

## EN Annex 6

### Memorandum of Understanding for the Co-programmed European Partnership Made in Europe

The European Factories of the Future Research Association (EFFRA), representing the partners other than the Union (its constituent entities<sup>1</sup>), the registered offices of which are in the Bluepoint Building, Avenue August Reyers 80, 1030 Brussels, hereafter referred to as the “Partners other than the Union”, and the European Union, represented by the European Commission, (jointly hereinafter referred to as “the Partners”),

Considering that:

- Parts of Horizon Europe – the Framework Programme for Research and Innovation (‘Horizon Europe’) <sup>2</sup> – may be implemented through Co-Programmed European Partnerships, on the basis of a Memorandum of Understanding between Partners determined to support the development and implementation of research and innovation activities of strategic importance to enable the Union to address global challenges and maintain its competitiveness in line with EU priorities, including the Sustainable Development Goals;
- The Strategic Plan for Horizon Europe<sup>3</sup> has identified a candidate for a Co-Programmed European Partnership Made in Europe considered instrumental to deliver scientific, economic and societal impact in line with the Horizon Europe objectives;
- The proposal received from the Partners other than the Union has been positively assessed by the European Commission in that it fulfils the new ambition and the selection criteria referred to in Article 10 and Annex III of Regulation (EU) 2021/695 of the European Parliament and of the Council<sup>4</sup> (‘Horizon Europe’);
- The implementation, monitoring and evaluation of the European Partnerships will comply with the criteria referred to in Annex III of Horizon Europe, including an alignment with Horizon Europe monitoring and evaluation provisions, set out in Article 50 and Article 52, as well as Annex V on Key Impact Pathways;
- The multi-annual Strategic Research and Innovation Agenda (SRIA) agreed by the Partners will provide the basis for the development of the co-operation under this

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<sup>1</sup> Constituent entities are the members of the Association.

<sup>2</sup> Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination (OJ L 170, 12.5.2021, p. 1–68.)

<sup>3</sup> <https://op.europa.eu/en/web/eu-law-and-publications/publication-detail/-/publication/3c6ffd74-8ac3-11eb-b85c-01aa75ed71a1>

<sup>4</sup> OJ L 170, 12.5.2021, p. 1–68.

Memorandum of Understanding, and for defining the annual priorities in line with the Strategic Plan for Horizon Europe;

- Regulation (EU) 2020/852<sup>5</sup> establishes the general framework for determining whether an economic activity qualifies as environmentally sustainable for the purposes of defining sustainable investments. It creates a common reference that investors, banks, industry and researchers can use when investing in projects and economic activities that have a substantial positive impact on climate and environment and no significant harm on any of them. It is the reference for green investments in the Union;
- Funding sources other than Horizon Europe (other Union programmes as well as external funding sources, including those from Member States) will be explored in order to contribute to the achievement of objectives of the Co-programmed European Partnership in line with Horizon Europe objectives;
- The European Partnership Made in Europe is directly related to different EU policies which address manufacturing; these are:
  - The new industrial strategy for Europe,
  - the European Green Deal,
  - a Europe fit for the digital age,
- an Economy that works for people. Moreover, European Partnership Made in Europe contributes to following UN Sustainable Development Goals:
  - SDG4: Quality Education;
  - SDG8: Decent work and economic growth;
  - SDG9: Industry, innovation and infrastructure;
  - SDG12: Responsible production and consumption;
  - SDG13: Climate action.
- Pursuant to Article 3 “Objectives and activities” of the Statutes of EFFRA, the Partners other than the Union engage in the European Partnership Made in Europe with the European Commission to promote, facilitate and carry out the research, innovation, dissemination and other activities aiming at market, regulatory and societal uptake, including workforce training, necessary to achieve the objectives specified in Section 1 below;
- This Memorandum of Understanding constitutes an agreement in which the Partners will undertake all efforts necessary to achieve the objectives. It is not legally binding and does not, and will not, create any contractual or pre-contractual obligations under any law or legal system. Nothing in this Memorandum of Understanding will be construed as creating any liability, rights, waiver of any rights or obligations for any Partner or as releasing any Partner from its legal obligations. Neither Partner should be liable under this Memorandum of Understanding towards the other Partner;

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<sup>5</sup> Regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

Have agreed the following:

## 1 Establishment, general, specific and operational objectives

The Co-programmed European Partnership Made in Europe, hereinafter referred to as “the Co-programmed European Partnership”, is agreed between the Partners, to be implemented in an open, transparent, efficient and flexible way.

This Memorandum of Understanding sets out a cooperative relationship for the duration of the Co-programmed European Partnership with a long-term common vision, and the Partners pledge to pursue this common vision throughout the duration of this Partnership. It will contribute to the objectives of Horizon Europe, and the Strategic Plan.

