



European
Commission

The Future of the European Institute of Innovation and Technology (EIT) Strategic Issues and Perspectives

*Report by Commissioner
Navracsics' High Level
Group on the EIT*

EUROPEAN COMMISSION

Directorate-General for Education and Culture
Directorate B — Modernisation of Education II: Education policy and programme, Innovation, EIT and
MSCA
Unit B.3 — Innovation in education, EIT and MSCA

Contact: Luka Juroš

*E-mail: EAC-UNITE-B3@ec.europa.eu
Luka.Juros@ec.europa.eu*

*European Commission
B-1049 Brussels*

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Strategic Issues and Perspectives

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Table of Contents

Table of Contents	4
1 Introduction	5
2 EIT's future contribution to the EU innovation landscape.....	6
Background and considerations	6
Recommendations	10
3 Creating and funding innovation in the EIT.....	12
Background and considerations	12
Recommendations	13
4 Incentives for business participation.....	16
Background and considerations	16
Recommendations	18
5 EIT as a flagship for innovation education	19
Background and considerations	19
Recommendations	21
6 EIT governance	22
Background and considerations	22
Recommendations	23
Acknowledgement	25

1 Introduction

When the EIT was set up in 2008, it was charged with a set of objectives which were defined in very broad terms and a set of operating instructions which were, in contrast, tightly drawn and which have acted as important constraints on its development. The EIT's mission, as set out in its founding Regulation and its 2013 amendment, is to:

- contribute to sustainable European economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the Union,
- promote and integrate higher education, research and innovation of the highest standards,¹
- promote synergies and cooperation among higher education, research and innovation,
- address the major challenges faced by European society,
- foster entrepreneurship².

The founding constraints included:

- the EIT did not have autonomy in choosing its field of work: it has been allowed to work only on specific, politically determined fields, through a determined model involving the establishment of a KIC in each field,
- the EIT was required to be geographically distributed,
- the Knowledge and Innovation Communities (KICs) - and, to a lesser, less well-defined extent, the EIT itself - were required to become in time financially sustainable,
- the EIT and KICs were set up with strict and heavy reporting requirements and with specific accounting and financial requirements³.

On top of these initial constraints, new and influential challenges have emerged as the EIT has grown; they are well documented in the European Court of Auditors (ECA) performance audit of April 2016⁴. These challenges include: how best to organise the EIT's own administrative team; how to structure the KICs given their size and dispersed nature and how to manage them to maximum effect; how, after 2014, to accommodate to the specific rules of Horizon 2020; how to contribute to the broader policy effort to boost innovation systems in Europe, including to the calls to support breakthrough and market creating innovation through a European Innovation Council.

The ongoing challenge for EIT has been to deliver on its very broad and ambitious objectives while operating within its imposed constraints, and responding to the challenges that have emerged (and will continue to emerge) as it has grown.

The High Level Group was established by Commissioner Tibor Navracsics to make recommendations that can help guide the European Commission and the EIT Governing Board as they seek to respond to the combination of ambitions, constraints and ongoing

¹ The first two points were set out in the 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.

² The last three points were added in the Regulation (EU) No 1292/2013 of the European Parliament and of the Council of 11 December 2013.

³ The EIT funding supports so-called KIC Added-Value Activities (abbreviated as KAVA). The EIT contribution to a KIC's budget shall not exceed, according to the EIT Regulation, 25% of the KIC's overall funding.

⁴ ECA Special report 04/2016:

<http://www.eca.europa.eu/en/Pages/DocItem.aspx?did=35819>

challenges. The Group has set out its analyses and recommendations in the report that follows, organised by reference to a number of the most important issues it has identified.

2 EIT's future contribution to the EU innovation landscape

Background and considerations

The EIT was set up with two distinct goals. First, its aim is to be the leading European performer of innovation targeted to address specified societal challenges. As Europe looks toward 2030, the challenges it addresses – for example mitigation of climate change and energy innovation – will clearly remain on the EU's agenda, as will the need to search for innovations to address them. They will also be targeted, in one way or another, by other EU actions under the future Framework Programme 9.

Second, the EIT, uniquely within Europe's innovation efforts, has the goal to create innovation based on the close integration of education, business and research. In this way, it responds to the often repeated criticism that Europe is not harvesting the full potential of its universities and research institutions to drive innovation. The point was made most recently by numerous stakeholders responding to the 2016 open public consultations for the Start-up and Scale-up Initiative⁵ and the EIT evaluation, who argued that Europe's innovation performance depends strongly on fostering a culture of innovation at its higher education institutions⁶ – including strengthening the link between higher education and business.

The European innovation landscape is likely to undergo dynamic changes in the period up to 2030. The future Framework Programme 9 will need to balance the need to retain and increase support to top-level research with the need to bring science closer to the service of society. The idea for a European Innovation Council (EIC), proposed by Commissioner Carlos Moedas, suggests that this initiative is likely in the future to take over the role of being the EU's most high-profile actor to support market-focused innovation. The creation of an EIC with such a focus would help to clarify the role and approach of the EIT in the future EU innovation landscape and to highlight what it can uniquely bring to the wider European innovation effort. The **EIT's future activities** can thus remain focused on **goal-driven innovation to address societal challenges**, and on its strategy to **integrate education, business and research**.

In addition, the EIT should – rather than working as a lone institution – **become increasingly embedded in the broad future EU innovation ecosystem**. In synergy with the other innovation support efforts in Europe (like Eurostars, FET-Open - Future and Emerging Technologies - and the SME-instrument), the EIT should strive to deliver a 'pact for 'breakthrough innovation', in order to allow the EU to better address its various social, economic and cultural challenges.

⁵ The consultation results are available at http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8723

⁶ 73% of respondents to the EIT public consultation agree or strongly agree with this statement.

Defining innovation

A number of definitions of innovation have been put forward, with perhaps the most widely adopted being the **2005 OECD/European Communities Oslo Manual definition**: "An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations."⁷ This is the definition also used by the European Court of Auditors in its 2016 performance audit on the EIT.

The **2008 EIT Regulation** took a wider perspective: "the process, including its outcome, by which new ideas respond to societal or economic needs and demand and generate new products, services or business and organisational models that are successfully introduced into an existing market or that are able to create new markets and that provide value to society."

The emphasis on innovation beyond the purely business arena has taken hold recently: **Madelin**⁸ points out in 2016 that "innovation is often thought of as the adoption by everyone else of the inventions of scientists and technologists, whether in a disruptive 'entrepreneurial' context, by firm-led incremental improvement or in an integrated technocratic effort of the 'Entrepreneurial State' (...) and [has] included new business models (Florentine banking) or social innovation (British Friendly Societies)."

