



Inside the Climate-KIC

A practical guide to the realm of TLAs

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Introduction



Zsolt Gémesi Imperial College, London

2008 Founder

2010-2012 member of Governing Board, Climate-KIC

2012 - Deputy Director Climate-KIC UK CLC

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Outline – a practical guide to KICs



Where should we spend more time?

Assume fundamental knowledge about EIT and KICs 3 slides

Focus on how a KIC works

- Bidding and Business Planning 2 slides
- The funding model (KAVA, KCA, 1:3 funding ratio) 7 slides
- Legal framework (LE, GA) 1 slide
- Organisation 2 slides
- Operational model – pillars, platforms, strategy 3 slides

Value proposition for partners across sectors 7 slides

- Integrating education, entrepreneurship and innovation
- Sparking, fostering and developing innovation and
- Creating business

Backup slides: Showcase of activities funded with the EIT grant



EIT Climate-KIC

THE SINGLE LARGEST PPP FOR CLIMATE CHANGE INNOVATION

Vision - Providing the people, products and leadership to address the challenge of global climate change

Mission - Creating opportunities for innovators to address climate change and shape the world's next economy



Our Innovation Community and European 'interconnectivity'

We form a network of +200 partners across Europe

We come together at 6 Co-locations

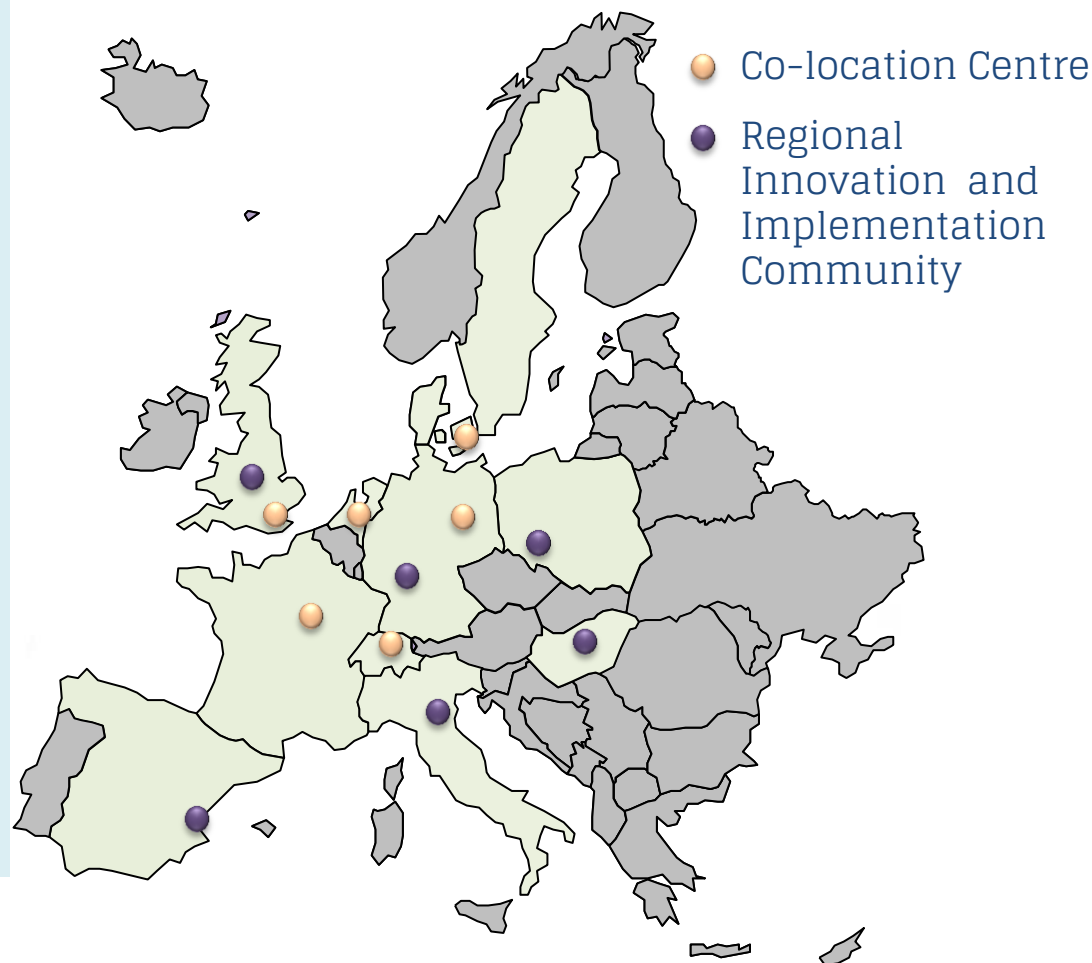
We reach out right across Europe via our Regional Innovation & Implementation Centres (RIC)

We are run like a business – CEO, Executive Team, Governing Board, Assembly

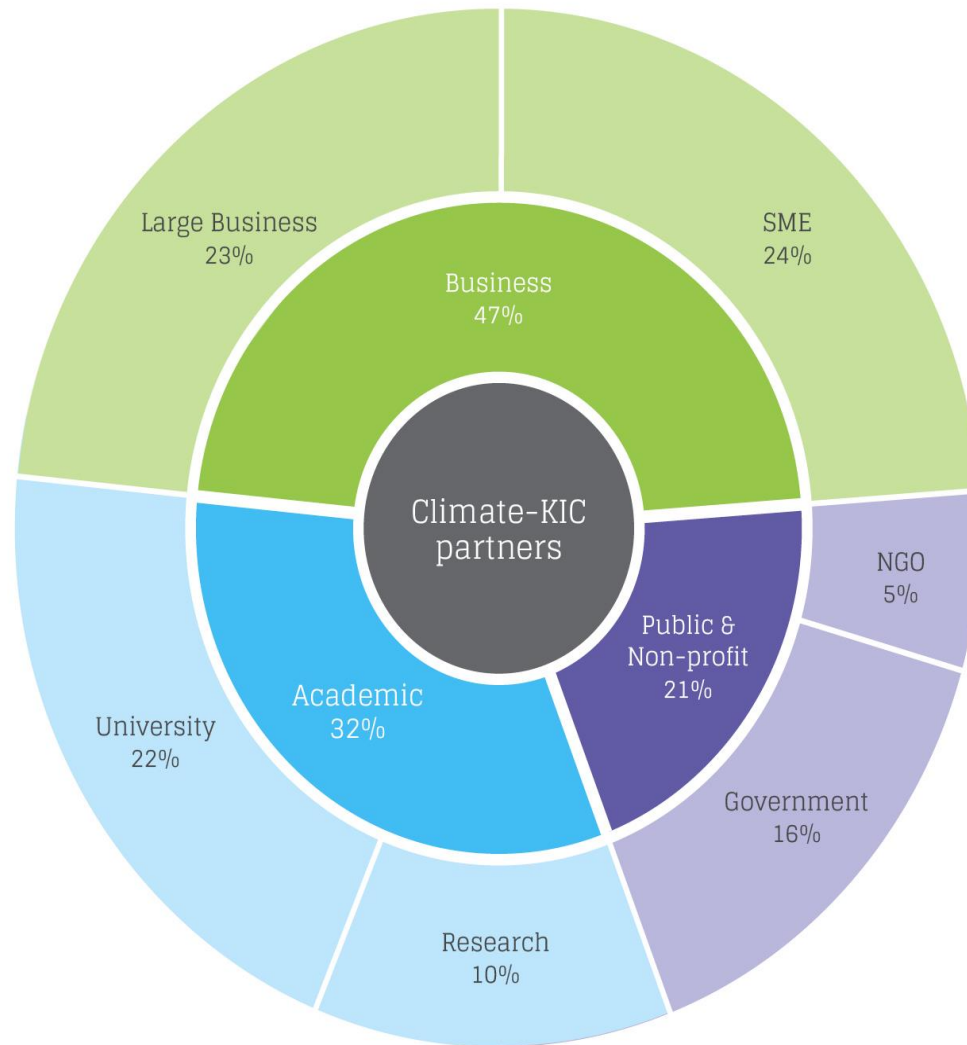
We identify and respond to the challenges of Climate Change