The general objectives of the Co-programmed European Partnership are defined as follows:

**GO1** Ensuring European leadership & manufacturing excellence, from large corporates to SMEs

**GO2** Achieving sustainable, circular and climate-neutral manufacturing **GO3** Mastering the Digital transformation of manufacturing industry and their value chains

**GO4** Creating attractive, safe and inclusive added-value manufacturing jobs

The specific objectives of the Co-programmed European Partnership are the following:

**SO1** Efficient, responsive and smart factories and supply chains

- Made in Europe will contribute to more efficient, responsive and smart factories and supply chains. Made in Europe will provide technologies and methods for zero-defect and zero-downtime high-precision manufacturing, including predictive quality and non-destructive inspection methods. It will also contribute to technologies for scalable, reconfigurable and flexible first-time-right manufacturing.
- Made in Europe will contribute with advanced manufacturing processes to a new smart and complex products and solutions. Made in Europe will enhance parallel product and manufacturing engineering and the design for end-of-life/re-use/recycling, which contributes to sustainable products, services and manufacturing networks.
- Made in Europe will contribute to responsive value chains by studying advanced data spaces to support smart factories sharing data with other organisations.

**SO2** Circular products & climate-neutral manufacturing

- Made in Europe aims at ultra-efficient, low energy, circular and carbon-neutral manufacturing. Made in Europe will exploit the possibilities offered by advanced materials, digital technologies and manufacturing technologies to achieve a considerable reduction of the ecological impact and CO<sub>2</sub>-emissions. On an ecosystem level, recycling and re-use of materials and components will be increased while still raising the performance of the manufactured products.

- Made in Europe will study advanced de-manufacturing, re-manufacturing and recycling technologies for a circular economy involving manufacturing with new and substitute materials.
- Made in Europe will develop digital platforms and data sharing solutions, which are needed to enable the management of circular product and production-systems life-cycles.

**SO3** New integrated business, product-service and production approaches; new use models

- Made in Europe will couple more tightly the design, manufacturing and (re-)configuration of products with associated services, considering also that services evolve along the lifecycle of products.
- Made in Europe will develop new technologies and methods for collaborative product-service engineering and manufacturing for customer-driven value networks.
- Made in Europe supports the development of dynamic and sustainable manufacturing ecosystems where digitalisation delivers new ways to interact with customers, consumers, and users. Made in Europe define approaches for implementing manufacturing processes that are closer to customers or consumers (urban manufacturing).
- Made in Europe will develop technologies and methods to enable dynamic and sustainable value networks by the continuous and secure integration of digital technologies (5G, distributed ledgers, AI, etc.) into legacy approaches, supporting hardware and software lifecycle optimisation of products and manufacturing systems.

**SO4** Human-centred and human-driven manufacturing innovation

- Made in Europe will address humans, which are at the core of the innovation process; Made in Europe develop new approaches and tools (including strategy management) that strengthen the capability of industrial actors to draw value from external sources of creativity, including start-up companies.
- Made in Europe will define change management approaches, which will provide clear insights into the risks and benefits that are associated with change while involving all stakeholders in the process; and by anticipating the required skills.

The operational objectives are the following:

- OO1** Advance technologies for green, flexible and resilient manufacturing in all sectors.
- OO2** Build flexible and resilient supply chains.
- OO3** Ensure uptake of digital technologies for manufacturing.
- OO4** Support a just, green and digital transition of a wide range of manufacturing sector in various EU regions.
- OO5** Reduction in use of resources, materials, energy, water and waste.
- OO6** Reduction of carbon footprint of the whole supply chain.
- OO7** Development of collaborative manufacturing, business models and approaches close to the customers.
- OO8** Ensure Human and technology complementarity and excellence in manufacturing.

**OO9** Support initiatives that empower workforce with new skills and contribute to the development of training programmes.

**OO10** Address socio-economical challenges and strengthen societal engagement.

**OO11** Contribute to standardisation, including the use and assessment of standards.

**OO12** Contribute to other activities (Conferences, workshops, training activities, ...).

## 2 Contributions and activities by the Partners

Any Union contribution, provided through the Horizon Europe Framework Programme to the Co-programmed European Partnership, will be used to fund research and innovation activities, implemented as indirect actions following open calls for proposals and contests. These activities will be subject to the Horizon Europe Rules for Participation and Dissemination.

**The European Commission envisages to dedicate up to EUR 900 million** to actions within the scope of the Co-programmed European Partnership<sup>6</sup>.

The Partners other than the Union will provide input and advice to the European Commission in order to contribute to the identification of priorities of research and innovation activities and the definition of call topics to be included in the Horizon Europe Work Programmes **within the scope of the Co-programmed European Partnership's activities**.