The **OECD 2015 innovation strategy**⁹ also broadens the 2005 definition by widening the context to include both "new businesses, new jobs and productivity growth" and "pressing social and global challenges, including demographic shifts, resource scarcity and the changing climate". According to the OECD, innovation has "a scope beyond science and technology, involving investments in a wide range of knowledge based assets that extend beyond R&D. Social and organisational innovations, including new business models, are increasingly important to complement technological innovation".

While the Group has deliberately not pursued a new and separate definition of innovation, in its deliberations it has understood innovation in the wider societal sense, as used in the **2008 EIT Regulation**, the **2016 Madelin report** and the **2015 OECD Innovation Strategy**.

The EIT and its KICs have Europe's leading track record in supporting innovation. No other EU programme or agency has had a comparable hands-on experience to that of the EIT and its Knowledge and Innovation Communities (KICs) in creating start-ups, driving scale-ups and turning lab-based ideas into marketable products. As such the EIT and its KICs have a lot to offer to the reflection on the challenges that are often cited as being problematic in criticisms of Europe's innovation performance. The Group feels that the EIT is well placed to draw out lessons on both what works and what does not with respect to supporting innovation. Its expertise and experience can thus play an important role in informing future initiatives across the European innovation landscape, for example on the need to create 'unicorns' and breakthrough (disruptive) innovations. The Group holds that the EIT and KICs expertise and experience deserve to be better integrated in the broader EU system of innovation efforts: closer relationships of the EIT with the various innovation-focused instruments in the current and future Framework Programmes, as well as with Structural Fund policies, will help to develop a stronger overall EU innovation ecosystem.

⁷ OECD/European Communities (2005) Oslo manual — Guidelines for collecting and interpreting innovation data.

⁸ Madelin, R. (2016) Opportunity now: Europe's mission to innovate

⁹ OECD (2015) Innovation Strategy 2015 an Agenda for Policy Action

In contrast to this situation at the EU level, the members of the Group have found that the EIT and the KICs have a relatively weak presence in the national and regional innovation ecosystems. This encompasses both recognition and activities: familiarity with the EIT and KICs is often confined to a limited set of actors working in specific areas. The KICs' activities – with notable exceptions, such as some KICs' efforts within the Regional Innovation Scheme – need to have much stronger links with national and regional innovation efforts¹⁰. At the national level, the EIT and the KICs should create **stronger relations with national innovation priorities, sectors and programmes**, both in member states where they are strongly present such as the Netherlands or Sweden and in those countries where the EIT presence is still limited.

At the regional level in particular the KICs should make use of the 'proximity effect'¹¹ of the Co-Location Centres (CLCs) and seek **stronger integration with regional innovation schemes**, particularly the **Smart Specialisation Strategies**.

In order to forge the links it needs with the different policy levels, the EIT needs to develop its own capacity for comparative (cross national, cross regional and cross programme) innovation analysis, and for communicating the lessons learned in various contexts and to different stakeholders (EU, national or regional) as appropriate. The EIT thus should become a **learning organisation** - a key task in the future governance model (see chapter 6).

The Group suggests that the stronger relationships that the EIT should strive for at the EU, national and regional levels would also require a change in how EIT opens new KICs. The variety and complexity facing European societies and citizens easily exceed the availability of resources and capacities for a single EU body to manage and deliver. The process of opening up new KICs needs to be put in the context of the various EU, national and regional innovation efforts so that, from the very start, these KICs can have a stronger integration with these efforts.

A major challenge facing the EIT and its KICs concerns financial sustainability. The EIT Regulation sets out that the **EIT supports innovation through long-term framework partnerships with KICs over a time-limited 7-15 year time span**. Over this period the KICs are to aim for an increasing level of financial self-sustainability and will receive a decreasing level of EIT grant funding. The KICs designated in 2010 – EIT Digital, KIC InnoEnergy and ClimateKIC – are now entering a phase in which the EIT grant will start decreasing: how should EIT handle the important moment when the first of its KICs reach the point where grant funding will have ceased to be the main driver of operations? The issue arises very shortly, given that the EIT should set out its plans for the period 2021-2027 in its proposal for its next Strategic Innovation Agenda which should be formally adopted by the European Parliament and Council prior to 2021.

The High Level Group found a real lack of clarity as to what should happen with KICs as they reach the 15-year mark. The Group's view, and the basis for its recommendation below, is that 15 years of public investment into the KICs should not simply be

¹⁰ According to the draft EIT interim evaluation, 25% of non-EIT or –KIC affiliated respondents think that the EIT or KICs have had a moderate or significant positive impact on regional innovation systems.

¹¹ In the innovation literature the 'proximity effect' is increasingly seen as a major factor for effective innovation. See for instance: The Economist, Economic Intelligence Unit (2016) Spatial Alchemy: Why proximity matters for innovation (<http://destinationinnovation.economist.com/wp-content/uploads/sites/3/2016/07>) and Madelin, R (2016), p33, 98

abandoned, that there must be a means of ensuring that the 'alumni' KICs (see below) - provided they can be shown to be operating effectively - can still contribute to the EIT's mission.

The Group recognises the progress made within the EIT in recent time in opening the reflection on financial sustainability. A new focus was put on the topic by the Governing Board passing, in March 2015, the decision on the principles of KICs' financial sustainability¹². Further progress has been made during 2016: of note specifically is the development of a Key Performance Indicator on financial sustainability, and the subsequent progress made by the KICs in this respect. Nevertheless the Group sees a need for further clarity on this issue. In particular the Group stresses the need for clear evidence on how the KICs' private sector partners will contribute to their operations and how the KICs will develop strategies to raise income apart from the EIT grant.

Further, the Group wishes to emphasise that it is not realistic to expect that KICs can become self-financing while maintaining the full breadth of knowledge triangle activities. Should self-sustainability be pursued under the current legal framework, the likelihood is high that, as the EIT grant starts declining, the KICs' partnerships will be put under pressure and some partners will start leaving. Further, after year 15, KICs' non self-sustainable operations are likely to be shed¹³. As a result, the KICs may in the end perhaps formally achieve the financial sustainability goal, but at the cost of a severely negative effect on their innovation capacities and their knowledge triangle integration mission.

Furthermore, even in advance of year 15, the impact of a reducing EIT grant on KIC governance and on the motivation for participation by the different partners will be negative. Partners primarily interested in KIC participation in order to draw down EU funding will be less motivated to remain involved when the incentives for participation gradually decrease. The Group does not see how the EIT and KIC governance could continue to motivate engagement in such a context.

