

#### Eurozone Crisis

New research, bold proposals – for a crisis Europe still cannot seem to make go away. President Herman Van Rompuy keynotes The 2011 Euro Summit. **Page 2**

#### Economy and Society

Defining a new paradigm for the digital world with *The Rise of the Micro-Multinational: How Freelancers and Technology-Savvy Start-Ups are Driving Growth, Jobs and Innovation*. **Pages 2-3**

#### Government 2.0

Interdisciplinary programme brings energy of the young to the problems of tomorrow. Prime Minister Juncker keynotes The 2011 Government of the Future Summit. **Page 4**

#### Innovating Innovation

Expanding networks and developing leadership on the digital agenda, eco-innovation and transition to a knowledge-based economy. Vice-President Kroes and UNFCCC Executive Secretary Figueres keynote major summits. **Pages 4-5**

#### Human Capital

Multi-year research programme produces new insights for Europe's regions and cities; PISA director Andreas Schleicher and Commissioner Andor keynote major summits. **Pages 4-5**

#### Finance

Competitively earned research grants and successful fundraising help expand work programme – and lay a solid platform for future growth. **Page 6**

#### People, places, happenings, economic weather **Pages 7-8**

# 2011

# THE LISBON COUNCIL ANNUAL REPORT

‘THE EUROPE 2020 STRATEGY HAS A CENTRAL ROLE IN EUROPEAN POLICY, AND I WELCOME THE CONTINUOUS ACTIVITIES OF THE LISBON COUNCIL IN SUPPORT OF THIS.’

Herman Van Rompuy, president, the European Council

## FROM THE PRESIDENT

### Dear friends,

2011 was a year of spectacular expansion and growth for the Lisbon Council. While much of Europe continued to reel from economic crisis, we used the moment to broaden and deepen our focus, adding important new research on the way technology is changing society worldwide and the special challenges that governments face in an age of diminished resources. You'll find many of these projects described here in the **Annual Report 2011**, an innovative look at a dramatic 12 months of success and thought leadership at the Lisbon Council.

Last year, Europe was not far from anyone's mind. As the economic crisis entered its fourth year, the Lisbon Council redoubled its efforts to generate well-conceived strategic thinking capable of lifting Europe out of crisis – and enlarge our ever-growing community of committed thought leaders and practitioners, eager to exchange leading-edge ideas on tomorrow's economic and social challenges. In that sense, it was a pyrrhic victory for the Lisbon Council. We are delighted that the year went so well for us, but we'd have liked to have seen more progress on the key challenges that Europe faces, and especially on easing the plight of the 23.8 million people out of work at the end of 2011 – a net increase of nearly 600,000 people on the previous year. See the economic weather map on page 8 for more.

For our part, the Lisbon Council hosted 19 major summits and roundtables – the most we have ever convened in a single year. We published seven policy briefs

– five of them standard bearers in their area: **The Rise of the Micro-Multinational; Thinking the Unthinkable: Lessons from Past Sovereign Debt Restructurings; An Action Plan for Europe 2020; Human Capital Leading Indicators** and **The 2011 Euro Plus Monitor** (a joint publication of the Lisbon Council and Berenberg Bank).

The policy briefs were well-received, broadly-disseminated and heavily-covered by the media. And we continued to engage leading European and international decision makers in important issue-based summits and roundtables. Herman Van Rompuy, president of the European Council, joined **The 2011 Euro Summit**. Jean-Claude Juncker, prime minister of Luxembourg and president of eurogroup, keynoted **The 2011 Government of the Future Summit**, and Christiana Figueres, the charismatic executive secretary of the United Nations Framework Convention on Climate Change, delivered **The 2011 Robert Schuman Lecture** just three weeks before she led successful climate talks in Durban, South Africa.

On the fund-raising front, we succeeded as well, raising €801,296.07 to sustain the projects you'll find described in this newspaper. Starting in 2010, €800,000 has become a new benchmark for us – one that we are projected to exceed again in 2012. Against the backdrop of Europe's economic crisis, this is no small achievement and one for which we are both proud and grateful. A special thanks goes to the organisations, companies and government agencies that make this work possible. You'll find a list on page 6.

And that's hardly the end. Next year, we plan another round of ambitious expansion, adding two new centres of excellence to our growing roster of theme-based institutions set up within the Lisbon Council. In February, we will launch the **Single Market Entrepreneurs Centre**, an innovative hub for leading thinkers and top practitioners, which seeks to bring the wisdom and energy of Europe's 20 million SMEs to the internal market – and the power and opportunity of the internal market to the SMEs. In the second half of the year, we will launch the **Gan Zhao Li Centre**, a new centre of excellence focused on high-level Sino-European exchange in the field of innovation as a solution to the grand challenges we face.

