



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL FOR RESEARCH & INNOVATION

Directorate F – Bioeconomy  
The Director

Brussels,  
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**NOTE FOR THE ATTENTION OF [REDACTED],**  
**[REDACTED] BBI JU STATES REPRESENTATIVES GROUP**

**Subject: Proposal for amending the Council Regulation establishing the BBI JU**

Dear [REDACTED],

Since the establishment of the BBI JU in 2014, a debate has arisen along the issue of non-delivery from part of BIC of financial (in cash) contributions towards the operational costs of the entity. Although BIC acknowledged its legal obligation to deliver a financial contribution covering operational costs of the BBI JU<sup>1</sup>, it raised serious difficulties in delivering this contribution in the modality requested by the regulation. Of course, BIC presented arguments in support of its position (they are summarised below) in response to which the European Commission pro-actively analysed the overall situation and its consequences, on the interest of the BBI Initiative and of the Union. Finally, the conclusion of the Commission was that a formal modification of the BBI Regulation was needed.

I am pleased to inform you that, following a thorough internal decision making process, the proposal for amendment is expected to be formally adopted by the Commission on 22 February 2017. This step initiates the inter-institutional decision making process, bringing the proposal to the Council (Working Party on Research), which will be requested to decide on its adoption, following a recommendation from Parliament and from the Economic and Social Committee. The Working Party on Research is going to debate the proposal on 27 February 2017 already. To that effect, I would appreciate if you could kindly distribute this note among the SRG members, informing them about the issues at stake concerning the above mentioned proposal for amendment.

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<sup>1</sup> In accordance with Article 12(4) of the BBI Statutes

### BIC's difficulties:

According to Article 12(3)(b) and Article 12(5) of the BBI Statutes, read together, the financial contribution from BIC should be entered into BBI JU's budget (i.e. delivered at programme level). However, many of the BIC members consider making a financial contribution at programme level commercially unviable, because doing so would not offer them any guaranteed benefit in exchange (e.g. results of the projects and related intellectual property rights). In addition to this, taking into account the open and transparent nature of the BBI calls for proposals, financial contributions delivered at programme level could benefit competitors participating in projects funded by the BBI JU. Thus, BIC proposed an alternative mode for delivering the financial (in cash) contribution: the possibility for its members to deliver it directly, at project level. This delivery mode would encourage BIC members' financial participation, because it would allow them to have access to the results of the projects that are restricted to project participants only.

### Impact of these difficulties on the BBI Initiative and on the interest of the Union:

One of the objectives of the BBI is to carry out activities through collaboration of stakeholders along the entire bio-based value chains, including collaboration with SMEs, research and technology centres and universities. In addition to this, the obligation to deliver a financial contribution aimed at securing a leverage effect of contributions made by the Union, in financial terms; the financial contribution expected from BIC was earmarked to be invested in Research and Innovation Actions, where the main beneficiaries are academia and SMEs.

Taking these objectives into account, the difficulties encountered by BIC in delivering the financial (in cash) contribution has a direct adverse effect on its final beneficiaries (i.e. academia and SMEs) which are deprived of a source of financing. Indirectly, this has a negative impact on the bio-economy by limiting the take-off of this significant socio-economic sector.

### Proposed solution:

Following an in-depth analysis of all the aspects involved, the European Commission has decided that the best way to move forward towards achieving the objectives of the BBI Initiative and of the Union is to amend the Council Regulation establishing the BBI JU, allowing that the financial (in cash) contribution is delivered by BIC and/or its members at programme and/or at project level. A similar solution has already been implemented by the IMI 2 JU, where financial (in cash) contributions can be delivered at programme and/or at project level in addition to, or instead of in-kind contributions<sup>3</sup>.

### BBI achievements, so far:

The BBI Initiative has already scored some important achievements. Following the evaluation of the 2016 call, it is expected that the BBI JU will manage approximately 65 projects (and this number will increase with projects from future calls). This, among others, has mobilised the wide sector of the bio-based industries and in the last 2016 call, the average participation was 3,8 proposals per topic. Furthermore, out of the total number of participants involved in the projects managed by the BBI JU so far, about 30%

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<sup>3</sup> See Article 13(3)c) of the IMI 2 JU Statutes annexed to the Council Regulation 557/2014

have declared being SMEs. All these aspects are currently closely evaluated by independent experts, as part of an interim evaluation of the BBI JU. More detailed information will be provided in the BBI JU Annual Activity Report for the year 2016 which is currently being finalised.

As regards achievements of the BBI projects, it is still too early to refer to concrete examples, as the first projects were launched in the summer of 2015. Nevertheless, the specific objective of the BBI, to contribute to the setup of at least 5 flagship bio-refineries that produce new bio-based materials, chemicals and fuels has already been achieved, taking into account the current portfolio of flagship projects managed by the BBI JU.

It is thus essential to continue supporting this positive trend on which the BBI JU embarked, by establishing, among others, a viable delivery mode for the in cash contribution that BIC has committed to deliver. In order to facilitate this, we encourage you to debrief your national representatives in the Working Party on Research<sup>4</sup> on the necessity of adopting this proposal. To that end, my services rest available to provide the SRG members with any additional information needed to become familiar with the proposal for amending the BBI Regulation.



John Bell

C.c :  (BBI)

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<sup>4</sup> <http://www.consilium.europa.eu/en/council-eu/preparatory-bodies/working-party-research/>