Finally, the Group notes that the EIT Regulation is ambiguous on whether the EIT itself is to develop financial sustainability¹⁴. If the loosely worded requirement for EIT financial sustainability is to be understood as requiring the EIT to raise its total annual budget under competitive conditions or from private actors, the Group holds that it is highly unlikely that it could continue its current scale of activities. The Group feels that such a sustainability requirement for EIT itself is not advisable. If rather than full financial sustainability of the EIT, the Regulation's provision can be read as a requirement that a portion of the EIT's operating costs should be borne from non-EU sources, the Group notes that the fund-raising efforts would require an additional up-front investment, while raising a number of questions about governance, accountability and potential institutional conflicts of interest. On balance, the Group holds that the financial sustainability requirement should focus on the KICs, and not on the EIT itself. The Group feels that the EIT should determine the financial sustainability *policy* and should design and implement it at the overall EIT level.

Three possible general tracks for EIT – KIC development post 2020 have been considered by the Group:

¹² <https://eit.europa.eu/interact/bookshelf/governing-board-decision-principles-kics%E2%80%99-financial-sustainability>

¹³ While their specific nature may depend on a KICs' area of operations, education is likely to be severely affected.

¹⁴ See EIT Regulation, Article 5.1.d

- **Expanding:** new KIC waves will be introduced as determined by the legislative authority, while the earlier wave KICs will continue to be supported. The Group deems this track not to be realistic, as it would require an ever-increasing budget and constantly expanding governance structures.
- **Revolving:** the first wave KICs would leave the EIT system of support after reaching 15 years, with no or only very minor level of support remaining. Meanwhile, new KICs would enter the system in line with priorities set by the legislative authority. The Group understands that this option corresponds to the original approach and is limited only by the available resources, but sees the requirement for financial sustainability of the early wave KICs as unrealistic and undesirable.
- **Differentiating:** new KICs will be introduced according to the process as defined by the European Parliament and the Council. One part of the EIT Budget would be available for funding these new KICs as under current practice. However, another part of the EIT budget would be targeted for supporting some of the activities of the mature KICs that continue to meet predefined EIT goals. Such a budget could also be opened to competitive bidding from non-KIC actors addressing EIT priorities. The Group sees this option as both a realistic and attractive future general development perspective (see box for further elaboration).

Recommendations

The EIT should be the leading European performer of goal-driven innovation to address societal challenges. The need for these kinds of innovations will not vanish in the future and the EIT is the EU's unique instrument to address them. Nevertheless, the mechanisms to achieve this mission need to be re-assessed, as indicated below.

The EIT should keep the focus on supporting Europe's innovation through the integration of education, business and research in KICs. As part of this, the EIT should provide evidence, drawn from its experience and its presence across Europe, to the current discussions about the future EU innovation landscape. It should prepare analyses and reviews of aspects of the innovation challenge and communicate these broadly. The EIT and KICs should also be more active in contributing to policy formulation in the specific thematic areas in which the KICs operate.

The EIT and its KICs should play a stronger role in the EU, national and regional innovation landscapes. In these contexts the EIT should strengthen its policy capacities so that the KICs could coordinate innovation efforts with other relevant actors. Specifically, **at the EU level the EIT needs to be a mission-focused institution integrated in the new EU innovation landscape.** As such it should seek synergies with other EU innovation actors and programmes and form a 'pact of breakthrough innovation' at the European level.

At the national levels the EIT should seek stronger relationships with national innovation priorities. In particular the KICs should explore relationships with national innovation priorities, also in EU member states that so far do not, or only to a limited extent, participate in EIT-activities.

At the regional level the EIT should strive for further integration in the regional innovation schemes. In particular the 'proximity effect' of the Co-Location Centres (CLCs) should be used to create stronger involvement in the various regional 'Smart Specialisation Strategies' and in nearby initiatives under the EIT's Regional Innovation Scheme.

The choice of thematic areas in which to establish future KICs needs to be carefully evaluated. The variety and complexity of challenges facing European societies easily exceeds the availability of funds and the capacity of a single EU body to manage and deliver KIC-level responses. Opening new KICs and selecting their priorities needs to be done on the basis of a clear societal challenge that needs to be tackled over a period of decades, as well as in the contexts of integration with other EU, national and regional innovation efforts. In addition there needs to be a clear need for educational involvement.

The EU should take advantage of the experience, know-how and achievements of its early wave KICs. While all KICs should continuously increase their level of financial sustainability, the EIT should retain a close relationship, including financial support, with its early wave KICs, allowing them to become 'alumni KICs'.

The **precise nature of KIC financial sustainability, and the policies to be followed in order to achieve it, should be designed and implemented at EIT level.** EIT should be given the requirement to define what constitutes financial sustainability of KICs and the autonomy to determine how this is to be delivered.

Managing the future KICs portfolio in a 'differentiating track'

According to the 'differentiating track' (see above), the EIT should set aside a portion of its budget which will continue to be accessible, on a competitive basis, to the earlier wave KICs. This portion of the budget should also be accessible to other partnerships integrating education, research and business. By having access to this EIT budget, (parts of) the earlier wave KICs can continue to be supported; the early wave KICs thus will become 'alumni KICs'. Alumni KICs remain important members of the overall EIT community.

The EIT Governing Board should decide about a possible continued support for (parts of) the early wave KICs on the basis of transparent criteria and by using the 'traffic light mechanism': red = end, yellow = conditional continuation, green = continuation.

The priorities for this support budget should be set by the EIT Governing Board and be more flexible than the 7-year framework of the Strategic Innovation Agenda. The priorities do not necessarily need to coincide with the full sets of the alumni KICs' topics and their existing operations. Rather, during the maturing years of a KIC, regular and increasingly critical evaluations should take place regarding the question which parts of the maturing KIC should continue to be funded and which not.

The Group also suggests that the EIT should continue providing support to its alumni KICs by allowing continued access to EIT facilities, and the use of the EIT label (see below).

The KICs need to sharpen their unique selling points for the future as the grant declines. In particular, they should promote and exploit more fully their Co-Location Centres that are a unique EIT asset, and respond well to an identified core European challenge to spread innovation capacity in less-innovation intensive regions.

3 Creating and funding innovation in the EIT

Background and considerations

Research confirms that incumbent companies tend to invest more on incremental innovations, while start-up firms focus more on new technologies and radical innovation¹⁵. Furthermore, young companies are the primary source of job creation: even though they represent around 17% of employment, they heavily contribute to new job creation (around 42% of the total)¹⁶. The case of the EIT seems to support these findings: new innovation largely appears to arise within the EIT through the creativity of young innovators and students, nurtured by the quality and entrepreneurial focus of the education they receive and spurred by proximity to different KIC partners.