None of this would be possible without you – the growing community of individuals and organisations who contribute so actively to our work. It's your energy, enthusiasm and wisdom that have made the Lisbon Council what it is today – and the reason why I and so many others remain optimists at heart. These may be difficult times that we live in, but they are our times. Let's assemble a common platform for a better life, based on the best evidence we can gather, the smartest analysis we can undertake and the most committed community we can build. That's what the Lisbon Council set out to do. And that's the work we will focus on in the months and years to come. Thanks for your trust, support and engagement. I hope you enjoy the Annual Report 2011.

Paul Hofheinz  
President  
The Lisbon Council asbl

## MAJOR SUMMITS AND PUBLICATIONS >>

### JANUARY

13

Connie Hedegaard, European commissioner for climate action, delivers the keynote at **The 2011 Eco-Innovation Summit** – her first major speech in Brussels after returning from successful climate talks in Cancún.

### FEBRUARY

28

László Andor, European commissioner for employment, social affairs and inclusion, keynotes the **Human Capital in European Regions and Cities Summit**, a joint venture with the Europe 2020 Regions Network. Dirk Ahner, director-general of DG regional policy, and Xavier Prats-Monné, deputy director-general of DG education and culture, at the European Commission lead breakout sessions.

The Lisbon Council publishes **Human Capital Leading Indicators: How Europe's Regions and Cities Can Drive Growth and Foster Social Inclusion**, the culmination of a multi-year, PROGRESS-funded research programme to look at human capital development strategies in seven leading European regions.

The Lisbon Council publishes **Climate, Energy and Competitiveness: An Eight-Point Programme** by Jules Kortenhorst, co-chair of **The Eco-Innovators Network**.





## THE EURO: NEW THINKING IN CHALLENGING TIMES

(BRUSSELS, Belgium) – In a year when the euro, the common currency shared by 17 European countries, came under unprecedented strain, the Lisbon Council weighed in with a series of major summits and important policy briefs intended to restore balance and coherence to the European monetary framework. Chief Economist Alessandro Leipold launched the debate with **Thinking the Unthinkable: Lessons from Past Sovereign Debt Restructurings**, a blistering policy brief which set out a five-point programme for calming markets and restoring confidence in the euro. Mr. Leipold argued convincingly that policymakers needed to do more to get ahead of events, instead of always reacting to them. Policymakers obviously failed to heed that part of his advice, but many of the paper's concrete proposals – including the abandonment of official timelines for solving the crisis, the use of collective action clauses in the looming Greek bond exchange, the need for tougher bank stress tests, the necessity to speed up bank recapitalisation and the desirability of avoiding cacophony when addressing financial markets – were all adopted by European finance ministers, and the International Monetary Fund, just weeks after Mr. Leipold first made them.



Herman Van Rompuy, president of the European Council, addresses The 2011 Euro Summit, and joins the launch of The 2011 Euro Plus Monitor, a Lisbon Council/Berenberg Bank publication.

In November, Herman Van Rompuy, president of the European Council, joined **The 2011 Euro Summit**, where he delivered **The 2011 Ludwig Erhard Lecture** to a VIP audience. At that summit, the Lisbon Council launched **The 2011 Euro Plus Monitor**, an innovative economic ranking, prepared in collaboration with Hamburgisches WeltWirtschaftsinstitut (HWWI) and Berenberg Bank, Germany's oldest private bank (the principal author was Holger Schmieding, a renowned economist currently serving as chief economist at Berenberg). Based on complex new econometric modeling, the Euro Plus Monitor measured the 17 eurozone countries by both the strength of their economy as well as the speed with which their economies were improving. Interestingly, tiny Estonia – the euro's newest member – came out on top of both rankings, scoring well for both overall economic strength as well

as speedy improvement. The 72-page study (which included "country summaries" for each of the 17 eurozone members) drew extensive coverage in leading European media – including *France 24*, *Bloomberg*, *Euronews*, *The Guardian*, *Le Monde*, *n-tv* (Germany) and more – by (correctly) predicting that France would soon lose its AAA credit rating. France lost its AAA rating two months later. Not everything is about macro-economic adjustment. Success in so-called "soft issues" – like education, competitiveness, entrepreneurship and innovation – matter to a country's overall well-being, too. That's why the Lisbon Council produced **An Action Plan for Europe 2020: Strategic Advice for the Post-Crisis World**, a collection of 12 cutting-edge essays from leading subject experts. The essays were conceived and written around key themes in the Europe 2020 agenda, the EU's

flagship reform programme. Among the contributors were Wim Kok, former prime minister of the Netherlands; Andreas Schleicher, head of the OECD's Programme for International Student Assessment (PISA) and Martin Schuurmans, then chairman of the European Institute of Innovation and Technology. An Action Plan for Europe 2020 was launched at **The Europe 2020 Summit** in the presence of José Manuel Barroso, president of the European Commission. "The Lisbon Council never had doubts about the imperative of reforms in the European Union," he said, welcoming the study. "The strong support you have given to this agenda is extremely important to us as well." The policy briefs, **The 2011 Ludwig Erhard Lecture** and President Barroso's Europe 2020 keynote can be downloaded on the Lisbon Council website at [www.lisboncouncil.net](http://www.lisboncouncil.net).

