

Non-Paper on Spillover Activities and Effects

1. Disclaimer

This non-paper has been drafted for the sole purpose of facilitating the pre-notification process of the IPCEI Advanced Semiconductor Technologies. Statements and opinions given in this document are tentative and do not necessarily represent the only possible interpretation of current EU legislation. This non-paper does not bind the Commission services and does not prejudice any future Commission assessment.

2. Introduction

In the frame of an Important Project of Common European Interest (IPCEI), **spillover activities** and resulting **spillover effects** are an **important factor in the assessment** of the whole project as well as the individual project by each participating company. They contribute to **compensating for any market distortion introduced by aid provided** to the participating companies and thus, are strongly considered in the **balancing test carried out by the European Commission** in the frame of the state aid decision.

According to **point 18 of the IPCEI Communication (C 528/12)**, spillover effects should **spread the benefits of each individual project beyond the specific company** (“aid beneficiary”), **beyond the sectors concerned of the aid beneficiaries’ business** and **beyond the financing Member State** in which the individual project will be performed or the facility/infrastructure will be located (i.e., to be cross-border). The spillover effects have to be of **wider relevance to the economy and society of the Union**. To this end, each aid beneficiary will have to go the 'extra mile' as compared to its normal business activities and **commit to activities and initiatives that go beyond its routine behaviour** and beyond what each participating company will do in any case or as a standard practice, or as necessary to perform its project.

The spillover effects **cannot correspond to an eligibility or compatibility condition** that the project would need to meet in any event (e.g. the outcome or the objective of the project to develop a certain technology or product cannot be also a spillover effect), and **cannot coincide with the objective or the scope of the individual project**.

In this regard, in the context of the specific spillover section of the project portfolio (here Chapter 7), the European Commission assess the **nature and scope of the dissemination activities** as such and how they contribute to **creating spillover effects stemming directly from the individual project**. That said, **any macro-economic effects**, namely job creation, or **any environmental benefits do not constitute part of the assessment** but they should nevertheless be assessed separately (e.g. as contribution of the project to the objectives of the specific IPCEI).

3. Procedure

The formulation of spillover effects commitments have to be in a **concrete, specific, identifiable, definable, and measurable manner**. They should be formulated **as active commitments to be delivered by the aid beneficiary** (e.g., ‘We commit to publish ...’, ‘We commit to perform’, ‘We commit to provide...’, ‘We commit to license....’). The delivery on the specific quantified commitments will be **annually reported by the aid beneficiary and monitored by the financing Member State and the Commission**.

The commitments for spillover effects have to be provided **for each project and for each company/aid beneficiary**. For each spillover activity/effect, a **concrete link to the individual project** (e.g., how the committed action will spread the knowledge and skills generated through the project that is supported by state aid) and the **value added to the other** (non-IPCEI participating) **businesses, universities, research organisations, as well as other stakeholders** has to be demonstrated. It is mandatory to always **describe the types of addressees** of such spillover activities/effects. Where possible, concrete examples, with a **focus on addressees outside of the financing Member State**, where project will be conducted, has to be named.

It is **not beneficial** to propose as spillovers **self-beneficial, public-relation and marketing-type activities or activities that are necessary for the execution of the individual project**. General communication, contacting general public and raising general awareness is also of little value, unless duly justified by very specific circumstances and going beyond the usual scope of such activities. The mere fact that the **aid beneficiary is affiliated to or (will) take part in the work of the same standardization bodies** is **not sufficient** to demonstrate the required spillover effects.

Spillover effect commitments that would be valued would be, for instance, the ones that provide commitments to actively **disburse to/share with professionals** beyond the IPCEI direct participants the **scientific knowledge and the practical skills and know-how** generated during and after the execution of the IPCEI project. Such activities have to be **meaningful and practical** and should teach and **enable others, especially SMEs** (outside the IPCEI, including those that are not aided) to **benefit (i.e., to develop themselves and offer)** at least the essential, basic product or service (while competing on the premium services) through, among others, commitment to grant licenses on fair, reasonable and non-discriminatory (FRAND) terms.

To summarize, **spillover effect commitments shall:**

- **address other companies, sectors and Member States,**
- **go beyond activities that would be carried out anyhow,**
- **be concrete, specific, identifiable, definable and measurable,**
- **be non-self-serving.**

The **following segments** must be presented and elaborated in a concrete and identifiable manner within the according Chapter of the project portfolio:

- a. Spillover effects by wide dissemination of non-IP protected knowledge and results acquired in the individual project;
- b. Spillover effects for IP-protected knowledge and results;
- c. Specific spillover effects in FID phase;
- d. Spillover effects through collaboration with indirect partners;
- e. Spillover effects through coordination with other direct partners.

One and the same activity should not be duplicated in the different sub-sections in the project portfolio for the different types of the spillover effects but should be committed to only once in its appropriate place.

For further guidance, please refer to the descriptions in the template of the project portfolio.