The **EIT has been successful in the creation of a substantial number of innovative start-ups**. While the predominance of young innovators in the EIT may explain the relatively initial small size and scale of these innovations, it also underlines the **self-proclaimed focus on 'social innovation,'** which is seen by the young innovators as the appropriate way to address societal challenges. This focus is indeed precisely the unique kind of innovation that the EIT should be producing for Europe's long-term benefits: finding inspiration and motivation to address societal challenges and building the long-term foundation by creating a pool of young innovators, whose future might be either as entrepreneurs or within invigorated large companies.

At the same time, it appears that larger business partners view the EIT mainly as just another source of funding for their corporate innovation, and limit their involvement in KICs to the participation of their R&D departments¹⁷. **Larger companies so far show only a limited interest** in the mission and activities of the EIT. The Group sees this as one of the major future challenges for the EIT and suggests first of all to strengthen the relationships between the larger companies already involved in KICs and the start-ups that are being developed by the young innovators. Furthermore, the Group feels that at the EIT level closer contact between Europe's larger companies and the KICs can be fostered, particularly by involving the CEOs of these larger companies in developing the EIT strategies.

Relying on young innovators implies that a strong emphasis needs to be put on the **challenge of scaling up innovations**. Scaling up has become a central task for the KICs. In this, the KICs are comparable to the rest of the European start-up landscape: while seed funding is relatively readily available, scaling up remains a challenge¹⁸. The Group feels that **investment capacity, analysis and processes for scaling up are lacking** in the EIT and that the links with venture capital industry which could compensate for this, have not been developed – despite some signs that some KICs may now be building such links. The EIT has itself acknowledged the legal and financial

¹⁵ Why Startups Are Struggling, MIT Technology Review, June 15, 2016: <https://www.technologyreview.com/s/601497/why-startups-are-struggling/>

¹⁶ Criscuolo, Gal and Menon (2014), "The Dynamics of Employment Growth: New Evidence from 18 Countries", OECD Science, Technology and Industry Policy Papers no. 14, OECD Publishing, <http://dx.doi.org/10.1787/5jz417hj6hg6-en>.

¹⁷ Based, among others, on the interviews with the members of the business community by the High Level Group members.

¹⁸ The Group took note of the Start-up and Scale-up Initiative of the Commission: <http://ec.europa.eu/DocsRoom/documents/20262/attachments/1/translations/en/renditions/native>

constraints it faces in providing scale-up support and has recently taken an initiative to develop an impact fund (see box below).

Regarding the early innovation stage, a concern with the marketability of the new idea or application is essential. The Group acknowledges that this is one of the major contributions of the EIT and the KICs: early EIT evaluation survey data suggests that the entrepreneurship activities of the EIT have been successful, with over 85% of accelerator participant respondents indicating satisfaction and over 50% reporting having received funding after the KIC programme, and some distinct positive examples¹⁹. However, it is not clear to the Group that the successes at this stage of the innovation chain can also be found in KICs' efforts to commercialise research results²⁰.

The Group draws attention to a special source for innovation support that appears to be so far largely neglected. The KICs do not appear to be well embedded in the various regional and local innovation ecosystems and this has hampered them from raising private investments on the basis of the added value they can bring. By involving local actors in the generation and scaling-up process of new innovations through access to pan-European networks, the KICs provide a **potentially unique service to these regional and local innovation actors** while allowing for possible new and additional funding sources. The Co-Location Centres may be expected to play a major role in these processes.

The Group comes to the general conclusion that although many good innovations do emerge, the EIT and its KICs also need **to do more to ensure that capital, management support and the necessary human resources are made available more easily, more rapidly and in closer proximity**, in particular to stimulate scaling up processes. The KICs should be better able to offer, comprehensively and seamlessly, the services of accelerators and production spaces, as well as to explore and evaluate the potential of start-up factories.

Recommendations

The preference of many of the EIT's young innovators to describe themselves as social innovators needs to be noted and further explored. In the light of the EIT's unique role in the EU innovation system, the EIT should consider developing a methodology and a set of incentives to measure and encourage the social rates of return on EIT innovations, in addition to market returns. The EIT should consider taking a proactive stance in the definition of 'social', where this does not have to mean non-profit.

The EIT and KICs should make it a priority to systematically strengthen the contacts between large companies active in KICs and the new ventures as they emerge in a KIC. There are still too few signs of industry – particularly the business operations parts of corporations – becoming involved in, shaping or even seeking to profit from the innovations that are emerging within the EIT. All levels within the EIT – the EIT Governing Board as well as the KIC management – should be pro-active in building real relationships between the two groups.

The EIT and the KICs should each develop their own strategies for venture and development funding to support the scaling up of innovative companies. Links with the

¹⁹ Such as:

<http://www.freiepresse.de/LOKALES/MITTELSACHSEN/FREIBERG/Kooperationsbuero-soll-Bruecken-ueber-das-Tal-des-Todes-schlagen-artikel9662157.php>

²⁰ Which is related to the innovation pillar of the KICs' business plans.

financial and venture capital world need to be strengthened. At the level of the KICs targeted early stage funding strategies can be explored. An EIT Impact Fund would raise a number of serious questions (see box below).

Funding for KIC-incubated companies

In order to be able to provide patient capital to ventures emerging from the EIT, the EIT is considering establishing an impact fund which would draw on EFSI (European Fund for Strategic Investments²¹) funding. The fund should support the most promising initiatives emerging from the KICs and thus help to provide the basis for follow-on investments. The fund is meant to invest into companies that strive to find commercial investors, either because of their development stage or sector-specific reasons. At the same time some KICs are trying to link to and bring in professional investors (i.e. venture capital funds, business angels, corporate ventures funds) for the funding of KIC-incubated companies. Other KICs are exploring a sector-focused investment platform backed by EFSI funds.

The establishment of an EIT Impact Fund faces a number of challenges, e.g. in terms of its legal and management structure, the sourcing of the capital to be invested, its link with the KICs' pipeline of projects, and so on. Furthermore, establishing a multi-compartment fund triggers additional issues in terms of balance between the number of professionals involved and the size of sectorial deal flow needed to ensure a professional portfolio management for each compartment.

The Group supports close cooperation with existing pan-European funds (generalist or not), as well as with European Investment Fund and impact fund managers that EIF will select as a part of EIF's Social Impact Accelerator (SIA) initiative. KIC-incubated companies should be a very good source of deal flow for such funds.

