

Frequently Asked Questions - FAQ

EIT Raw Materials 2016 KAVA Call

Version 5 March 4th 2016

Project layout and focus

Q: Will there be a focus on themes or Lighthouse Programmes?

A: No, for the 2016 KAVA Call there will be no special focus on themes or Lighthouse Programmes.

Q: Do the projects have to be linked to critical raw materials?

A: No, projects have to address mineral and metalliferous raw materials.

Q: What is the expected duration of a project?

A: The expected duration of a project depends on the type of activity. For example, for up-scaling projects a duration of less than one year would make no sense as all up-scaling projects need to provide a WP0, which contains a feasibility study on technical and economic aspects and serves as a basis for the future development and evaluation of the project. Please refer to the call documents for more information on the duration of projects in each activity.

Q: Does the EIT require a minimum Technology Readiness Level (TRL)?

A: No, there is no minimum TRL required in general or per KAVA. It is a KIC that sets this level, taking into account the need for innovation. Please see Appendix 2 for a definition of the TRL and the Customer Readiness Level (CRL).

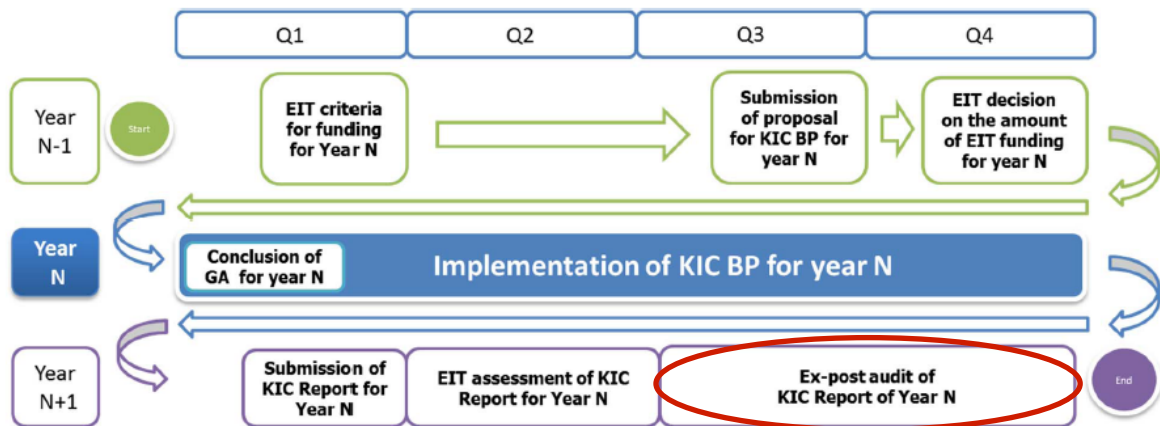
Q: What will be the minimum TRLs of our activities?

A: Information on this will be provided in the call documents. For example, up-scaling projects should focus on KAVAs that address a TRL ≥ 5 . Please see Appendix 2 for a definition of the TRL and the CRL.

Eligibility of KAVA costs

Q: Do the rules set up in the H2020 Model Grant Agreement apply? Specifically, what is the timing of audits?

A: Yes, H2020 rules apply unless otherwise specified. The timing of audits is the same as for other H2020 projects, i.e. the EIT periodically (typically within three months of the KIC Report) undertakes ex-post on-spot verifications on the KIC Legal Entity and KIC Partners. KIC Partners or their Linked Third Parties that receive 325,000 EUR or more of EIT funding have to provide a Certified Financial Statement (CFS) provided by an external auditor. The costs have to be taken by the partner that has to provide the CFS.



Q: In the H2020 Model Grant Agreement the depreciation of costs is the regular way to declare costs for purchasing equipment & investment. It seems that in the call documents you presented, both possibilities - depreciation and total costs of purchasing - are possible and the beneficiary is able to choose whether to declare depreciation or total purchase costs. Please verify this.

