MEMORANDUM OF UNDERSTANDING

for a synergic use of regional and European funds targeted to circular economy projects

THE SIGNATOIRES OF THIS DOCUMENT,

Having regard to the EU action plan for the Circular Economy[1]

Whereas:

(1) The transition to a more circular economy is an essential contribution to develop a sustainable and competitive economy, as well as an opportunity to generate new and sustainable competitive advantages for the European Regions.

(2) Regional authorities have a key role to play in the transition towards Circular Economy and greater synergies; nevertheless, fragmentation of resources and implementation difficulties obstruct progress towards achieving common objectives.

(3) The European Commission publication "*EU Funds working together for jobs & growth*[2]" shows how some funds synergies are possible and encourages their implementation

(4) At the level of a comprehensive program, synergies between the European Structural and Investment Funds (ESIF) and H2020 is possible and visible, even if not yet completely tested in real cases.

(5) Specific actions already initiated by some regions are good examples of best practices and could also be implemented at European level.

(6) Article 70 of the ESIF regulation allow operations implemented outside the programme area, but within the EU, up to 15% of the allocated funds; however, there is no evidence of its actual application.

(7) The H2020 Coordinating and Supporting Action SCREEN[3] has established a table of discussion between 17 EU regions, Commission's services and other international stakeholders on identification and implementation of operational synergies between R&I investments from H2020 and ESIF.

(8) There is the need to explicitly support comprehensive programmes dealing with circular economy and stimulate the European Commission to apply synergy opportunities in the operational programmes.

HAVE AGREED THE FOLLOWING

Article 1

Subject matter and scope

1. The purpose of this initiative is to support and enhance the participation of the regional stakeholders at international projects dealing with research and innovation on circular economy, particularly to those projects raising by cross-regional synergies.

2. Industry, and particularly SMEs, can give a key contribution to the circular economy and boost job creation, growth and competitiveness across Europe's diverse regions. However, they also face specific barriers, such as access to funding in case of projects with participants coming from different regions.

3. There is a need of exploiting the potential for synergies between Horizon 2020, the European Structural and Investment Funds (ESIF) and other regional funds: regional actors and particularly

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[1] *COM(2015) 614 final*

[2] *https://publications.europa.eu/en/publication-detail/-/publication/debc435e-2304-11e6-86d0-01aa75ed71a1*

[3] *www.screen-lab.eu*

SMEs should be provided of a simple and effective financial instrument for the implementation of projects dealing with a transition towards a circular economy.

4. The current possibility of synergies between different funds still implies relevant administrative efforts that jeopardize their actual implementation.

5. A common organized effort to support cross-regional projects dealing with circular economy will benefit regional stakeholders and produce a relevant "leverage effect" towards other European regions.

6. The signatories of this document agree to establish, in a pilot way, a specific measure under their structural funds dealing with "international circular economy projects", through a "recovery" (full or partial) of well ranked unfinanced proposals dealing with circular economy.

7. The pilot will be done in alignment with the ongoing structural funds programme: lessons learned will be taken into consideration when preparing the next programming period by both the Regions and the European Commission Services: particularly, but not only, DG REGIO, DG GROW and DG RTD.

8. The Policy Lab established by the SCREEN project has already as its members the Commission Services mentioned above: it is the mean that will be used for the analysis of the pilot action, the discussion on its results and their possible future implementation.

9. Signatories agree that the Pilot Action described in article 2 will give to the regional stakeholders more opportunities to have their H2020 project financed and at the same time will encourage them to an international approach towards circular economy.

Article 2

Pilot Action

1. The Pilot Action is referred to the synergic use of H2020 funds under the Work Programme 2018-2020 "Climate action, environment, resource efficiency and raw materials"[4] and ESIF funds[5]

2. The target of the Pilot Action are those project proposals submitted by legal persons established in the territory of the signatory Regions under the specific H2020 topics dealing with Circular Economy[6], that have been ranked above the specific financing threshold, but not financed due to a lack of funds.

3. The signatories will apply the article 70 of ESIF funds, to finance the projects defined in the paragraph 2, provided that all the following conditions are satisfied:

a) the ESIF monitoring committee has given its agreement to the Pilot Action;

b) project partners are established in the territory of the signatory Regions: eventual external partners must demonstrate their own self-financing capabilities;

c) each Region funds only its own project partners and fulfils the management, control and audit obligations concerning the implementation of the financed projects;

d) each Region has enough residual funds in the current programming period to finance its own project partners.

4. Each signatory is free to use other own available regional funds, if any.

5. The Pilot Action will remain open for the current programming period: applications should be submitted to each concerned Regions according to the Procedure described in the Annex I to this Memorandum

6. In case of project proposal having the same score above the threshold defined by the H2020 specific topic, the additional assessment criteria for circular economy projects defined within the SCREEN Policy Lab will be applied.

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[4] *European Commission Decision C(2017)7124 of 27 October 2017*

[5] *Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013*

[6] *CE-SC5-01-2018; CE-SC5-02-2018; CE-SC5-03-2018; CE-SC5-04-2019; CE-SC5-05-2018; CE-SC5-06-2018; CE-SC5-07-2018-2019-2020; CE-SC5-08-2018-2019-2020, as described in the H2020 work programme*

7. According to ESIF article 70, point (d) of paragraph 2, it is possible to establish agreements between Regions about the common obligations of management, control and audit of the projects financed.

