



EUROPEAN COMMISSION

DIRECTORATE-GENERAL FOR COMPETITION

Participating in an Important Project of common European Interest

Technical guidance on conditions and process for the
participation in a R&D&I / FID project



If your company operates in the European Union and you are interested in responding to a Member State's call for expressions of interest to join an Important Project of Common European Interest (IPCEI), this document could be of help.

If you consider applying to the call to receive State aid for your planned project, you may have questions such as: What are the requirements my project must fulfil to participate in an IPCEI? What is the level of involvement and participation expected from organisations involved in an IPCEI? What is the procedure?

This guidance document ⁽¹⁾ was developed by the members of the [Joint European Forum for IPCEIs](#) and explains important criteria that must be fulfilled in order to join an IPCEI as a direct participant, as an associated or as an indirect partner (see below definitions of different roles). In addition, the guidance explains the process that applicants can expect, both at national level with national authorities and at European level with the European Commission (the Commission).

Please note that an IPCEI can either focus on (1) research, development, innovation (R&D&I) and/or first industrial deployment (FID) or (2) on the construction of important infrastructure open for third party use. This guidance document focuses on the first category only.

⁽¹⁾ This document is for guidance purposes only and does not replace the applicable State aid rules. It does not create any further rights, nor imposes any new obligations, in addition to those laid down in the Treaty on the Functioning of the European Union, the [Procedural Regulation](#), the [Implementing Regulation](#) and the [Code of Best Practice for the conduct of State aid control procedures](#), as well as the [IPCEI Communication](#), as interpreted by the Union Courts.

For more information on IPCEIs, in particular the Commission's IPCEI Communication, please see [here](#).

Participate in an IPCEI as a direct participant

If you have a research and development project with high financial and/or technological risks that needs significant support to materialise, and you are looking for partners at different levels of the value chain, to develop your project, you may consider applying to the call for expression of interest to become an IPCEI **direct participant**. To **receive State aid based on IPCEI rules** ⁽²⁾, a number of criteria have to be met by your company and your project, such as:

1. You have to propose a highly innovative project

An IPCEI is not about business as usual: IPCEIs are **not** about producing already established products or slightly improved or updated ones.

Breakthrough innovation – Your **research, development and innovation ('R&D&I')** project must be highly innovative and must aim to considerably advance existing technologies or develop new technologies. To show that your project is of major innovative nature or constitutes an important added value in terms of R&D&I in the light of the state of the art of your sector, you will need to explain its specific benefits using clear, measurable outcomes, such as key performance indicators (KPIs). You will have to explain why delivering this added value is challenging. For this, you will need input from your technology/scientific experts.

Projects can comprise **first industrial deployment ('FID')**, which means the upscaling of pilot facilities, demonstration plants or of the first-in-kind equipment and facilities covering the steps subsequent to the pilot line including the testing phase and bringing batch production to scale, but not mass production or commercial activities. FID must allow for the development of a new product or service with high research and innovation content or the deployment of a fundamentally innovative production process. Regular upgrades without an innovative dimension of existing technologies or processes do not qualify as FID. Please note that projects of FID exclude supporting the commercial or mass production stages of a project. They are rather about making the new technologies "mass production ready".

2. Your project must provide a concrete contribution to EU's objectives and strategies

Each IPCEI aims to significantly add value to the EU economy and society, for instance through contributing to the European Green Deal, the Digital Strategy, the New Industrial Strategy for Europe or the new European Research Area for research and innovation. You will find more information on the specific objectives and strategies pursued by the proposed IPCEI in the call for expression of interest.

3. Your project must contribute to overcome important or systemic market failures, or societal challenges

In your application you have to explain how your project needs public funding to overcome the important or systemic market failures it faces, that could not otherwise be addressed. Please note that a market failure is an inefficient market outcome ⁽³⁾ (from the point of view of maximising social welfare and not only for benefit of an individual company) due to specific

⁽²⁾ Please see the [IPCEI Communication](#).

⁽³⁾ Please see the [Framework for State aid for research and development and innovation](#).

features of a market for goods and services such as negative ⁽⁴⁾ or positive externalities ⁽⁵⁾ or coordination failures ⁽⁶⁾. Purely individual company problems are not an important market failure.