### The 2011 EURO PLUS MONITOR



## THE RISE OF THE MICRO-MULTINATIONAL

(PALO ALTO, United States) – Why aren't our policies creating more jobs? How is it that – four years into an economic crisis – we remain unable to find a formula for encouraging companies to hire? And how can this happen against the backdrop of more than 20 European Council summits, nearly all of them called to take "emergency" measures to stabilise the economy and get the world working again?

That's what Ann Mettler, executive director, and Anthony D. Williams, senior fellow for innovation and co-author of the business bestseller *Wikinomics: How Mass Collaboration Changes Everything*, set out to discover. Their conclusion: thanks to the diffusion of technology and Internet-driven services throughout the economy, the very structure of the economy is changing – with deep implications for the way jobs are created. Companies no longer need to grow large to enter global markets; to the contrary, the super-size of many multinationals is a drag on their competitive position, slowing down decision making and drowning commercial instincts in layers of bureaucracy and internal wrangling. By contrast, modern technology gives small- and medium-sized enterprises access to global markets on their first day of operations – and makes available first-rate back-office services that don't require large staffs to maintain. The result is a revolution: economic power and competitive advantage are devolving to small, nimble entities. They will never hire as many people as the macro-multinationals that dominated the industrial economy. But statistics show these small,



fiercely competitive, new businesses are the only entities consistently creating jobs in this "jobless recovery." They deserve more awareness and support from policymakers. Those are the principal conclusions of **The Rise of the Micro-Multinational: How Freelancers and Technology-Savvy Start-Ups are Driving Growth, Jobs and Innovation**, the result of a year-long research project led by Ms. Mettler and Mr. Williams. The research included a study visit to Silicon Valley in California. The authors describe how

## >> 'THE EUROPEAN COMMISSION HAS BEEN ABLE TO RELY ON THE LISBON COUNCIL'S EXPERTISE AND SUPPORT IN GETTING ACROSS

### 2011 19 MAJOR SUMMITS 7 MAJOR PUBLICATIONS



#### MARCH

**15** José Manuel Barroso, president of the European Commission, keynotes **The Europe 2020 Summit**. Other high-level speakers include Wim Kok, former prime minister of the Netherlands and author of the 2005 Lisbon strategy review, and VIP subject experts from EU member states.



The Lisbon Council launches **An Action Plan for Europe 2020: Strategic Advice for the Post-Crisis World**, a collection of essays from top thinkers in the EU member states on topics ranging from developing skills to entrepreneurship and coping with the strain of an ageing population.

**23** The **High-Level Roundtable on Sustainability of Public Finances** convenes at the **Government of the Future Centre**, a joint venture of the Lisbon Council, the College of Europe and Accenture.

**30** The **High-Level Roundtable on Employment and Skills** convenes at the **Government of the Future Centre**, a joint venture of the Lisbon Council, the College of Europe and Accenture.

#### APRIL

**20** Pier Carlo Padoan, chief economist and deputy secretary-general of the OECD, launches *Persistence of High-Unemployment: What Risks? What Policies?*, a new OECD research paper, at a high-level Lisbon Council roundtable.



#### MAY

**03** As the euro crisis deepens, the Lisbon Council launches **Thinking the Unthinkable: Lessons from Past Sovereign Debt Restructurings**, a cutting-edge set of calamity-fighting proposals from Chief Economist Alessandro Leipold.

**05** The **High-Level Roundtable on Public Procurement in the Single Market** convenes at the **Government of the Future Centre**, a joint venture of the Lisbon Council, the College of Europe and Accenture.

**17** Jean-Claude Juncker, prime minister of Luxembourg and president of eurogroup, delivers **The 2011 Jean Monet Lecture at The 2011 Government of the Future Summit**.

In the presence of Prime Minister Juncker, the **Government of the Future Centre** launches **Where Innovation Meets Transformation: Embracing the New Reality in the Public-Service Sector**, case studies on public administration by College of Europe students.

#### JUNE

**21** Harry van Dorenmalen, chair of IBM Europe, and Judith Merkies, member of the European Parliament and rapporteur on the Innovation Union, keynote **Innovation Union: Smart Solutions to the Grand Challenges**, a high-level roundtable.





Anthony D. Williams, senior fellow for innovation, addresses The 2011 Innovation Summit, where The Rise of the Micro-Multinational was launched.

technological innovation is changing the structure of the economy and the way work is organised. They propose a seven-point programme for encouraging the development of micro-multinationals – and helping these spry actors become the job engine of the next 30 glorious years.

The policy brief can be downloaded on the Lisbon Council website at [www.lisboncouncil.net/publications](http://www.lisboncouncil.net/publications). A sequel is planned for 2012, which will look at the specific challenges of European SMEs in the age of open borders and networked intelligence.



Ann Mettler, executive director of the Lisbon Council and co-author of The Rise of the Micro-Multinational, chairs a fireside chat with Eric Schmidt, chairman of Google, at the Innovation Convention.