A: No, a partner can only declare the depreciation costs as recorded in the partner's accounts. Writing off equipment, infrastructure or other assets needs to be in accordance with international accounting standards and partner's usual accounting practices.

Q: How do we deal with VAT?

A: Transactions with deductible VAT are ineligible costs if partners can deduce input (VAT) tax. Otherwise, i.e. 1) VAT are non-deductible or 2) a partner cannot deduce input (VAT) tax, VAT is eligible.

Q: If we have a professor, already under an employment contract with University, working for the project, where shall we put the amount of the personnel costs related?

A: The beneficiary will be the University and the Professor is under an employment contract with the University. Therefore, the related costs are direct personnel costs.

Q: What is the funding rate at which eligible KAVA costs are funded by EIT RawMaterials (KAVA co-financing)? Is this rate similar for Industry and Public Bodies?

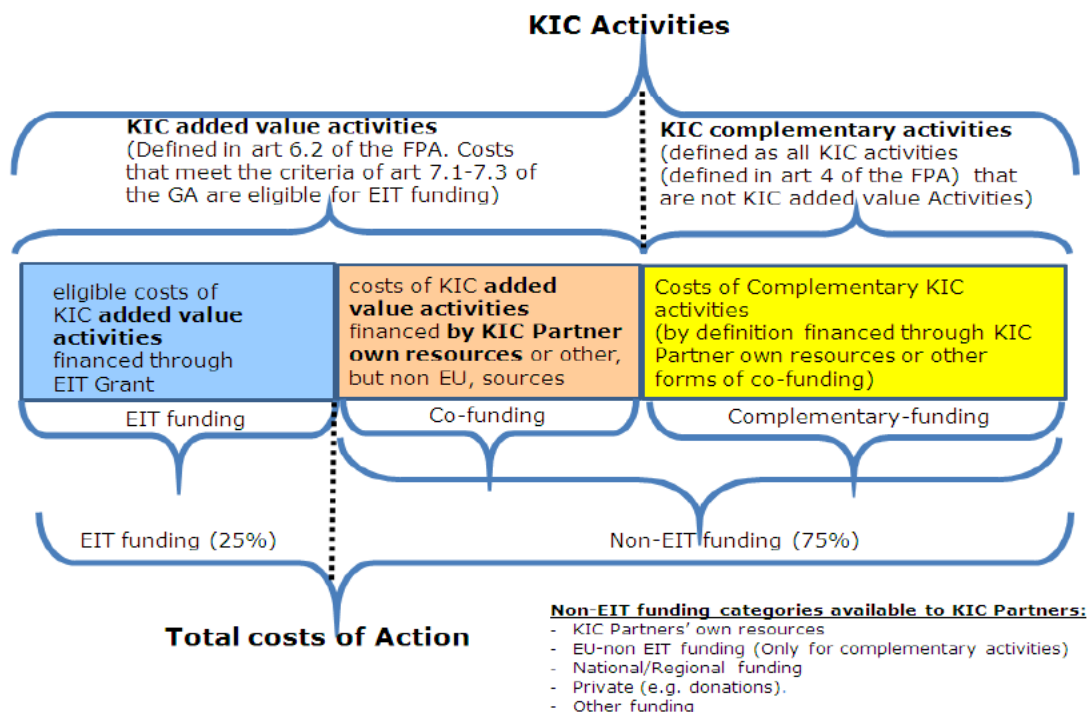
A: The eligible EIT KAVA funding can be up to 100% for all partners. Partners are anyhow requested to provide KAVA co-funding where possible to increase the KIC's financial self-sustainability.

Q: What does the principle „best value for money“ for purchasing goods, works or services (SGA, 8.1.1) or subcontracting (11.1.1) mean?

A: It means that the procurement of goods, works or services or subcontracting needs to adhere to the procurement rules of the partner and needs to be „well documented“ to ensure the transparency of the process.

Q: Can a partner use national money that is partly financed by EU money as KAVA co-funding?

A: No, this is not possible as this would still imply double funding, but they can be counted as KCA, as shown in the figure below.