4. Your project must be integrated

All individual projects participating in an IPCEI must be complementary to each other and together form an integrated IPCEI project. This integration is achieved through the establishment of effective cross-border collaborations among direct participants of the IPCEI.

By joining the IPCEI, you will have the opportunity to find and establish such collaborations with other direct participants of the IPCEI. These collaborations will help you carry out your planned project and to create synergies to boost the development of innovative solutions. Matchmaking events organised during the process will help you identify potential partners among the other direct participants of the IPCEI.

5. Your project must have a ‘funding gap’

Funding gap – You have to demonstrate that your project would not be carried without State support because it displays a ‘funding gap’. In other words, without public funding you will not implement your project. Therefore, you have to provide realistic and credible financial projections justified by company internal documents or independent studies. The funding gap corresponds to the discounted net present value of your planned project calculated as the difference between the discounted positive and negative cash-flows over the entire lifetime of your project (from the start of the research and development and also including the mass production phase). It must be calculated using the IPCEI Funding Gap template, which you either receive from your national authority or which can be downloaded from the [IPCEI website](#).

Possible maximum aid amount – By filling in the IPCEI Funding gap template you can identify the possible maximum aid amount for your project: it is the lower of either the discounted net present value or the sum of the eligible costs. The annex of the [IPCEI Communication](#) lists all eligible costs. These include costs such as depreciation costs of CAPEX and certain OPEX limited to the duration of the research and development and first industrial deployment phases.

⁽⁴⁾ Negative externalities refer to a situation where the activity of an economic agent negatively affects the utility, profit or production possibilities of other economic agents without these effects being reflected in the costs borne by that economic agent. As a result, costs are inflicted on consumers and society at large, thus distorting incentives: undertakings may produce too much of the harmful activity, or choose technologies with stronger negative effects. For instance, polluting technologies are used instead of cleaner ones, because the price of polluting technologies does not include the cost of the harm they cause to society.

⁽⁵⁾ Positive externalities refer to a situation where the activity of an economic agent positively affects other economic agents, but the agent generating these benefits does not get paid on the market for them. As a result, undertakings do not sufficiently take the positive externalities arising from their economic activity into account, resulting in suboptimal technologies, investments or output levels, and effectively producing too little of the beneficial activity. For instance, environmentally friendly technologies are not sufficiently developed, because the potential profit deriving therefrom does not correspond to the actual benefit stemming from the relevant technologies.

⁽⁶⁾ Coordination failures refer to a situation where due to interdependencies among economic agents, there are difficulties to coordinate certain strategies or actions. This could lead to suboptimal choices/decision-making and, by consequence, this may prevent the development of a project or its effective design due to diverging interests and incentives among investors. For instance, for the broad use of electric vehicles, there must be coordination between users (broad use), manufacturers (production at large scale, thus reducing the price), providers of charging infrastructure, etc.

EU co-financing – In addition to State aid, EU co-financing (e.g., from the Innovation Fund) can help bridge the ‘funding gap’, in line with the relevant rules.

6. You have to contribute to the financing of your project

Own contribution – Your company has to provide an important contribution to the financing of your planned project through your own or other private sources of funding (e.g., via debt). If you are a small or medium-sized enterprise (SME), the Commission will not be as demanding as for a large company, and in duly justified cases this requirement may even be waived for an SME.

7. Your project must deliver positive spillover effects

IPCEI rules prescribe that the benefits of an IPCEI must not be limited to the companies or the sectors concerned but must be of wider relevance and application to the economy or society. Spillover effects entail a mandatory commitment to disseminate know-how generated thanks to the State aid stemming from your IPCEI project to other levels of the value chain, up- or downstream markets.

You will have to explain how your IPCEI project will achieve positive spillover effects, present them clearly and provide a binding commitment to implement them. Acceptable spillovers for R&D&I / FID projects taking part in an IPCEI are, for example, the following:

Non-Intellectual Property (“IP”) protected results: You are expected to disseminate the scientific knowledge, the skills and know-how created both in the R&D&I and FID phase. *Examples: publications in scientific peer-reviewed journals, conferences on individual IPCEI project’s generated knowledge results, collaborations with universities and research organisations (ROs), financing of master and PhD theses and university chairs, workshops and seminars for external participants.*

IP-protected results: You are expected to commit to licensing on fair, reasonable and non-discriminatory (“FRAND”) terms to any interested party the IP-protected knowledge and results of both the R&D&I / FID phases of your project.

