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(Legislative acts)

DECISIONS

DECISION No 553/2014/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 15 May 2014
on the participation of the Union in a Research and Development Programme jointly undertaken by several Member States aimed at supporting research and development performing small and medium-sized enterprises

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 185, and the second paragraph of Article 188, thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee (1),

Acting in accordance with the ordinary legislative procedure (2),

Whereas:

(1) In its Communication of 3 March 2010 entitled ‘Europe 2020 A Strategy for smart, sustainable and inclusive growth’ (the ‘Europe 2020 strategy’) the Commission emphasised the need to develop favourable conditions for investment in knowledge and innovation so as to achieve smart, sustainable and inclusive growth in the Union. Both the European Parliament and the Council have endorsed this strategy.

(2) Regulation (EU) No 1291/2013 of the European Parliament and of the Council (3) established Horizon 2020 – The Framework Programme for Research and Innovation (2014-2020) (‘Horizon 2020’). Horizon 2020 aims at achieving a greater impact with respect to research and innovation by contributing to the strengthening of public-public partnerships, including through Union participation in programmes undertaken by several Member States in accordance with Article 185 of the Treaty on the Functioning of the European Union.

(3) Public-public partnerships should aim to develop closer synergies, increase coordination and avoid unnecessary duplication with Union, international, national and regional research programmes, and should fully respect the Horizon 2020 general principles, in particular those relating to openness and transparency. Moreover, open access to scientific publications should be ensured.

By Decision No 743/2008/EC of the European Parliament and of the Council (\(^1\)), the Community decided to make a financial contribution to Eurostars, a joint research and development programme undertaken by all Member States and five participating countries in the framework of Eureka, an intergovernmental initiative established in 1985 with the objective of promoting cooperation in industrial research (Eurostars').

In April 2012, the Commission communicated to the European Parliament and the Council a report on the interim evaluation of Eurostars carried out by a Group of Independent Experts two years after the beginning of the programme. The overall opinion of the experts was that Eurostars meets its objectives, adds value to European research and development performing small and medium-sized enterprises (SMEs) and should be continued after 2013. Eurostars is also considered to meet a number of genuine needs of SMEs engaged in research and development; it has attracted a large number of applications, with the budget for projects eligible for funding exceeding the initial budget. A number of recommendations for improvement were made, mainly addressing the need of further integration of national programmes and improvements in the operational performance in order to reach shorter time-to-contract and more transparency in the procedures.

The definition of SME provided for in Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (\(^2\)) should apply.

In accordance with Council Decision 2013/743/EU (\(^3\)), support may be provided to an action building on Eurostars and reorienting it along the lines stated in its interim evaluation.

The second Research and Development Programme jointly undertaken by several Member States aimed at supporting research and development performing small and medium-sized enterprises (Eurostars-2), aligned with the Europe 2020 strategy, its flagship initiative ‘Innovation Union’ and the Commission Communication of 17 July 2012 entitled ‘A Reinforced European Research Area Partnership for Excellence and Growth’, will aim to supporting research and development performing SMEs by co-financing their market oriented research projects in any field. As such, and in combination with the activities under the ‘Leadership in Enabling and Industrial Technologies’ objective set out in Horizon 2020, it will contribute to the goals of the Industrial Leadership part of that programme to speed-up development of the technologies and innovations that will underpin tomorrow’s businesses and help innovative European SMEs to grow into world-leading companies. As part of the improvements from the previous Eurostars programme, Eurostars-2 should head towards shorter time-to-grant, stronger integration and lean, transparent and more efficient administration to the ultimate benefit of research and development performing SMEs. To keep the bottom-up nature and the business-driven agenda with its main focus on market potential from the previous Eurostars programme is key to the success of Eurostars-2.

In order to take into account the duration of Horizon 2020, calls for proposals under Eurostars-2 should be launched at the latest by 31 December 2020. In duly justified cases calls for proposals may be launched by 31 December 2021.

