



2010 **ANNUAL REPORT**

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On the cover (from the left): Alessandro Leipold, Máire Geoghegan-Quinn, Meglena Kuneva, Ann Mettler, José Manuel Barroso

A MEETING PLACE, RESEARCH
CENTRE AND COLLABORATIVE
COMMUNITY OF THOUGHT LEADERS,
INNOVATORS AND POLICY MAKERS.
WHERE THE IDEAS OF TOMORROW
MEET THE CHALLENGES OF TODAY.



LETTER FROM THE PRESIDENT

DEAR FRIENDS,

Is the glass ever really half empty? And does it sometimes only ever seem to be half full? Psychologists have posed this conundrum for decades, nudging us to see a reflection of our soul in the very water that we drink. But perhaps the truth is more simple – the glass is both half empty and half full. It produces a mixed picture, a positive and negative interpretation, both views equally true and equally deceiving. Its true essence may be neither the good nor the bad it evokes, but the fact that the two states are the same, inexorably united in a single, solitary whole.

This could be said of 2010, a dreadful year for Europe, but a stellar year for the Lisbon Council. On the European front, we lumbered painfully through a debt and sustainability crisis as serious as any that has ever confronted an advanced civilization. Unemployment reached the socially tragic level of 10% in the eurozone as early as February 2010 – and stayed there stubbornly throughout the year. Our leaders met and decided – failing singularly to convince; so they met again and decided again and again failed to convince. As the year ends, the growth rate in Europe is an anemic 1.8% – a full percentage point lower than the US, where the 2009 recession was nonetheless shallower and less long-lived.

But the Lisbon Council is thriving – though we would clearly trade all of this success for more signs of real progress in the areas we care so much about. In 2010, we published six outstanding policy briefs,

engaged three superb new thought leaders as fellows, convened seven working groups and held five well-attended VIP summits. Our work continues to enjoy excellent traction with policy makers and the media (we were quoted throughout the year in pretty much every major European news outlet, and welcomed a host of commissioners, corporate leaders, top thinkers and other VIPs to our often-oversubscribed events.). And our fundraising broke all records as well – we raised €833,837.61 in 2010 through a combination of competitively-tendered grants and private-sector giving, crossing the €800,000 mark for the first time in a single year.

The real tragedy is that we weren't able to do more. This crisis is precisely the one we have been warning about – and working to prevent. It poses a direct threat to our way of life brought on by years of low growth, fiscal mismanagement, flagging competitiveness

and living consistently beyond our means. Curiously, the answers are as simple as the diagnosis – raise growth, live within our means, invest for the future and educate our population to meet the challenges of tomorrow. But the trick will be figuring out how we get there – and forging the necessary consensus to make it all possible.

To all of those who joined us in 2010, or read one of our policy briefs, or gave us the greatest gift that you can give – your time and attention – I want to thank you from the bottom of my heart. Is the glass half empty or half full? It's up to us to make sure it's the latter. Thanks for your trust and engagement.



Paul Hofheinz
President
The Lisbon Council asbl



2010 – WHAT A YEAR IT WAS...

Philippe Legrain,
Paul Hofheinz,
Ann Mettler and
José Manuel Barroso



Barroso II Commission



JANUARY

01 JAN Spain takes over European Union rotating presidency.

eu 2010.25

**02
JAN**

Ann Mettler, executive director, is asked to serve as adviser to the Spanish EU presidency. She delivers keynote address at presidency conference on *New Skills and New Jobs for a More Competitive Europe*.



José Luis Zapatero

FEBRUARY

The economy begins to crawl out of recession, but growth in Europe remains anemic. Eurozone unemployment surpasses 10%.

**04
FEB**

Paul Hofheinz, president, is invited to give a major address on skills and employment at a high-level European Commission New Skills for New Jobs conference. The Lisbon Council hosts the launch of *The High Cost of Low Educational Performance*, the latest OECD publication on education, presented by Andreas Schleicher, special adviser on education policy to the secretary-general of the OECD.



Andreas Schleicher

04 FEB European Commission publishes the Expert Group Report on "New Skills and Jobs," a Europe 2020 flagship initiative.

10 FEB Barroso II Commission takes office.

Janez Potočnik



Meglana Kuneva



Lykke Friis



MARCH

04
MAR

At **The 2010 Innovation Summit**, Máire Geoghegan-Quinn, European commissioner for research, innovation and science delivers her first major address on innovation since becoming commissioner. She spells out a compelling agenda for improving European research capabilities and the links between science and business. Anthony D. Williams, senior fellow for innovation, launches **Wikinomics and the Era of Openness: European Innovation at a Crossroads**, a ground-breaking Lisbon Council policy brief looking at how paradigm shifts in innovation, social networking and crowdsourcing will help solve pressing social challenges and drive forward growth and jobs.

31
MAR

The Government of the Future Centre convenes High-Level Roundables on future provision of healthcare and sustainability of public finances. Members of the **Government Executive Innovation Circle**, made up of top civil servants from EU member states, meet in Brussels to coach and mentor College of Europe students who prepare case studies on leading-edge state transformation projects in France, Ireland, Norway and Spain. The student case studies will be judged by a jury led by Meglana Kuneva, chair of the Government Executive Innovation Circle, with prizes to be awarded at the upcoming Government of the Future Summit, co-hosted with College of Europe and Accenture, the management consulting firm.

