



Minutes of the Sherpa Group Meeting
High Level Group on Key Enabling Technologies (HLG KET)
14 November 2013

1. Introduction on the objectives of the meeting and feedback on the meeting of the Sherpa Group with the Member States Group on KETs, by Mr. Gabriel Crean (Vice President of CEA Technologies, Chairman of the Sherpa Group)

M. Crean welcomed the Sherpa Group and confirmed that the latest joint meeting with the Member States (on the 7th of November 2013) was successful. Several Member States expressed their full support to the European KETs policy.

In the perspective of the upcoming European Council on industrial competitiveness, he invited Sherpas to brief their own Member States and regions on the KETs High Level Group recommendations published in July 2013 and to remind them of the European KETs policy.

2. Introduction by Mr. Michel Catinat (Head of Unit Key Enabling Technologies and Digital economy, DG ENTR)

M. Catinat provided an overview on the current implementation of the European instruments and policies supporting KETs development and deployment in the medium term.

He reminded all that the European strategy on KETs was based on four pillars:

- Adaptation of European instruments (including Horizon 2020, ERDF, EIB, modernization of State Aid rules and promotion of multi-disciplinary technology skills and training);
- Coordination of European and national policies;
- Governance;
- Mobilisation of existing trade instruments

For each of these areas, M. Catinat highlighted the progress made by the European Commission (EC) in terms of implementation.

M. Crean highlighted that beyond these positive evolutions, further efforts were needed to accelerate the implementation of the European strategy on KETs, in particular:

- Regarding KETs in the context of smart specialisation, he welcomed the draft report communicated by the JRC two months ago, but would welcome a *monthly update* on the KETs priorities' mapping .
- On the modernisation of the State Aid rules, he raised the attention of the Sherpa Group to the revision of the State Aid Framework on RDI and on the need to ensure a mobilisation of RDI stakeholders and Member States on some critical issues.

Regarding the need to mobilise regions on KETs in the context of elaboration of the smart specialisation strategies, it was suggested to organise a European conference gathering regions and industrial stakeholders. This event should be scheduled before the finalisation of the Operational Programmes. Some Sherpa members saw regional events as more useful.

It was finally agreed that regions should be rapidly informed about the opportunities of including KETs in their smart specialisation strategy and operational programme. In this respect, the role of stakeholders as well as of the JRC Platform were discussed.

3. Open discussion on progress of priorities with Member States

A discussion took place on the issues where the support and mobilisation of Member States is extremely important for a successful implementation of the European KETs strategy / HLG KET recommendations:

- Workable combined funding mechanism to allow implementation of pilot lines

The Sherpa Group agreed that both regions and Member States need to be assured that combined funding will materialize. The guidelines on synergies from DG REGIO will be important in this respect. It was stated that a briefing page on combined funding could be prepared by the Sherpa Group for the attention of the regions.

- KETs prioritization in regional smart specialization strategies

The Sherpa Group agreed that more clarity was needed in terms of messages and actions in this domain. More particularly, it was agreed that:

- A mapping of the regions having identified KETs in their smart specialization strategies was needed;
- The Sherpa Group should further discuss with DG REGIO on the most appropriate way to communicate with regional contact points. It was agreed that clear messages should also be sent to the Member States representatives of the Member States Group on KETs.
- Timelines, templates and examples should be clearly communicated by the Commission to regions by the end of January 2014, so that they have all the information to finalize their smart specialization strategies. The possible role of the EC Enterprise Policy Group to diffuse messages to national stakeholders was discussed.
- A meeting could be organized between the Sherpa Group and the Committee of Regions to raise the awareness of the regional representatives on KETs.

➤ Support for SMEs

M. Crean stated that the presentation of the KETs HLG recommendation on pan-European access of SMEs to KETs Technology Platforms to the European SME Envoys (Vilnius, 25 and 26 November) is a unique opportunity to inform the national SME Ambassadors.

➤ Competitive State aid framework

As the next meeting with the Member States (MS) Group on KETs is scheduled for the 4th of February 2014, the Sherpa Group agreed to prepare a common paper on the EC State Aid Framework on RDI.

➤ KETs and societal challenges

European KETs should be used as technological bricks to solve Europe's major societal challenges. It was agreed that the most relevant Horizon 2020 Societal Challenges would be presented by EC representatives at the next meeting.

➤ Evaluation criteria for innovation actions (above TRL 4)

DG CONNECT explained that evaluation criteria, adapted to innovation activities, were currently being discussed. The Sherpa Group also stressed the need to ensure that the profiles of the call evaluators should be adapted to innovation actions.