The Eureka Ministerial Conference on 22 June 2012 in Budapest endorsed a strategic vision for Eurostars-2 (‘Budapest Document’). The ministers committed to support the continuation of Eurostars after its termination in 2013 for the period covered by Horizon 2020. This will consist of a reinforced partnership addressing the recommendations of the interim evaluation of Eurostars. The Budapest Document sets out two main objectives for Eurostars-2. Firstly, a structural-oriented objective to deepen the synchronisation and alignment of the national research programmes in the field of funding, which is a central element towards the realisation of the European Research Area by the member countries. Secondly a content-related objective to support research and development performing SMEs engaging in transnational research and innovation projects. The Budapest Document invites the Union to participate in Eurostars-2.

(\(^2\)) OJ L 124, 20.5.2003, p. 36.
For the purpose of simplification, administrative burdens should be reduced for all parties. Double audits and disproportionate documentation and reporting should be avoided. When audits are conducted, the specificities of the national programmes should be taken into account, as appropriate.

Audits of recipients of Union funds provided under Eurostars-2 should be carried out in accordance with Regulation (EU) No 1291/2013.

The Participating States intend to contribute to the implementation of Eurostars-2 during the period covered by Eurostars-2 (2014-2024).

Eurostars-2 activities should be in line with the objectives and bottom-up principles of Horizon 2020 and with the general principles and conditions laid down in Article 26 of Regulation (EU) No 1291/2013.

A ceiling should be established for the Union's financial contribution to Eurostars-2 for the duration of the Horizon 2020. Within the limits of that ceiling, there should be flexibility regarding the Union's contribution, which should be at least one third but no more than half of the contribution of the Participating States in order to ensure a critical mass necessary to satisfy the demand from projects eligible for financial support, to achieve a high leverage effect and ensure stronger integration of national research programmes of the Participating States.

In accordance with the objectives of Regulation (EU) No 1291/2013, any Member State and any country associated to Horizon 2020 should be entitled to participate in Eurostars-2.

Any Eureka Member or country associated to Eureka that is not a Member State or a country associated to Horizon 2020 may become a Eurostars-2 partner country.

The Union's financial contribution should be subject to formal commitments from the Participating States to contribute to the implementation of Eurostars-2 and to the fulfilment of those commitments. Financial support under Eurostars-2 should mainly take the form of grants to projects selected following calls for proposals launched under Eurostars-2. In order to meet the objectives of Eurostars-2, the Participating States shall ensure sufficient financial contributions to fund a reasonable number of proposals selected through each call.

The joint implementation of Eurostars-2 requires an implementation structure. The Participating States have agreed on designating the Eureka Secretariat ('ESE') as the implementation structure for Eurostars-2. ESE is an international non-profit association established under Belgian law in 1997 by the Eureka countries and, since 2008, is responsible for the implementation of Eurostars. ESE's role goes beyond the implementation of Eurostars, being at the same time the secretariat of the Eureka initiative, with its own governance linked to the management of Eureka projects outside of Eurostars. The Union, represented by the Commission, is a founding member of the Eureka initiative and full member of the Eureka Secretariat association.

In order to achieve the objectives of Eurostars-2, ESE should be in charge of the organisation of the calls for proposals, the verification of the eligibility criteria, the peer-review evaluation and the selection and the monitoring of projects, as well as the allocation of the Union contribution. The evaluation of proposals should be performed centrally by independent external experts under the responsibility of ESE following calls for proposals. The projects’ ranking list should be binding for the Participating States as regards the allocation of funding from the Union's financial contribution and from contribution from Participating States.
Overall, Eurostars-2 should demonstrate clear progress towards further alignment and synchronisation of the national research and innovation programmes as a truly joint programme featuring stronger scientific, management and financial synchronisation. Stronger scientific integration should be achieved through the common definition and implementation of activities and should ensure the excellence and the high impact of the projects selected. Management integration should ensure further improvement of operational excellence and accountability for the programme. Stronger financial integration should be based on overall and yearly adequate financial contribution by the States participating in Eurostars-2 and a high degree of national synchronisation. This should be achieved through a progressive harmonisation of national funding rules.

