

DECISION No 743/2008/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 9 July 2008

on the Community's participation in a research and development programme 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 establishing the European Community, and in particular Articles 169 and 172, second paragraph, thereof,

Having regard to the proposal from the Commission,

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

Acting in accordance with the procedure laid down in Article 251 of the Treaty ⁽²⁾,

Whereas:

- (1) Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013) ⁽³⁾ (hereinafter referred to as the Seventh Framework Programme) provides for Community participation in research and development programmes undertaken by several Member States, including participation in the structures created for the execution of those programmes, within the meaning of Article 169 of the Treaty.
- (2) The Seventh Framework Programme has defined a series of criteria for the identification of areas for such Article 169 initiatives: the relevance to Community objectives, the clear definition of the objective to be pursued and its relevance to the objectives of the Seventh Framework Programme, the presence of a pre-

existing basis (existing or envisaged national research programmes), European added value, a critical mass with regard to the size and number of programmes involved and the similarity of activities they cover, and the efficiency of Article 169 of the Treaty as the most appropriate means for achieving the objectives.

- (3) Council Decision 2006/974/EC of 19 December 2006 on the Specific Programme 'Capacities' implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013) ⁽⁴⁾ (hereinafter referred to as the Specific Programme 'Capacities') identifies an Article 169 initiative in the field of Research Performing Small and Medium-Sized Enterprises (SMEs) as one of the fields suitable for Community participation in national research programmes jointly implemented on the basis of Article 169 of the Treaty.
- (4) In its conclusions of 24 September 2004, the Council recognised the important role of the Seventh Framework Programme in furthering the development of the European Research Area (ERA), and in this context stressed the importance of reinforcing the ties between the ERA and European intergovernmental organisations, such as Eureka.
- (5) In its conclusions of 25 and 26 November 2004, the Council stressed the importance of SMEs for European growth and competitiveness and thus the need for Member States and the Commission to enhance the effectiveness and complementarity of national and European support programmes for SMEs. It encouraged the Commission to explore the possible development of a bottom-up scheme for research-performing SMEs. The Council recalled the importance of coordinating national programmes for the development of the ERA. The Council invited Member States and the Commission to cooperate closely in identifying a limited number of areas for further application of Article 169 of the Treaty. The Council invited the Commission to further develop cooperation and coordination between the Communities and the activities carried out in the framework of intergovernmental structures, notably with Eureka, recalling the Eureka Ministerial Conference of 18 June 2004.

⁽¹⁾ Opinion of 29 May 2008 (not yet published in the Official Journal).

⁽²⁾ Opinion of the European Parliament of 10 April 2008 (not yet published in the Official Journal) and Council Decision of 23 June 2008.

⁽³⁾ OJ L 412, 30.12.2006, p. 1.

⁽⁴⁾ OJ L 400, 30.12.2006, p. 299, as corrected by OJ L 54, 22.2.2007, p. 101.