Q: Is it true that the same rules for EIT funding also apply for KAVA co-funding, despite of different rules of the funding sources/bodies?

A: Yes it is true, the eligibility rules refer to KAVA costs, irrespective of the source of funding. An alternative is to declare the KAVA co-funding as KCA. The partner is encouraged to contact KIC HQ Staff to find the best solution.

Q: Can we apply full costs, exceeding the 25%-flat rate for indirect costs, for KAVA costs that are funded by KAVA co-funding?

A: No, the same rules as for EIT funding apply. Example: A partner would like to contribute KAVA co-funding of 1 FTE á 100k EUR direct personnel costs and 80k EUR indirect costs as of its internal overhead rules. According to EIT rules not 180k EUR but only 125k EUR as of 25% indirect costs are eligible as KAVA co-funding.

The remaining 55k EUR can be counted as KCA so that the non-EIT funding part stays 180k EUR altogether.

Q: What if it turns out that KAVA co-funding is actually rather KCA?

A: No problem – this has either to be amended during the running year or retagged at the reporting in the beginning of the following year.

KCA

Q. Which KCA are eligible? Are there requirements about the timing of the KCA projects? E.g., is there an end date?

A: KCA are eligible starting from 9th December 2014, i.e. the designation date of the KIC, until the end of the first funding period, i.e. 31st December 2022. For a KAVA project at hand you can use KCAs that occur after the KIC designation date and also until the end of the final year of the project; e.g. for a KAVA running until 2017 you can use KCAs in the time of 9/12/2014-31/12/2017.

Q: Can you provide a detailed list of criteria on KCA eligibility? Can KCA projects be split over different KAVA?

A: We are still waiting for detailed feedback from the EIT on this. Until we have received it we have to use existing criteria that are generally stated in the FPA, Art. 2.3 (p. 7) and in Appendix 1 to this document, which can only be used as a rough guidance as the guideline is from 19 December 2012.

KCA can be split. The KCA definition states that KCAs should ‘have a clear and described link with at least one KAVA.’ KCA cannot be double counted, so if a KCA is linked to more than one KAVA the KCA budget must be split accordingly. There needs to be a logical link between KCA and KAVA, not only in view of content, but also in view of timing. In principle the KAVA builds on the KCA.

Q: Is it possible to use R&D projects and normal service projects as KCAs?

A: You can use both types of projects as long as they make sense for the particular KAVA project.

Q: Can we use KCAs „completely“ or „partly“, i.e. applying the full costs and not the 25% flat rate for indirect costs?

A: Yes, KCAs can contain the full costs occurred according to the very accounting standards of the beneficiary.

Q: For education activities KCA, can universities apply a flat rate per student? Is this flat rate the same for all universities or how should we calculate it?

A: Universities can apply a flat rate per student for KCA of education activities. The flat rate needs to be based on actual costs and is therefore specific (/different) for each university. Each university can determine the applied rate for themselves. This rate must be auditable.

Q: How should KCAs be documented to be auditable?

A: They must be „identifiable and verifiable“, FPA 2.3 (p. 7).

(Linked) Third Parties

Q: If a linked third party will be registered later in the FPA, from when onwards are KCA eligible (i.e. still 9/12/2014?)?

A: KCA are eligible from the KIC designation date, irrespective of when a KIC partner / linked third party joins the FPA. So if there is a new linked third party from 2017 still it can use KCA costs incurred in 2015 and 2016.

Q: Does a linked third party enjoy the same rights as the Core or Associate Partner it belongs to, e.g. when it comes to a cap of funding?

A: Yes. The 60,000 EUR cap for third parties does not hold for linked third parties.

Q: Is the cap of 60,000 EUR for a third party project specific and in which cases can it be exceeded?

A: The cap is annual and is not per project but per third party. It can be exceeded on an exceptional, case-by-case basis. A clear link needs to be established between the contribution of the third party and the objective of the action as set out in the Business Plan. However, there still remains uncertainty as 1) we have no experience, 2) we have no example and 3) we cannot evaluate if an “ok“ in the reporting will be sufficient (i.e. unclarity of the role of the European Court of Auditors). Third parties wishing to apply for KAVA exceeding 60,000 EUR are encouraged to consider associate (or core) partnership.