The Group:

- **recommends that the KICs should be encouraged to pursue their financial strategies to further develop support of their ventures in an early stage.** This will include KICs' liaison with professionals who combine financial management expertise and track records with sector-specific competences and who can also be allowed to test the viability and effectiveness of different partnership configurations. Those cases will represent concrete examples on which a possible Impact Fund could capitalize.

- **is not convinced that an EIT Impact Fund will achieve the EIT's funding goals.** Due to the complexity of such an operation, the Group recommends to first of all build a solid business case (possibly based on concrete investment ideas coming from the KICs), tackling all the relevant issues before taking a decision on the matter. The Group also suggests that the EIT, with the pro-active involvement of the KICs, could liaise with existing pan-European funds, including the initiatives supported by the European Investment Fund, which could invest in KICs' ventures.

The EIT should add to its existing support for individual start-ups and ventures.

KICs should create centralized resources such as shared production spaces, prototyping facilities, etc., where interdisciplinarity is a key approach. The Co-Location Centres are the obvious places where these facilities can be offered.

The KICs should strengthen their relationships with regional and local innovation actors. The Co-Location Centres may be expected to play a major role in

²¹ <http://www.eib.org/efsi/>

establishing better links with regional and local innovation processes, and in finding additional sources of funding at such levels for the support of innovations.

Co-Location Centres (CLCs)

So far it is unclear how well the CLCs play their role. The Group has found that so far CLCs have not shown a high degree of integration in local innovation systems and that their effectiveness in providing a meeting point between CLC partners, local network area and distant partners remains to be demonstrated.

The Group feels that the CLCs should promote linkages and active collaboration among knowledge triangle actors. In particular, CLCs should represent a hub for the education, innovation and entrepreneurial activities of KIC partners, and should be the gatekeeper through which partners can access facilities and the expertise needed to pursue their innovation objectives successfully. CLCs should also facilitate meetings and idea-sharing among partners and individuals, and should open to interaction with local businesses and researchers not directly involved in the KIC, serving as antennae to identify potential future partner organisations.

The Group believes that CLCs are vital to the future of the KICs. Integration in the local innovation systems and acting as effective gatekeepers to external non co-located partners are two crucial aspects for the future financial sustainability of the KICs. Therefore, the Group recommends:

- to explore ways in which CLCs, acting on a cross-KIC basis, can better exploit synergies and complementarities between them; this would be helpful in improving KIC effectiveness and capabilities to tackle beneficiaries' needs.
- to provide CLCs with stronger incentives to establish links with local actors beyond the CLC partnership (including the European Structural and Investment Funds (ESIF)²² regional authorities). As regards ESIF, the Group thinks that CLCs can make a strong contribution to regions in putting Smart Specialisation Strategies into practice, by providing an international dimension and access to the flow of global innovations.
- to examine the current CLC business model, in order to determine whether adjustments are needed (e.g. the granting of a greater degree of autonomy in defining and performing a development strategy) in order to strengthen links within the local innovation system.
- to explore whether, for future KIC calls, consortia proposals could include evidence of commitment from regional/local authorities and/or ESIF managing authorities at the national level to support the integration and development of CLCs in their area.

²² http://ec.europa.eu/regional_policy/en/funding/

4 Incentives for business participation

Background and considerations

The available evidence²³ suggests that the commitment of many large partner companies to the KICs is tentative and not very engaging. The ECA audit further queried whether EIT was in any way attractive for SMEs to enter²⁴. The Group members in their contacts with business representatives have found much the same - a low level of interest on the part of non-involved companies; a relatively weak commitment on the part of partners; and a limited attractiveness for SMEs despite their high partnership rate. The challenge to attract business is not unique to EIT - low business participation rates (and specifically for SMEs) are a complaint across H2020. But the question is especially pertinent for EIT's ability to meet its business development and innovation mission. The question arises therefore whether the EIT is sufficiently attractive, interesting or open to encourage a strong and committed engagement by big business and more involvement of small and dynamic SMEs.

By contrast, the Group found that the reasons for joining are clear for academic and research bodies - and the EIT is indeed successful in attracting the best. This has a consequential effect that higher education institutions and research bodies have become the most engaged partners in the EIT. Given that they have administrative staff who are experienced in participating in EU programmes, these academic organisations also tend to take the lead within KIC governance.

So far KICs have been able to attract mainly the interest of the R&D units of big companies. These are the most natural counterparts of universities and research organisations; however, their dominance within EIT is to the detriment of the involvement of those business units closer to the market (e.g. product and business development units). Further, while some major business partners are active in the KICs' governance structures, there are few signs of innovations within EIT stemming from their involvement: they appear to have adopted a wait and see approach, observing what emerges from the work of young innovators and the ventures they may start, perhaps providing support through their research departments for testing and lab-based activities.

The large business partners' top leadership, when approached by the Group, tended not to be aware of their companies' involvement in the EIT or the KICs. Similarly, the level of understanding of why to become a member of a KIC has remained unclear to them. The group feels that **stronger involvement from the corporations' business departments would create additional value** across the KICs' operations, including in the education programmes and in the start-up networks. Targeted dialogue between the EIT and the KICs on the one hand, and the major business partners on the other, will strengthen engagement.

As claimed in a number of studies, **SMEs and entrepreneurs/start-ups**, despite their lean and more flexible approach to market, **need to tackle the market power** and the scale of larger, established enterprises if they want to be successful. At the same time, large companies feel the pressure to innovate and become more entrepreneurial, while struggling with internal cultural resistance to change. In order to survive and be competitive in the digital era, small companies and large ones achieve success by combining their respective, distinctive capabilities and collaborating in new ways (e.g.

²³ ECA Performance audit, EIT evaluation, High Level Group interviews.

²⁴ The Group has noted that over 50% of the KICs' partners are SMEs.

through the creation of a broad ecosystem where partners can jointly develop new technologies or market solutions and integrate their components)²⁵.

The Group argues that these aspects should be kept in mind when **shaping the EIT value propositions for different types of target audiences**. Different stakeholders have different expectations and needs. The KIC value proposition for large corporations should be more focused on inbound innovation: the capacity to be informed about what is currently under development in order to be ready to buy (or step-in) when needed. SMEs, on the contrary, might be more interested in the KICs' networks and the way this will help speed up the valorisation of the assets they have or are developing by offering them support e.g. in creating and protecting a competitive advantage, swift business scaling up, ensuring a proper revenue appropriation, etc. SMEs also have a clear need for assistance in navigating EU-wide regulations²⁶. However, in practice SMEs find it difficult to pre-finance participation in KIC projects; and it is difficult for the Co-Location Centres to 'sell' participation in KICs to them.

