



Memorandum of Understanding
BETWEEN
THE EUROPEAN COMMISSION
AND
THE EUROPEAN INVESTMENT BANK
IN RESPECT OF
THEIR COOPERATION IN KEY ENABLING TECHNOLOGIES (KETs)
ACCORDING TO COMMUNICATION COM (2012) 341 final
(Text with EEA relevance)

WHEREAS

1. The European Investment Bank (the "EIB") is the financial institution of the European Union, provided in the Treaty on the Functioning of the European Union (Art. 308-309 TFEU). The EIB finances investments in support of EU policy objectives, complements the corresponding Union assistance policies, programmes and instruments in the different regions, and continuously adapts its activities to developments in EU policies.
2. The EIB has played a key role in building up the EU's knowledge-based economy, notably through the design and implementation of innovative financial instruments with the European Commission and the deployment of venture capital resources through the subsidiary European Investment Fund (EIF). It has actively supported European R&D and innovation projects, as in the area of Key Enabling Technologies (KETs). Moreover, because of the EIB's reputation for its prudent lending policy and its strong market and technological know-how, the EIB serves as an important catalyst for attracting additional funding from public and private investors.
3. KETs are a key source of innovation. They provide indispensable technology bricks that enable a wide range of product applications and contribute to solving societal challenges¹. The European Commission (the "EC") adopted on the 26 June 2012 the Communication on a "European strategy for Key Enabling Technologies – A bridge to growth and jobs"². Under paragraph 5.4 of the Communication, it is stated that the EC will *"work out an agreement with the EIB which will define KETs as a mutual priority area and will provide details on the eligible support for KETs-related projects, including all stages of R&D&I up to first production. It will ensure together with the EIB that vital lending is provided to eligible private-sector investments in product demonstration and first production projects promoting KETs across all European regions"*. Through this Memorandum of Understanding it is acknowledged that the Commission intends to continue with the EIB its vital R&D&I support to KETs projects, notably through the financial instruments proposed under Horizon 2020 and COSME, which will succeed those under FP7 (RSFF, RSI) and CIP (GIF, SMEG).
4. The European Commission adopted on the 10 October 2012 the Communication on "a Stronger European Industry for Growth and Economic Recovery"³. The Communication within its "investment in new technologies and innovation" pillar, underpins the important role of KETs towards a sustainable European industry which can deliver growth and create employment.
5. Financial support in favour of KETs should contribute to foster growth in line with the EU 2020 objectives while not leading to undue distortions of competition.
6. This Memorandum of Understanding (MoU) is a **statement** setting out the principles of cooperation and coordination between the European Commission and the EIB in relation to the implementation of the Communication COM(2012)341 final.

¹ Such as health and well-being, clean and efficient energy, smart, green and integrated transport, resource efficiency or climate change; COM(2012)341 final p.9, footnote 28.

² COM(2012)341 final

³ COM(2012)582 final



THE PARTIES HAVE AGREED AS FOLLOWS:

Article 1

Definitions

In this Memorandum of Understanding (MoU), unless the context otherwise requires, the following terms shall have the following meanings:

A *KETs-based product*⁴ is: _____

(a) an enabling product for the development of goods and services enhancing their overall commercial and social value; (b) induced by constituent parts that are based on nanotechnology, micro-/nanoelectronics, industrial biotechnology, advanced materials and/or photonics; and, but not limited to (c) produced by advanced manufacturing technologies.

*TRL*⁵: is the "Technology Readiness Levels" scale (scale from 1 to 9) which is applied to assess the maturity of evolving technologies, irrespective of whether it describes processes (EU instruments) or the stage of a product's development (EIB).

Financial instruments: Union measures of financial support provided on a complementary basis from the budget in order to address one or more specific policy objectives on the Union. Such instruments may take the form of equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments, and may, where appropriate, be combined with grants⁶.