The Union's financial contribution should be managed in accordance with the principle of sound financial management and with the rules on indirect management set out in Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council (1) and Commission Delegated Regulation (EU) No 1268/2012 (2).

In order to protect the Union's financial interests, the Commission should have the right to reduce, suspend or terminate the Union's financial contribution if Eurostars-2 is implemented inadequately, partially or late, or if the Participating States do not contribute, or contribute partially or late, to the financing of Eurostars-2. Those rights should be provided for in the delegation agreement to be concluded between the Union and the ESE.

Participation in indirect actions funded by Eurostars-2 is subject to Regulation (EU) No 1290/2013 of the European Parliament and of the Council (3). However, due to the specific operating needs of Eurostars-2, it is necessary to provide for derogations from that Regulation in accordance with Article 1(3) of that Regulation.

In order to facilitate the participation of SMEs which are more used to national channels and which would otherwise carry out research activities only within their national boundaries, the Eurostars-2 financial contribution should be provided in accordance with the well-known rules of their national programmes and implemented through a funding agreement directly administered by the national authorities, combining Union funding with the corresponding national funding. A derogation should therefore be made from Article 15(9), Articles 18(1), 23(1), (5) to (7), 28 to 34 of Regulation (EU) No 1290/2013.

Calls for proposals by Eurostars-2 should also be published on the single portal for participants as well as through other Horizon 2020 electronic means of dissemination managed by the Commission.

The Union's financial interests should be protected by means of proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties in accordance with Regulation (EU, Euratom) No 966/2012.

The Commission, in cooperation with the Participating States, should conduct an interim evaluation assessing in particular the quality and efficiency of Eurostars-2 and progress towards the objectives set, as well as a final evaluation and prepare a report on those evaluations.

Upon request from the Commission, ESE and the Participating States should submit any information which the Commission needs to include in the reports on the evaluation of Eurostars-2.

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Since the objectives of this Decision, namely to support transnational research activities performed by research-intensive SMEs and to contribute to the integration, alignment and synchronisation of national research funding programmes cannot be sufficiently achieved by the Member States due to lack of transnational dimension and of complementarity and interoperability of national programmes but can rather, by reason of the scale and impact of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Decision does not go beyond what is necessary in order to achieve those objectives.

HAVE ADOPTED THIS DECISION:

Article 1
Subject matter
This Decision lays down rules on the participation of the Union in the second Research and Development Programme jointly undertaken by several Member States aimed at supporting research and development performing small and medium-sized enterprises (Eurostars-2) and the conditions for its participation.

Article 2
Definitions
For the purpose of this Decision the following definitions apply:

(1) ‘SME’ means a micro-, small- and medium-sized enterprises, as defined in Recommendation 2003/361/EC;

(2) ‘research and development performing SME’ means an SME which meets at least one of the following conditions:

(a) reinvests at least 10 % of its turnover to research and development activities;

(b) dedicates at least 10 % of its full-time equivalents to research and development activities;

(c) has at least five full-time equivalents (for SME with no more than 100 full-time equivalents) for research and development activities; or

(d) has 10 full-time equivalents (for SME with over 100 full-time equivalents) for research and development activities.

Article 3
Objectives
Eurostars-2 shall pursue the following objectives:

(1) promote research activities that comply with the following conditions:

(a) the activities are carried out by transnational collaboration of research- and development performing SMEs among themselves or including other actors of the innovation chain (e.g. universities, research organisations);

(b) results of activities are expected to be introduced into the market within two years of the completion of an activity;

(2) increase the accessibility, efficiency and efficacy of public funding for SMEs in Europe by aligning, harmonising and synchronising the national funding mechanisms of Participating States;

(3) promote and increase the participation of SMEs without previous experience in transnational research.
Article 4
Participation in and partnership with Eurostars-2

1. The Union shall participate in Eurostars-2 jointly undertaken by Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom, (the "Participating States"), in accordance with the conditions laid down in this Decision.