# Tomorrow's news today

You don't have to read Lisbon Council policy briefs; but the chances are, you will talk soon with someone who has.

Visit [www.lisboncouncil.net/publications](http://www.lisboncouncil.net/publications)

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## THE MEASURES TO TACKLE EUROPE'S CHALLENGES.' José Manuel Barroso, president of the European Commission



JULY

13

Ian Hargreaves, professor of digital economy at Cardiff University, presents **Digital Opportunity: A Review of Intellectual Property and Growth**, the report he prepared for Prime Minister David Cameron, to a VIP audience at the Lisbon Council.

SEPTEMBER

15

Andreas Schleicher, head of the Programme for International Student Assessment (PISA) and special adviser on education policy to the secretary-general of the OECD, keynotes **The 2011 Skills and Human Capital Summit**.

OCTOBER

04

Neelie Kroes, vice-president of the European Commission responsible for the digital agenda, delivers **The 2011 Guglielmo Marconi Lecture** at **The 2011 Digital Agenda Summit**.

06

Viviane Reding, vice-president of the European Commission responsible for justice, fundamental rights and citizenship, launches the European Commission's common sales law proposal at **The 2011 Innovation Summit**.

Ann Mettler, executive director, and Anthony D. Williams, senior fellow for innovation, publish **The Rise of the Micro-Multinational: How Freelancers and Technology-Savvy Start-Ups are Driving Growth, Jobs and Innovation**, a landmark study on how technology is changing the nature of the economy – and the sources of future job creation.



NOVEMBER

09

Christiana Figueres, executive secretary of the United Nations Framework Convention on Climate Change, delivers **The 2011 Robert Schuman Lecture** at **The Eco-Innovation Summit**, on the eve of crucial UN climate talks in Durban.

15

Herman Van Rompuy, president of the European Council, delivers **The 2011 Ludwig Erhard Lecture** at **The 2011 Euro Summit**.

In the presence of President Van Rompuy, the Lisbon Council launches **The 2011 Euro Plus Monitor**, a joint venture with the economics department of Berenberg Bank.

22

The **Government of the Future Centre** hosts Francis Maude, UK minister for the cabinet office and paymaster general, for a briefing on public procurement policy and EU policymaking.

DECEMBER

05

Ann Mettler, executive director, chairs the opening plenary of the **Innovation Convention**, the European Commission's flagship event on innovation. She also moderates a fireside chat with Eric Schmidt, chairman of Google.

AND MORE TO COME IN 2012...





GOVERNMENT REFORM  
GETS NEW PUSH

GOVERNMENT 2.0

(BRUGES, Belgium) – Governments are under unprecedented strain. Citizens are demanding more and more services – at a time when state coffers are already stretched. And the twin challenge of rising costs (to provide for record unemployment and an ageing population) and dwindling resources (the result of stubbornly flat-line economic growth) have put more than one state agency under duress – and forced them to rethink the very way that governments provide services and go about the all-important business of connecting citizens to government itself.

Fortunately, modern times bring new ways of doing things. It gives us a chance to re-imagine government, offering the possibility of providing citizens with more and better services within the budget constraints that have come to define 21<sup>st</sup> century economic reality. The key is that we seize this challenge squarely, creating a new platform where state agencies can communicate laterally with each other, sharing best practice and thinking out loud about the challenges they face. We also want to seed that community with new ideas, drawing on the energy of the young

to help us re-think our own assumptions about what might or might not be possible, about the ways that government itself can be successfully “re-imagined” as a powerful, service-driven community. The **Government of the Future Centre** continued its ground-breaking work in 2011, hosting three high-level roundtables on topics as diverse as public finances, employment and public procurement. A multi-disciplinary research hub and policy-driven community founded in 2009 by Accenture, the College of Europe and the Lisbon Council, the

Government of the Future Centre welcomed a host of high-level VIPs in 2011, including the heads of European state agencies from 14 member states, and mentored 20 College of Europe students who prepared cutting-edge state-transformation case studies, which were later judged in a fiercely-fought competition. In June, Jean-Claude Juncker, prime minister of Luxembourg and president of eurogroup, joined **The 2011 Government of the Future Summit**, where he delivered **The 2011 Jean Monnet Lecture** – and stayed to award prizes to the best student case

study team. The winner in 2011: the sustainable healthcare delivery team, which analysed the challenge of healthcare provision at the *Conselleria De Sanitat* (Regional Health Authority) in Valencia, Spain.

Watch Jean-Claude Juncker’s Jean Monnet Lecture on Lisbon Council TV at [www.youtube.com/thelisboncouncil](http://www.youtube.com/thelisboncouncil), download the College of Europe student case studies and find out more about the Government of the Future Centre on the Lisbon Council website at [www.lisboncouncil.net](http://www.lisboncouncil.net).



HUMAN CAPITAL

MULTI-YEAR RESEARCH  
PROJECT ENDS WITH TWO  
LANDMARK SUMMITS

(BRUSSELS, Belgium) – Supported by a multi-year research grant from PROGRESS – European Community Programme for Employment and Social Solidarity (2007-2013), the Lisbon Council produced and launched **Human Capital Leading Indicators: How Europe’s Regions and Cities Can Drive Growth and Foster Social Inclusion**.