23
MAR

Leading members of the **Eco-Innovators Network** join the Lisbon Council for **The 2010 Eco-Innovation Summit**, which convenes under the timely theme *Europe 2020: Resource Efficiency as a Driver of Sustainable Growth and Jobs*. Janez Potočnik, European commissioner for the environment, delivers **The 2010 Jean Jacques Rousseau Lecture** to kick off the event. Separately, Lykke Friis, Danish minister for climate and energy, joins the Lisbon Council for a **High-Level Working Lunch on the EU Energy Action Plan**.

Wikinomics
in Europe



Martin Schuurmans



Máire Geoghegan-Quinn

Ann Mettler

MARCH

03 MAR European Commission proposes Europe 2020 Strategy.

Ann Mettler publishes **If Not Now, Then When? Using Europe 2020 to Move from Crisis Management to Restoring Confidence and Growth**, a new policy brief which looks at the benefits – and imperative – of embracing an ambitious social and economic reform agenda. The Lisbon Council collaborates with the European Commission to identify partners for a major Europe 2020 outreach. In the end, the following groups were identified to support and animate the launch of the Europe 2020 strategy, which took place in eight member states between April and September: Ágora Talentia (Spain), demosEUROPA (Poland), Foundation for the Rights of Future Generations (Germany), Group of Applied Economics (Romania), HEC (France), Hungarian Academy of Science (Institute for World Economics), Itinera (Belgium) and Sörmland Region (Sweden).

If Not Now,
Then When?



APRIL - JUNE

Eurozone countries and the International Monetary Fund agree a €110 billion rescue package for Greece; Finance ministers launch the European Financial Stability Facility (EFSF) to serve as a European IMF.

Alessandro
Leipold

Preventing
Greek
Tragedy

28
APR

Anticipating the Greek bailout, Alessandro Leipold, chief economist of the Lisbon Council and former director of the European department at the International Monetary Fund (IMF), publishes **Preventing Greek Tragedy from Becoming a Eurozone Disaster: Lessons from IMF Crisis Lending – and the Challenges Ahead**, a visionary policy brief in which he analyses current trends and calls for swifter assistance and more credible actions by European policymakers to avoid an economic disaster.



15
JUN

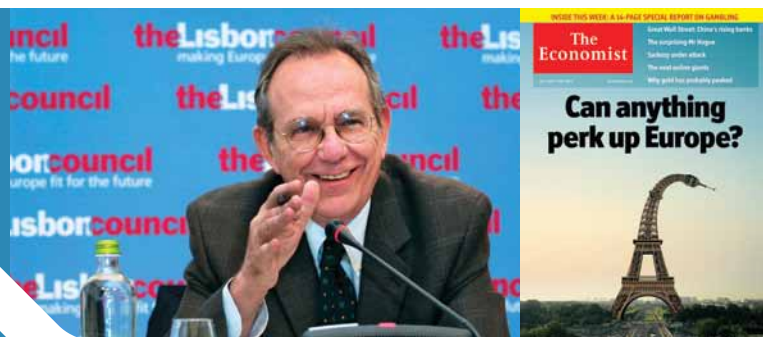
The College of Europe, Accenture and the Lisbon Council convene **The 2010 Government of the Future Summit**, bringing together key policy makers, prominent thought leaders and hands-on practitioners for a first-of-its-kind exchange on best practice in government throughout Europe. Pier Carlo Padoan, deputy secretary-general and chief economist of the OECD, delivers **The 2010 Jean Monnet Lecture** on innovation in government, and awards the Public Service Innovation and European Excellence prizes to College of Europe students for case studies on state transformation. The student case studies are published in **Building a Better Future in an Age of Transformation: College of Europe Student Case Studies**.



College
of Europe
Students



Pier Carlo Padoa-Schioppa



Paul Hofheinz



Rudolf Strohmeier

JULY - SEPTEMBER

01 JUL Belgian caretaker government takes over the European Union rotating presidency.

23 JUL Seven European banks fail Committee of European Banking Supervisors stress test, which is itself condemned as too weak and inconclusive. In Spain, youth unemployment reaches 46.2%.

14 SEP Against the backdrop of deepening crisis, the Lisbon Council launches **Good Governance for the Euro Area: Proposals for Economic Stability**, a policy brief that proposes a nine-step plan for ending the ongoing crisis and improving European economic governance, written by Alessandro Leipold, chief economist of the Lisbon Council and former acting director of the European department at the International Monetary Fund (IMF). Mr. Leipold and Paul Hofheinz, take part in a Board-Level European Central Bank workshop on *Strengthening Economic and Monetary Union Governance*.



SEPTEMBER

16 SEP Viviane Reding, vice-president of the European Commission and commissioner for justice, fundamental rights and citizenship, delivers the keynote address at **The Digital Confidence Initiative** and vows to use EU justice policy to strengthen the digital single market. Mario Monti, president of Bocconi University and author of the report on the single market commissioned by President Barroso, and other VIPs join a high-level policy panel discussion.

30 SEP Ann Mettler speaks at the Informal Competitiveness Council of the European Union at the special invitation of Vincent Van Quickenborne, minister of economy and administrative simplification of Belgium.



Mario Monti



Matthew Key



Viviane Reding

OCTOBER

Trouble begins brewing in Ireland; bond spreads in Portugal and Spain widen.