2. Any Member State other than those listed in paragraph 1 and any other country associated to Horizon 2020 may participate in Eurostars-2 provided it fulfils the condition laid down in point (c) of Article 6(1) of this Decision. If it fulfils the condition laid down in point (c) of Article 6(1), it shall be regarded as a Participating State for the purposes of this Decision.

3. Any Eureka Member or country associated to Eureka that is not a Member State or a country associated to Horizon 2020 may become a Eurostars-2 partner country provided it fulfils the condition set out in point (c) of Article 6(1). Those Eureka Members or countries associated to Eureka that fulfil the condition laid down in point (c) of Article 6(1), shall be regarded as partner countries for the purposes of this Decision. Legal entities from those partner countries shall not be eligible for the Union's financial contribution under Eurostars-2.

Article 5
Union’s financial contribution

1. The Union financial contribution, including EFTA appropriations, to Eurostars-2 shall be up to EUR 287 000 000. The Union’s financial contribution shall be paid from the appropriations in the general budget of the Union allocated to the relevant parts of the Specific Programme, implementing Horizon 2020, established by Decision 2013/743/EU, in accordance with point (c)(vi) of Article 58(1), and Articles 60 and 61 of Regulation (EU, Euratom) No 966/2012, and in particular from appropriations under the heading "Innovation in SMEs" under Part II.

2. Without exceeding the amount laid down in paragraph 1, the Union’s contribution shall be at least one third of the contributions of the Participating States referred to in point (a) of Article 7(1). It shall cover operational costs, including the costs of the evaluation of proposals, and administrative costs. Where during the lifetime of Eurostars-2 the rate of the Union’s contribution needs to be adapted, the Union’s contribution may go up to a maximum of half of the contributions of the Participating States referred to in point (a) of Article 7(1).

3. An amount not exceeding 4 % of the Union’s financial contribution referred to in paragraph 1 may be used to contribute to the administrative costs of Eurostars-2. Participating States shall cover the national administrative costs necessary for the implementation of Eurostars-2.

Article 6
Conditions for the Union’s financial contribution

1. The Union’s financial contribution shall be conditional upon the following:

(a) the demonstration by the Participating States that they have set up Eurostars-2 in accordance with the objectives laid down in Article 3;

(b) the designation by the Participating States or organisations designated by Participating States, of the ESE, as the structure responsible for implementing Eurostars-2 and for receiving, allocating and monitoring the Union’s financial contribution;

(c) the commitment by each Participating State to contribute to the financing of Eurostars-2;
(d) the demonstration by ESE of its capacity to implement Eurostars-2, including receiving, allocating and monitoring the Union's financial contribution, in the framework of indirect management of the Union budget in accordance with Articles 58, 60 and 61 of Regulation (EU, Euratom) No 966/2012; and

(e) the establishment of a governance model for Eurostars-2 in accordance with Annex II.

2. During the implementation of Eurostars-2, the Union's financial contribution shall also be conditional upon:

(a) the implementation by the ESE of Eurostars-2's objectives set out in Article 3 and activities set out in Annex I, in accordance with the rules for participation and dissemination referred to in Article 8;

(b) the maintenance of an appropriate and efficient governance model in accordance with Annex II;

(c) compliance by ESE with the reporting requirements set out in Article 60(5) of Regulation (EU, Euratom) No 966/2012;

(d) the effective payment by the Participating States of the financial contribution to all participants in Eurostars-2 projects selected for funding following the calls for proposals launched under Eurostars-2, fulfilling the commitments referred to in point (c) of paragraph 1 of this Article;

(e) allocation of the funding from the national budgets for Eurostars-2 projects and the Union's financial contribution in accordance with the ranking lists of the projects; and

(f) the demonstration of clear progress in the scientific, managerial and financial cooperation by the establishment of minimum operational performance targets and milestones for the implementation of Eurostars-2.

Article 7

Contribution from Participating States

1. Contribution from the Participating States shall consist of the following financial contributions:

(a) co-financing of the selected Eurostars-2 projects through relevant national forms of funding, mainly through grants. The Commission may use the established grant equivalence rules for the valuation of the contributions from the Participating States in forms other than grants;

(b) financial contribution to the administrative costs of Eurostars-2 not covered by the Union contribution as set out in Article 5(3).

