



Brussels, 17/02/2021

CONT Secretariat
MEP Marian-Jean MARINESCU

Sent by e-mail only

Subject: Replies to the questions raised by MEP Marinescu to the BBI JU Executive Director Mr. Philippe Mengal, during the Discharge Hearing of the 7th of January 2021

Honourable Member of the European Parliament Mr. Marinescu,
CONT Secretariat colleagues,

Please find below the answers to the questions that have been raised during the Joint Undertakings Discharge Hearing and for which Mr. Marinescu requested written replies.

My team and myself remain at your disposal for any further clarification that you might need.

Sincerely,

Philippe Mengal
Executive Director of the BBI JU

Annex: Replies to MEP Marinescu

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ANNEX

Q1: What are the procedures for validation of In-Kind contributions?

A: The in-kind contributions for the operational activities (IKOP) of BBI JU are defined as the costs incurred by the private members of the JU in implementing indirect actions less the contribution of the BBI JU or any other Union contribution as a reimbursement of those costs.

BBI JU validates in its accounts the actual values of IKOP. These are the essential procedural steps:

1. Certified valuation

For the purpose of valuing the IKOP contributions, the private members of the BBI JU shall appoint an independent external auditor in order to certify the cost actually incurred in the action.

Most of the private members of BBI JU use the Horizon 2020 model Certificate for the Financial Statements (CFS) in order to certify their costs at the time of their final reporting in the action. The submission of this certificate is mandatory when the total requested EU contribution for eligible direct costs is above Euro 325.000.

Furthermore, an alternative certification methodology, in compliance with the international audit standards, along with model terms of reference to engage independent external auditors, is provided by BBI JU. This alternative is addressed to participants not being subject to the CFS obligations, either because they do not receive funding, or because at the end of their participation to an action their requested EU contribution for direct costs does not exceed the above-mentioned threshold, and they don't wish to use the model for the CFS

2. Verification

The valuation method may be then verified by the BBI Joint Undertaking should there be any uncertainty arising from the certification.

3. Validation of amounts and ex post controls

With the validation of the EU funding at the closure of each participation of the private members in BBI JU actions, it is then possible to calculate the IKOP as explained above, allowing the resulting amounts to be accounted for in the net assets of BBI JU's accounts. Therefore, the validation of IKOP in BBI JU goes mostly in parallel with the conclusion of projects.

The validated amounts for the in-kind contribution could still be subject to subsequent adjustments arising from ex-post audits of financial statements or of valuation methodologies. BBI JU closely monitors the occurrence of such events and implements corrective actions as needed.

By the end of 2019, BBI JU has validated Euro 16.8 million of IKOP out of a total of Euro 203.7 million committed in BBI JU grants.





B: The in-kind contributions for additional activities (IKAA) are costs incurred by the private members of the JU in implementing additional activities outside the work plan of the BBI JU that contribute to the objectives of the BBI Initiative.

BBI JU reports through its Annual Activity Report (AAR) the actual certified values of IKAA contained in yearly annual plans made by the private members and approved by BBI JU's Governing Board (GB). These are the essential procedural steps:

1. IKAA plans for the year N shall be approved by the GB before the end of the year N-1

The consortium of the private members (BIC) submits to the GB a plan of the estimated IKAA investments to be undertaken by its members in the course of the following year.

The EC performs both qualitative and quantitative desk reviews of the description of the planned additional activities in order to check their coherence with BBI JU objectives before the agreed plan description is adopted by the GB.

2. The IKAA for the year N is then certified by independent external auditors during the year N+1.

The BBI JU provides the terms of reference for the certification process and for the reporting requirements for BIC.

3. Verification and AAR reporting

By 15 May each year, BIC shall transmit to the JU, the IKAA report comprising the certificates of costs representing IKAA incurred during the year N-1 for the purpose of the AAR reporting. Certificates received after the launch of the AAR approval will be taken into account in subsequent reporting.

The valuation method may then be verified by the BBI Joint Undertaking should there be any uncertainty arising from the certification.

By the end of 2019, additional investments reached a total of Euro 916 million. Additional reporting on actual certifications will be provided in the AAR 2020 because, due to the COVID-19 outbreak, the independent external auditors have not been able to proceed with the certifications of around Euro 216 million of IKAA incurred in 2019





Q2: What is new Research and Development direction for the future?

BIC, the current private partner in BBI JU, the Bio-based Industries Consortium, is preparing the next SIRA (Strategic Research Innovation Research Agenda). It is currently under revision by the European Commission. This SIRA was prepared based on the consultation of BIC members as well as 15 representative organisations from the sector and the advisory bodies of the BBI JU, thus taking into account the lessons learnt from the current BBI JU. CBE (Circular Bio-based Europe), the possible successor of BBI JU under Horizon Europe, will implement the SIRA.

CBE will build on the many lessons learnt from implementing the BBI JU programme, in terms of both content and realisation. For example:

- The initiative needs to broaden the scope of its activities and strengthen synergies, while enlarging the range of actively involved stakeholders;
- The private partner of CBE will include representatives of all bio-based economy actors;
- The industrial partners should interact more with other actors in the value chains and help to develop a favourable ecosystem for the bio-based industry as a whole;
- In particular, primary producers such as farmers, foresters, fishermen and producers of biomass from aqueous environments need to be better represented by involving their representatives as partners. In addition, the involvement of municipalities and waste collectors representative as partners or in specific fora will be considered;
- A more balanced decision-making process would be needed, where diverse stakeholder voices, also from outside the industry, are heard and considered in shaping the research agenda. Better synergies with national and regional developments have to be built, by involving regional authorities in the partnership and its governance;
- The partnership's environmental and socio-economic impact has to be measured constantly and not only ex post;
- The KPIs have to be assessed more accurately beforehand to better reflect what can be achieved by the initiative, and the corporate IT tools need to support such reporting;
- Biodiversity protection will be mentioned as one of the objectives of the partnership, which could lead to involving more biodiversity specialists in the governance of the partnership, for example in the scientific committee;
- A system has to be put in place to ensure that a situation is avoided in the future in which the private members are unable to fulfil their obligation related to financial contributions. Given the revised Model Finance Regulation, there should be a clear understanding with partners from the very beginning that they have sustainable and reliable long-term sources that will allow them to contribute financially to the administrative costs of the new partnership;





As a conclusion, all the lessons learnt from the implementation of BBI JU have been taken into account for setting up CBE, the possible successor of BBI JU under Horizon Europe, as well as the key reference documents the SIRA.