*Horizon 2020*⁷: is the EU's new proposed Framework Programme for Research and Innovation (2014-2020); a funding instrument over the period 2014-2020 promoting the research and innovation-related activities.

*COSME*⁸: the EU's proposed Programme for the Competitiveness of Enterprises and SMEs; a funding instrument over the period 2014-2020 promoting the competitiveness-related activities.

Knowledge Economy: the EIB operational objective that covers investments for: i) Research and development (R&D) - driving the knowledge frontier; ii) Innovation – applications, diffusion and enabling infrastructures; iii) education and training – enhancing the skills and competences to innovate.


⁴ COM(2012)341 final p.17

⁵ COM(2012)341 final p.17

⁶ Article 2 (p), Regulation (EU, Euratom) No 966/2012 of the European Parliament and the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 , O.J. L298/18, 26.10.2012

⁷ proposal for a Regulation of the European Parliament and of the Council establishing " Horizon 2020- The Framework Programme for Research and Innovation (2014-2020)" COM(2011)809; proposal for a Council Decision establishing the "Specific Programme Implementing Horizon 2020 – The Framework Programme for Research and Innovation (2014-2020)", COM(2011)811

⁸ Proposal for a Regulation of the European Parliament and of the Council establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020), COM(2011)834

Article 2

Objectives and scope

The objectives of this MoU are: (1) to reinforce the cooperation between the Parties on basis of the European strategy for KETs outlined in the Communication, (2) to align KETs' related policies between the Parties and (3) to favour synergies between the EU budgetary programmes and instruments being related to KETs on one side and the EIB lending capacity on the other. These objectives do not create financial obligations for the Parties.

Article 3

Principles

The objectives of this MoU will be achieved on the basis of the following principles:

3.1. Reinforcing cooperation

The Parties in order to maximise the impact of their respective activities in the field of KETs, will seek to align policies and priorities and to create synergies from blending financial instruments.

3.2. Alignment of KETs related policies

a) Priorities:

The European Commission and the EIB mutually acknowledge that KETs projects are of a systemic importance for improving the innovation performance of European industry and play an important role in contributing to sustainable competitiveness and growth⁹. In this context, the EIB will recognize KETs as a priority in its "Knowledge Economy" objective.

b) Scope of EIB financing for KETs-projects:

Subject to the EIB Group Operational Plan, the EIB will seek to reinforce its focus to sound and bankable KETs-related projects. Close-to-the-market KETs projects, including pilot lines and demonstration plants also come under the scope of this MoU.

c) Criteria for eligibility:

The EIB will review its eligibility guidelines for KETs projects, notably to facilitate the coverage of all TRL levels, including all stages of R&D&I (Research, Development and Innovation) up to first production.

The European Commission without impinging on and interfering with the internal EIB due diligence process and independency will indicate to the EIB EU priority activities in KETs. The EIB will consider the related projects in priority.

3.3. Coordination between financial instruments

In order to pursue the objectives of this MoU, the Parties agree to seek to reinforce the complementarity of the different EU and EIB financial instruments.

Article 4

Creation of synergies

In order to reinforce coherence of policies, the Parties will pursue the creation of synergies between their respective financial activities.

4.1. Addressing the financing complexity for KETs

The Parties agree to use their best efforts to achieve the maximum coherence between their respective financial activities with the aim of addressing market failures and thus optimising the use of grant and loan resources and equity instruments for all KETs related projects.

4.2. Programmes and financial instruments under the 2014-2020 Multi-annual financial framework

The Parties will closely cooperate in the support of KETs projects under the Horizon 2020 and COSME programmes where these foresee such support, as well as to promote the support of KETs as part of Structural Funds Operational Programmes, all in accordance with State Aid rules.

4.3. Additional funding possibilities under the EIB

Similarly, the Parties will closely cooperate with the scope of supporting KETs projects within the additional funding of the EIB between 2013 and 2015 resulting from the 2012 capital increase.