Our activities cross boundaries: discipline, sector, geography

Europe's engine for innovation in climate change mitigation and adaptation

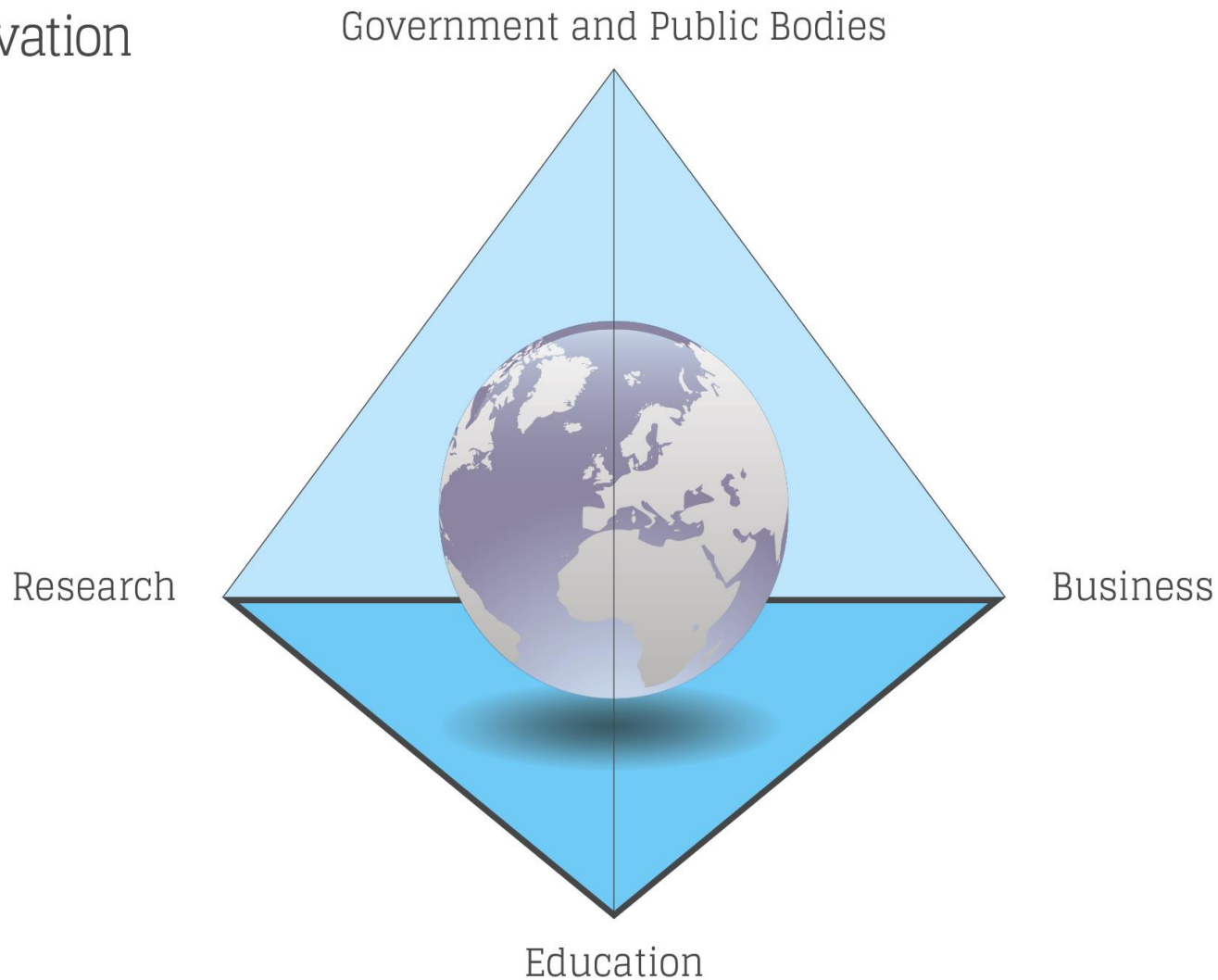


Climate-KIC partners



A world-class community of partner institutions that educates climate innovators, supports good business ideas, and develops valuable products, services and markets that address climate change

The innovation pyramid



Our innovation domain - a conscious extension of the knowledge triangle

When, where and how money flows



Cycle of bidding and business planning

Initial bid – business plan 2015 with 7 year horizon (consultant?)