The ground-breaking policy brief was based on extensive research and in-depth study visits to seven leading European regions: Bratislava, Emilia-Romagna, Helsinki, Navarra, Sofia, Stockholm and West Midlands. A team of 11 social scientists created comprehensive human capital profiles for each of the seven regions – and looked for the strategies that made some regions more successful than others in creating human capital, keeping talent, generating economic growth and achieving low-levels of unemployment in all categories of the workforce. The policy brief was launched at the **Human Capital in European Regions and Cities Summit** in the presence of László Andor, commissioner for employment, social affairs and inclusion.

In the Autumn, the Lisbon Council convened **The 2011 Skills and Human Capital Summit**, our annual look at Europe’s vital skills- and human-capital agenda. Andreas Schleicher, head of the Programme for International Student Assessment (PISA) and special adviser on education policy to the secretary-



Paul Demaret, rector of the College of Europe; Pierre Nanterme, CEO of Accenture; Jean-Claude Juncker, prime minister of Luxembourg and president of eurogroup and Paul Hofheinz, president of the Lisbon Council, speak at a plenary session of The 2011 Government of the Future Summit.

INNOVATING INNOVATION

WORK DEEPENS ON DIGITAL AGENDA,  
KNOWLEDGE ECONOMY AND ECO-INNOVATION

(BRUSSELS, Belgium) – The Lisbon Council deepened its work in 2011 in three key areas: the digital agenda, the knowledge economy and eco-innovation.



Christiana Figueres, executive secretary of the United Nations Framework Convention on Climate Change, addresses The 2011 Eco-Innovation Summit.

In September, Neelie Kroes, vice-president of the European Commission and commissioner for the digital agenda, delivered **The 2011 Guglielmo Marconi Lecture at The 2011 Digital Agenda Summit**. She highlighted the capacity of successful completion of the digital agenda to create millions of new jobs and more than one trillion euros of additional economic growth within ten years. Alexander Alvaro, vice-president of the European Parliament; Peter Hustinx, European data protection supervisor; Matthew Key, chairman and CEO of Telefónica Digital; and Nigel Shadbolt, member of the UK’s Public Sector Transparency Board and chair of midata, all delivered keynotes. The Lisbon Council will remain active in this area, with important new policy briefs and a major summit expected again in 2012. Later, the Lisbon Council convened **The 2011 Innovation Summit**. Viviane Reding, vice-president of the European Commission and

commissioner for justice, fundamental rights and citizenship, delivered a thundering keynote, using the occasion to launch new European Commission proposals on a common sales law for the EU-27. Other key speakers included Judith Merkies, member of the European Parliament and rapporteur for the Innovation Union; Andrew W. Wyckoff, director of the science, technology and industry directorate at the OECD, and Ann Mettler and Anthony D. Williams, both of the Lisbon Council, who launched their policy brief on **The Rise of the Micro-Multinational** in the margins of the event (see page 3 for more). In November, the Lisbon Council convened **The Eco-Innovation Summit**. Christiana Figueres, executive secretary of the United Nations Framework Convention on Climate Change, delivered **The 2011 Robert Schuman Lecture**, calling on our network to do more to rally society around a progressive, climate-change fighting agenda based on innova-

感召力

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Andreas Schleicher, head of the Programme for International Student Assessment (PISA) and special adviser on education policy to the secretary-general of the OECD, speaks on designing a smart skills strategy for Europe at The 2011 Skills and Human Capital Summit.

general of the OECD, kicked off the summit with a scorching presentation on “Translating Better Skills into Better Economic and Social Outcomes.” Mr. Schleicher, who also serves on the advisory board of the Lisbon Council, showed how the global talent pool is changing, with adverse implications for Europe if we fail to “skill up” our workforce. Nina Arnhold, senior education specialist of the World Bank; Krzysztof Gulda, director of the strategy department in the Min-

istry of Science and Higher Education of Poland (then holder of the rotating Presidency of the Council of the European Union); and Adam Tyson, head of the higher education unit at the European Commission, also joined the debate.

You can download Human Capital Leading Indicators: How Europe's Regions and Cities Can Drive Growth and Foster Social Inclusion as well as Andreas Schleicher's presentation on the Lisbon Council website at [www.lisboncouncil.net](http://www.lisboncouncil.net).



Neelie Kroes, vice-president of the European Commission and commissioner for the Digital Agenda, speaks at The 2011 Digital Agenda Summit.

tion. Later, she joined **The Eco-Innovators Network** for a fascinating working lunch on the upcoming climate talks, which she successfully led just three weeks after giving this address. Among the key participants were Harry van Dorenmalen, chairman of IBM Europe and co-chair of The Eco-Innovators Network; Harry Verhaar, senior director for energy and climate change at Philips and co-chair of The Eco-Innovators

Network and Jos Delbeke, director-general for climate action at the European Commission.