First Industrial Deployment phase: *Examples: providing access to FID facilities or equipment created with the State aid received (e.g., clean rooms, labs, etc.) for other companies and especially to SME, start-ups, in order to enable them to develop their own projects; Practical training for external participants on how to use, perform, or replicate the process for their own business objectives.*

Collaborations with associated and/or indirect partners (see [here](#) a clarification on what those are): Where present, you have to establish collaborations with associated and/or indirect partners of the same IPCEI as part of the spillovers.

IPCEI- or technology-specific spillovers: In addition, you can deliver positive spillover effects through activities that are specific to the sector or the technological field of the IPCEI at hand (e.g., commitments to perform “use cases” (i.e. applications) of novel software in sectors beyond those targeted by the project).

8. Other conditions to be met

Do no significant harm (“DNSH”) principle – Your planned project must comply with the DNSH principle and thus refrain from doing significant harm to the environment.

9. The aid to your project must not unduly distort competition

No undue distortions of competition or trade – State aid received by a beneficiary can lead to undue distortions of trade or competition. These are normally assessed on the basis of the market segments affected, your market share in each of them and the impact of the State aid for the planned project. Any distortions must be outweighed by the positive effects of the IPCEI, such as the positive spillover effects or the concrete contribution to objectives of common European interest.

The process as IPCEI direct participant ⁽⁷⁾

Calls for expressions of interest: Your authorities will publish an open call for expression of interest to participate in an IPCEI. Following the publication, you must submit to your authorities an application (including a detailed project portfolio and a funding gap calculation) that describe how your project complies with the IPCEI criteria. Depending on the procedure followed by your Member State, you may be invited to submit your application at two stages: first, a standardised, short pre-application of your project; and second, if your project is pre-selected by your authorities, you may be invited to submit the detailed application, including the project portfolio and the funding gap calculation. Later in the process, these will be submitted by the Member State to the Commission. To this end, the [latest templates provided by the Commission](#) should be used.

Matchmaking process: A Member State which may be different than your national authorities will act as a coordinator. That coordinating country will invite the companies promoting the pre-selected IPCEI projects to join matchmaking events. These events will bring together all pre-selected projects from all participating Member States, allowing them to present their projects to one another and explore possible synergies. These matchmaking events support the building of cross-border collaborations among direct participants.

Preparation of pre-notification: Following the matchmaking events, all countries involved work together with the participating companies to the work on the scope and objectives of the IPCEI with the support of the Commission through the [IPCEI Design Support Hub](#).

Pre-notification phase: Once all national authorities have assessed, approved and confirmed the pre-selected IPCEI projects, the national authorities submit a pre-notification to the Commission, consisting of the project portfolio, the funding gap calculation and any other document that may be required for the notification of the specific IPCEI. If necessary, the Commission services will send requests for information to the participating Member States, to clarify or complement the information. The submission of complete project documents of good quality helps reduce further information requests by the Commission services. Adjustments to the projects are sometimes necessary. All participating national authorities, the companies and the Commission services work closely together to ensure that the procedure runs efficiently and swiftly. The pre-notification phase ends when the Commission services conclude that the pre-notified information is sufficiently clear, complete and accurate. They will then invite the participating Member States to proceed to the notification phase.

Notification phase: The process begins when the national authorities submit the final versions of the project portfolios, funding gap templates and any other documents that may be required for the specific IPCEI to the Commission. The Commission services may in this phase still clarify last details and finetune the assessment. This phase ends with the adoption of a Commission decision and should be concluded in no more than two months.

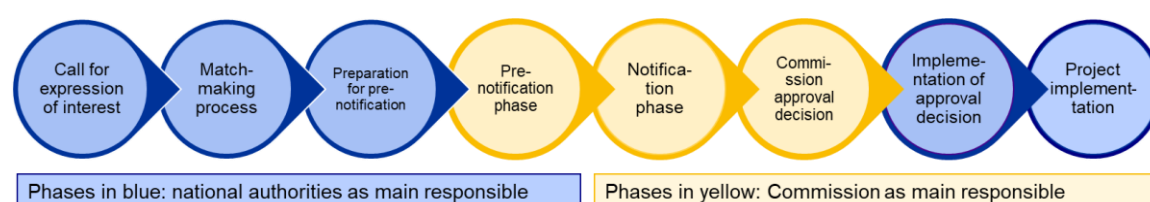
⁽⁷⁾ For a detailed description of the IPCEI life cycle see DG COMP's [Code of good practices for a transparent, inclusive, faster design and assessment of IPCEIs](#).