Annual cycle of BPxxxx and funding cycle

First year cca €4M

Climate KIC historical funding: Steep ramp up – prefinance becomes ever more critical

2010 – zero

2011 – 6M

2012 – 27M

2013 – 44.5M

2014 – 75M

2015 – <100M

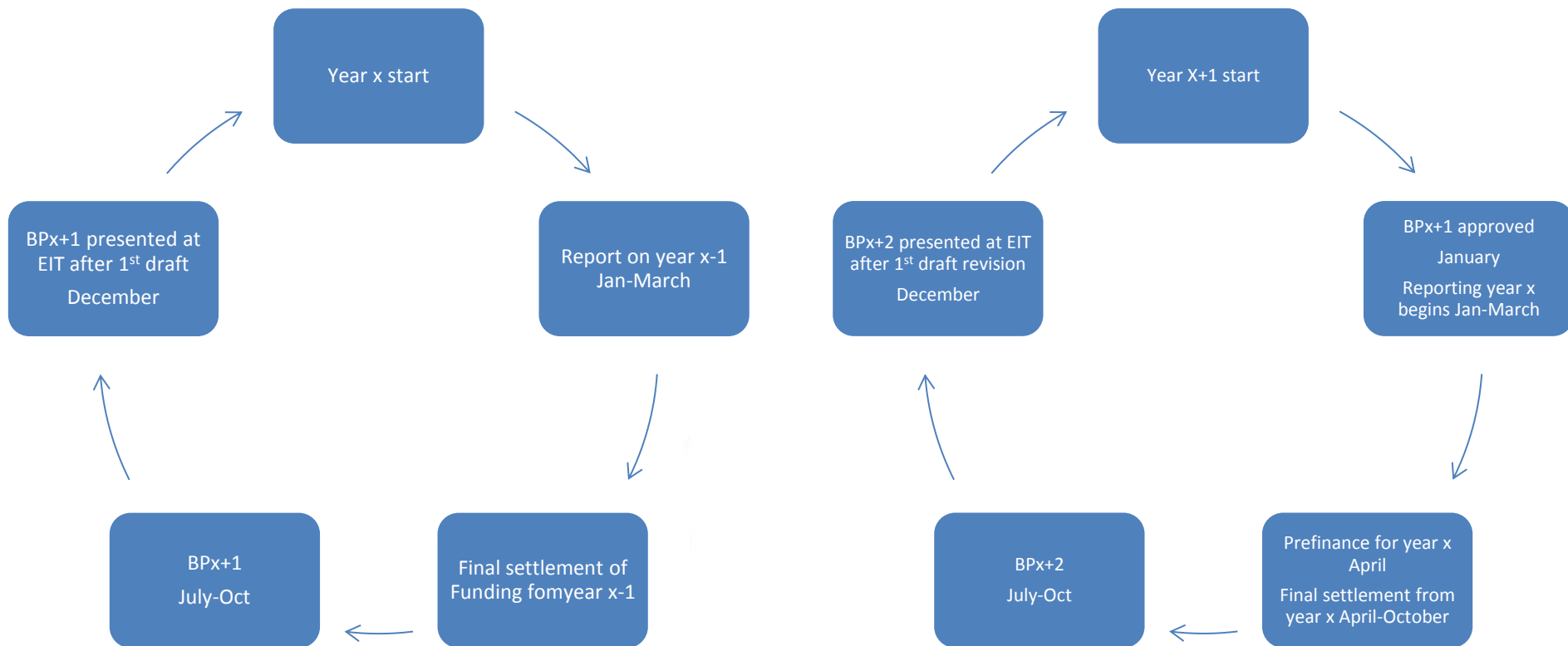
Funding is *not* straightforward

Annual cycles



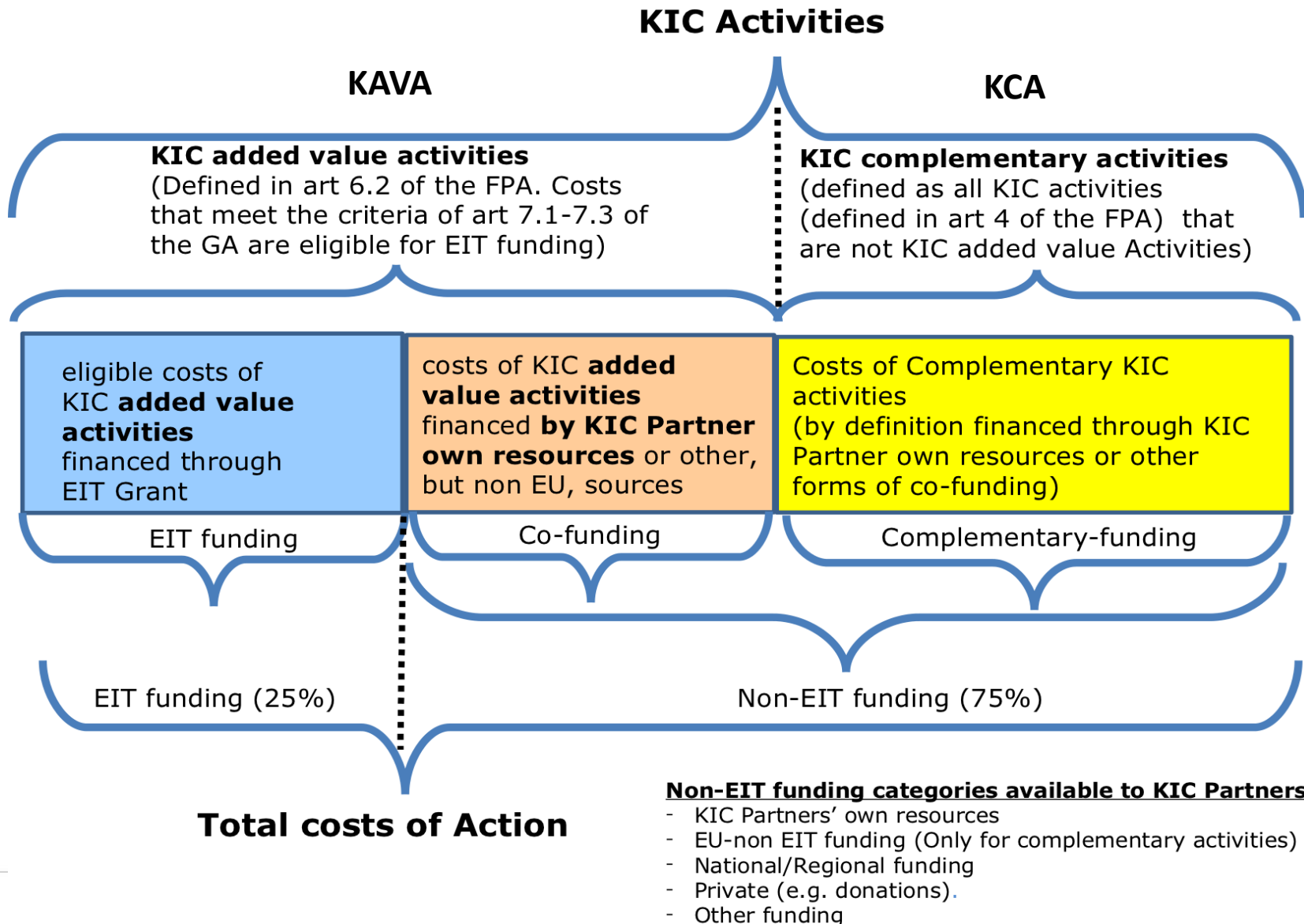
Year x

Year x+1



Bottom line: significant prefinance need – get rich partners on board

KIC Funding Model



Definitions – KAVA

KIC Added Value Activities

KAVA definition: “carried out by the KIC LE and/or KIC partners, or by them in co-operation with other entities, that within the priority areas of the KIC stimulate innovation” (FPA article 6.2.)