Properly defined and communicated value propositions will help the KICs. They will allow the KICs to get into contact with the most relevant department/business units of larger and medium-size companies. They will allow them to better understand the particular needs of SMEs. Overall, they will allow them to better understand the various actors and their contributions in the business/technology clusters that represent favourable ecosystems for innovation and entrepreneurship.

In this context the Group suggests:

- Big multinational businesses are likely to be attracted if the EIT can develop one or more platforms for non-competitive corporate interconnections, i.e. opportunities for businesses to collaborate together on shared future challenges. For this, EIT should develop its capacity as a symposium space. The experience of the former European Institute of Technology Foundation (EITF), in which larger corporations were strongly involved, can be of value here.
- SMEs will be most successfully identified and invited to collaborate at local level, i.e. through the activities which EIT carries on within the Co-Location Centres, thus providing them with mechanisms for establishing collaboration with other European and international partners.
- EIT should strengthen its local networks and roles: various entrepreneurial initiatives already exist on a local or regional basis; the KICs should consider connecting to them and working together to coordinate funding and leverage outcomes. Examples are UnternehmerTUM in Munich and the Vienna-based INiTS, both of which already have links with EIT Digital. These are good examples but such linkages need to be developed more systematically. In regions with a lesser entrepreneurial setting but strong clusters with regards to a certain technology, the KICs could pro-actively connect and help bring the missing entrepreneurial approach.

²⁵ Harnessing the Power of Entrepreneurs to Open Innovation, Accenture, 2015: https://www.accenture.com/t20151005T162506_w_/us-en/_acnmedia/Accenture/next-gen/B20/Accenture-G20-YEA-2015-Open-Innovation-Executive-Summary.pdf#zoom=50

²⁶ According to the Start-up and Scale-up public consultation, issues with regulation are among the top challenges to starting and scaling up a business in Europe. The top challenge is access to capital, which the EIT successfully addresses. <http://ec.europa.eu/DocsRoom/documents/20222>

Under all these headings, the topic of **KIC openness and transparency** remains unaddressed. The ECA audit and the wider evidence seems to suggest that KICs are perceived as closed clubs, both in selecting which EIT-supported activities are to be carried out, as well as in the procedures for applying for membership. The Group could not find clear guidelines on what criteria an organisation needs to satisfy to be considered as a KIC partner. The ECA audit further found that the KICs' governance practices – to which the EIT notably does not have access – give rise to complaints of low transparency by some partners. If the involvement of partners is to be strengthened as a whole, and if the involvement of smaller partners in particular is to be an aim, openness and transparency at the KIC-level need to be ensured.

Recommendations

Develop specific and targeted value propositions which clearly address the benefits for different types of business partners in KICs (e.g. in terms of access to new start-ups and newly developed solutions; experimenting with new products and business models; finding channels and partners for monetising R&D investments; accessing and recruiting new talents, etc.). For large companies and SMEs, clearly different value propositions will have to be developed.

The EIT should take a more active role in fostering the engagement of large business partners. This could take the form of one or more platforms for non-competitive interaction regarding the EIT's and KICs' activities and results. Such initiatives need to be closely coordinated with the KICs: while some engagement activities may be implemented cross-KIC, the environment of each KIC also requires a tailored approach.

To better engage SMEs the KICs should explore ways to make use of and promote the 'proximity effect', especially through the Co-Location Centres. CLCs should represent for the regional and local actors the entry point for accessing global innovation platforms. They should provide facilities and support targeted to SMEs. Additionally, KICs and their CLCs should explore how to better involve existing business /technology clusters in their activities.

KIC openness and transparency should be increased. Procedures and criteria for being selected as a KIC partner (full, associate, etc.) should be made public. Rules for activity/project selection (e.g. for innovation proposals) should be made widely available and appropriate feedback mechanisms should be introduced and monitored by independent bodies.²⁷

²⁷ This topic is also addressed in Section 6 of this report.

5 EIT as a flagship for innovation education

Background and considerations

From its very start educational activities have been a major concern of the EIT. The EIT has always underlined the role of high and entrepreneurial skills as drivers of innovation. A basic assumption underpinning the educational activities of the EIT is that human capital development is at the heart of approaches to fostering growth and creating jobs²⁸.

Through its KICs, the **EIT supports a variety of education activities**, aiming at training the next generation of innovators and entrepreneurs. The offer, with the EIT Label as its flagship, is targeting mainly Master and PhD students, and more sporadically professionals. Students are recruited by partner universities awarding the degrees, on top of which comes the EIT Label. This Label aims to be a guarantee of quality for innovative programmes bridging universities and industry²⁹. Students are promised new curricula with innovative pedagogical models of teaching and learning, aiming at developing at the same time both their technical knowledge and their entrepreneurial mindsets and skills. These new programmes should go beyond what is being normally offered by the university partners in a KIC, usually research universities, in particular in terms of mobility, industry exposure, networking opportunities and, more broadly, learning experience.

At the input level, the **EIT Label education programmes appear increasingly to be a success** - their attractiveness, measured by number of applicants, is clearly high. However, it is not clear if the applicants are attracted by the universities that offer the programmes or by the EIT Label itself³⁰. In terms of output, the number of graduates/alumni singled out for global and European awards is highly positive. Early evidence regarding the progression of recent graduates into entrepreneurial ventures looks promising³¹.

However, there is no benchmarking of the EIT and KICs' education offers against what is available (both in the EU and beyond, e.g. in the US) for entrepreneurship education which could help to demonstrate its added-value in terms of skills enhancement and cost efficiency. Since it is too early for a systematic ex-ante/ex-post evaluation to assess the progress of students in developing their entrepreneurship competences, the positive results coming out of the KICs are hard to assess. Therefore, the **EIT needs to assess whether its education offer is the best way to educate for innovation** in each of the KICs thematic areas. The EIT education review and the interim EIT evaluation, which will be completed shortly after this report has been finalised, are likely to assist in this analysis.

²⁸ See recently "The New Skills Agenda for Europe: Working together to strengthen human capital, employability and competitiveness" COM(2016)381.

²⁹ "Quality for learning" EIT Quality Assurance and Learning Enhancement Model Handbook for planning, labelling and reviewing EIT-labelled masters and doctoral programmes, Revised Edition (February 2016).

³⁰ Only 25% of ClimateKIC and KIC InnoEnergy graduates have said in the EIT evaluation that they were attracted by the reputation of the EIT programmes.