You can view highlights of The 2011 Digital Agenda Summit (including a fascinating video produced at the summit on **What the World Will Look Like in 2020**); The 2011 Innovation Summit and The Eco-Innovation Summit on the Lisbon Council website at [www.lisboncouncil.net](http://www.lisboncouncil.net).

‘In a globalised world, a systemic crisis – such as that of the euro area – requires a global approach, in terms of timeliness, perspective, expertise and resources.’

Alessandro Leipold, chief economist  
The Lisbon Council



Alessandro joined the Lisbon Council in 2010 as chief economist after a distinguished career in economics, international finance, banking, the European institutions and the International Monetary Fund (IMF), where he served as acting director of the IMF's European Department until 2008. Since 2010, he has emerged as a leading thinker on the European economy, European economic governance – and the steps we must take today to build prosperity for tomorrow.

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The Lisbon Council for Economic Competitiveness and Social Renewal asbl is an incubator for novel ideas that offer new approaches to key economic and social challenges. It was established in 2003 in Belgium as a non-profit, non-partisan association.

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Ann Mettler

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FINANCE AND GOVERNANCE

INCOME AND EXPENDITURE*		
	2010	2011
Income	€833,837.61	€801,296.07
Donations	€504,495.53	€547,487.69
Grants	€329,342.08	€253.808.38
Expenditure	€831,487.53	€835,006.17
Office	€68,843.59	€68,885.05
Administration	€497,437.21	€435,121.39
Travel	€10,237.18	€29,257.57
Events	€210,777.00	€228,160.29
Publications	€26,555.25	€57,119.05
Depreciation	€17,637.30	€16,462.82
Surplus/Deficit (Reserves)	€2,350.08	(€33,710.10)
Surplus/deficit brought forward	0.00	0.00
Surplus/deficit carried forward	0.00	0.00

\*covering the 12-month period ending 31 December 2011  
\*\*as of 31 December 2011

BALANCE SHEET**		
	2010	2011
Assets	€137,541.01	€68,034.02
Fixed Assets	€21,152.54	€26,002.59
Net equipment	€12,656.20	€21,173.98
Net furniture	€8,496.34	€4,828.61
Current Assets	€116,388.47	€42,031.43
Accounts receivable	€114,656.69	€40,000.00
Cash or equivalents	€198.45	€0.00
Deferred charges	€1,533.33	€2,031.43
Liabilities	(€137,541.01)	(€68,034.02)
Retained Earnings	(€28,670.26)	(€5,039.84)
Current Liabilities	(€108,870.75)	(€73,073.86)
Accounts payable	(€54,245.00)	(€34,743.18)
Salaries payable	(€4,847.60)	(€3,495.64)
Bank	(€49,770.71)	(€29,256.75)
Current account	(€7.44)	(€5,578.29)

Statutory Auditor: Moore Stephens Verschelden cvba  
Accounts prepared by Vandenbranden Accountants bvba

LETTERS

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 2011, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance total of €68,034.02 and a loss for the year of €33,710.10. Management is responsible for the preparation and the fair presentation of these financial statements. This responsibility includes: designing, implementing and maintain 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 2011 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:  
– 2011 – 0500 / 001 – 001 on an operating grant, signed by the Education, Audiovisual and Culture Executive Agency 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, Belgium on 09 February 2012.

With as legal representative,  
Jacques Van den Abeele  
Statutory Auditor  
Moore Stephens Verschelden



Acknowledgements

The Lisbon Council is sustained by a diversified funding base with three pillars: an operating grant from the European Commission, research grants won in competitive tenders, and donations from corporations and foundations. The Lisbon Council would like to thank the European Commission’s Education, Audiovisual and Culture Executive Agency for an operating grant in 2011 under its programme “support for organisations active at the European level in the field of active European citizenship,” without which much of this work would not have been possible. Thanks as well to Accenture, ANAIN (Innovation Agency of

Navarra), Berenberg Bank, Permanent Representation of Denmark to the European Union, the European Commission Directorate-General for Employment, Social Affairs and Inclusion (PROGRESS Programme), Google, HP, IBM, Kapp Nederland, Oracle, Philips and Telefónica for their support in 2011. Thanks as well to Salesforce.com for database support through Salesforce.com Foundation’s non-profit assistance programme.

Disclaimer

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 associates.

Environmental Responsibility

As part of our commitment to environmental sustainability and in an effort to reduce our carbon footprint, the Lisbon Council 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.myclimate.org](http://www.myclimate.org).





## PEOPLE

**The Lisbon Council** convened 19 high-level summits and roundtables in 2011 and attracted many VIP speakers and thought leaders, including two presidents, one prime minister, four European commissioners, and a host of NGO, business, academic and media leaders. Most notably, **Herman Van Rompuy**, president of the European Council, presented his ideas on salvaging the euro at The

2011 Euro Summit, in the midst of the crisis. **Jean-Claude Juncker**, president of eurogroup and prime minister of Luxembourg, joined The 2011 Government of the Future Summit, where he called on European leaders to turn the financial crisis into an opportunity in a fascinating keynote.

