

FAQ – Project beneficiaries contribution to BIC’s payment towards the BBI JU running costs – version 21/09/2018

What is the Project Contribution?

In the European Union BBI Joint Undertaking regulation, it is mentioned under art 12, 2 that the administrative costs of the BBI Joint Undertaking [...] shall be covered by means of financial contributions divided equally on an annual basis between the Union and the members other than the Union (i.e. BIC).

BIC has decided to finance its part of the administrative costs by requesting a “Project Contribution”. The Project Contribution is an amount calculated as the equivalent to 4 (four) % of the total grant attributed. A similar procedure is applied by other Joint Undertakings which are “fully open to all stakeholders”. The system is being implemented by the Biobased Industries Consortium (BIC) with the support of the Collecting Office (FTI Consulting). The Project Contribution shall not be considered an eligible cost for the projects.

The regulation regarding the 4% project contribution it has been included in the BIC statutes and internal rules (under point “§ 8.3”) (please find the doc online [here](#)).

What will the Project Contribution be used for?

The Project Contribution is used solely and fully as a contribution to BIC’s payment to the part of the running costs of the BBI JU Programme Office that is not covered by the membership fees of BIC. This Project Contribution is an essential resource for contributing the private sector’s part of the running cost of the BBI JU Programme Office. It is therefore essential for the existence of the BBI JU that there is no deficit in the level of contributions and that these are collected fully and duly from all beneficiaries.

Will I (as coordinator) and the project’s partners receive full pre-financing and grant?

Yes, all beneficiaries receive the full pre-financing and grant, as per the Grant Agreement.

How will it be collected?

To simplify administration, the most efficient procedure is that the Project Contribution is paid in full at the start of the project, e.g. at the time of the first pre-finance payment by the BBI JU Programme Office where the payment by the Parties of their contribution to the Project Contribution is completed upon distribution of full pre-financing to consortia partners. To optimise and facilitate this process from a financial and administrative viewpoint, it is recommended that all consortium partners agree that this process can be executed by the coordinator.

Why can the Commission or the Programme Office not just deduct this amount from the outset?

The Project Contribution is not part of the grant and shall not be considered as an eligible cost to the project.

Will there be VAT on the debit notes?

No, there will be no VAT on the debit note as no service is involved. This has been identified as a practical solution and good practice to avoid extra administrative and financial implications (i.e. 21% VAT).

What are the two steps of the collection of the contributions and what is the role of the coordinator?

BIC proposes following procedure: as the first step, the Collecting Office (i.e. FTI Consulting) will contact the coordinators to allow signature of the coordinator agreement letter.

The second step consists of a request for information from the coordinator regarding the project's name, value, list of consortium partners and the amounts due to be allocated to each partner, and send it to the collecting office. The collecting office will issue a debit note based on that information. Alternatively debit notes can be issued to each of the partners and contact them individually. However, you will still play a crucial role in facilitating the contact in your position of project coordinator and the administrative burden might be higher than if you were to transfer the 4% all at once.

Why the 4% of the total grant has to be paid immediately?

The Project Contribution will be used to pay the running costs of the BBI Programme Office and the fixed 4% level is based on legal and accounting advice taking into account the overall programme BBI budget and the required Programme Office running costs. Therefore, these payments need to be made by BIC on a regular basis throughout the year(s). In order to allow a stable cash flow and ensure payment, as well as minimize administrative procedures in the future, it has been agreed that the process should be completed at the beginning of the project.

What happens if one partner does not accept to pay the contribution?

The Project Contribution is a collective and cooperative responsibility of the consortium partners. Usually the Project Contribution system is agreed among partners at the stage of the consortium forming.

Should the 5% guarantee fund be included on the info sheet and how does it influence the 4% Project Contribution?

The 5% guarantee fund is a complete separate topic, it will not influence at all the overall project budget (as this will be paid back at the end), nor the 4% project contribution as this is fixed contribution based on the total attributed grant.

What happens if the total attributed grant is cut, the project closed or the funding reduced?

The requested Project Contribution is a fixed amount calculated as an equivalent of 4% of the total attributed grant, payable at the start of the project. This lump sum is independent from any further developments in the consortium and project (e.g. cuts in funding, changes in partners, premature closing of the project etc.). The project contribution is an essential resource for the running cost of the BBI Programme Office, which provides the infrastructure for delivery and management of BBI-supported projects. It is therefore indispensable for the existence of the BBI that this contribution is collected fully from all beneficiaries. The Collecting Office manages this process on behalf of BIC, ensuring fair treatment of all projects.