Translation: a KIC funded project, start-up, education

Eligible for **up to 100%** KIC funding

Translation into project language: The total costs of KIC added value activities for a certain KIC project are the costs which relate to the actual work undertaken in the project to produce tangible innovative outputs:

- EIT-KIC funding: The costs for which KIC funding is requested

Co-funding: The costs which the KIC partner itself contributes in cash or in kind

Reporting requirements: Audit reports from the KIC partners will be required for all KIC added value activities if the total Climate-KIC funding to that partner is >€60k

Definitions – KCA



KIC Complementary Activities

Definition: Complementary-funding is the funding of complementary activities (research, education, etc.), which provide the knowledge base and supporting competences to enable a KIC project. These complementary activities should be linked as closely as possible to KAVA

Complementary-funding is classified in the following categories:

- EU (non-KIC) funding acquired by KIC Partners (as well as own co-funding to these)
- National/Regional funding acquired by KIC Partners (think **convergence regions**)
- Private (e.g. donations) acquired by KIC partners
- Other funding acquired by KIC Partners

Translation into project language: KCA are not activities that a KIC project conducts to produce tangible innovation output, rather the knowledge base and supporting competences that the Climate-KIC project builds on.

Reporting requirements: As a general rule, EIT will not audit complementary activities. EIT will nevertheless have ex-post audit rights to assess the correctness of the reported complementary activities.

Why KCA is important

BP input

CLCs and partners add up KCA for BP input

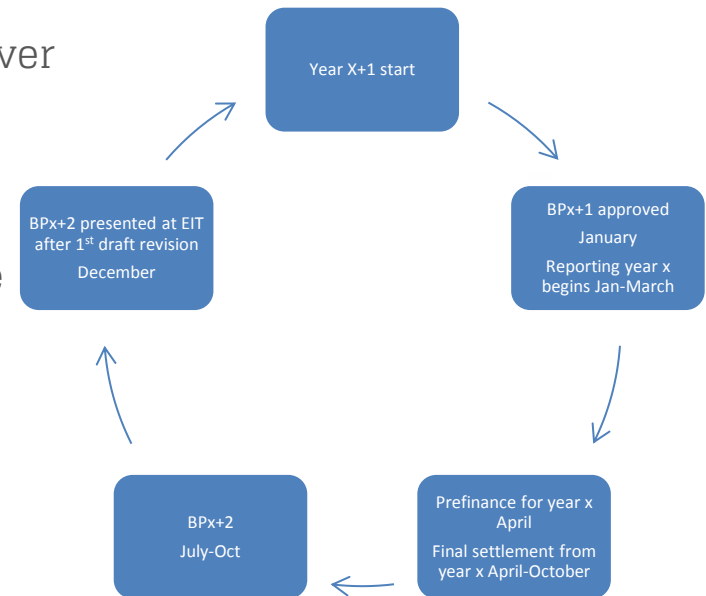
- Assumes competition within KIC
- KCA a measure of success in attracting funding
- Possibility to pool KCAs on CLC or KIC level

KCA claims for BP CY only

Demonstrates the ability of KIC partners to attract external/leverage funding, i.e. financial sustainability over mid- to long term

Reporting

KCA claimed in BP needs to be verified and reported the following year



1:3 Funding ratio



Required funding ratios at the project level

25 / 75% rule: In principle the projects should strive to achieve at least the same funding ratio as the KIC

25% EIT-KIC funding

75% non-KIC funding which is constituted by the following two sources of funds:

- Co-funding: Project partners should contribute own co-funding to the project because the KIC needs to increasingly demonstrate that fresh partner contributions are leveraged
- Complementary funding: The remaining part of the 75% should be brought to the project from the funding sources explained above

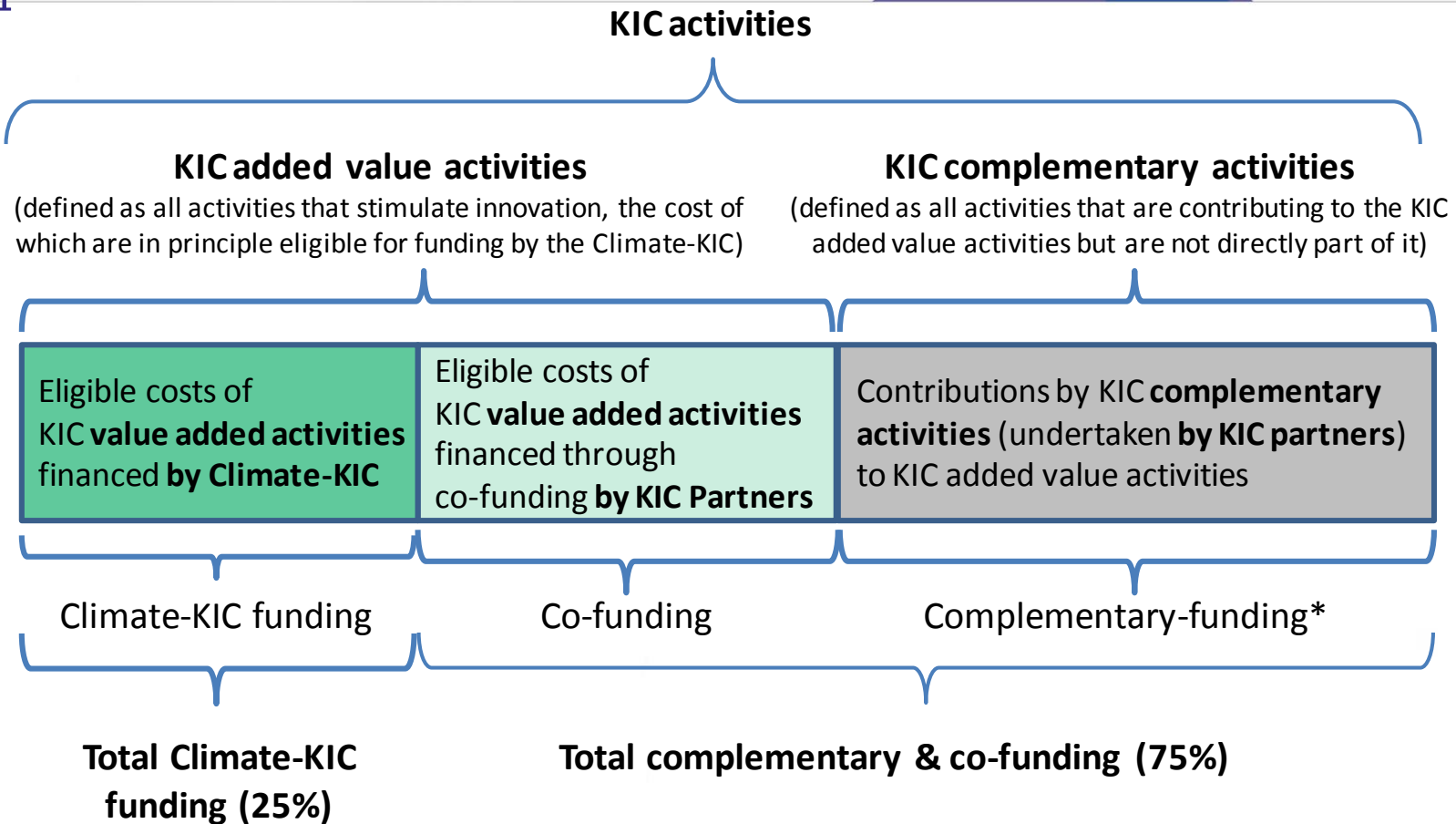
Exceptions to the rule: While complementary activities should ideally be linked as closely as possible to specific projects, it might be possible to bring in pooled complementary funding on a partner level in order to complete the 75%