- (6) In its resolution of 10 March 2005 on science and technology — Guidelines for future European Union policy to support research⁽¹⁾ — the European Parliament encouraged the Member States to adopt fiscal and other incentives for promoting industrial innovation, including links with Eureka, especially with reference to SMEs, and stressed that the ERA would be possible only if an increasing proportion of funding for research were allocated by the Union with a view to coordinating European, national and regional research policies more closely as regards both their substance and their funding, and if this funding were additional to research policy in and between the Member States. The European Parliament stated that more efficient and coordinated use should be made of other funding mechanisms and support mechanisms to support research and development (hereinafter referred to as R & D) and innovation, mentioning, among others, Eureka. It asked for enhanced cooperation between national research programmes and called on the Commission to take initiatives pursuant to Article 169 of the Treaty.
- (7) In its Communication of 4 June 2003 entitled 'Investing in research: an action plan for Europe', the Commission emphasised the importance of SME participation in direct measures to support research and innovation, which is crucial to boosting the innovative capacity of large segments of the economy.
- (8) At present, a number of R & D programmes and activities undertaken by Member States individually at national level to support R & D activities carried out by SMEs are not sufficiently coordinated at European level and do not allow a coherent approach at European level to an effective research and technological development programme.
- (9) Wishing to have a coherent approach at European level in the field of R & D performing SMEs and to act effectively, several Member States have taken the initiative within the framework of Eureka to set up a joint research and development programme entitled 'Eurostars' (hereinafter referred to as the Eurostars Joint Programme) for the benefit of R & D performing SMEs, in order to obtain a critical mass in terms of management and financial resources and the combination of additional expertise and resources available in various countries across Europe.
- (10) The Eurostars Joint Programme aims to support R & D performing SMEs by providing the necessary legal and organisational framework for large-scale European cooperation between Member States in applied research and innovation, in any technological or industrial field, for the benefit of these SMEs. Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom (hereinafter referred to as the participating Member States), and Iceland, Israel, Norway, Switzerland and Turkey (hereinafter referred to as the other participating countries) have agreed to coordinate and implement jointly activities aimed at contributing to the Eurostars Joint Programme. The overall value of their participation is estimated at a minimum of EUR 300 million for the proposed period of six years. The Community financial contribution should represent a maximum of 25 % of the total public contribution to the Eurostars Joint Programme, which is estimated at EUR 400 million.
- (11) In order to increase the impact of the Eurostars Joint Programme, the participating Member States and the other participating countries have agreed to such Community participation in the Eurostars Joint Programme. The Community should participate therein by making a financial contribution of up to EUR 100 million for the duration of the Eurostars Joint Programme. Given that the Eurostars Joint Programme meets the scientific objectives of the Seventh Framework Programme and that the field of the Eurostars Joint Programme falls within the 'Research for the benefit of SMEs' part of the Specific Programme 'Capacities', the Community financial contribution should be taken from the budget appropriation allocated to that part. Further financing options may be available, inter alia, from the European Investment Bank (EIB), in particular through the Risk-Sharing Finance Facility developed jointly with the EIB and the Commission pursuant to Annex III to Decision 2006/974/EC.
- (12) The Community financial support should be provided subject to the definition of a financing plan based on formal commitments from the competent national authorities to implement jointly the R & D programmes and activities undertaken at national level and to contribute to the financing of the joint execution of the Eurostars Joint Programme.
- (13) The joint implementation of the national research programmes requires the establishment or existence of a dedicated implementation structure, as provided for in the Specific Programme 'Capacities'.
- (14) The participating Member States have agreed on such a dedicated implementation structure to implement the Eurostars Joint Programme.

⁽¹⁾ OJ C 320 E, 15.12.2005, p. 259.

- (15) The dedicated implementation structure should be the recipient of the financial contribution from the Community and should ensure the efficient execution of the Eurostars Joint Programme.
- (16) The Community contribution should be subject to the commitment of resources by the participating Member States and the other participating countries and the effective payment of their financial contributions.
- (17) The payment of the Community contribution should be subject to the conclusion of a general agreement between the Commission on behalf of the European Community and the dedicated implementation structure, containing the detailed arrangements for the use of the Community contribution. This general agreement should include the necessary provisions to ensure that the financial interests of the Community are protected.
- (18) The interest generated by the Community financial contribution should be considered as assigned revenue, in accordance with Article 18(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽¹⁾ (hereinafter referred to as the Financial Regulation). The maximum Community contribution indicated in this Decision may be increased accordingly by the Commission.
- (19) The Community should have the right to reduce, withhold or terminate its financial contribution in the event that the Eurostars Joint Programme is implemented inadequately, partially or late, or in the event that the participating Member States and the other participating countries do not contribute, contribute partially or late to the financing of the Eurostars Joint Programme, on the terms set out in the agreement to be concluded between the Community and the dedicated implementation structure.
- (20) In order to efficiently implement the Eurostars Joint Programme, financial support should be granted to participants in the Eurostars Joint Programme projects (hereinafter referred to as Eurostars projects) selected centrally following calls for proposals. Such financial support and its payment should be transparent and efficient. Payments should be effected within the period established in an agreement concluded between the national funding bodies and the dedicated implementation structure. The dedicated implementation structure should encourage the participating Member States and other participating countries to make the payments to participants in the selected Eurostars projects convenient, including, where appropriate, by way of lump sum financing.
- (21) The evaluation of proposals should be performed centrally by independent experts. A ranking should be approved centrally which should be binding as regards the allocation of funding from the Community contribution and from the national budgets earmarked for Eurostars projects.
- (22) The Community contribution should be managed in the framework of indirect centralised management, in accordance with the Financial Regulation and Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽²⁾ (hereinafter referred to as the Implementing Rules).
- (23) For each selected Eurostars project, the R & D performing SMEs should collectively contribute the larger part of the overall costs relating to the R & D activities of all participants.
- (24) Any Member State should be able to join the Eurostars Joint Programme.
- (25) In line with the objectives of the Seventh Framework Programme, the participation in the Eurostars Joint Programme of countries associated with the Seventh Framework Programme or of other countries should be possible, provided that such participation is contemplated by the relevant international agreement and provided that both the Commission and the participating Member States and the other participating countries agree to it.
- (26) In accordance with the Seventh Framework Programme, the Community should have the right to agree on the conditions relating to its financial contribution to the Eurostars Joint Programme concerning the participation therein of any country associated with the Seventh Framework Programme or, where essential for implementing the Eurostars Joint Programme, of any other country, joining the Programme in the course of its implementation, in accordance with the rules and conditions set out in this Decision.