26
OCT

On the eve of a European Council meeting called to adopt far-reaching proposals for reform of euro-area governance, the Lisbon Council convenes **The 2010 Euro Summit**. Olli Rehn, European commissioner for economic and monetary affairs, delivers **The 2010 Ludwig Erhard Lecture**. The Lisbon Council launches **The 2010 Euro Monitor**, produced jointly with Allianz, which evaluates and ranks eurozone countries' comparative strengths.

27
OCT

European Commission publishes a communication on *Towards a Single Market Act: For a Highly Competitive Market Economy*, vowing to complete the Digital Single Market "to stimulate growth and boost citizens' confidence."



Olli Rehn

Euro Monitor



Peter Dröll and Christian Bason

NOVEMBER

16
NOV

The Lisbon Council convenes a **High-Level Working Group on Skills and Human Capital in European Cities and Regions**, which highlights new research on skills and human capital from the European Commission, the World Bank, the Lisbon Council and the China Centre for Human Capital and Labour Market Research. The event was held to gather leading principals together to peer-review ongoing research and a new publication, which the Lisbon Council will publish in 2011.

18 NOV

European Commission presents communication on *CAP Towards 2020*.

Philippe Legrain, senior fellow for economics, takes a scorching look at the Common Agriculture Policy and proposes "root and branch reform" of this controversial policy in **Beyond CAP: Why the EU Budget Needs Reform**.



28 NOV

The Irish Government requests and receives an €85 billion rescue package from Europe and the IMF after the government is forced to assume debts from collapsed banks.

Beyond
CAP



Innovation Summit



Connie Hedegaard

DECEMBER

**29 NOV
-10 DEC** United Nations Framework Convention on Climate Change (UNFCCC) convenes in Cancún.

The European economy grew 1.7% in 2010, more than one percentage point less than the US (2.8%) even though the recession there had been less deep. Twenty-three million Europeans remained unemployed, more than 4.7 million of them under the age of 25. Financial markets were unconvinced by the various *ad hoc* packages cobbled together to restore “confidence,” with many proposals still unapproved and other measures deemed too little, too late.

07 DEC The Lisbon Council hosts the European launch of PISA 2009, the ground-breaking OECD study on educational performance.



Anthony D. Williams

**09
DEC**

Just days before European leaders gathered in Brussels, the Lisbon Council convenes **The Innovation Union Summit** to discuss next steps on this key European initiative. Among the VIPs taking part are Vincent Van Quickenborne, minister for economy and administrative simplification of Belgium (which then held the EU rotating presidency); Michel Praet, adviser for science and innovation to President Herman Van Rompuy; Martin Schuurmans, chairman of the board at the European Institute of Innovation and Technology; Mark Spelman, global head of strategy at Accenture, Rudolf Strohmeier, deputy director-general of European Commission’s directorate-general of research and innovation, and Anthony D. Williams, senior fellow for innovation at the Lisbon Council and co-author of best-selling books *Wikinomics: How Mass Collaboration Changes Everything* and *Macrowikinomics: Rebooting Business and the World*.

The Lisbon Council looks forward to welcoming Connie Hedegaard, European commissioner for climate action, early in 2011 for an extensive debrief on the Cancún talks.

KEY THEMES

'LET US HOPE THAT JEAN MONNET WAS RIGHT: "EUROPE WILL BE BUILT IN CRISES, AND WILL BE THE SUM OF THE SOLUTIONS BROUGHT TO THESE CRISES."'

Alessandro Leipold, chief economist of the Lisbon Council and former acting director of the European Department of the IMF, writes in *Good Governance for the Euro Area: Proposals for Economic Stability*

OVERCOMING THE ECONOMIC CRISIS

Alessandro Leipold

The Lisbon Council substantially expanded its economic analysis team in 2010 with the addition of three outstanding fellows: Philippe Legrain, senior fellow for economics; Alessandro Leipold, chief economist; and Anthony D. Williams, senior fellow for innovation. These distinguished thought leaders – each of whom bring unparalleled experience, depth and wisdom to their jobs – helped the Lisbon Council contribute a host of outstanding policy briefs on topics ranging from averting crisis to encouraging innovation. You can download the policy briefs on the Lisbon Council website at www.lisboncouncil.net/publications.

Policy briefs published in 2010



Wikinomics and the Era of Openness: European Innovation at a Crossroads
By Anthony D. Williams



Preventing Greek Tragedy from Becoming a Eurozone Disaster: Lessons from IMF Crisis Lending – and the Challenges Ahead
By Alessandro Leipold



Building a Better Future in an Age of Transformation: College of Europe Case Studies
By College of Europe students



If Not Now, Then When? Using Europe 2020 to Move from Crisis Management to Restoring Confidence and Growth
By Ann Mettler



Good Governance for the Euro Area: Proposals for Economic Stability
By Alessandro Leipold



Beyond CAP: Why the EU Budget Needs Reform
By Philippe Legrain




The Euro Monitor 2010: Indicators for Balanced Growth
By Michael Heise



LOOKING FORWARD »

In 2011, the Lisbon Council will continue to offer leadership on how Europe can raise growth levels, exit the crisis, encourage innovation, improve social cohesion and transition to a low-carbon economy. New policy briefs are planned and expected from Paul Hofheinz, Jules Kortenhorst (co-chair of the **Eco-Innovators Network**), Alessandro Leipold, Ann Mettler, Anthony D. Williams and others. The Lisbon Council also plans to launch a new publication on the Euro Plus Pact, which will monitor developments in the eurozone and provide concrete suggestions for achieving better economic performance.