2. Each Participating State shall designate a National Funding Body (NFB) to administer financial support to the national participants in Eurostars-2 in accordance with Article 8.

Article 8

Rules for participation and dissemination

1. For the purposes of Regulation (EU) No 1290/2013, the ESE shall be considered to be a funding body.

2. By way of derogation from Article 15(9) of Regulation (EU) No 1290/2013, the NFBs, under the coordination of the ESE, shall verify the financial capacity of all applicants for funding under Eurostars-2.
3. By way of derogation from Article 18(2) of Regulation (EU) No 1290/2013, grant agreements with beneficiaries of indirect actions under Eurostars-2 shall be signed by the NFBs concerned.

4. By way of derogation from Article 23(1), (5), (6) and (7) and Articles 28 to 34 of Regulation (EU) No 1290/2013, the funding rules of the participating national programmes shall apply to Eurostars-2 grants administered by the NFBs.

**Article 9**

**Implementation of Eurostars-2**

1. Eurostars-2 shall be implemented on the basis of annual work plans.

2. Eurostars-2 shall provide financial support mainly in the form of grants to participants following calls for proposals.

**Article 10**

**Agreements between the Union and the ESE**

1. Subject to a positive *ex-ante* assessment of the ESE in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012, the Commission, on behalf of the Union, shall conclude a delegation agreement and annual transfer of funds agreements with the ESE.

2. The delegation agreement referred to in paragraph 1 shall be concluded in accordance with Article 58(3) and Articles 60 and 61 of Regulation (EU, Euratom) No 966/2012, and in accordance with Article 40 of Delegated Regulation (EU) No 1268/2012. It shall also set out the following:

   (a) the requirements for the ESE regarding the performance indicators set out in Annex II to Decision 2013/743/EU;

   (b) the requirements for the ESE’s contribution to the monitoring referred to in Annex III to Decision 2013/743/EU;

   (c) specific performance indicators for the functioning of the ESE in respect of Eurostars-2;

   (d) requirements for the ESE regarding the provision of information on administrative costs and of detailed figures concerning the implementation of Eurostars-2;

   (e) arrangements regarding the provision of data necessary to ensure that the Commission is able to meet its dissemination and reporting obligations;

   (f) an obligation for the ESE to sign bilateral agreements with the NFBs before any transfers of the Union’s financial contribution take place, such bilateral agreements laying down the minimum operational performance targets and milestones for the implementation of Eurostars-2;

   (g) provisions for the publication of calls for proposals by Eurostars-2, in particular on the single portal for participants, as well as through other Horizon 2020 electronic means of dissemination managed by the Commission.

**Article 11**

**Termination, reduction or suspension of the Union’s financial contribution**

1. If Eurostars-2 is not implemented or is implemented inadequately, partially or late, the Commission may terminate, proportionately reduce, or suspend the Union’s financial contribution in line with the actual implementation of Eurostars-2.

2. If the Participating States do not contribute, contribute partially or late to the financing of Eurostars-2, the Commission may terminate, proportionately reduce, or suspend the Union’s financial contribution, taking into account the amount of funding allocated by the Participating States to implement Eurostars-2.
Article 12

Ex-post audits

1. ESE shall ensure that ex-post audits of expenditure on indirect actions are carried out by the respective NFBs in accordance with Article 29 of Regulation (EU) No 1291/2013.

2. The Commission may decide to carry out itself the audits referred to in paragraph 1. In such cases, it shall do so in accordance with the applicable rules, in particular the provisions of Regulations (EU, Euratom) No 966/2012, (EU) No 1290/2013 and (EU) No 1291/2013.

Article 13

Protection of the financial interests of the Union

1. The Commission shall take appropriate measures ensuring that, when actions financed under this Decision are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and dissuasive administrative and financial penalties.

2. The ESE shall grant Commission staff and other persons authorised by it, as well as the Court of Auditors, access to its sites and premises and to all the information, including information in electronic format, needed in order to conduct their audits.