⁽¹⁾ OJ L 248, 16.9.2002, p. 1. Regulation as last amended by Regulation (EC) No 1525/2007 (OJ L 343, 27.12.2007, p. 9).

⁽²⁾ OJ L 357, 31.12.2002, p. 1. Regulation as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13).

- (27) Appropriate measures should be taken to prevent irregularities and fraud and the necessary steps should be taken to recover funds lost, wrongly paid or incorrectly used in accordance with Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests ⁽¹⁾, Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities ⁽²⁾ and Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF) ⁽³⁾.
- (28) It is essential that the research activities carried out under the Eurostars Joint Programme conform to basic ethical principles, including those reflected in Article 6 of the Treaty on European Union and in the Charter of Fundamental Rights of the European Union, and follow the principles of gender mainstreaming and gender equality.
- (29) The Commission should conduct an interim evaluation, assessing in particular the ability of R & D performing SMEs to access the Eurostars Joint Programme and the quality and efficiency of its implementation and progress towards the objectives set, as well as a final evaluation.
- (30) Monitoring of the execution of the Eurostars Joint Programme should be efficient and should not impose unnecessary burdens on participants in the programme, especially the SMEs.
- (31) The dedicated implementation structure should encourage the participants in the selected Eurostars projects to communicate and disseminate their results and to make this information publicly available,

HAVE ADOPTED THIS DECISION:

Article 1

1. In implementing the Seventh Framework Programme the Community shall make a financial contribution to the Eurostars Joint Programme undertaken jointly by Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom (the participating Member States), and Iceland, Israel, Norway, Switzerland and Turkey (the other participating countries).

⁽¹⁾ OJ L 312, 23.12.1995, p. 1. Regulation as amended by Commission Regulation (EC) No 1233/2007 (OJ L 279, 23.10.2007, p. 10).

⁽²⁾ OJ L 292, 15.11.1996, p. 2.

⁽³⁾ OJ L 136, 31.5.1999, p. 1.

2. The Community shall pay a financial contribution amounting to the equivalent of a maximum of one third of the effective contributions of the participating Member States and the other participating countries, within a ceiling of EUR 100 million for the duration of the Seventh Framework Programme, in accordance with the principles set out in Annex I.

3. The Community financial contribution shall be paid from the appropriation in the general budget of the European Union allocated to the 'Research for the benefit of SMEs' part of the Specific Programme 'Capacities'.