'I AM DELIGHTED TO BE HERE AT THE LISBON COUNCIL. I KNOW THAT YOU HAVE A REPUTATION FOR EXCITING, AND ABOVE ALL SOLUTION-ORIENTED THINKING. THIS APPEALS TO ME BECAUSE I AM A VERY PRACTICAL PERSON, A "DOER," SOMEONE WHO WANTS TO BRING ABOUT REAL CHANGE ON THE GROUND, AND TO MAKE A REAL DIFFERENCE TO PEOPLE'S LIVES.'

MÁIRE GEOGHEGAN-QUINN DELIVERS HER FIRST MAJOR ADDRESS AS EUROPEAN COMMISSIONER FOR RESEARCH, INNOVATION AND SCIENCE AT THE 2010 INNOVATION SUMMIT

'THE PROFOUND ECONOMIC CRISIS THAT WE ARE LIVING THROUGH SERVES AS A WELCOME INVITATION TO POLICY MAKERS TO REFLECT ON THE ROLE OF THE STATE.'

Meglana Kuneva, chair, Government Executive Innovation Circle, Government of the Future Centre; former European commissioner for consumer affairs, in *Building a Better Future in an Age of Transformation*.

GOVERNMENT OF THE FUTURE

Meglana Kuneva

The 21st century will bring great challenges to government agencies. Never before have the demands on government been so high, as the size and scope of benefits extends to more and more people while governments face growing strain on the resources available to deliver. But it is also a time of great opportunity. Put simply, modern technology, the rise of social networks and new advances in data management permit a different approach, offering governments a chance to deliver better services, to respond more quickly and effectively to citizens' needs and to bring the citizens themselves much closer to government.

Together with the College of Europe and Accenture, the management consulting firm, the Lisbon Council conceived and launched **The Government of the Future Centre**, a burning platform for discussion, debate and analysis of the challenges government will face in the 21st century – and the solutions at their disposal. At the centre of this initiative is an innovative case-study programme involving students from the College of Europe, who are divided into four teams and assigned an individual government agency in an EU member state to analyse for one year. Later, the case studies are judged by a jury, made up of leading members of the **Government Executive Innovation Circle**, and presented at **The Government of the Future Summit**, held each

year in Brussels. The Government Executive Innovation Circle also meets periodically in Brussels for theme-based high-level workshops.

The Government of the Future Centre kept a busy agenda during 2010. The Government Executive Innovation Circle met three times in Brussels: once for a fascinating working group with Paola Testori Coggi, director-general of European Commission's directorate-general for health and consumers, who provided an overview of the healthcare challenges Europe will face in coming years. Pier Carlo Padoan, chief economist and deputy secretary-general of the OECD, delivered the keynote at The 2010 Government of the Future Summit. The student case studies were published in **Building a Better Future in an Age of Transformation**.



LOOKING FORWARD »

Jean-Claude Juncker, prime minister of Luxembourg and president of the Eurogroup, will join **The 2011 Government of the Future Summit**, where he has agreed to deliver the keynote and award prizes to the winning student teams. **The Government Executive Innovation Circle** will continue meeting for high-level theme-based working groups.

government
of the future
centre

'WE ARE ALL INNOVATORS NOW. THE TASK AHEAD IS TO BUILD NOT JUST THE "I-CONOMY," BUT A COHESIVE AND PROSPEROUS "I-SOCIETY."'

Máire Geoghegan-Quinn, European commissioner for research, innovation and science, delivers The 2010 Robert Schuman Lecture

INNOVATION

Máire Geoghegan Quinn

In many ways, the future is here already. And, in a year when Europe's obsession with process and capacity for introspection seemed on prominent display, the Lisbon Council chose to focus not just on short-term policy dilemmas but also on the longer term challenge of restoring growth and helping Europe rise to the competitive challenges of the 21st century. This means first and foremost innovation – the challenge of doing things differently, of delivering better outcomes, of producing products of the highest level and delivering services faster, better and more reliably.

Among other activities, the Lisbon Council convened two high-level summits – **The 2010 Innovation Summit** and **The Innovation Union Summit**. These high-level summits brought together key policy makers and thought leaders from around the globe. Among the VIPs who spoke at the two summits are Máire Geoghegan-Quinn, European commissioner for research, innovation and science (who outlined her innovation agenda in her first policy address since becoming European commissioner for research, innovation and science); Xavier Damman, co-founder and chief technology officer at Storify; Larry Hirst, chairman of IBM EMEA; Rian Liebenberg, engineering director at Google; Michel Praet, adviser for research and innovation in the cabinet of President Van Rompuy; Vincent Van Quickenborne, minister of economy and administrative simplification of Belgium; Martin Schuurmans, chair of the board of European

Institute of Technology; Mark Spelman, global head of strategy at Accenture; Peter Wierenga, CEO of Philips Research and Andrew Wyckoff, head of the science, technology and industry directorate at the OECD.