**Martin Schuurmans** joined the Lisbon Council as senior adviser, innovation and entrepreneurship. Prior to the Lisbon Council, Prof. Schuurmans served as the founding chairman of the European Institute of Innovation and Technology (EIT), following a distinguished career at Philips, where he last served as vice-chairman of Philips Research worldwide. At the Lisbon Council, Prof. Schuurmans will continue to help raise the organisation's thinking on entrepreneurship and innovation issues. In 2012, he will serve as co-chair of the Gan Zhao Li Centre, a new Lisbon Council initiative, which will look at increasing Sino-European collaboration, particularly in attacking the grand social challenges.



**Ian Hargreaves**, professor of digital economy at Cardiff University and author of *Digital Opportunity: A Review of Intellectual Property and Growth*, a ground-breaking study of the relationship of intellectual property to innovation which Prof. Hargreaves wrote at the request of UK Prime Minister David Cameron, led a fascinating High-Level Roundtable on Digital Opportunity – the first time Prof. Hargreaves had presented his study at the European level. In the coming year, Prof. Hargreaves will serve as an adviser on the Lisbon Council's work in this area.



At The 2011 Digital Agenda Summit, **Neelie Kroes**, vice-president of the European Commission and commissioner for the digital agenda, vowed to encourage the development and deepening of Europe's digital economy in the coming decade in The 2011 Guglielmo Marconi Lecture, the Lisbon Council's flagship event on innovation and part of The Founding Fathers Lecture Series. **Viviane Reding**, vice-president of the European Commission, joined The 2011 Innovation Summit, where she introduced a major new proposal on a common sales law in a thundering keynote. **Connie Hedegaard**, commissioner for climate action, briefed The Eco-Innovators'

Network upon her return from Cancún, Mexico, where she took part in the successful conclusion of UN climate talks. Later in the year, **Christiana Figueres**, executive secretary of the United Nations Framework Convention on Climate Change, spoke to the eco-innovators on the eve of the UN talks in Durban, South Africa, and issued a passionate appeal to progressive business to support the UN's efforts to curb climate change.



**Francis Maude**, minister for the cabinet office and paymaster general in the UK, spoke at a Government of the Future Centre event, where he discussed the Cameron government's new strategy for public procurement. **Pier Carlo Padoan**, chief economist and deputy secretary-general of the OECD, asked the Lisbon Council to host the global launch of *Persistence of High Unemployment: What Risks? What Policies?*, a new OECD study which looked at the employment situation in the midst of crisis.



**Paul Hofheinz** and **Ann Mettler** joined the IBM Forum in New York, where they met with high-level attendees such as **Tom Friedman**, New York Times columnist; **Pascal Lamy**, director-general of the WTO and **Samuel J. Palmisano**, CEO and chairman of IBM. Later, Senior Project Manager **Sylvia Stępień** spoke to Stockholm county mayors on the Europe 2020 strategy. Senior Project Manager **Stéphanie Lepczynski** joined a Government of the Future Centre seminar in Sophia Antipolis, France. And Chief Economist **Alessandro Leipold** spoke at the BMW Quandt Foundation Trans-Atlantic Economic Dialogue in Lake Como, Italy and the Bertelsmann Foundation Conference on Mitigating Socio-Economic Heterogeneity in the EU. He also launched a widely-regarded weekly column in *Il Sole 24 Ore*, Italy's leading financial daily, and was frequently quoted in major media outlets, such as *Bloomberg*, *CNBC* and *The New York Times*.



Other top corporate and political leaders also joined Lisbon Council events in 2011. **Pierre Nanterme**, CEO of Accenture, spoke at The 2011 Government of the Future Summit, where he called on European leaders to deliver public services that were both more effective and more citizen-centric. **Matthew Key**, chairman and CEO of Telefónica Digital, joined The 2011 Digital Agenda Summit, where he talked about the need to raise digital confidence. And **Harry van Dorenmalen**, chairman of IBM Europe, spoke at a Zukunftssalon on Innovation Union: Smart Solutions to the Grand Challenges.

The Lisbon Council looks forward to a busy year in 2012 with a host of high-profile initiatives and cutting-edge research. Highlights will include The 2012 Guglielmo Marconi Lecture to be delivered by **Samuel J. Palmisano**, chairman of IBM; The 2012 Jean Monnet Lecture to be delivered by **Helle Thorning-Schmidt**, prime minister of Denmark; new research from **Ann Mettler** and **Anthony D. Williams**; new proposals on intellectual property edited by **Ian Hargreaves** and much more.



**José Manuel Barroso**, president of the European Commission, joined The Europe 2020 Summit, where he took part in the launch of *An Action Plan for Europe 2020: Strategic Advice for the Post-Crisis World*, a Lisbon Council policy brief. He also gave a stunning keynote on the future of Europe. **Wim Kok**, former prime minister of the Netherlands and chair of the 2005 *Kok Report* on the future of the Lisbon agenda, sent a special video message to the Summit – and contributed a absorbing foreword to the *Action Plan*.