Furthermore, **the Partners other than the Union envisage<sup>7</sup> to dedicate up to EUR 900 million** for the period 2021- 2030<sup>8</sup> in research, innovation and other activities in the area of the Co-programmed European Partnership, engaging their constituent and affiliated entities<sup>9</sup> to make such investments. These contributions will complement the Union contribution and will at least match the Union contribution.

**Contributions by the Partners other than the Union<sup>10 11 12</sup>** will take the form of:

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<sup>6</sup> The maximum Union contribution may be increased in duly justified cases (e.g. with contributions to Horizon Europe from third countries if available) and when agreed by the Partners and matched by contributions from the Partners other than the Union.

<sup>7</sup> The undertaking and contribution by the Association covers only the in-kind contributions to be provided by its constituent entities and their affiliated entities (and not any contributions to be provided by its non-constituent entities or by a non-affiliated entity).

<sup>8</sup> The longer timeline for contributions from Partners other than the Union takes into account the fact that the contributions will materialise over a longer period.

<sup>9</sup> Entities are affiliated when they have a link with the beneficiary, in particular a legal or capital link, which is neither limited to the action nor established for the sole purpose of its implementation, in accordance with Article 187(1) of the Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union.

<sup>10</sup> In line with Annex III of Horizon Europe and referred as co-investment in Annex V of Horizon Europe.

<sup>11</sup> Where applicable, funding from state resources must be compliant with State aid rules.

<sup>12</sup> The European Partnership may consider the 'Do No Significant Harm Principle' pursuant to Article 17 of Regulation (EU) 2020/852 and take into account the provisions of that Regulation to improve access to sustainable finance, where relevant.

- a. **In-kind contributions to the Actions funded by the Union**, consisting of eligible costs in accordance with the Horizon Europe rules minus the Union contribution;
- b. **In-kind contributions to Additional Activities** that are in the scope of the Strategic Research and Innovation Agenda (SRIA) and addressed in the annual Additional Activities Plan, which is approved by the Partnership Board. In-kind Additional activities are those activities which contribute to achieving the objectives of the Co-programmed European Partnership, including R&I at higher Technology Readiness Level (TRL) and/or to ensure demonstration, market, regulatory and societal uptake, which are in the scope of the SRIA but are not covered by Union funding;

For the in-kind contributions generated in Actions with lower funding rates than the maximum funding rates under Horizon Europe, the funding rate will be defined individually per call topic in the Horizon Europe Work Programme. This will range from the standard funding rate for R&I actions, to reduced funding rates for certain R&I actions and for Innovation actions in line with Article 34 of Horizon Europe. The selection of topics with reduced funding rates will be discussed in the Partnership Board.

In addition, the Partners other than the Union intend to make **Investments in operational activities** that go beyond the work foreseen in the SRIA, that contribute to achieving the objectives of the Co-programmed European Partnership and where there is a clear link between the investment and the activities of the Co-programmed European Partnership (e.g. investments in building production facilities, in training programmes for workers potentially upscaled thanks to the European Social Fund Plus (ESF+), and in other activities required for producing and putting on the market the product/service resulting from the R&I performed as part of the Co-programmed European Partnership). These Investments in operational activities are however not included in the abovementioned contributions intended by the Partners other than the Union, but they should be taken into account as leverage.

### 3 Governance

The Partners should convene in the form of a Partnership Board as the main forum for dialogue and steering to reach the objectives set out in this Memorandum of Understanding. Through the Partnership Board, the representatives of the Partners should agree on all issues concerning the cooperation for the Co-programmed European Partnership. The Partners through their participating representatives are considered as ‘Members’ of the Partnership Board.

The Partners agree on the composition and size of the Partnership Board, while respecting the following principles:

- Adequate representation of the European Commission services, including through acting as co-chair when meeting in the format of the Partnership Board;

- Adequate representation of SMEs;
- Adequate gender balance;
- Adequate geographical coverage.

Participation in the Partnership Board may be on a rotating basis, except for the representatives of the European Commission.

In addition, the Partnership Board may agree to invite, or nominate as observers to its meetings representatives of other European Partnerships, civil society organisations, standardisation bodies, certification bodies, regulators, public procurers as well as experts in the area of the Co-programmed European Partnership.

The Partnership Board will be co-chaired by the European Commission, represented by the lead service in charge of the Co-programmed European Partnership, and a co-chair from the Partners other than the Union, selected among their members nominated to the Partnership Board.

The Partnership Board may lay down its Rules of Procedure, based on a harmonised proposal provided by the European Commission, covering inter alia rules on confidentiality, transparency and avoidance of conflicts of interests.

In order to address strategic issues, the Partners may also convene at a higher level<sup>13</sup> to review the work of the Partnership Board, take stock of the progress by the Co-programmed European Partnership in achieving its objectives, adjust priorities and activities according to changing market or policy needs or based on results from monitoring and evaluation activities, and discuss further ways to enhance collaboration between European Partnerships and synergies with other Programmes. The implementation of results and proposals from such high-level meetings may be subject to approval by the Partnership Board.