Anthony D. Williams, award-winning author of *Wikinomics: How Mass Collaboration Changes Everything* and *Macrowikinomics: Rebooting Business and the World*, joined the team as senior fellow for innovation. Mr. Williams wrote **Wikinomics and the Era of Openness: European Innovation at a Crossroads**, a Lisbon Council policy brief launched at The 2010 Innovation Summit. A video clip filmed in the margins of The 2010 Innovation Summit has gone viral, reaching nearly 34,000 viewers at last count. **What is Innovation?** Find out on the Lisbon Council's website at <http://www.lisboncouncil.net/innovation>.



LOOKING FORWARD »

The Lisbon Council will continue to focus on innovation in 2011, with a host of new research and cutting-edge summits planned. Viviane Reding, vice-president of the European Commission and commissioner for justice, fundamental rights and citizenship, will keynote **The 2011 Innovation Summit**, which will convene under the theme of *New Drivers of Innovation: The Changing Nature of Business Models, Workplaces and Organisations*. Ann Mettler and Anthony D. Williams will launch a new Lisbon Council policy brief on *The Rise of the Micro-Multinational*, and more...

ECO-INNOVATION

Janez Potočnik

The future is a challenge we can meet, but the important thing is that we come together and meet it. That's why the Lisbon Council launched the **Eco-Innovators Network**, made up of leading eco-innovators, policy makers, financiers and representatives of multi-lateral lending agencies, to lend their support to an ambitious United Nations agreement on curbing climate change and to start debating the steps we need to take now to begin building that low-carbon economy.

In two short years, the Eco-Innovators Network has become a "go-to" place for senior policy makers looking for new ideas and fresh thinking on managing the transition to a low carbon economy. Previous years saw major interventions from Jos Delbeke, director-general of climate action at the European Commission; Stavros Dimas, European commissioner for the environment; Al Gore, former US vice president and co-founder and chair of Generation Investment Management; and Artur Runge-

Metzger, chief negotiator in UN talks for the EU. In 2010, Janez Potočnik, commissioner for the environment, launched his resource efficiency initiative at the Lisbon Council, and joined the Eco-Innovators Network for a working lunch and strategic brainstorming session. Lykke Friis, Danish minister for climate and energy, also met with the group, inviting their comments on Denmark's EU energy action plan, to be unveiled under the 2012 Danish EU presidency.

'A RESOURCE EFFICIENT EUROPE MAKES ENVIRONMENTAL, ECONOMIC, BUSINESS AND GEO-POLITICAL SENSE. IT'S THE KIND OF COMPELLING IDEA THAT SHOULD GENERATE HIGH-LEVEL POLITICAL COMMITMENT.'

Janez Potočnik, commissioner for the environment,
in The 2010 Jean Jacques Rousseau Lecture



LOOKING FORWARD »

Connie Hedegaard, European commissioner for climate action, will join **The 2011 Eco-Innovation Summit**, where she will deliver her first public assessment to a Brussels audience on the outcome of COP16 talks in Cancun. On the eve of COP17 in Durban, Christiana Figueres, executive secretary of the United Nations Framework Convention on Climate Change (UNFCCC), joins the **Eco-Innovators Network** and delivers a hard-hitting, forward-looking speech on the expected outcome of the talks – and the way Eco-Innovators can contribute to a successful outcome.

DIGITAL ECONOMY

Neelie Kroes

The world is undergoing a fundamental transformation from the industrial age towards an economy based on knowledge. At the core of this revolution are Internet-based technologies, which create innovative ways of bringing people together, empowering businesses and consumers, creating jobs and spurring much-needed economic growth. In an effort to capitalise on the spectacular potential of the digital era, the European Union designed the Digital Agenda, a flagship programme of the Europe 2020 Strategy.

In 2010, the Lisbon Council intellectually accompanied this important initiative and organised the **Digital Confidence Initiative**, a major summit devoted to improving consumer confidence and security on the Internet. Viviane Reding, vice-president of the European Commission and commissioner for justice, fundamental rights and citizenship, delivered a fascinating keynote. She explained how the digital agenda – and successful completion of the digital single market – could create jobs and opportunities, and be a key driver of innovation. Her address was preceded by an

interactive, high-level panel discussion on *Creating Trust and Confidence on the Digital Single Market through Citizen Empowerment, Transparency and Monitoring Mechanism*. Among distinguished panellists were Lena Ek, member of the committee on industry, research and energy and member of the bureau at the European Parliament; Peter Hustinx, European data protection supervisor; Matthew Key, chairman and CEO of Telefónica Europe and Mario Monti, president of the Bocconi University and author of the report on the single market commissioned by President Barroso.

'A GENERATION OF HIGH-TECH EUROPEANS, USING MOBILE DEVICES TO ACCESS THE INTERNET AND USING THE INTERNET TO ACCESS MOBILE SERVICES, CAN BE JUST AROUND THE CORNER – IF WE FOCUS OUR POLICIES ON THE RIGHT PRIORITIES. I BELIEVE THE TIME FOR THIS IS NOW.'

Viviane Reding, vice-president of the European Commission, speaking to the Lisbon Council



LOOKING FORWARD »

The Lisbon Council will continue working on the knowledge economy and will strengthen its efforts to drive forward the Digital Agenda in 2011. Neelie Kroes, vice-president of the European Commission in charge of the Digital Agenda, will deliver **The 2011 Guglielmo Marconi Lecture**, the Lisbon Council's flagship event on creativity and innovation, at **The 2011 Digital Agenda Summit**. An ambitious research programme – and public outreach – are also planned to shed urgent light on this key economic and social transition.