³¹ 59% of ClimateKIC and 36% of KIC InnoEnergy graduates reported having developed or contributed to the development of new products, processes or services – in other words, to innovation. A further 11% and 5% report having commercialised new ideas or technologies, respectively.

The number of students currently graduating each year from EIT Labelled programmes is unlikely to have a systemic impact on the innovation landscape at EU level. In order to broaden the added value, the EIT and its KICs should **re-examine** their actual contribution towards a systemic **transformation of the education landscape**. It is likely that additional efforts will be required, for example through an alternative offer based on better quality (more specific, efficient and cost effective), on broader targeted groups (beyond young Master and PhD students), and the export of the EIT educational model to a broad audience of education providers.

Furthermore, by concentrating on education for young people (in their 20s), the EIT is missing out on the **population segment often identified as being a fertile source of innovative business creation** (35-45 year olds with experience in big organisations).

Finally, the EIT mandate was to develop **'flagship' education** as a model for excellence throughout European higher education, i.e. reach out and influence higher education beyond those individuals, faculties and institutions directly involved. At the moment, it is not clear that this 'flagship' effect exists even at the scale of an individual higher education institution where some constituent units appear to not be aware of the fact that their colleagues participate in a KIC. This aspect is key, as visibility within a higher education institution is crucial to foster interdisciplinary, which is at the core of the innovation process.

EIT's mission to modernise the education landscape is important and should be reflected in every education project developed by the KICs. Therefore, the EIT should encourage the KICs to explore and develop **innovative degree programmes** (such as industrial and professional doctorates) and **innovative ways of teaching and learning** (such as the use of MOOCs and POOCs, train the trainers schemes, or more learning by doing focused on creating real new ventures). Also, the alumni community and the groups of students currently embarked in the KICs education programmes are untapped talents in which the EIT and the KICs could invest more. They should be considered as potential talent pools for different new ventures or scale-up projects, and be plugged directly into the KICs' innovation ecosystems

Education: EIT Label as a flagship for Innovation Education

Not only should the EIT demonstrate that its education offer is a good model to improve Europe's human capacity in the KICs thematic areas (and even beyond), it should also answer the question whether the approach taken is the optimal way to educate for innovation. The EIT mandate was to develop 'flagship' education as a model for excellence throughout European higher education, and reach out to and influence higher education beyond those individuals, faculties and institutions directly involved in the KICs. There is however no clear evidence that this is the case, as the EIT Label still lacks visibility and credibility. The EIT Label remains largely unknown to students and other stakeholders, and the main beneficiaries of the EIT/KICs education activities form a narrow circle of higher education institutions directly linked to the KICs.

A set of dissemination activities may include:

- Consortia of EIT label programmes and incubators within higher education institutions which should involve different schools and faculties – for example through staff exchanges – in order to enhance interdisciplinary collaboration and expose students to opportunities in different subject areas.
- A cross KICs faculty development program where educators in EIT label programmes can develop their professional and pedagogical skills and can exchange good practices.

- The inclusion of higher education institutions from under-participating EU countries – for example by broadening the coverage of Co-Location Centres or by targeted partnerships.

Recommendations

The EIT should keep and emphasise its unique added education value: one of European leaders in education for high level and specialist skills in a policy area on the basis of entrepreneurial learning by doing. Beyond a particular course, the EIT education should help stimulate modernisation and changes in the sector as well as among institutions.

The EIT Label should be positioned as a widely recognised quality label for excellent innovative and entrepreneurship training³². The EIT Label should be exported outside the immediate circle of the KICs and their partners and reach out to a wider innovation community both at institutional and individual levels. This should include a reflection on the best way to scale up the education offer.

The EIT Label should be accredited by top international accreditation bodies. In addition the quality of specific programmes should be assessed by top accreditation bodies in their respective disciplines on the basis of EIT Label criteria. This could be a condition for a portion of EIT funding.

The EIT education offer should be broadened to better attract the 35-45 year olds. This could be done by expanding the short-courses, more flexible and potentially more suitable to a variety of target groups, but only on the basis of strong business involvement in these courses.

The EIT should support the development of new products with a strong in-built business presence in the education experience, along the lines of industrial doctorates (e.g. MSCA EID, French Cifre, Danish Industrial PhDs, etc.), taking into account the question of scalability of the model. This would also encourage a stronger and more active involvement of business partners in the KICs' activities, notably in supporting accelerators and other similar supports to the entrepreneurial learning of students, such as start-up factories.

The EIT should focus on innovative ways of teaching and learning, particularly with respect to the creation of innovations. This should include innovations in the delivery mechanisms, in particular through online learning. The EIT should showcase these approaches to the wider higher education communities worldwide, as well as within less innovative parts of Europe as part of Regional Innovation Scheme.

³² The specifics of particular sectors – such as the highly regulated health sector – should be taken into account.

6 EIT governance

Background and considerations

Under the EIT's Founding Regulation, its Governing Board is 'responsible for steering the activities of the EIT, for the selection, designation and evaluation of the KICs, and for all other strategic decisions'³³. The High Level Group is of the view that **the Governing Board faces substantial challenges** in performing this role. The tensions, outlined at the Introduction of this paper, between the EIT's ambitious objectives, the stringent constraints on how it can achieve them and the emerging challenges make the tasks of the Board very difficult. In addition, the Board must seek to give overall guidance to the EIT while respecting the substantial autonomy - also laid down in the EIT Regulation - of the KICs. It is clear that, from the start, the Governing Board gave real priority to the autonomy of the KICs. The KICs have tended to grow big, strong and independent, while the Board has not been able to build up the capacity to successfully oversee their strategic development. As a result there now exists a lack of transparency on how the KICs operate, a problem which was also identified by the ECA.

The Group notes that the **three first generation KICs have largely determined their own strategic paths**. They have chosen to do so in strikingly different ways, which can be summarised in the contrast between InnoEnergy which shows a strong business development focus and ClimateKIC which emphasises the quality of its climate change policy advice and its social innovation focus with nearly an exclusion of commercial business development. There is no indication that the Governing Board has had a real role in determining these different strategic directions, or that it has taken a formal view as to whether these represent acceptable or optimal approaches. The different directions that the KICs have taken may well be wholly legitimate responses reflecting the views and priorities of different sectors in which the KICs operate. The Group's point here is not to criticise the choices as such, merely to point out that they have not been determined or even examined strategically at the level of the Governing Board.