How this works in real life



| | |
|----------------------------|--|
| Project Name | SUSPORTS – Delivering sustainable energy solutions for ports |
| Challenge Platform(s) | Sustainable City Systems; Making Transitions Happen |
| Expected project duration | 01/09/2013 to 31/08/2016 |
| Lead partner (institution) | CRESS Ltd., UK |
| Project lead (name, mail) | RM |
| Project type | Innovation |
| Total EIT request Euro (a) | €2,1M |
| Own Co-funding Euro (b) | €10,4M |
| Total KAVA Euro (a)+(b) | €12,5M |
| Complementary funding | €3,4M |

Leveraged funding in non EU speak



*Complementary-funding categories:

- Non-KIC EU funding acquired by KIC Partners (as well as own co-funding to these)
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Legal framework



Legal Entity – registered in any EU member state (Foundation, Association, LLC)

LE – in contractual relationship with EIT – AGA, MFA

LE – in contractual relationship with ALL partners – PGA

CLC – Innovation hub, usually in a centre of academic excellence, core partner

Core partner – full liability

Affiliate partner – liability limited to funds received from EIT

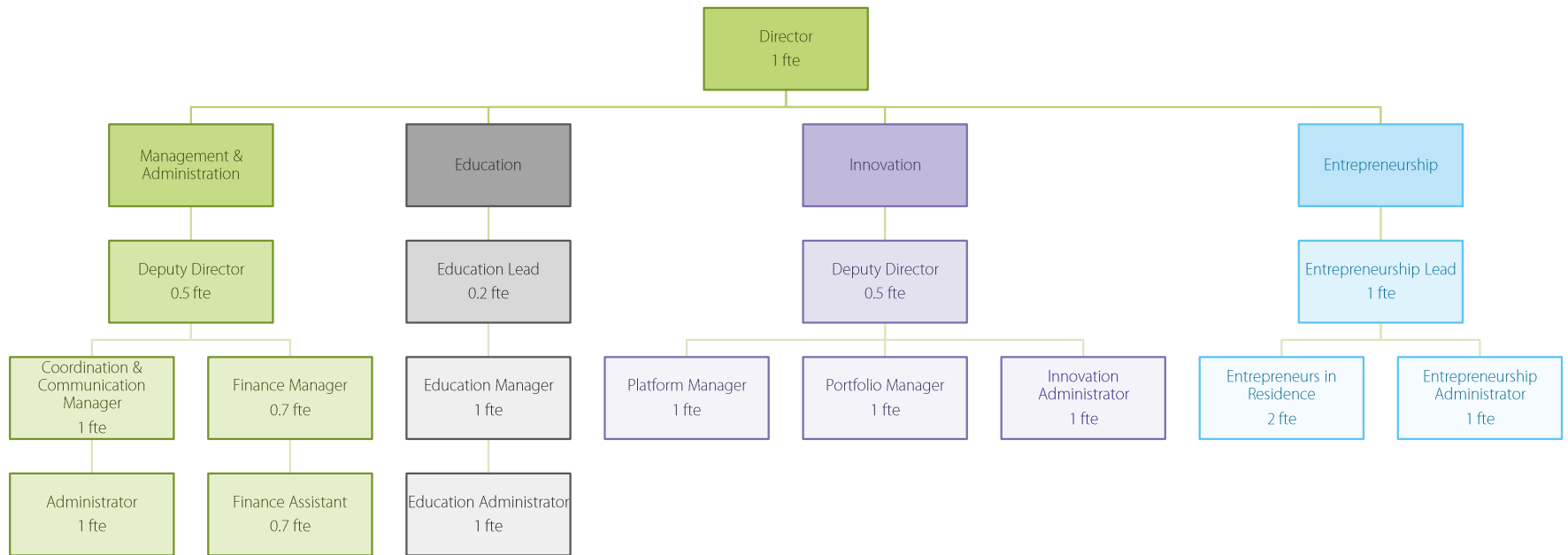
Supporting partner

To fee or not to fee?

Organisation

- Assembly – all partners (SMEs have joint reps), meets twice a year
- GB – core partners, bi-monthly
- ExecTeam, CEO, CFO, CCO, COO, CLC Directors, Pillar Directors, monthly
- CLCs – organogram, partnership strategy, optimal radius
- Partners – various motivation, frogs and princes, freeriders, overhead costs

UK CLC Organogram



Operational model



Pillars

- Education
- Entrepreneurship
- Innovation

Platforms

- 8 Challenge Platforms set up in 2012
- Develop strategic challenges
- Build portfolio of projects to address challenges