Starting projects

Q: When can we start the projects that are running in 2016?

A: You can start these projects now – we don’t expect further cuts in our budget. Costs are eligible from 1/1/2016. We will receive the signed Specific Grant Agreement (SGA) in 2-3 weeks. Yet: All partners need to be registered in ABAC, the EU financial registration system (see separate correspondence to those that are not yet registered).

Q: When do we get the funding? And how much?

A: We expect to receive pre-financing (60% of the total funding of EIT RawMaterials) shortly after having signed the SGA, i.e. end March/beginning of April. We will then forward at least 75% of the pre-financing, i.e. at least 45% of the project funding for 2016, to each Beneficiary. We will release the rest of the pre-financing once the KIC payment balance situation permits. The remaining 40% will be paid after reporting in q1/2 2017.

Q: Which contractual basis do we need to have in place for a project?

A: For each project we will have to conclude a Project Agreement, which consists of all Beneficiaries of a project and the KIC LE (EIT RM GmbH). We will contact the project coordinators immediately after we have received the signed SGA.

Q: What will be the basis of the Project Agreement? The Business Plan or the project proposal that was originally submitted?

A: The Business Plan. The project coordinators will get immediate access to the BlueBook tool. We will jointly recap this data when interacting with you on closing the Project Agreements.

Q: Are IP provisions (e.g., background included) part of the Project Agreement or will these be in some attachments?

A: Background IP provided by partners are the KCAs that are specified in the Business Plan. General provisions on the handling of foreground IP are provided in the IP policy of EIT RM (Internal Agreement, Annex 4). Activity-specific IP rules for the 2017 projects will be provided end of April.

Q: Are provisions concerning the management of the consortium part of the Project Agreement or attachments?

A: There will be no specific provisions on the management of a consortium made in the Project Agreement.

Q: Will there be basic guidelines how to disseminate/communicate?

A: Yes, based on the rules that are set out in the Internal Agreement.

Appendix 1: Criteria and certification for costs of KIC complementary activities

Definition

KCA are "KIC activities having a link with at least one KAVA and not financed from the EIT contribution."

EIT Raw Materials is required to adhere to an EIT funding ratio of maximum 25% over 7 year period (current funding period with EIT). In order to reach this, EIT Raw Materials has chosen to work with a variable Non-EIT/EIT funding ratio requirement depending on the type of activity. Activities with a lower ratio are balanced by other activities with a higher ratio. For some activities no funding ratio requirements are given. This means that partners are invited to allocate KCA and KAVA co-funding to the specified activities, when answering to a call or proposing an activity for the next Business Plan. The proposed level of non-EIT funding will be one of the evaluation criteria in the approval of the proposed activities, i.e. in case of equal quality proposed activities with a higher non-EIT/EIT funding ratio will be preferred.

KCA will be collected at KAVA activity level. This means that partners pool their KCA when they propose to set up a certain KAVA activity. The Non-EIT/EIT funding ratio applies at this same level, i.e. for the activity (e.g. a hub of the network of infrastructures, an upscaling project). The applicable Non-EIT/EIT funding ratios per KAVA activity type are given in Table below.

| No KCA Required | 50/50 Non-EIT/EIT funding ratio | 70/30 Non-EIT/EIT funding ratio |
|---|---|---|
| InfoCentre, Matches, Idea Camp, Intrapreneurship Facilitator, Start-Up Booster, SME Growth Booster, Kick Start funding, Funding Instruments | PhD/Master/Lifelong Education, Wider Society Learning | Network of Infrastructures, Upscaling projects, Entrepreneurship Support Services |

Table: Non-EIT/EIT funding ratio for the different KAVA activity types

The presented Non-EIT/EIT funding ratios have been determined in view of the preparation of the Business Plan 2017. These funding ratios may be subject to revision in the coming years, to be decided by the Executive Board.