3. The European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Council Regulation (Euratom, EC) No 2185/96 (1) and Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council (2), with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with an agreement or decision or a contract funded under this Decision.

4. Contracts, grant agreements and grant decisions resulting from the implementation of this Decision shall contain provisions expressly empowering the Commission, the Court of Auditors, OLAF and the ESE to conduct such audits and investigations, in accordance with their respective competences.

5. In implementing Eurostars-2, the Participating States shall take the legislative, regulatory, administrative or other measures necessary to protect the Union’s financial interests, in particular to ensure full recovery of any amounts due to the Union in accordance with Regulation (EU, Euratom) No 966/2012 and Delegated Regulation (EU) No 1268/2012.

Article 14

Communication of information

1. At the request of the Commission, the ESE shall send any information necessary for the preparation of the reports referred to in Article 15.

2. The Participating States shall submit to the Commission, through the ESE, any information requested by the European Parliament, the Council or the Court of Auditors concerning the financial management of Eurostars-2.

3. The Commission shall include the information referred to in paragraph 2 of this Article in the reports referred to in Article 15.


Article 15

Evaluation

1. By 30 June 2017, the Commission shall carry out, in close cooperation with the Participating States and with the assistance of independent experts, an interim evaluation of Eurostars-2. The Commission shall prepare a report on that evaluation which includes the conclusions of the evaluation and observations by the Commission. The Commission shall send that report to the European Parliament and to the Council by 31 December 2017. The result of the interim evaluation of Eurostars-2 shall be taken into account in the interim evaluation of Horizon 2020.

2. At the end of the Union’s participation in Eurostars-2, but no later than 31 December 2022, the Commission shall conduct a final evaluation of Eurostars-2. The Commission shall prepare a report on that evaluation which is to include results of that evaluation. The Commission shall send that report to the European Parliament and to the Council.

Article 16

Entry into force

This Decision shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

Article 17

Addressees

This Decision is addressed to the Member States.

Done at Brussels, 15 May 2014.

For the European Parliament
The President
M. SCHULZ

For the Council
The President
D. KOURKOULAS
ANNEX I

Implementation of Eurostars-2

1. The ESE shall organise continuously open calls for proposals, with cut-off dates for the award of financial support to indirect actions.

2. Applicants shall submit project proposals to the ESE as a single entry point.

3. After the closure of a call for proposals, a central eligibility check shall be carried out by the ESE on the basis of the eligibility criteria set out in the annual work plan. No different or further eligibility criteria may be added by the Participating States.

4. The NFBs, under the coordination of the ESE, shall verify the financial capacity of the participants according to common, clear and transparent rules.

5. Eligible proposals shall be evaluated centrally and ranked by a group of external independent experts in accordance with the criteria set out in Article 15(1) of Regulation (EU) No 1290/2013, on the basis of transparent procedures.

6. The ESE shall provide an evaluation review procedure in accordance with Article 16 of Regulation (EU) No 1290/2013.

7. The ranking list, approved as a whole by the Eurostars-2 high-level group referred to in Annex II, shall be binding for the allocation of funding from the national budgets for Eurostars-2 projects.

8. Once the ranking list is approved, each Participating State shall finance its national participants in those projects selected for funding through the designated NFB, making all possible efforts to ensure that the top-50 ranked projects and at least 50 % to 75 % of the projects above thresholds are funded. The financial contribution to the participants shall be calculated according to the funding rules of the national programme of the relevant Eurostars-2 Participating State. The Union's financial contribution shall be transferred by the ESE to the NFBs provided that the NFBs have paid their financial contribution to the projects.

9. All eligible participants in projects selected centrally shall be funded. The granting of financial support by the NFBs to project participants selected centrally shall be subject to the principles of equal treatment, transparency and co-funding.

10. The ESE shall be responsible for evaluating proposals, informing NFBs, coordinating the synchronisation process, monitoring projects through project reporting and audits carried out by NFBs, and reporting to the Commission ensuring a short time-to-grant. It shall also take appropriate measures to encourage recognition of the Union's contribution to Eurostars-2, both to the programme itself and to individual projects. It shall promote appropriate visibility for the Union's contribution through the use of the Horizon 2020 logo in all published material, including printed and electronic publications, related to Eurostars-2.