Adoption of a Commission decision approving the State aid: The Commission formally approves the State aid for an IPCEI, thereby authorising Member States to grant direct participants State aid. After the adoption of the decision, exchanges take place between the national authorities and the Commission services to clear business secrets from the approval decision, in order to prepare a non-confidential version of the decision, which is then published by the Commission.

Implementation of the Commission approval decision: The national authorities are responsible for the implementation of the decision approving the State aid. The national authorities usually take the necessary steps in line with national procedures to grant the State aid to the direct participants. Please note that only the national authorities are responsible when and whether the approved aid amount will be granted and paid out.

Project implementation: IPCEI usually have a governance structure, set up by the participating national authorities and direct participants to implement the IPCEI.

Key steps of the process



Participate in the IPCEI as an associated or indirect partner

For more detailed information about associated and indirect partners, please see [here](#) the Recommendation of the [Joint European Forum for IPCEI \(JEF-IPCEI\)](#) on associated and indirect partners in IPCEIs.

A. Associated partner:

- You have a project that underwent the pre-selection procedure on national level following an open call for expressions of interest to participate in an IPCEI.
- You have participated in setting up the IPCEI, e.g., by engaging in the matchmaking process. However, your project does not take part in the pre-notification process, because your national authorities do not plan to grant aid to your project based on the IPCEI rules. Instead, they plan to support your project through a national or regional funding scheme including GBER ⁽⁸⁾ or EU funds ⁽⁹⁾, including support not necessarily qualifying as State aid.
- Your project contributes to the objectives of the IPCEI.
- You have to commit to spillover activities (related to, e.g., the dissemination of non-IP covered results – through conferences) in at least 3 EU Member States.

⁽⁸⁾ The [General Block Exemption Regulation](#) declares certain categories of State aid compatible with the Treaty if they fulfil certain conditions, thus exempting them from the requirement of prior notification and Commission approval.

⁽⁹⁾ Such funds can be covered by the EU budget (Multiannual Financial Framework including Next Generation EU), the Emissions Trading System (ETS), or the European Investment Bank (EIB). Examples of funds include the Innovation Fund, Connecting Europe Facility or the Cohesion Fund.

- You set up effective cross-border collaborations related to your IPCEI activities with at least:
 - One IPCEI direct participant if you are an SME;
 - Two IPCEI direct participants OR one direct participant and one associated partner if you are a large enterprise .
- Process:
 - You have to submit an application following the open call for expression of interest to participate in an IPCEI organised by the relevant national authorities.
 - Following a pre-selection by national authorities you participate in the matchmaking events and in the work of the design phase.
 - Your project will not be pre-notified to the Commission for assessment based on IPCEI rules. However, State aid granted on other legal bases might require a Commission or national authority assessment.
 - Evaluation and annual reporting may be required depending on the governance of the IPCEI, where associated partners are represented.

B. Indirect partner:

- You contribute to the objectives of the IPCEI through your collaboration(s) with at least one IPCEI direct participant or one associated partner.
- Your project does not receive aid based on IPCEI rules & *may or may not* receive public funding.
- You do not have to commit to any spillover activities.
- Process:
 - Your project may or may not participate in the pre-selection process organised by national authorities.
 - Your project is not pre-notified to the Commission (for assessment based on IPCEI rules).
 - Your project is assessed by national authorities depending on the conditions agreed for the given IPCEI for the qualification of indirect partner.
 - Depending on the IPCEI, they may or may not be represented in the governance structure. They are not required to provide any kind of annual reports at the IPCEI level but may be required by national authorities to submit annual reports.
 - If State aid is granted on other legal bases, it might require a Commission or national authority assessment.

Please do not hesitate to contact your national authorities in case of questions and in particular if you experience difficulties in assessing whether your project would be a good fit for the proposed IPCEI and/or in replying to the call for expressions of interest.