Innovation Pipeline

- Integrates pillars
- Delivers innovation scoreboard KPIs

Three Pillars



Education

EIT labelled PhD
Masters
theJourney
Professional Education
Alumni

Outcomes
13 Journeys
36 graduates
96+80 new PhD students
150 new MS students

Entrepreneurship

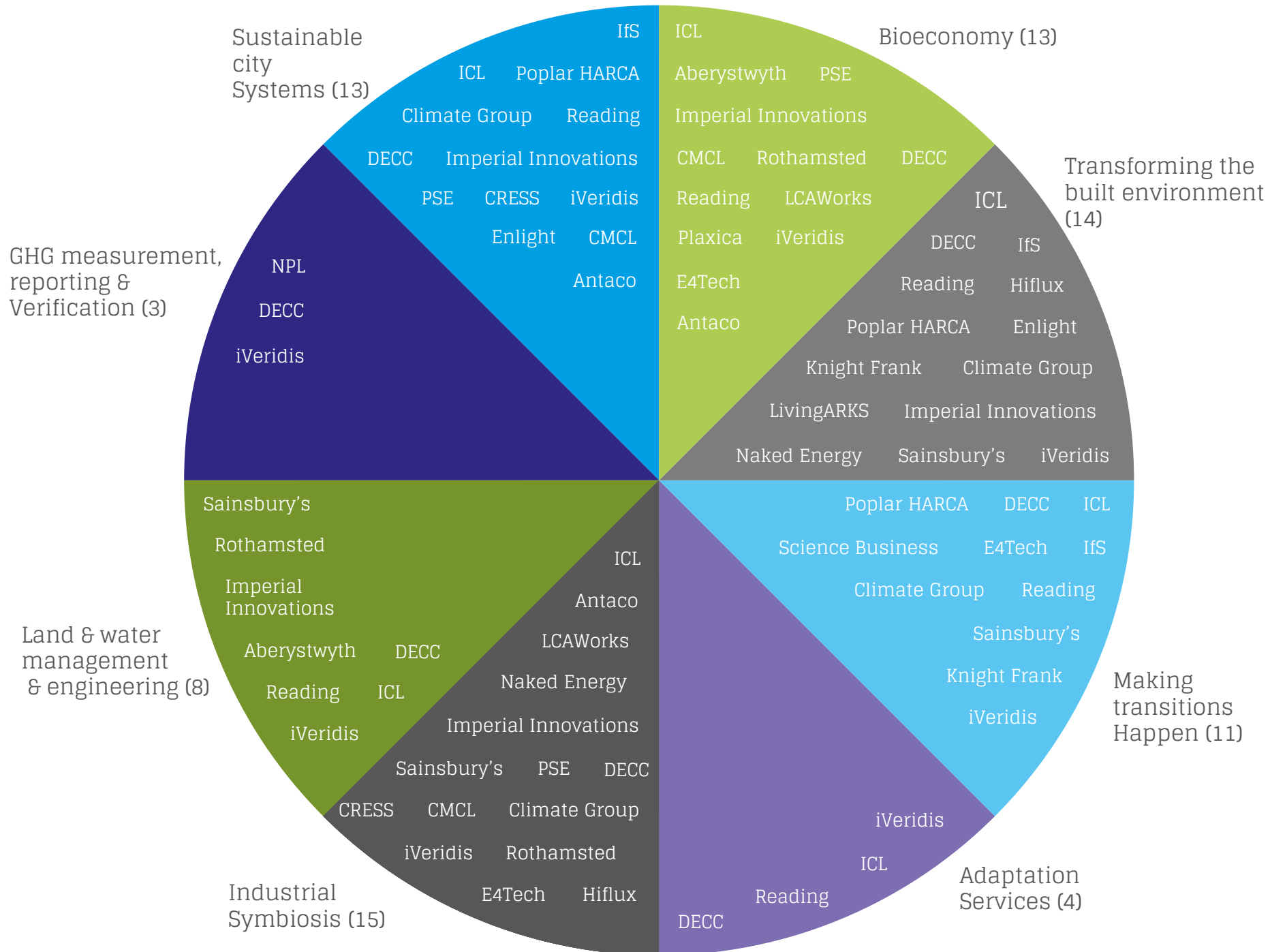
Stage 1-3 support
Incubation
Master classes
Venture competitions
SME vouchers

Outcomes
High-growth climate
start-ups
Access to international
markets
Secured VC funding