#### *Advisory Mechanism*

The Partner other than the Union will organise the annual Made in Europe Community Days, which in addition to disseminate the partnership results, will also serve to consult with relevant stakeholders and receive independent feedback on the development of the Co-programmed European Partnership. The event will also allow to launch a survey to collect feedback from academia, industry, SMEs, end-users, non-governmental and civil society organisations, other associations and regulatory bodies. The expert knowledge gathered will be analysed, published in a short report and presented to the Partnership Board which will discuss these views and take them into account in its decisions.

#### *Feedback Group*

The Partnership Board may organise workshops with Member States representatives nominated in the Digital Industry and Space Programme Committee. The goal is to receive feedback and

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<sup>13</sup> For example, between the President of the Association and a Director-General from the European Commission.

support for the achievement of objectives of the Co-programmed European Partnership. In addition, this should ensure complementarity with national policies, priorities and programmes.

In this configuration, Member States representatives may provide information to, and may act as an interface with the Co-programmed European Partnership on the following matters:

- a) The status of activities performed under national or regional policies, priorities and research and innovation programmes which are relevant to the Co-programmed European Partnership and identification of potential areas of cooperation, including concrete actions taken or envisaged for the deployment of relevant technologies and innovative solutions at the national or regional level;
- b) Specific measures taken at national level or regional level to maximise the impacts of the results achieved, in particular dissemination events, dedicated technical workshops and communication activities;
- c) Specific measures taken at national or regional level to support the exploitation, deployment and/or scale-up of the results achieved within the Co-programmed European Partnership.

The Partners other than the Union may arrange their own governance structures, providing that these do not contradict this Memorandum of Understanding. They may invite a European Commission representative as observer to meetings of their governance structure on subjects related to the Co-programmed European Partnership. The European Commission services may participate as observers to meetings of technical groups set up by the Partners other than the Union that are relevant for the Co-programmed European Partnership.

## 4 Activities and commitments of the European Commission

The European Commission undertakes to duly take into account the input and advice from the Partners other than the Union when identifying and defining call topics for research and innovation activities in the scope of and linked to the Co-programmed European Partnership Made in Europe to be included in the Horizon Europe Work Programmes. For this purpose, the European Commission undertakes to consult and maintain a regular dialogue with the Partners other than the Union during the preparation of the Work Programmes. The call topics will be subject to Horizon Europe comitology procedures.

The European Commission may support and contribute to the regular monitoring of the Co-programmed European Partnership, including through its participation in the Partnership Board and in other activities, in line with the Horizon Europe monitoring provisions (Article 50). The European Commission shall also carry out in a timely manner the interim and final evaluation of the Co-programmed European Partnership feeding into Horizon Europe evaluations, as specified in Article 52 of Horizon Europe. These evaluations will inter alia be fed by a self-assessment provided by the Partners other than the Union on the achievement of objectives and how their commitments have been fulfilled and contributions made throughout the lifecycle of the Co-programmed European Partnership.



The evaluations will examine how the Co-programmed European Partnership fulfils its mission and objectives, cover all its activities and evaluate its European added value, effectiveness, efficiency, including its openness and transparency, the relevance of the activities pursued and their coherence and/or complementarity with relevant regional, national and Union policies, including synergies with other parts of Horizon Europe (such as missions<sup>14</sup>, clusters or thematic/specific programmes). The evaluations will take into account the views of stakeholders, at both European and national level. The evaluations will include, where relevant, an assessment of the most effective policy intervention mode for any future action, as well as the relevance of any possible renewal of the Co-programmed European Partnership given the overall policy priorities and the research and innovation support landscape, including the coherence and positioning against other initiatives supported through the Framework Programme, in particular European Partnerships or missions.

## 5 Activities and commitments of the Partners other than the Union

### 5.1 Activities

The Partners other than the Union undertake to provide inputs and advice to the European Commission in order to achieve the objectives of the Co-programmed European Partnership. In particular, they may provide input and advice to the European Commission in order to contribute to the identification of priorities of research and innovation activities and the definition of call topics to be included in the Horizon Europe Work Programmes, in view of financial support for indirect actions following calls for proposals and contests. This is without prejudice to the outcome of the Horizon Europe comitology procedures.