In the current practice of the EIT business planning appears to be essentially bottom-up: the KICs present business plans and the EIT and its Governing Board react. The Governing Board, notwithstanding its formal authority to determine the annual grant to each KIC, seems to have only a limited leverage over these business planning strategies. Other than advance indications from the Board regarding the mechanics of the review mechanism and the Board's strategic recommendations issued during business plan reviews, the KICs receive little indication from the Governing Board regarding the priorities they should address. The indications that do exist can affect only up to a third of a KIC's overall budget. The small share of overall funding which is awarded competitively further limits the Governing Board's influence on a KIC's strategies.

A further element of the **governance challenge relates to complexity**. The ECA criticised the EIT at several points for the heavy administrative burdens it imposes on KIC participants. The Group recognises that administrative complexity is a result of multiple factors, including the H2020 and wider legal frameworks in which the EIT operates, just as much as it is a result of KICs' internal structures and the EIT's rules and procedures. While it has not been an objective of the Group to revisit the issues raised by the ECA, the Group would nevertheless make the point that complexity and administrative burdens impose another specific cost - they result in a diversion of the scarce time and attention of the Governing Board, away from its real task of setting

³³ In contrast, the EIT headquarters and staff function as the secretariat of the EIT and its implementing arm.

strategy for the EIT, casting it in the role of a compliance body. A degree of complexity is inevitable in organisations gathering hundreds of partners and managing annual grants of up to 90 million euro. Nevertheless, the Group underlines that, as well as being a waste of resources and a disincentive to KIC partners, excessive complexity is an enemy of good EIT governance.

The ECA focused mainly on the complexity it perceived at two points in the EIT's governance: in the relationship between the EIT and the Commission as it enforces EU and Horizon 2020 rules; and between the KICs and the EIT (including the Governing Board) as it manages the annual planning and monitoring cycles. But complexity and a related lack of transparency in governance exist **also within the KICs themselves**. They are big and complex bodies, where some partner organisations have complained about two tiers of participation and where it is known that at least some KICs have themselves two-tier board structures. If EIT governance is to become clear, streamlined and effective, there needs to be attention to all these levels of governance.

A further element which according to the Group should be strengthened is the role of the **EIT headquarters as a provider of shared services and expertise to the KICs**. For example, the KICs, just like other internationally operating entities, face complex challenges when they operate within the differing legal structures across the EU. The EIT headquarters could provide legal advice, notably to new KICs, drawing on shared experience and best European level advice. Similarly, the EIT could develop shared practices to support KIC ventures in accessing stock markets. Such an approach is often taken by technology transfer offices (e.g. of the MIT) or by national development agencies working in support of inward investing companies. A shared EIT-driven approach to public relations and to raising the visibility of EIT among corporate leaders and investors could also help to address the perceived low profile of EIT and its KICs (see before).

Finally, the challenge of providing stronger governance for the EIT becomes even more urgent in view of the complex challenges and the changing incentives which will dominate the next phase of the EIT's existence after 2020. It is important to address the governance challenges now if EIT wants to be equipped to handle that future.

Recommendations

The Group has considered several possible approaches for the future role of the EIT Governing Board: to continue as a management board but becoming stronger, developing a better understanding of KIC developments and providing more pointed strategic direction; to develop to be essentially a supervisory board, receiving, reacting and commenting on essentially bottom-up KIC plans; or to become a supervisory board in a stronger governance model with a separate executive function. On balance, and reflecting in particular the overriding need to set strategies for the post-2020 future of the EIT as a whole, the Group comes to the following recommendations:

The EIT should have a strategically focused supervisory governing board with a strong executive function at the level of the director. The governing board under such a model would operate in a governance arrangement which is similar to that of the 'Joint Undertakings', the legal entities of the Joint Technology Initiatives (JTIs). An executive director in the EIT context would be capable of interacting closely with the KIC management, with an appropriate, independent budget and staff at the EIT headquarters, to ensure that each KIC's actions and strategies are in line with the EIT objectives. The director should lead the EIT headquarters and should be accountable to the governing board.

The KICs should retain a high level of autonomy in setting the strategies they wish to pursue. The KICs should continue to have their own strong management. However, the KICs' strategies should be developed and assessed in the overall strategic EIT context in interaction between the KICs management and the EIT director, and approved by the EIT Governing Board.

In particular, under the new financial sustainability framework proposed above, the KICs' strategies for financial sustainability need to be fully confirmed by the EIT Governing Board. In this context, the EIT should develop measures to monitor the income streams that will form the basis for the implementation of the KICs' strategies.

To strengthen the strategic capacity of the EIT there should be a stronger emphasis on performance-based funding. The competitive funding mechanism needs to be reviewed and adapted and should allow stronger performance monitoring and conditional funding and should drive multi-annual planning to address strategic issues.

The EIT should develop a limited and streamlined set of cross-the-board KPIs that all KICs are required to address. These should be completed by further KIC-specific KPIs, taking account of the sectorial specifics of each KIC, proposed by the KICs management and eventually agreed on by the EIT Governing Board. The joined sets of KPIs must fully integrate the future challenges and changing operative processes that will be needed post-2020.

To address the challenges of openness and transparency, **each KIC should publish a record of its meetings and decisions.** The EIT and the KICs should continue to strengthen the principles of good governance³⁴.

As a responsibility of the executive director the **EIT headquarters should develop its role as provider of shared services and expertise to the KICs**, for example, in relation to intellectual property and in support of the challenges they face in operating in different legal jurisdictions and in the area of public relations. Where feasible, the EIT should collaborate with the other EU bodies which already provide this assistance.

³⁴ Such as the ones passed by the EIT Governing Board.

Acknowledgement

This report was written by a special High Level Group appointed by EU Commissioner for Education, Culture, Youth and Sport Tibor Navracsics. The Group was given the task to provide advice on how the EIT can best contribute to the EU innovation landscape, and to propose strategic changes which would maximise its impact.

The Group consisted of the following experts:

- Prof. Dr. Frans van Vught (chair)
- Prof. Dr. Dr. Ann-Kristin Achleitner
- Nicklas Bergman
- Barbara Nowakowska
- Prof. Emeritus János Vecsenyi

The Group was supported by an effective team consisting of the following members from the European Commission's Directorate General for Education and Culture:

- Dr. Salvatore Amico Roxas
- Denis Crowley
- Dr. Gauthier Grousset
- Luka Juroš
- Juan Ortola Escuder

The Group had the opportunity to speak to a wide variety of stakeholders and persons involved with the EIT, including European and national politicians, business representatives, EU officials, national and regional policy makers, funding organisation representatives, EIT Governing Board members, KIC CEOs, EIT staff and students. The Group is most grateful to all these persons and is happy to comply with the wish of many of them to not be identified in this report. The views and opinions expressed in this report are the sole responsibility of the Group.