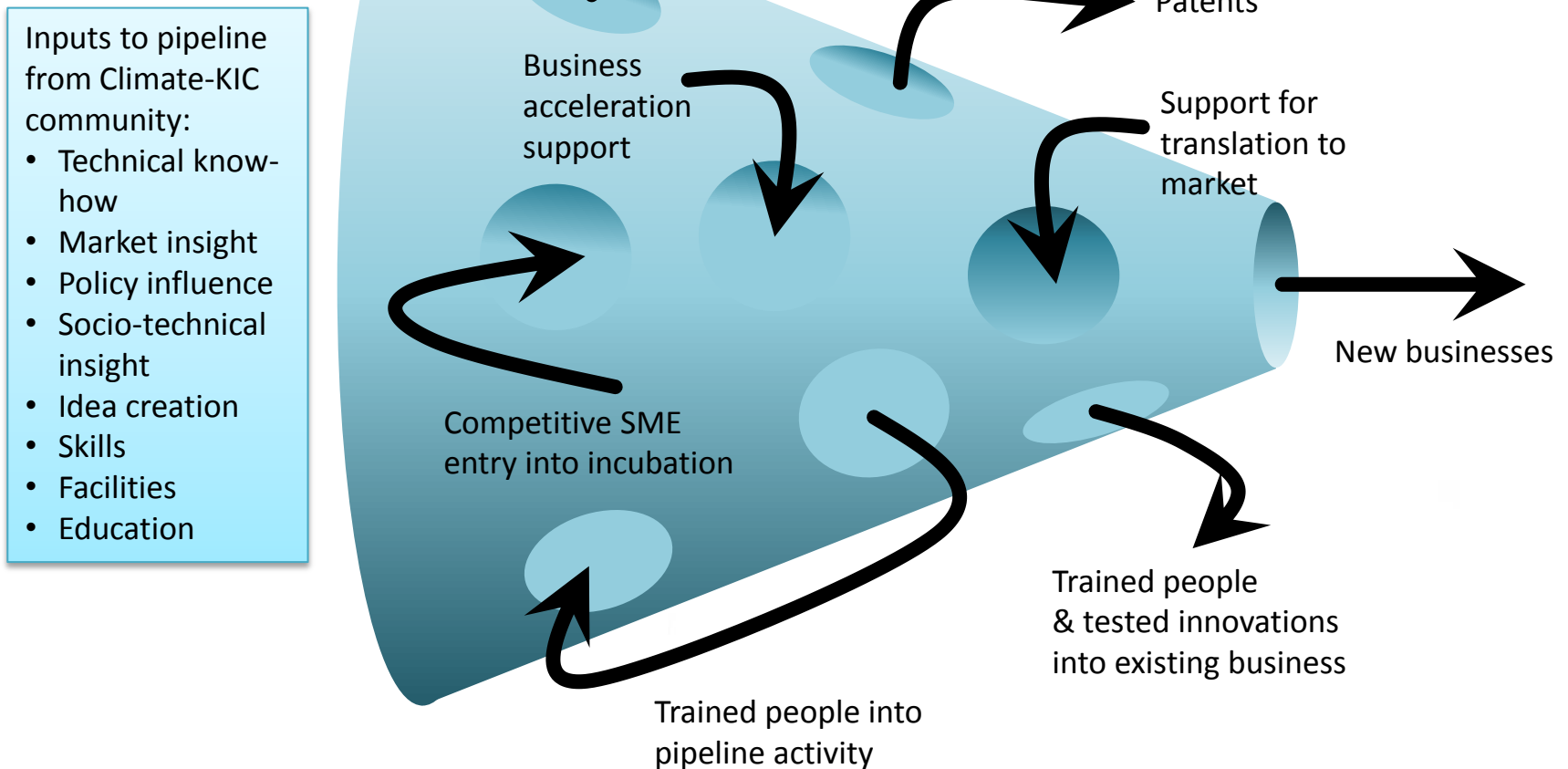
Innovation

Pathfinder
Innovation projects
Challenge platforms
Robust project
assessment process

Outcomes
Jobs
Products/services
Demonstrators
Publications
KTs
Portfolio of over 50
projects in pipeline



Climate-KIC Open Innovation Pipeline



Our value proposition to partners



Partners access an integrated community with global outreach that intelligently links together a wide portfolio of key innovation actors

A Model and a Metaphor

Forging Links in the Value Chain



Strategic Partner A

Climate-KIC Spin-Off company

Strategic Partner B

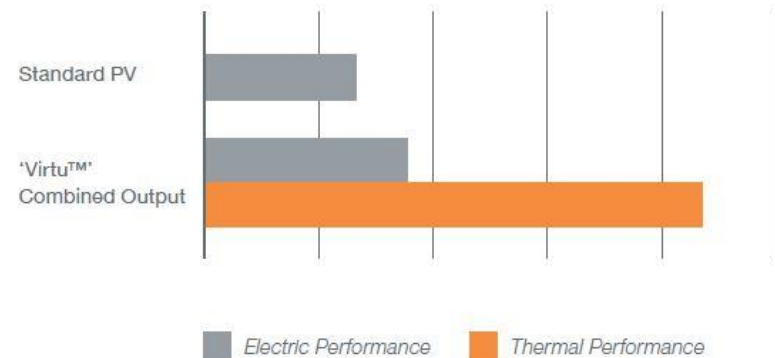
Downstream customers

Climate-KIC

Innovation push - Naked Energy

Smart PVT technology

- Hybrid solar panel providing electricity and hot water
- Combined Photovoltaic and thermal energy system
- PV inside evacuated tube with water flowing through (Thermosyphon)
- PV provides electricity
- Water keeps PV at optimal temperature and provides source of hot water



Innovation pull - Sainsbury's



Aiming to be the UK's greenest grocer

- Strategy encompassing operations, products and customers
- Reduced carbon footprint of stores
- Carbon neutral products at low prices
- Want innovators to work with Sainsbury's and their suppliers, e.g. farmers (sheltered innovation)
- Will also offer stores as a test bed
- Student masters and PhD projects
- Large cascade effect via suppliers
- Model for other businesses



Linking push with pull

Benefits of a linked innovation ecosystem



Sainsbury's

Opportunity to shape
Latest Technology
5 year payback
Strategic contribution
Climate impact



Pilot contract
1,000 store opportunity
R&D Expertise
Access to funding
Increased awareness

**Imperial College
London**

Interaction facilitation
Opportunity to create
Research work
PhD projects
Access to pilot opportunities

A dynamic connected community



A case study on how Climate-KIC connects ideas, people and partners across Europe and supports innovative solutions to climate change.

‘ Climate-KICs role has been to identify opportunities, to match make and to open doors for us. It’s like ‘sheltered innovation’. Quite simply, our relationship with Climate-KIC allows us to sit at the table with the big players. ’

Christophe Williams
Managing Director, Naked Energy

‘ We know the UK. But there must be brilliant ideas out there we don’t know about and Climate-KIC can bring these to us. We want to get involved at the embryonic stage in order to help shape the technology in a commercially meaningful way. ’

David Penfold
Sainsbury’s Supermarkets Ltd

Our value proposition to partners



The offerings:

An open innovation community

- Reduced risk
- Early knowledge
- Entrepreneurship support

Privileged access to world leading expertise and talent

- **Expert knowledge** – One-stop entry to international world-class interdisciplinary expertise
- **Top talent** – Visibility with international pool of young talent and ability to align student research work and professional experience with business and public needs.
- **Employee development** – Open innovation and entrepreneurial skills development and network building for employees at all levels.

Influence and reputation

- **Policy influence** – national and EU to reshape the market
- **Research influence** – provide direction for EU RD+I strategy
- **Public recognition**



A networked Community

- Long-term, stable, portfolio of partners across 4 sectors
- 11 hubs of connectivity across 10 European countries
- Innovation push connected with demand pull
- Sheltered innovation

The innovation pipeline

- Innovation, Entrepreneurship and Education Pillars – toolkit
- Create climate entrepreneurs
- Catalyse innovation – products, services, culture
- Market identification and acceleration

8 Platforms


- Focussed cross-KIC innovation communities
- Demand-side, challenge driven
- Integration of innovation, entrepreneurship and education
- E.g. Built environment; Making transitions happen