The Partners other than the Union also undertake to make the following In-kind Additional Activities and Investments in operational activities in support of the objectives set out in Section 1 of this Memorandum of Understanding:

- a) Scope of In-kind Additional Activities. In-kind Additional Activities may include:
  - i. Ensuring the work of the international association “EFFRA” and engaging manufacturing experts from research, academia and industry:
    - a. Organising all the necessary contributions to the co-management of the Made in Europe Partnership, through relevant consultation procedures and establishment of competent bodies
  - ii. Communication and dissemination of the Made in Europe Partnership and activities to support and expand the manufacturing ecosystem
    - a. Organisation of networking and marketing events (both physical and digital), promoting related call topics throughout Europe
    - b. Organisation of brokerage activities
    - c. Further community building activities with special attention to the involvement of newcomers and SMEs

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<sup>14</sup> Should missions be confirmed. Hereinafter, missions are mentioned under the condition that they are confirmed.

- d. Organisation of joint standardisation activities
  - i. Engagement of European Digital Innovation Hubs (EDIH) supported under the DIGITAL programme. By providing in-kind contributions or other resources, the industrial partners will help EDIH to reach local companies and ensure appropriate technology transfers.
- iii. Accompanying Made in Europe Projects throughout their entire life-span:
  - a. Providing the EFFRA Innovation Portal as the main demonstration tool and information-gathering tool
  - b. Summarising collected information into meaningful reports
  - c. Organisation of collaborative activities within projects and clusters of projects
  - d. Identification and sharing of good practices
  - e. Providing assistance with exploitation of results: scouting, advising, connecting experts
- iv. Providing additional private investments related to Made in Europe project demonstrators (costs that go beyond commitments stated in the Grant Agreements)
  - a. All related investments, pre-commercial trials and field tests, proof of concept, new processes within the production lines, uptake of results from projects products and processes, any investments into production lines/machinery & equipment and product development. This includes investments in start-ups, spin-offs.
- v. Providing additional private investments within national and regional manufacturing initiatives that are linked to the SRIA:
  - a. Contributing to the financing of national and regional initiatives
  - b. Launch of incubators and accelerators
- vi. Additional private R&I on topics not covered within Horizon Europe to deliver the full SRIA of Made in Europe
- b) Scope of investments in operational activities. Investments in operational activities may include:
  - i. Training and skills development
    - a. Education & training activities such as joint training programmes on advanced manufacturing technologies organised by companies related to Made in Europe work
    - b. Private investments on workforce skills' training, i.e. internal development schemes, investments on industrial PhDs and Masters; vocational education and training programmes, possibly in collaboration with the network of European Digital Innovation Hubs (EDIHs) supported under the DIGITAL programme

The planning and reporting of In-kind Additional Activities and Investments in operational activities will respect confidentiality requirements.

## 5.2 Openness and transparency

An appropriate level of openness is necessary to achieve the objectives of the Co-programmed European Partnership. Thus, the Partners other than the Union undertake to put in place measures that ensure:

- a) An open and transparent process for consulting their constituent entities and other relevant stakeholders as well as Member States and Associated Countries on the identification of the priorities of the Co-programmed European Partnership and the design of its activities, which results in an appropriate involvement of all relevant stakeholders;
- b) A governance structure that results in a high level of openness and transparency, including publishing information on the functioning of the Co-programmed European Partnership (composition of partnership structures, decisions made by the Partnership Board etc.);
- c) A growing participation in and contribution to the Co-programmed European Partnership, supported by an open policy to membership in the Association and an appropriate level of information and, if necessary, assistance to all constituent entities of the Partners other than the Union.

In particular, the Partners other than the Union undertake to ensure that the In-kind Additional Activities that they contribute are, to the extent possible, open for participation to non-members of the Co-programmed European Partnership (e.g. dissemination and exploitation activities, etc.) and based on equal treatment.

Also, the Partners other than the Union undertake to put in place appropriate measures for informing SMEs, civil society and other relevant stakeholders about the Co-programmed European Partnership and promoting their participation.

## 5.3 Dissemination and communication

The Partners undertake to communicate and disseminate their activities and results broadly and through various channels, in order to ensure that any necessary information in the area of the Co-programmed European Partnership is available to all possible stakeholders, all along its duration. The Partners undertake to engage in information, communication, publicity and dissemination and exploitation activities of the Co-programmed European Partnership by applying mutatis mutandis Article 51 of Horizon Europe.

This communication and dissemination will also ensure that the EU support to the Co-programmed European Partnership is visible.

## 5.4 Coherence and coordination with other European Partnerships and beyond

The Partners undertake to set up and maintain a clear strategy and plan for the interfaces and joint activities of the Co-programmed European Partnership with the other relevant European

Partnerships, as well as with the broader European research and innovation system and communities.

The Partners other than the Union will establish a formal and regular collaboration with the following other European Partnerships:

- a) European Partnership for Artificial Intelligence, Data and Robotics
- b) European Partnership for Photonics
- c) Other European Partnerships whenever deemed necessary by the respective Partnership Boards

The SRIA sets out further details, as appropriate, on coherence and collaboration with other European Partnerships, synergies with other Union programmes, Union bodies and national, international, and intergovernmental programmes and policies, and the relevant parts of Horizon Europe (including missions).