'IMPROVED PERFORMANCE IN EDUCATION WOULD HAVE A HUGE IMPACT ON THE ECONOMIC SUCCESS OF EUROPEAN COUNTRIES.'

Andreas Schleicher, head of the PISA programme and senior adviser on education policy to the secretary-general of the OECD, at the global launch of *High Costs of Low Education Performance*

SKILLS AND EMPLOYMENT

Andreas Schleicher

As the crisis deepened in 2010, the Lisbon Council expanded and deepened its research capabilities in skills and human capital, building on the cutting-edge work of **The Human Capital Centre**, founded in 2007. Specifically, the group received a research grant awarded in a competitive tender from the European Union's Programme for Employment and Social Solidarity – PROGRESS (2007-2013) to adapt its cutting-edge method for measuring (and comparing) human capital policy outcomes to European regions and cities. The grant allowed the group to launch a strategic partnership with the EU2020 Regions Network and to hire new researchers, who set about studying human capital policies in seven leading European cities. The results of the research project are expected in 2011.

In 2010, the Lisbon Council convened a **High-Level Working Group on Skills and Human Capital** to examine the methodology and launch a vital peer review of the upcoming report. Lars Sondergaard, senior economist for education and principal author of the World Bank's flagship report on skills; Xavier Prats Monné, deputy director-general at the European Commission's directorate-general of education and culture and regional leaders from business and academia joined the breakout sessions, where they shared experience and best practice in the human capital field.

The Lisbon Council also continued to collaborate with the OECD on this key agenda, hosting two high-level events: the European launch of the *2009 Programme for International Student Assessment* (PISA), the OECD's flagship study on global educational attainment, and the global launch of *The High Costs of Low Educational Performance*, a cutting-edge OECD publication which was written and presented by Andreas Schleicher, head of the PISA project and senior adviser on education policy to the secretary-general of the OECD.



LOOKING FORWARD »

In 2011, the Lisbon Council will stay active in the field of skills and employment, where it has attained a leading role through its research and events. *Inter alia*, it will host **The Human Capital in European Regions and Cities Summit**, where László Andor, European commissioner for employment, social affairs and inclusion, will deliver the keynote.



**'[THANKS TO THE GOVERNMENT OF THE FUTURE CENTRE,]
I BELIEVE WE CAN BUILD COALITIONS – THINK TANKS, CONSULTANTS,
UNIVERSITIES, BUSINESSES, PUBLIC ADMINISTRATIONS – TO FIND
SYNERGIES AND INNOVATIVE SOLUTIONS TO WORLD ISSUES.'**

**CÉCILE NOURIGAT, 23, COLLEGE OF EUROPE STUDENT, PARTICIPANT IN THE GOVERNMENT OF THE FUTURE CENTRE
CASE STUDY ON PUBLIC HEALTH REFORM, WHICH WON THE 2010 PUBLIC SERVICE INNOVATION AWARD**

SOCIAL MEDIA

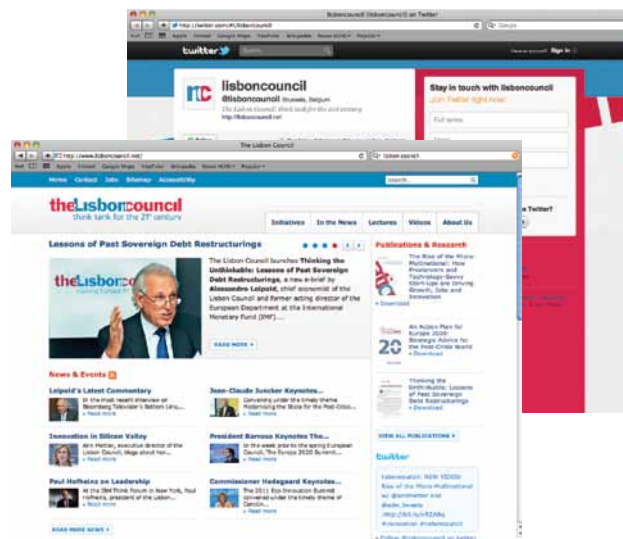
In 2010, the Lisbon Council continued to use Web 2.0 tools to reach an ever-wider community of citizens and experts and expand our collaboration. In particular, we launched a twitter channel and became the first Brussels-based think tank to routinely release video presentations along with our written policy briefs. Some of these videos have gone viral, helping us reach a larger Internet-generation audience and bring new faces squarely into the EU debate. For more, follow the Lisbon Council on twitter at [@lisboncouncil](https://twitter.com/lisboncouncil), or scroll through photos from summits and events on flickr at <http://www.flickr.com/lisboncouncil> or watch a video on the Lisbon Council's YouTube Channel at <http://www.youtube.com/thelisboncouncil>. These features are also brought together in an easy-to-use format on the Lisbon Council website at <http://www.lisboncouncil.net>.



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SOME VIDEOS HAVE
GONE VIRAL, HELPING
US REACH A LARGER
INTERNET-GENERATION
AUDIENCE AND BRING
NEW FACES SQUARELY
INTO THE EU DEBATE.

'IS THE GLASS HALF EMPTY OR
HALF FULL? IT'S UP TO US TO
MAKE SURE IT'S THE LATTER.'