Article 5

Complementarity and Autonomy

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1. The Parties recognize the importance of working in partnership and in a complementary way so as to combine their respective capabilities, expertise and added value for the achievement of the objectives of this MoU.
 2. This MoU shall be implemented without prejudice to the normal decision-making processes of the EC and the governing bodies of the EIB. The Parties will each maintain their own specific and autonomous character in accordance with the provisions of the TFEU and the respective legislation, notably in terms of confidentiality as stipulated in Article 8.

Article 6

Modus Operandi (principles of cooperation)

6.1. Mutual consultation

The Parties will consult each other on issues that come under the objectives of this MoU while preserving their autonomy as stipulated in Article 5.

6.2. Systematic dialogue supplementing consultations

The Parties will hold systematic dialogue by exchanging non-confidential internal notes on policy aspects of common concern regarding the funding of KETs-based projects. Furthermore, they will be in close contact concerning the exchange of information on any KETs related issue to facilitate access to funding for KETs projects, without interfering into the internal decision-making process of both Parties.

6.3. Supporting activities

a) The Parties agree to foresee awareness raising activities on explaining the importance and impact of KETs. Such activities could include the participation of the Parties at events organised by them or relevant stakeholders, the development of *a communication flyer on KETs-related projects* to be distributed internally and at conferences for the benefit of industrial stakeholders and the banking sector, as well as *training event* to explain the concept of KETs, their priority on the EU agenda and the important role of the Parties regarding their deployment.

b) On the basis of well-identified and properly assessed needs, the EIB could provide specific advice and support to facilitate the structuring of KETs-related projects to improve their scope for investment.

6.4. Cooperation in the KETs High Level Commission Expert Group

The Communication establishing a EU strategy for KETs provides the setting up of a KETs High Level Commission Expert Group as an external advisory body. The Parties agree to cooperate closely within the scope of activities of this KETs High Level Commission Expert Group.

Article 7

KETs label

The EIB (in co-operation with the EIF) will use its best efforts to report on KETs projects benefitting from EIB or/and EIF support by putting in place a system which will enable to track the support provided for such projects.

Article 8

Confidentiality

The exchange of information and views and the cooperation under this MoU shall be subject to restrictions arising from confidentiality requirements on both parties. In any event, in view of the confidential or commercially sensitive nature of some of the information to be exchanged pursuant to this MoU, each Party undertakes not to disclose the information received from the other Party without written consent. This undertaking shall not affect, however, any communication of information which is required by law, regulation, treaty, applicable accounting standards or by an order of a court having jurisdiction in the matter, in particular, to the Court of Auditors of the European Union pursuant to the Tripartite Agreement.

Article 9

Final Provisions

9.1. Subject to Article 9.3, the Parties declare their intention to use their best efforts to implement this MoU.

9.2. This MoU shall be implemented without prejudice to the normal decision-making processes of the European Commission and the governing bodies of the EIB. The provisions of the MoU shall not prejudice the decision-making of the competent authorising officers.

9.3. Either Party has the right to withdraw from the MoU by giving prior six month's written notice to the other Party.



9.4 Subject to Article 9.3, this MoU will remain in force until 2016 and might be renewed for the period 2017 -2020 by exchange of letters subject to a review of its application.

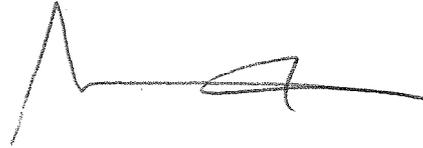
Done in Brussels on 27 February 2013 in two originals in the English language.

For the European Investment Bank



Philippe de FONTAINE VIVE
Vice-President

For the European Commission



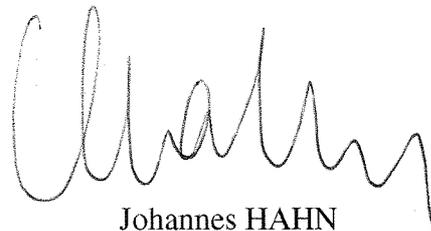
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