11. ESE shall conclude Eurostars-2 bilateral agreements with the NFBs of Participating States. Those Eurostars-2 bilateral agreements shall set out the responsibilities of the contracting parties in accordance with the Eurostars-2 rules, objectives and implementation modalities. The Eurostars-2 bilateral agreements shall include the rules governing the transfer of the Union's contribution and the minimum operational targets and national progressive milestones for further integration and synchronisation of national programmes, including a shorter time-to-grant in accordance with Regulation (EU, Euratom) No 966/2012 and Regulation (EU) No 1290/2013. Those targets and milestones shall be agreed by the Eurostars-2 high-level group in consultation with the Commission. The signature of the Eurostars-2 bilateral agreement and compliance with the operational targets and milestones shall be a pre-condition for NFBs to receive the Union's contribution.
12. The ESE may conclude Eurostars-2 bilateral agreements with the NFBs of partner countries. Those Eurostars-2 bilateral agreements shall set out the responsibilities of the contracting parties in accordance with the Eurostars-2 rules, objectives and implementation modalities, specify the conditions under which partnership with Eurostars-2 shall take place, and include the minimum operational targets, including a short time-to-grant.

13. Networking activities and exchange of best practices shall also be organised amongst the Participating States in order to promote stronger integration at scientific, managerial and financial level.

14. Other activities shall also include brokerage, programme promotion and networking activities with other stakeholders (investors, research and innovation providers, intermediaries) mainly to widen participation from beneficiaries in all Participating States and to involve SMEs with no prior experience in transnational research projects.
ANNEX II

Governance of Eurostars-2

1. The ESE shall manage Eurostars-2.

The Head of the ESE, as the legal representative of the ESE, shall be in charge of implementing Eurostars-2 by:

(a) preparing the annual budget for the calls, central organisation of joint calls for proposals and reception of the proposals as single entry point; the central organisation of the eligibility and evaluation of proposals, according to common eligibility and evaluation criteria, central organisation of the ranking and selection of proposals for funding, and project monitoring and follow-up; the receipt, allocation and monitoring of the Union contribution;

(b) collecting the necessary information from the NFBs for the transfer the Union contribution;

(c) promoting Eurostars-2;

(d) reporting to the Eurostars-2 high-level group and the Commission on the Eurostars-2 programme;

(e) informing the Eureka network about the activities of Eurostars-2;

(f) signing the delegation agreement with the Commission, the bilateral agreements with the NFBs and the contracts with the experts assessing Eurostars-2 applications;

(g) adopting the Eurostars-2 annual work plan following the prior agreement of the Eurostars-2 high-level group and of the Commission.

2. The Eurostars-2 high-level group, composed of the national representatives in the Eureka High Level Group of the Eurostars-2 Participating States, shall supervise the operations of the ESE on Eurostars-2 by:

(a) supervising the implementation of Eurostars-2;

(b) appointing the members of the Eurostars-2 Advisory Group (EAG);

(c) approving the annual work plan;

(d) approving the ranking list of Eurostars-2 projects to be funded and taking the award decision.

The Union, represented by the Commission, shall have the status of observer in the Eurostars-2 high-level group. The Commission shall be invited to participate at the meetings, shall receive all meeting documents and may take part in the discussion.

Any partner country shall have the right to send representatives to meetings of the Eurostars-2 high-level group as observers.

3. The EAG shall be composed of Eureka National Project Coordinators (persons in the national government or agency dealing with the operational level of the management of Eureka/Eurostars programme and in charge of the promotion of Eurostars-2 in the Participating States) from the Participating States. The Commission and partner countries shall have the right to send representatives to the EAG meetings as observers. The EAG meetings shall be chaired by the ESE.

The EAG shall advise the ESE and the Eurostars-2 high-level group on the arrangements for the implementation of Eurostars-2.

4. The NFB shall be in charge of the administration of financial support to the national participants.