Paul Hofheinz, president of the Lisbon Council

LEADERSHIP

BOARD OF DIRECTORS



Paul Hofheinz

President and
Co-Founder



Tjark de Lange

Member of the
Board, Treasurer
and Co-Founder
CEO, Kapp Nederland,
Netherlands



Sören Stamer

Member of the Board
CEO and Co-Founder,
Yokudo, Germany



Joeri van den
Steenhoven

Member of the Board
Chairman and Co-
Founder, Kennisland,
Netherlands



Paweł Świeboda

Member of the Board
Director and Co-
Founder, demosEUROPA
– Centre for European
Strategy, Poland

MANAGEMENT, FELLOWS AND RESEARCHERS

LEADERSHIP CONTINUED »



Ann Mettler

Executive Director
and Co-Founder



Philippe Legrain*

Senior Fellow,
Economics



Alessandro Leibold

Chief Economist



Anthony D. Williams

Senior Fellow,
Innovation



Stéphanie Lepczynski

Senior Project Manager

IN 2010, THE LISBON COUNCIL WAS BEEFED-UP INTERNALLY WITH IMPORTANT NEW TALENT AND INCLUDED AN EVER-LARGER, OUTSTANDING TEAM OF INTERNATIONAL AND MULTI-DISCIPLINARY PROFESSIONALS.



Silvia Castellazzi*

Researcher, Human
Capital Centre



Peer Ederer

Director, Human
Capital Centre



Philipp Schuller

Co-Director, Human
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*Left the Lisbon Council in March 2011

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Former Permanent
Representative of Austria
to the EU, Austria

A photograph of José Manuel Barroso, President of the European Commission, speaking at a podium. He is a middle-aged man with dark hair, wearing a dark suit, a light blue shirt, and a dark tie with a small pattern. He is gesturing with both hands, pointing his index fingers upwards. On the podium in front of him is a microphone and a clear glass bottle of water. The podium has a white sign with the name 'BARROSO' in bold black letters. The background is a blue wall with the text 'the Lisbon Council' in large red and white letters, and 'making Europe's future' in smaller white letters below it. The text 'Lisbon Council' is also partially visible on the right side of the background.

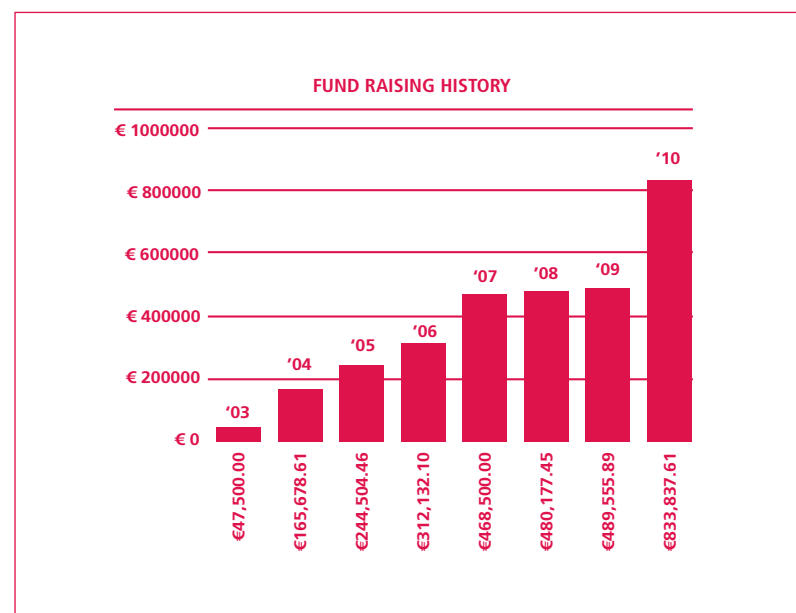
'WHEN OTHERS HAD DOUBTS ABOUT OUR PROPOSALS, THE EUROPEAN COMMISSION HAS BEEN ABLE TO RELY ON THE LISBON COUNCIL'S EXPERTISE AND SUPPORT IN GETTING ACROSS THE MEASURES TO TACKLE EUROPE'S CHALLENGES.'

JOSÉ MANUEL BARROSO, PRESIDENT OF THE EUROPEAN COMMISSION

BARROSO

GROWTH AND EXPANSION

FINANCIAL REPORT 2010



INCOME AND EXPENDITURE *

	2009	2010
Income	€489,555.99	€833,837.61
Donations	€339,555.99	€504,495.53
Grants	€150,000.00	€329,342.08
Expenditure	€493,270.25	€831,487.53
Office	€62,287.99	€68,843.59
Administration	€300,859.16	€497,437.21
Travel	€16,906.92	€10,237.18
Events	€64,690.81	€210,777.00
Publications	€29,660.91	€26,555.25
Depreciation	€18,864.46	€17,637.30
Surplus/deficit (reserves)	(€3,714.26)	€2,350.08
Surplus/deficit brought forward	0.00	0.00
Surplus/deficit carried forward	0.00	0.00