The Partners other than the Union may furthermore establish a formal and regular collaboration with other relevant research and innovation initiatives to secure an optimum level of interconnections and ensure effective synergies, inter alia to overcome potential implementation barriers at national level and to increase cost-effectiveness. Priorities for collaboration are the following other initiatives and/or missions:

- a) The DIGITAL programme, including the network of European Digital Innovation Hubs, Test and Experimentation facilities and manufacturing data space
- b) The Smart Specialization Platform, in particular the thematic cluster on industrial modernisation
- c) National and regional manufacturing initiatives as well as networks which bring regions together
- d) EIT Manufacturing
- e) European Social Fund Plus

The Partners other than the Union will report specifically on their collaboration with other European Partnerships and initiatives in their annual reporting.

## 5.5 Fulfilment of commitments

The Partners other than the Union undertake to put in place measures that ensure that the contributions agreed are provided in full, and on time.

The Partnership Board may monitor, throughout the life of the Co-programmed European Partnership, the contributions reported by the Partners.

If the contribution by the Partners other than the Union is significantly lower than the overall estimation agreed in the Annual Additional Activities Plan, the Partnership Board may make recommendations to the Partners other than the Union on adjustment measures.

If the action taken is not sufficient to reach the contribution originally agreed, the Partnership Board may recommend the European Commission to adjust its own contribution to match the contribution *de facto* made by the Partners other than the Union.

## 6 Monitoring and reporting

The activities of the Co-programmed European Partnership will be subject to continuous monitoring and periodic reporting in accordance with Article 50, Annex III and Annex V of Horizon Europe. The outcomes of monitoring and reporting will feed into the evaluations of the Co-Programmed European Partnerships as part of Horizon Europe evaluations. It will feed into the biennial monitoring of the European partnerships in the context of the Strategic Coordinating Process.

The continuous monitoring and periodic reporting by the Partners will be carried out at least annually for the duration of the Memorandum of Understanding. There will be a simplified reporting over one year and a full reporting every second year.

The full reporting, every second year, should cover all points listed below (a-e). The simplified reporting, every one year, should focus on elements where data can be extracted from the Commission or other databases, for points a to c.

The periodic reporting from Partners other than the Union will include:

- a) The progress of the Co-programmed European Partnership towards its objectives (based on the Key Performance Indicators (KPI)) and the expected scientific, economic and societal impacts (following the Horizon Europe Key Impact Pathways). This reporting should also contain a qualitative assessment of the KPI for the past year.
- b) Information on the functioning of the Co-programmed European Partnership, including on openness, transparency, collaboration and synergies with other European Partnerships and initiatives, etc. in line with the implementation criteria for European Partnerships.
- c) Agreed and actually provided contributions.
- d) Investments in operational activities undertaken by the Partners other than the Union, and leverage including additional public and private investment mobilised to exploit or scale-up partnership results.
- e) Structured and representative “impact case studies”<sup>15</sup> that will be used to highlight lessons learned from specific projects/activities, their drivers and barriers to impact, and their possible follow-up with the appropriate instruments, including other forms of support outside the Co-programmed European Partnership, such as training and skills development.

The monitoring and reporting will be done on the basis of evidence provided by Partners, respecting confidentiality of information and avoiding anti-competitive behaviour. To the extent

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<sup>15</sup> i.e. high potential project outcomes that can be fast-tracked towards further investment and rapid development.

possible, Partners will provide monitoring data in close to real-time following Horizon Europe, in particular management and implementation data. To the extent possible, the indicators and methodologies used to monitor the progress of the Partnership towards its objectives and scientific, economic and societal impacts should be harmonised and aligned with the monitoring framework of Horizon Europe (Key Impact Pathways), and the monitoring criteria of European Partnerships.

With due regard to their respective competencies, institutional settings and operational frameworks, the Partners may regularly inform and consult each other on the results of the monitoring, including to assess the contributions of the In-kind Additional Activities and Investments in operational activities undertaken by the Partners other than the Union.

The monitoring and reporting should allow for an assessment over time of their results and progress towards impacts, their visibility and positioning in the international context, and potential needs for adjustment measures.

Upon request, the Partners other than the Union engage to provide the European Commission with additional necessary information for the assessment of the achievements of the Co-programmed European Partnership in the context of the overall Horizon Europe evaluation, respecting confidentiality of information, and in the context of the Strategic Coordinating Process for European Partnerships (e.g. input to the biennial monitoring of the European Partnerships).

## 6.1 General systems

The Partners undertake to set up and implement an effective reporting and monitoring system that allows the Co-programmed European Partnership as well as the European Commission to track progress over time towards the stated objectives and impacts, as well as to provide implementation and management data.