Criteria and certification

Extract from EIT document¹ from 19 December 2012 (latest version available):

In accordance with Article 6(1) of the FPA, KIC global expenditure (in which costs of KCA are included, as described above) corresponds, subject to the approval of the EIT, to the costs which meet the four criteria established in this Article:

¹ "EIT methodology for calculation of the KICs' global expenditure and respect of 25% maximum rate of the EIT Financial contribution for the period 2010-2013"

a) "Incurred during this four-year period (explanation: for EIT RM for 2016 this means 9.12.2014-31.12.2016) by the KIC LE and the KIC partners for the purpose of carrying out KIC activities"

- "KIC activities" include all activities undertaken by the KIC LE/Partners as defined and approved in the annual KIC Business Plans and consequently reported and approved in the KIC annual reports;
- "During this four-year period ... for the purpose of carrying out KIC activities", BP 2013 (Annex II, Annex III) might refer to KCA taking place in previous years provided their costs were incurred between 2010-2013, as established under article 6.2 of the FPA and article 16 of the GA 2013 (explanation: for EIT RM for 2016 this means 9.12.2014-31.12.2016);
- Incurred by the KIC LE and the KIC partners, costs of subcontracting incurred by KIC LE/Partners are acceptable as costs of KCA;
- As an exception, financial support to third parties (i.e. entities who are not KIC LE/Partners) incurred by KIC LE/Partners in the form of sub-granting may be considered as costs of KIC Complementary activities. Such sub-granting shall be in line with the funding body's or EIT's applicable rules.

b) Recorded in their accounts in accordance with the applicable accounting principles and declared in accordance with the requirements of the applicable tax and social legislation"

- The KCA costs may be declared in accordance with the usual accounting practice of the KIC LE/Partners;
 - Both direct and indirect expenditure declared by the KIC LE/Partners is deemed acceptable as KCA cost provided they are identifiable and verifiable (see point c);
 - Indirect expenditure declared on flat rate bases is acceptable. Such indirect costs shall be in line with the funding body's or EIT's rules applicable;
 - The use of unit costs or lump sums for direct expenditure is acceptable. Such costs shall be in line with the funding organisation's or EIT's rules applicable
- In all cases the costs must be declared in accordance with the requirements of the applicable tax and social legislation of the State in which the KIC LE/Partner is established.

c) Identifiable and verifiable

KIC LE/Partners internal accounting and control procedures must permit reconciliation (audit trail) of the KIC costs declared with the corresponding accounting statements and or supporting documents for the purpose of carrying out KIC activities. The structured table provided in the annex II should be used by the KIC LE/Partners to declare the KIC costs and the sources of funding related to KCA. The EIT will not request supporting evidence for these costs as part of the ex-ante verification process. However, the independent auditor providing a certificate on the financial statements will:

- a) Reconcile extracts generated by accounting systems (e.g. cost centres, according to standard accounting practice of the KIC LE/Partner)
- b) Financial Statements submitted to relevant funding bodies by the KIC LE/Partners;
- c) Combination of the two.

With costs of the KCA reported to the EIT under the annual cost reporting exercise in Annex II.

Moreover, where applicable and not explicitly disallowed by other relevant provisions, reports and deliverables resulting from KCA should be provided to the EIT based on its ex-post rights and on its specific request.

d) Certified by an independent auditor

To ensure compliance with this provision of the FPA and to verify the respect of the first three criteria listed above, the EIT will introduce into the scope of the EIT certificate methodology for GA 2013 the check of the actual amounts declared for the four annual reporting periods. During the first quarter of 2014, the independent auditors providing Certificates on the Financial Statements for the GA 2013 KAVA expenditure (CFS 2013) will be required to verify the respect of the 3 criteria above. They will assess the reality of the KCA costs declared by comparing KIC LE/Partner's accounting system information and financial statements submitted to other funding bodies with the figures reported to the EIT. KIC Partners falling out of the scope of the CFS exercise might be requested to provide a certificate from the Partner's auditor certifying its annual accounts. Draft guidance on the methodology for the CFS 2013 will be provided by the EIT until the 1st of April 2013.

