

## What makes the EIT unique? (3/3)

European Institute of Innovation and Technology

Innovating innovation governance: the EIT's facilitating role - by Jose Manuel Leceta  
- EIT Director



[1]

Left to right: José Manuel Leceta - EIT Director, Alexander von Gabain - EIT Governing Board Chairman

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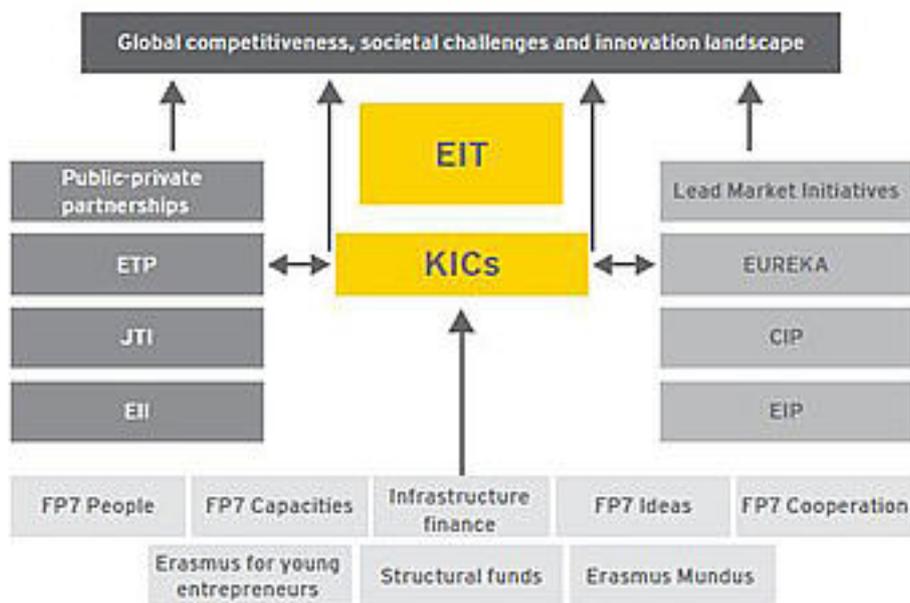


FIGURE 1. The EU's array of instruments and platforms Granieri and Renda (2012), *Innovation Law and Policy in the EU. Towards Horizon 2020*, Springer (Ernst & Young, 2012)

[2]

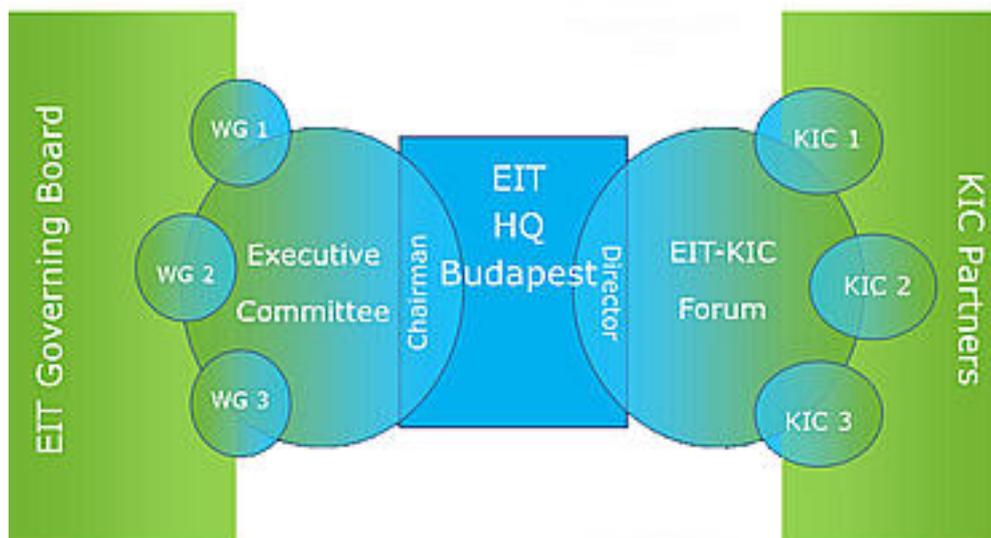


FIGURE 2. Overview of the EIT's Governance and Structured dialogue with its KIC through the 'Forum'

[3]

Building upon previous the two editorials, this third and last one of this first series focuses on the uniqueness of the partnership approach adopted by the EIT with its Knowledge and Innovation Communities (KICs) as conceptualised and delineated by the its founding Governing Board and successfully exemplified with its first three running KICs: Climate-KIC, EIT ICT Labs and KIC InnoEnergy.

Here we refer to foundational features, including the requirement for KICs to

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establish themselves as legal entities, run as a business, 'smart support' allocated competitively on an annual basis by the EIT against long term framework partnership agreements, etc. All these issues being considered, one finds that much inspiration for the way in which the EIT allocates annually its grants has been taken from both the business and venture capital world.

Indeed, while firms have always been considered important to make innovation happen, the EIT is unique as it has adopted business and portfolio management practices in shaping innovative innovation policies, including partner firms' involvement in the governance of the KICs together with their knowledge triangle partners: higher education and research. In so doing, business firms are active players within the partnership and not only project implementers. KICs are unique, not traditional R&D project consortia, as they form a Board which appoint a CEO with clear targets. The Chairman of the EIT Governing Board, Alexander von Gabain, refers to the KICs as 'innovation factories', which is as economic as fortunate.

