake/adoption of EIT/KIC innovative practices the KPI will be measure the number of individuals and the number of organizations reached through EIT events / stakeholder segments.	visitors	528	-	-
Recognition of EIT innovative practices, processes and models by external stakeholders	With the objective for EIT to become a world reference and knowledge pool for the next generation innovative practices and models it will be measuring the number of citations of EIT studies/concept (positive versus negative)	NA references	18	4	10
EIT Brand recognition	*Not defined*	*NA NA*	*NA*	*NA*	*NA*