*covering the 12-month period ending 31 December 2010

BALANCE SHEET **

	2009	2010
Assets	€67,483.91	€137,541.01
Fixed Assets	€28,433.71	€21,152.54
Net equipment	€16,269.64	€12,656.20
Net furniture	€12,164.07	€8,496.34
Current Assets	€39,050.20	€116,388.47
Accounts receivable	€37,500.00	€114,656.69
Cash or equivalents	€1,279.77	€198.45
Deferred charges	€270.43	€1,533.33
Liabilities	(€67,483.91)	(€137,541.01)
Retained Earnings	(€26,320.18)	(€28,670.26)
Current Liabilities	(€41,163.73)	(€108,870.75)
Accounts payable	(€24,884.65)	(€54,245.00)
Salaries payable	(€4,611.54)	(€4,847.60)
Bank	(€11,667.54)	(€49,770.71)
Current account	0.00	(€7.44)

**as of 31 December 2010

Acknowledgements

The Lisbon Council would like to thank the European Commission's Education, Audiovisual and Culture Executive Agency for an operating grant in 2010 under its programme "support for organisations active at the European level in the field of active European citizenship." In addition, we extend our gratitude to the following

organisations for their support in 2010: Accenture, Allianz SE, ANAIN (Innovation Agency of Navarra), European Climate Foundation, European Commission Directorate-General for Employment, Social Affairs and Inclusion (PROGRESS Programme), Google, HP, IBM, Kapp Nederland, Oracle,

Philips and Telefónica. Thanks as well to Salesforce.com for database support through Salesforce.com Foundation's non-profit assistance programme.

The Lisbon Council is an independent, non-partisan association. Financial or other support for the Lisbon Council does not

imply acceptance or endorsement of any view, opinion or statement expressed by the Lisbon Council or any of its individual members, employees, researchers or associates.

Statutory auditor: Vanstreels, De Bom Van Driessche and Co. (Meise, Belgium)
Accounts prepared by Vandenbranden Accountants BVBA (Grimbergen, Belgium)

Jacques Van den Abeele
Statutory auditor
Vanstreels, De Bom Van Driessche and Co.
Oude Vilvoordsebaan 21
BE-1860 Meise, Belgium

The Lisbon Council asbl
IPC-Residence Palace
155 rue de la Loi
B-1040 Brussels, Belgium

Report from the statutory auditor concerning the financial year ended on 31 December 2010 of the Lisbon Council for Economic Competitiveness and Social Renewal asbl

In accordance with the legal and statutory requirements, we report to you on the performance of the reporting assignment, which has been entrusted to us in our capacity of statutory auditor of the Lisbon Council for Economic Competitiveness and Social Renewal asbl. This report contains our opinion on the true and fair view of the financial statements as well as the required additional statements and information.

Unqualified audit opinion on the financial statements

We have audited the financial statement for the year ended on 31 December 2010, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance total of €137,541.01 and a profit for the year of €2,350.08.

Management is responsible for the preparation and the fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Institute of Registered Auditors (*Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren*). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement, whether due to fraud or error.

In accordance with the above-mentioned auditing standards, we considered the association's accounting system, as well as its internal control procedures. We have obtained from management and from the association's officials the explanations and information necessary for executing our audit procedure. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the appropriateness of accounting policies and the reasonableness of the significant accounting estimates made by the association as well as the overall financial statement presentation. We believe that these procedures provide a reasonable basis for our opinion.

In our opinion, the financial statements for the year ended 31 December 2010 give a true and fair view of the association's assets and liabilities, its financial position and the results of its operations in accordance with the financial reporting framework applicable in Belgium.

Additional statements and information

The compliance by the association with the Law of 27 June 1921 related to not-for-profit associations, international not-for-profit associations and foundations is the responsibility of management.

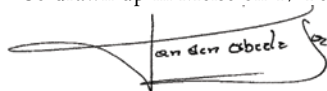
Our responsibility is to supplement our report with the following additional statements and information, which do not modify our audit opinion on the financial statements:

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- There are no transactions undertaken or decisions taken in violation of the association's statutes or the Law of 27 June 1921 related to not-for-profit associations, international not-for-profit associations and foundations that we have to report to you.
- The appropriation of results proposed to the general meeting complies with the legal and statutory provisions.

Moreover, we can certify that the costs declared by the Lisbon Council for Economic Competitiveness and Social Renewal asbl in the financial statements regarding the following specific agreements:

- 2010 – 0605 /001 -001 on an operating grant
- VS/2010/0067 Human Capital index of European regions for the purpose of advancement of economic development and social inclusion in the short-, medium- and long term on which the requests for payments are based, are real, accurately recorded and eligible in accordance with the terms of the grant agreements.

So drawn up in Meise on 17 February 2011.



With as legal representative,
Jacques Van den Abeele
Statutory Auditor

Additional Acknowledgements

Photography by Bernard Foubert.

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Environmental Responsibility

The Lisbon Council supports sustainability across the board – in the environment, in public finances and in social security systems. As part of our commitment to environmental sustainability and in an effort to reduce our carbon footprint, the Lisbon Council furnished its office with MBDC-certified “cradle-to-cradle” technology and offsets all greenhouse gas emissions stemming from office operations and travel. As a result, the Lisbon Council carries the status of “climate-neutral organisation.” For more information, visit www.c2ccertified.com and www.myclimate.org.

onCOUNCIL
Shape fit for the future



The Lisbon Council for Economic Competitiveness
and Social Renewal asbl
IPC-Résidence Palace, 155 rue de la Loi
1040 Brussels, Belgium
T. +32 (0)2 647 9575 F. +32 (0)2 640 9828
twitter @lisboncouncil
info@lisboncouncil.net

www.lisboncouncil.net



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are active at the European level in the field of active European citizenship