DG RTD confirmed that impact criteria were at the core of the 3 evaluation criteria (excellence, impact and management). RTD added that a new call for experts would allow an update of the EC expert data base in order to have balanced competences (in terms of technology, industrial competences, but also more financial skills). Sherpas will be informed as soon as the call for experts has been published.

4. Principles of combined funding for industrial projects by Heidi Moens, DG ENTR, and open discussion

Article 55 of the proposed Common Provisions Regulation and Article 31 of the Horizon 2020 Rules for Participation will now allow for the funding of the same action by two different European funding instruments, provided that double financing by the Union budget of the same cost item is excluded (fraude).

Two potential cases of combined funding for the same action may be considered: (1) simultaneous / additional / parallel use of funds for the same project, and (2) sequential funding for the same action in successive sub-projects.

Two budgetary principles must be applied: (1) the "non-substitution" principle (European Structural and Investment Funds (ESIF) cannot be used to substitute a non-Union contribution (national, regional or private) to H2020) and (2) the "no double funding" principle (2 Union grants cannot cover the same cost item: one cannot charge twice for the same item leading to double coverage of a cost).

Horizon 2020 calls will include the possibilities of combined funding mechanisms (on additional or sequential basis). The financial plan for the overall industrial project to be submitted for Horizon 2020 can therefore include information on parts depending on other financial sources. It should be clear from the beginning of the action which cost item is to be supported by Horizon 2020 and which by ESIF. It was further clarified that the EC State Aid rules would only apply to funding under the control of Member States (as ESIF) and not to Union centrally managed funding (as Horizon 2020).

The Sherpa Group noticed that progress had been made by the EC regarding combined financing, but called for more flexibility with respect to the use of ESIF in cases where regions or Member States do not have enough money to support a project. H. Moens explained that at the programme level of public-private-partnerships under Article 187 TFEU (Joint Technology Initiatives!) only the Horizon 2020 budgets and the relevant own national/regional/private contributions can be combined (substitution of national/regional/private contributions by ESIF is not allowed).

However, this does not prevent ESIF Funds from being used in research and innovation projects emanating from the JTIs. On the contrary, such combined financing is a good example of synergies and is encouraged.

M. Catinat further explained that the evaluation of the impact would concern the overall project, and not only the H2020 part of it.

In conclusion, M. Crean stressed that the following issues should be further addressed by the revised guidelines on combined funding:

- How to cope with two grant agreements for the same action;
- Synchronisation between Horizon 2020 and ESIF ;
- The Member States role –specific to the JTI ECSEL –
- The need to have an LOI (Letter of interest) demonstrating other source(s) of funding (regional, ESIF, etc.), when applying to H2020.

He finally asked Sherpas to check within their companies if examples of combined funding mechanisms were available, in order to assist the EC in elaborating the guidelines on combined funding, with concrete examples of success stories.

5. Feedback on the Workshop on the four test-cases by the session chairmen

The chairmen of the workshop sessions on Smart structures, Embedded Energy, High Performance Production , and Innovative processes using renewable resources presented the results and issues discussed during each thematic session in terms of typical size of the pilot line projects, industrial needs and potential applications.

According to M. Catinat, this feedback enables to identify commonalities beyond these different thematic domains:

- The concrete and industrial need for cross-cutting pilot lines;
- The potential spill-over effect of pilot lines (could lead to different applications in different industrial sectors);
- The possibility to further elaborate important projects of common European interest (IPCEI);

The following actions and areas of work were agreed by the Sherpa Group:

- The need to further elaborate the different steps between the pilot line /demonstration activities and mass manufacturing (IPCEI projects can also cover manufacturing activities).
- The need to take the opportunity of the European Council on industrial competitiveness of February 2014 to launch a political initiative and obtain the Council's endorsement on the implementation of IPCEIs as in the four domains identified by the HLG KET. The objective is to ensure political support for specific domains where Europe has strategic and comparative advantages.

It was agreed that the representative of ETUC would circulate the Declaration of the ETUC executive Committee on reindustrialisation and investment plan for sustainable jobs.

6. High Level Group on KETs interim report

M. Crean confirmed that the HLG should deliver a 10 page stand-alone document with key messages targeting European stakeholders. The Sherpa Group agreed on this format.

7. Open discussion on the content and format of the HLG KET MoU / Declaration

It was agreed that Industry representatives (including SMEs) should come back with a draft declaration.