The information provided should include, among others:

- a) Detailed information on the calls for proposals in the Horizon Europe Work Programme, the proposals received, the grants resulting from these calls, the beneficiaries and participants, the results achieved by individual projects and their overall progress towards impact, or any other information deemed necessary for developing, implementing, monitoring and evaluating Union policies or programmes. Such access to information is limited to non-commercial and non-competitive use and will comply with applicable confidentiality rules. The primary means of collecting information will be through European Commission's reporting systems for management of the Horizon Europe programme;
- b) Activities and fulfilment of contributions by the Partners other than the Union, progress towards objectives, deliverables and KPIs, visibility and positioning in the international

context, the results, impacts and leverage. The primary means of collecting information will be through annual and biennial<sup>16</sup> reporting by the Partners other than the Union and through European Commission's reporting systems for management of the Horizon Europe programme. Information collection will be based on a common methodology specified by the Commission services in consultation with the Partners other than the Union. The Partnership Board may identify the best approach to track progress towards the specific KPIs and characteristics of the innovation processes of the Partnership.

## 6.2 Reporting method for In-Kind Contributions to Additional Activities and Leverage

There are three categories related to contributions and activities that Partners other than the Union will be reporting on:

- a) In-kind contributions to the Actions funded by the Union<sup>17</sup>. At the level of the projects, reporting will be done continuously through European Commission's reporting systems for management of the Horizon Europe programme;
- b) In-kind contributions to the additional activities, foreseen in the Additional Activities Plan. At the level of the partnership, reporting will be done annually by the Partners other than the Union and continuously through European Commission's reporting systems for management of the Horizon Europe programme<sup>18</sup>;
- c) Investments in operational activities foreseen beyond the SRIA, and leverage including other investment mobilised to exploit or scale-up partnership results. At the level of the partnership, reporting will be done biennially<sup>19</sup> by the Partners other than the Union and continuously through European Commission's reporting systems for management of the Horizon Europe programme<sup>20</sup>.

The value of the in-kind contributions reported by the Partners other than the Union will be calculated on the basis of a common methodology in line with Annex V of Horizon Europe. The Partners may keep an anonymised record of these contributions from its constituent entities, which provides the basis for periodic reporting of the total value by the Partners other than the Union of in-kind contributions to the partnership's activities.

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<sup>16</sup> i.e. once every two years.

<sup>17</sup> Contributions from beneficiaries that are not members or affiliates of the partners other than the Union cannot be considered as a contribution from partners but these will be considered as part of quantitative leverage effect.

<sup>18</sup> For example, project reporting will include fields about 'Further investment mobilised to exploit or scale-up project' that could be used for the partnership-level reporting.

<sup>19</sup> i.e. once every two years.

<sup>20</sup> For example, project reporting will include fields about 'Further investment mobilised to exploit or scale-up project' that could be used for the partnership-level reporting.

### 6.3 Key Performance Indicators (KPIs)

The following Key Performance Indicators are defined for the Co-programmed European Partnership and will be included in monitoring and reporting.



Objective		KPI #	KPI definition	Proposed Target
Ensuring manufacturing excellence and circularity	Advance technologies for green, flexible and resilient manufacturing in all sectors	KPI 1	num. of demonstrators targeting zero defect and zero downtime manufacturing	50 demonstrators, with scrap rate reduction of up to 20%; reduction by 10% on the amount of labour on defect identification and finishing
		KPI 2	num. actions for production of smart and complex products	10 demonstrators and actions
		KPI 3	num. demonstrators and actions targeting green and resilient manufacturing (either factory level or entry supply chain)	80 demonstrators covering at least one the sub-items 50 demonstrators, with 10-25% less material use 50 demonstrators, with 10-25% less energy use 50 demonstrators, with 15-30% less water use 50 demonstrators, with 20-30% less industrial waste 50 demonstrators, with 35% of renewable energy
		KPI 4	num. high TRL demonstrators per sectors	30 demonstrators; each project or demonstrator addresses at least three end-user sectors
		KPI 5	num. demonstrators targeting De-manufacturing, re-manufacturing and recycling technologies for more efficient manufacturing	50 demonstrators
	Build flexible and resilient supply chains	KPI 6	num. demonstrators targeting supply chain innovations	50 demonstrators
		KPI 7	num. demonstrators targeting improvement of response-time	50 demonstrators
Mastering the digital transformation	Ensure uptake of digital technologies for manufacturing	KPI 8	num. demonstrators and activities developing AI, data analytics tools and use	80 demonstrators covering at least one the following items: Digital platforms Artificial intelligence, machine learning Simulation & modelling (digital twins) Robust and secure industrial real-time communication technologies
	Support the green and digital transition of a wide range of manufacturing Sector in different EU regions	KPI 9	num. demonstrators encompassing virtual end-to-end life-cycle engineering and manufacturing from product to production lines, factories, and networks	40 demonstrators