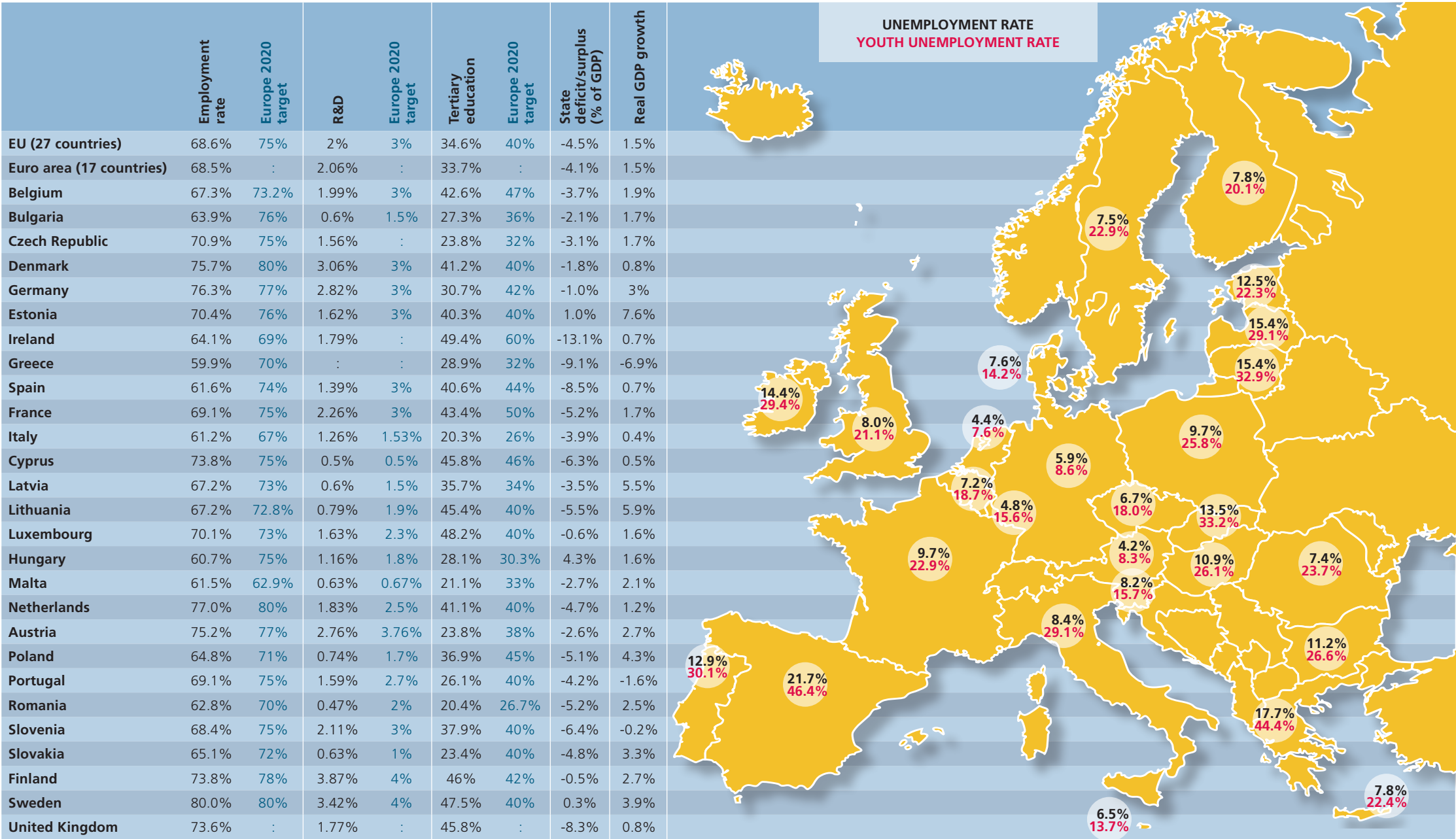


Ann Mettler became a member of the World Economic Forum's Global Agenda Council on Europe, as well as a member of the board of *Fondation EurActiv*. Paul Hofheinz was appointed a member of the EU Media Future Forum. And the Lisbon Council welcomed two new board members: **Sören Stamer**, CEO of Yokudo and founder of CoreMedia (a successful German Internet services company), and **Paweł Świeboda**, director and co-founder of demosEUROPA, Poland's leading independent think tank.





ECONOMIC WEATHER MAP



All figures are for 2011, except R&D data for 2010

(Source: Eurostat)

Design by karakas



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The Lisbon Council asbl  
IPC-Residence Palace  
155 rue de la Loi – 1040 Brussels, Belgium  
T. +32 2 647 9575  
F. +32 2 640 9828  
info@lisboncouncil.net  
twitter@lisboncouncil  
www.lisboncouncil.net



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