The respect of this criterion will be ensured during the final approval of the KIC report 2013. To this end, the necessary certificates must be provided by the KICs together with the 2013 final reports.

Please note that in order to allow the reimbursement of the costs of the audit by the EIT, its scope and costs must be included in the 2013 KIC Business Plans and indicated in the estimated budget.

Appendix 2: Summary overview of the 15 KAVA types

Activities of EIT Raw Materials are implemented by 15 KAVA types, namely:

1. InfoCentre: gathering, in a central database, information about what partners have to offer (skills, infrastructure, etc.) and making that information available to partners or customers upon request.

2. Matches: creating the connections between different people and organisations, so they can develop projects together.

3. Idea Camp: generating ideas for innovation projects, then screening and validating these ideas until they are ripe enough to be incubated (KAVA 11), boosted (KAVA 12, 13) or tested/developed at large scale (KAVA 5).

4. Intrapreneurship Facilitator: same as *Idea Camp*, but within large companies.

5. Upscaling projects: developing/testing/demonstrating innovative technologies and products at (pre)-industrial scale (TRL5-9).

6. Network of Infrastructure: creating hubs of lab and test infrastructure across several partners (focussing on a specific topic), connecting them into a network and making the infrastructures accessible to others.

7 to 9: Education: 7 to 9: developing and organising new lifelong learning activities and education programmes (in addition to what already exists), which are aimed at shaping 'T-shaped' professionals and students. This also includes attracting more participants to existing and new lifelong learning and education activities/programs.

10. Wider Society Learning: developing and organizing activities aiming at raising awareness and goodwill of society at large towards the raw materials sector + attracting people towards the raw materials field.

11. Entrepreneurship Support Services: strengthening the support capabilities provided by partners at the local level and adapting them to the specific needs of the raw materials sector.

12. Start-Up Booster: providing a support package to customers with excellent start-up ideas, based on a competitive selection.

13. SME Growth booster: providing business support to existing SMEs in their expansion beyond their local reach, based on a competitive selection.

14. Kick-start Funding: providing immediate funding to assess the feasibility of promising start-up initiatives which cannot wait for the normal yearly cycle.

15. Funding instruments: Providing funding (capital or loan) to help start-ups and spin-offs to come into operation and to accelerate growth of SMEs.

Appendix 3: Definitions of Technology (TRL) and Customer Readiness Level (CRL)

Sources:
EU Commission and KTH

Technology Readiness Level – TRL

| | |
|-------|---|
| TRL 9 | TRL 9: Actual Technology system qualified through successful mission operations. |
| TRL 8 | TRL 8: Actual Technology system completed and qualified through test and demonstration |
| TRL 7 | TRL 7: Technology prototype demonstration in an operational environment |
| TRL 6 | TRL 6: Technology demonstration in a relevant environment |
| TRL 5 | TRL 5: Technology validation in relevant environment |
| TRL 4 | TRL 4: Technology validation in laboratory |
| TRL 3 | TRL 3: Analytical and experimental proof-of-concept of critical function and/or characteristics |
| TRL 2 | TRL 2: Technology concept and/or application formulated |
| TRL 1 | TRL 1: Basic principles observed |

Customer Readiness Level – CRL

| | |
|-------|---|
| CRL 9 | CRL 9: Widespread product sales |
| CRL 8 | CRL 8: First products sold |
| CRL 7 | CRL 7: Customers in extended product testing and/or first test sales |
| CRL 6 | CRL 6: Benefits of the product confirmed through partnerships and/or first customer testing |
| CRL 5 | CRL 5: Established relations with target customers/users |
| CRL 4 | CRL 4: Confirmed needs from several customers and/or users |
| CRL 3 | CRL 3: First market feedback established |
| CRL 2 | CRL 2: Identified specific needs in market |
| CRL 1 | CRL 1: Hypothesizing on possible needs in market |