5 CLC

- Focus for innovation
- Centre of knowledge
- Launch pads, landing pads

6 Regions

- Market demand
- Test beds and implementation



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BACKUP SLIDES



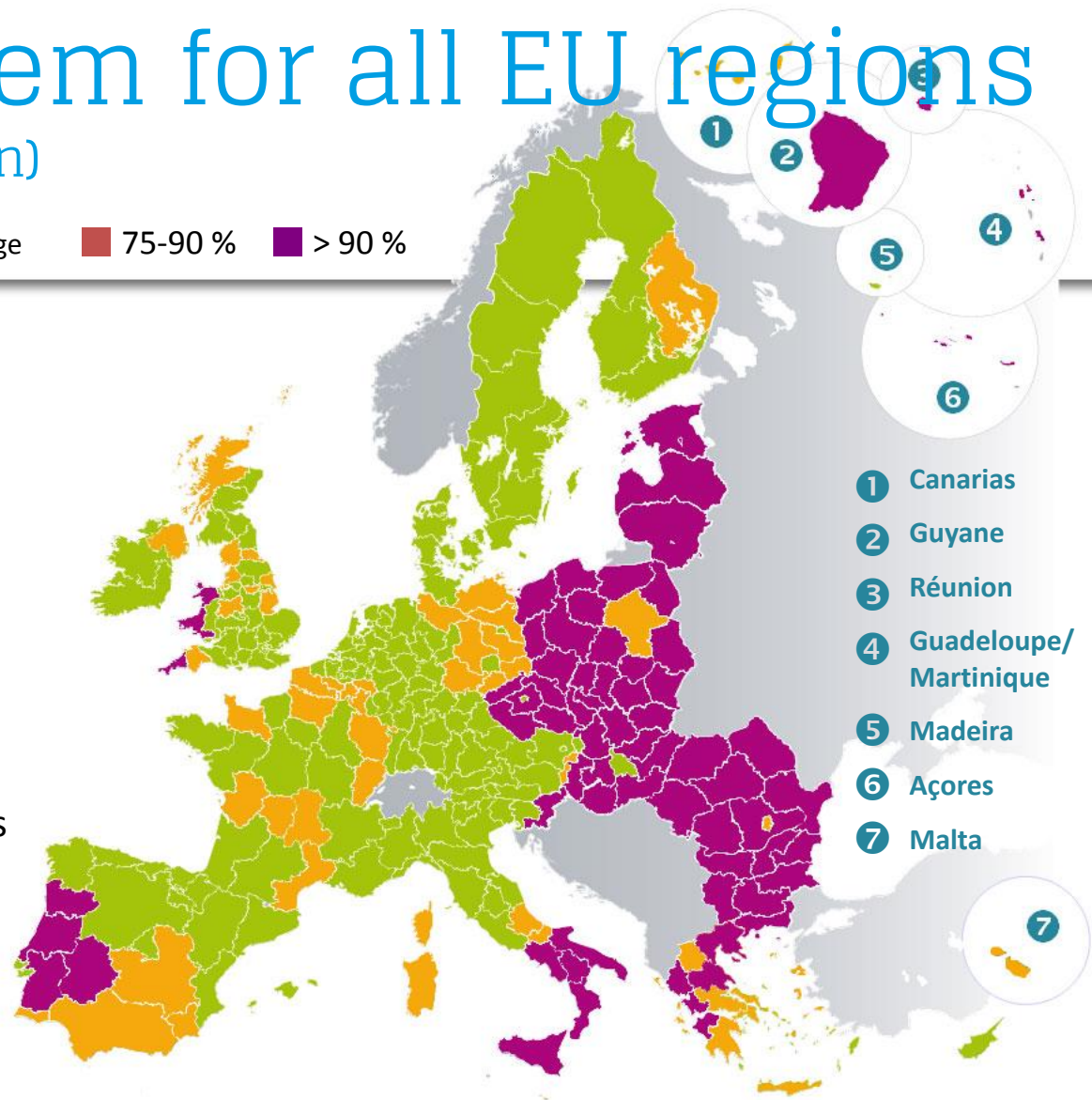
A fair system for all EU regions (eligibility simulation)

GDP/capita* ■ < 75 % of EU average ■ 75-90 % ■ > 90 %

*index EU27=100

3 categories of regions

- Less developed regions
- Transition regions
- More developed regions



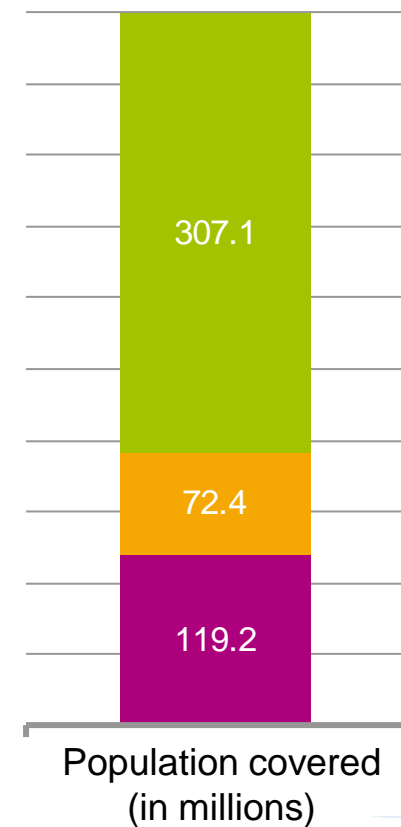
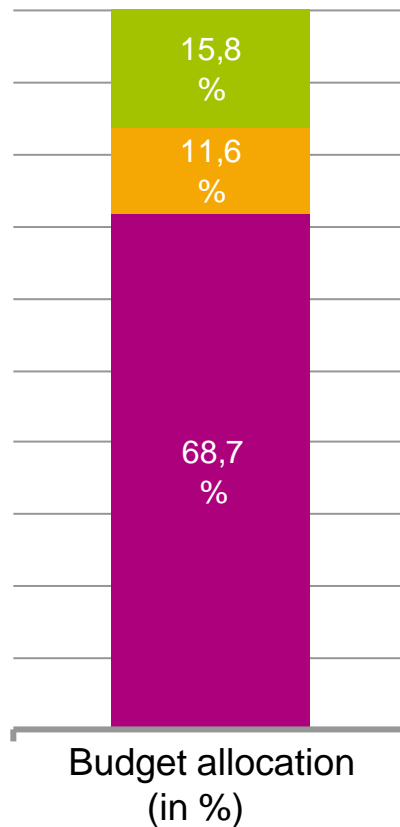
Regional GDP figures: 2006-07-08

© EuroGeographics Association for the administrative boundaries

How will funding be allocated?

■ Less developed regions/MS
 ■ Transition regions
 ■ More developed regions

| | |
|--|--------------|
| Cohesion Fund ¹ | 68.7 |
| Less developed regions | 162.6 |
| Transition regions | 38.9 |
| More developed regions | 53.1 |
| European Territorial Cooperation | 11.7 |
| Outermost regions and sparsely populated areas | 0.9 |
| Total | 336.0 |



¹ €10 billion from the Cohesion Fund will be allocated to the Connecting Europe Facility

There is nothing comparable to Climate-KIC... it is unique.

I had never anticipated that what we learnt about business plans and entrepreneurship could change my view on my possibilities for actually starting a company that profoundly.

I was hoping to learn about business, climate change and entrepreneurship, and all these expectations have been surpassed.

It was also incredible to meet other people with enormous amounts of passion for climate change, with already formed business ideas.

There is no other opportunity like this.

I have a clear direction of what I can do to contribute towards combating climate change, and as an entrepreneur I feel confident that I can be successful at it.