### **Most dynamic sectors, opt for contract-based partnerships**

A first, paradoxical observation comes from the literature on strategy technology alliances, extensively studied by Hagedoorn (2002); which on the basis of evidence collected by MERIT Maastricht University since the 1960's demonstrates that, high tech and dynamic sectors opt principally for pure contractual arrangements for collaborative innovation while joint ventures (and new joint ventures with legal personality) are more frequent in mature and traditional sectors.

Consequently, the requirement for KICs to establish themselves as legal entities could appear at first sight as contradicting the natural choice for the EIT to establish its main operations in helping partner excellent knowledge and innovation communities. It was a deliberate choice, however, on the understanding that the effort and time invested to set up the three running KICs will be offset with rewarding factors such as like long term stability, autonomy and flexibility in their running as businesses. On the other hand, we will see that, once fully set-up and operational their prospects are huge: KICs are 'living partnerships', dynamic networks and open hotspots.

Indeed, beyond efforts to reduce fragmentation of the European Research Area that are running in parallel to policy experimentation aimed at shaping more efficient innovation instruments regarding both leverage of private support, on the one hand, and alignment of multilevel innovation policy agendas at EU, national and regional level on the other.

Leverage of private support and increased commitment of business firms, both existing and new, is very much key in order to narrow down the so-called European 'innovation gap' compared to the US as, excluding defense, public R&D support per capita in Europe is already larger than that of US citizens: the challenge lies in the definition of better policies able to leverage more successfully much larger private support. The EIT's KICs bring a refreshingly new approach, as business involvement

is on the rise, contrary to the trend observed in many other European programmes.

Regarding policy alignment, the Ernst and Young report presented President Barroso in May 2012 with “The power of simplicity: Towards a smarter and streamlined innovation policy in the EU”. This report underlines the urgency to radically change the limited approach the EU has taken so far in fostering innovation at a European level. Furthermore, the report positions the EIT promisingly, whereby KICs operate autonomously in synergy with other instruments, not through top-down programming but through bottom-up policy alignment (see [Figure 01](#) [4]). By putting the KICs in the driving seat, the EIT facilitates the KICs who themselves decide on the offerings at different levels matching the knowledge dynamics of the communities. In exchange, national governments may find it easier and interesting to entrust management of programmes to professional and neutral partnerships while they benefit from KICs as European gateways, as illustrated by the German approach to the ‘Software campus’ through EIT ICT Labs.

### **Co-creation requires a facilitating, yet demanding support**

Business taking part in KIC governance is certainly one of the factors. On the other hand, EIT’s approach is that of a facilitator, nor a controller, well beyond a more traditional if not simplistic relationship between grant beneficiaries and administrator. This is consistent with the emphasis on results and simplification of EIT operations. In other words, compliance of public expenditure is a necessary but not sufficient condition, as ultimately EIT’s partnership with its KICs is neither about expenditure in inputs but rather investment for impact.

In other words, the EIT is not ‘another’ grant or funding agency. Nor are partners in a KIC mere ‘beneficiaries’ of a subsidy, as they are expected to contribute beyond co-funding with their intellectual and operational excellence as well as to mobilise resources and support beyond their own means, including programmes and projects competitively gathered by the partners through other European and national and regional schemes. Until now, each euro invested by the EIT has resulted in roughly another euro of national and regional support aligned by the KICs.

All in all, the EIT remains a somehow ‘minority’ but ‘smart’ supporter, as support accounts up to 25 % of the KIC’s total budget to catalyse KIC operations ultimately fostering ‘behavioural additionally’ (Gök, A. and Edler, J. (2012), as the communities could not form without such support. EIT support will be discontinued at some point in the long term as the communities are asked to develop sustainable sources of income beyond the minimum 7 years lasting their partnership agreement with EIT.

Compensating for the fact that support is rather limited compared to other European schemes where 50% co-financing is the rule, significant autonomy is allowed to the KICs, which on the one hand makes governance and accountability challenging enough for EIT as the Institute does not fully ‘master’ the communities but, rather, strategically steer, facilitate progress and fosters cross-KIC synergies

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closely with Commission services. Interestingly, KICs themselves mirror the EIT's governing structures, as each CEO reports to a General Assembly or Board of partners which organise their collaborative activities around annual Business Plans.

At a strategic level, the EIT Governing Board interacts with the KICs twice per year since 2012. Informally first every mid of the year through a Summer Workshop to which KIC CEOs and General Assembly Chairpersons are invited, thereby respecting their independence while steering developments of common interest in education, entrepreneurship and world-class innovation, etc. Secondly, for a formal annual Hearing in December that influences the EIT Governing Board's yearly KIC grant allocation decision. Facilitating support and dialogue at executive level has been eased since 2011 and the creation of a 'Forum' composed of the KIC CEOs and the EIT Director that meets one month ahead of each meeting of the EIT Governing Board (see [Figure 02](#) [5]).

KICs will be on stage at the next EIT Conference planned for 29 and 30 April under the auspices of the Irish Presidency of the EU Council where distinctive features presented above will be animated with testimonials and plans for the EIT to build its future communities and first findings of a study on the EIT's role within the European innovation landscape. This will result in the EIT's second annual publication building upon its first one "Catalysing innovation in the knowledge triangle: practices from the EIT Knowledge and Innovation Communities" (EIT, 2012). Thirdly, the Institute will take advantage of the Conference to share and shape its outreach strategy as an Institute for Europe benefiting countries and citizens beyond partners in KICs. The EIT alumni community, the stakeholders forum and fellowship scheme, all elements and building blocks of its Strategic Innovation Agenda (SIA), the EIT being much more than the sum of its KICs: the Institute crystallises the ambition for Europe to approach innovation differently with an increased focus on people.

## References

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