Circularity and Carbon neutrality	Reduction in use of resources, materials, energy, water and waste	KPI 10	num. new circular value chains	30 cases demonstrating new innovative circular value chains
Creating attractive and value added jobs	Ensure Human and technology complementarity and excellence in manufacturing	KPI 11	num. of demonstrators using Digital platforms and engineering tools, supporting creativity and productivity of research & development processes as well as leading to less time spent modelling digitally manufacturing business processes and eliminating interfaces	30 demonstrators
	Support initiatives that empower workforce with new skills	KPI 12	num. demonstrators and actions targeting the training of workforce in new technologies	60 demonstrators
		KPI 13	num. jobs created targeting new skills and job profiles and accompanying training programmes	100 % of project addressing new skills, new knowledge or new job profiles 80 new skills, new knowledge or new job profiles demonstrated
		KPI 14	Increase in safety and wellbeing in the factory	50% demonstrators showcase a higher level of safety/well-being or work satisfaction of the workers (based on employee feedback)
	Contribute to standardisation, including the use and assessment of standards	KPI 15	% of projects and num. of additional activities setting up a path to influence and support standardisation, regulation and certification	100% of projects address standards (either contribute or use relevant standards) 10% of projects deliver a standardisation specific document agreed with (CEN Workshop Agreement, Technical specification and technical report) within 3 years from the end of the project.
Management and dissemination	Contribute to other activities (Conferences, workshops, training activities, ...)	KPI 16	num. of additional activities of workshops of at least 50 attendees	30 workshops
		KPI 17	num. of additional activities of conferences of at least 300 attendees	8 to 10 conferences

KPI ID	KPI Definition	Baseline (beginning of	Target (end of the
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		the partnership):	partnership):
Companies KP1	Percentage of companies involved in MiE implementing innovative green and digital technologies related to the programme	Maturity indexes to be defined at the beginning (see also MC-KPI-5 for digital)	all companies (100%) to shift at least one level higher in the index; 40% to shift two levels
Companies KP2	Increase in turnover of company involved in MiE, compared to the average of the manufacturing sector (NACE C)	sales figures in 2020	higher sales figures, as compared to companies in the same market segment
Companies KP3	number of companies involved in MiE demonstrating 60-70 % reduction of CO2 emissions	CO2 emissions in 1990 of companies in question	at least 200 companies demonstrating 60-70% reduction
Companies KP4	number of companies involved in MiE demonstrating 10-20 % higher reduction of industrial waste generated, as compared to all manufacturing industry	Waste generated in year 2020 of companies in question	at least 250 companies demonstrating 10-20% reduction
Companies KP5	% Increase in investment for digitalisation by companies involved in MiE	Associated digitalisation to Maturity indexes (links to MC-KPI-1)	higher investment figures, as compared to companies in the same market segment
Companies KP6	Number of new robust value chains solutions; which might include interoperability, platforms, reshoring success stories diversification cases or concrete solutions/products which are meant to compete with non-European solutions/products	0	30 solutions demonstrated

The SRIA sets out further details, as appropriate, on the monitoring framework for the Co-programmed European Partnership.

## 7 Application of this Memorandum of Understanding

Any issues related to the interpretation and implementation of this Memorandum of Understanding may be decided upon in consultation by the Partners in the Partnership Board. In case of ultimate disagreement, any of the Partners may request an early end of the Memorandum of Understanding.

Adaptations to this Memorandum of Understanding may be requested by any of the Partners by registered letter.

## 8 Duration and Review

The starting date for the Partnership is *[insert date of signature]* and its end date is 31.12.2030. The last calls for proposals can be launched up until 31.12.2027, so the last three years of the partnership should be used to conclude remaining activities.

Any of the Partners may communicate by a registered letter at any time the motivated intention to end this Memorandum of Understanding. In the absence of renewal, appropriate measures may be taken to ensure phasing-out of Framework Programme funding according to the conditions and timeline agreed with the Partners ex-ante, without prejudice to possible continued transnational funding by national or other Union programmes, and without prejudice to private investment and on-going projects. This phasing-out plan may be prepared by the Partnership Board before the interim evaluation of Horizon Europe.

The periodic monitoring and reporting will inform the interim and final evaluations of Horizon Europe evaluations referred to in Article 52 of Horizon Europe. The evaluations will be taken into consideration in the phasing out or possible renewal of the partnership.

On the basis of these reviews and the evaluations, any of the Partners may propose adaptations to this Memorandum of Understanding, or decide for it to be ended.

Done in duplicate at ... on XX.XX.202X,

FOR THE EUROPEAN COMMISSION	FOR THE EUROPEAN FACTORIES OF THE FUTURE RESEARCH ASSOCIATION (EFFRA)