8. Provided that this Pilot Action must achieve the consensus of the ESIF monitoring committee, the signatories agree to accept the evaluations made by the European Commission services: therefore any application complying with the paragraphs 3 and 6 of this article is considered eligible and can be financed without the need of any another technical evaluation.

9. After the signature of the first three Regions this Memorandum will be forwarded to the ESIF monitoring committee, together with a formal request for the approval of the Pilot Action

Article 3

Lessons learned and application in the future programmes

1. Periodic workshops to analyse the results of the Pilot Action will be held with the participation of signatories' representatives, in order to discuss about the lesson learned and propose a systematic application in the future EU programmes

2. The workshops will be hosted by the SCREEN Policy Lab up to the end of the project, then the signatories will agree about another workshop secretariat. European Commission Services dealing with the application of Circular Economy Package are already part of the Policy Lab; further concerned European Institution may be invited at the workshops.

3. Lesson learned and the proceedings of each workshop will be used to define in details the initiative called "Common Pot", already discussed within the SCREEN Policy Lab and described hereinafter:

a) Regions joining the initiative will establish a specific measure under their structural funds dealing with "international circular economy projects". The amount of money allocated in such a specific measure is decided by each region in a fully independent way. The sum of the money put by each region in the specific measure is defined as "*Common Pot*"

b) The European Commission will contribute to the *Common Pot* by topping it up.

c) The eligible applicants are legal persons established in the territory of the regions joining the *Common Pot:* they are partners in an international project submitted under future EU programmes dealing with circular economy, well ranked but not financed due to a lack of specific funds.

d) In case of international projects having partners not belonging to regions involved in the *Common Pot*, such partners must prove their own self-financing capabilities.

e) A smooth financing procedure will avoid evaluation efforts and costs by using the ranking list of the proposal submitted under the circular economy topics and already evaluated under the related EU programmes.

f) According to the results of the initiative, Regions may decide at any time to refill their contribution to the Common Pot. At the end of the programming period, eventual residual money in the pot coming from ESIF will result automatically correctly spent by the regions and will be placed in the H2020 Participant Guarantee Fund or its future equivalent instrument.

Article 4

Opening to other Regions

This Memorandum of Understanding is open to any other EU Region or Programme owner willing to sign it, provided that the signature will be placed at least one month before the deadline of the last H2020 call mentioned in the paragraph 2 of Article 2.

Article 5

Renewal and amendments

This memorandum of Understanding is intended as a first step towards a common and more extended agreement between the signatories; any amendment to this agreement, and particularly those related to changes in the ESIF regulations, shall be in writing and signed by the authorized representatives of all participating authorities.

What the parties sign on the date indicated.

APPROVAL SIGNATURES

[repeated for each authority/office signing the MoU. In case of national bodies the first line should be adapted]

Regional Authority:

THE GOVERNMENT OF NAVARRE

DEPARTMENT OF ECONOMIC DEVELOPMENT

Address: **Parque Tomás Caballero, 1. Edificio 'Fuerte del Príncipe II'. 6ª plta**

31006 PAMPLONA - NAVARRA

represented by **MANUEL AYERDI OLAIZOLA**

VICEPRESIDENT FOR ECONOMIC DEVELOPMENT

Date, venue and signature

Pamplona, 20 February, 2018

ANNEX to the

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Procedure for the ESIF application described in the Article 2) by regional stakeholders that are partners of a H2020 project dealing with Circular Economy, well ranked but not financed

1. The Coordinator of a H2020 proposal submitted under one of the topics identified in the paragraph 2 of the Article 2 receives the Evaluation Summary Report with a score above the financing threshold, together with the communication that the project will not be funded by the Commission.
2. The Coordinator checks how many project partners comply with the condition set in point b), paragraph 3 of article 2) "legal subject established in the territory of one of the signatories
3. After having checked the compliance, the coordinator ask to each partner to prepare the request of ESIF funds according to the procedures set up by their region and to attach the following documents:
   - Project proposal electronically sealed by the European Commission
   - Letter received by the European Commission, together with the Evaluation Summary Report
   - A statement with the specification that the amount requested is equal to the budget allocated to the partner in the project to perform the assigned tasks within the scheduled time.
   - The proof of self-financing capability, only to those partners not complying with the condition set in the point 2 above.
4. The requests must be submitted by all the project partners within 30 days from the Communication of the European Commission
5. Regions checks the compliance of the conditions set in the points a), b) and c) of paragraph 3 of Article 2 and reply within 60 days from the reception of the request, stating that:
   - the applicant is eligible to be funded and there are funds available, together with the request of the documents proving the compliance with the point d) "availability of funds for the other partners".

     or
   - the applicant is eligible, but there are no funds available.

     or
   - the applicant is not eligible, adding the motivations.
6. In case of positive reply from his region, each applicant send a copy to the Coordinator, that provides to circulate them among the partners.
7. In case of all positive replies, and proof of self-financing by partners requested to provide it, each partner sent to his region the package with the proofs of funding of the other partners.