Article 2

The Community financial contribution shall be conditional upon:

- (a) demonstration by the participating Member States and the other participating countries that the Eurostars Joint Programme as described in Annex I has been efficiently set up;
- (b) the formal establishment or designation by the participating Member States and the other participating countries or organisations designated by the participating Member States and the other participating countries, of a dedicated implementation structure with legal personality, which shall be responsible for the implementation of the Eurostars Joint Programme and for receiving, allocating and monitoring the Community financial contribution in the framework of indirect centralised management in accordance with Articles 54(2)(c) and 56 of the Financial Regulation and Articles 35, 38(2) and 41 of the Implementing Rules;
- (c) the establishment of an appropriate and efficient governance model for the Eurostars Joint Programme in conformity with Annex II;
- (d) efficient carrying out of the activities under the Eurostars Joint Programme described in Annex I by the dedicated implementation structure, which entails the launch of calls for proposals for the award of grants;
- (e) commitments by the participating Member States and the other participating countries to contribute to the financing of the Eurostars Joint Programme and the effective payment of their financial contribution, in particular the funding of participants in the selected Eurostars projects following the calls for proposals launched under the Eurostars Joint Programme;

- (f) compliance with the State aid rules of the Community, and in particular the rules set out in the Community Framework for State Aid for Research, Development and Innovation ⁽¹⁾;
- (g) ensuring a high level of scientific excellence and observance of ethical principles in accordance with the general principles of the Seventh Framework Programme, of gender mainstreaming and gender equality and of sustainable development, and
- (h) the formulation of provisions governing the intellectual property rights stemming from the activities carried out under the Eurostars Joint Programme and the implementation and coordination of the R & D programmes and activities undertaken at national level by the participating Member States and the other participating countries in such a way that they aim at promoting the creation of such knowledge and at supporting wide use and dissemination of the knowledge created.

Article 3

In the implementation of the Eurostars Joint Programme, the granting of financial support to participants in Eurostars projects selected centrally in accordance with Annex II following calls for proposals for the award of grants, shall be subject to the principles of equal treatment and transparency. The financial support shall be granted on the basis of scientific excellence and, taking into account the specific nature of the SME target group, the socioeconomic impact at European level and relevance to the overall objectives of the programme, in accordance with the principles and procedures set out in Annex I.

Article 4

The arrangements for the Community financial contribution and the rules relating to financial liability and intellectual property rights as well as the detailed rules for the provision of financial support by the dedicated implementation structure to third parties shall be established by means of a general agreement to be concluded between the Commission, on behalf of the Community, and the dedicated implementation structure, and annual financing agreements.

Article 5

In accordance with Article 18(2) of the Financial Regulation, the interest generated by the Community financial contribution allocated to the Eurostars Joint Programme shall be considered as assigned revenue. The maximum Community contribution indicated in Article 1 of this Decision may be increased accordingly by the Commission.

Article 6

If the Eurostars Joint Programme is not implemented or is implemented inadequately, partially or late, or if the participating Member States and the other participating countries do

not contribute, contribute partially or late to the financing of the Eurostars Joint Programme, the Community may reduce, withhold or terminate its financial contribution in line with the actual implementation of the Eurostars Joint Programme and the amount of public funding allocated by the participating Member States and the other participating countries for the implementation of the Eurostars Joint Programme, on the terms laid down in the agreement to be concluded between the Commission and the dedicated implementation structure.

Article 7

In implementing the Eurostars Joint Programme, the participating Member States and the other participating countries shall take the legislative, regulatory, administrative or other measures necessary for protecting the Communities' financial interests. In particular, the participating Member States and the other participating countries shall take the necessary measures to ensure full recovery of any amounts due to the Community in accordance with Article 54(2)(c) of the Financial Regulation and Article 38(2) of the Implementing Rules.

Article 8

The Commission and the Court of Auditors may, through their officials or agents, carry out all the checks and inspections needed to ensure proper management of the Community funds and protect the financial interests of the Community against any fraud or irregularity. To this end, the participating Member States and the other participating countries and the dedicated implementation structure shall, in due course, make all relevant documents available to the Commission and the Court of Auditors.

Article 9

The Commission shall communicate all relevant information to the European Parliament, the Council and the Court of Auditors. The participating Member States and the other participating countries are invited to submit to the Commission, through the dedicated implementation structure, any additional information required by the European Parliament, the Council and the Court of Auditors concerning the financial management of the dedicated implementation structure.

Article 10

Any Member State may join the Eurostars Joint Programme in accordance with the criteria set out in Article 2(e) to (h).

Article 11

Any third country may join the Eurostars Joint Programme in accordance with the criteria set out in Article 2(e) to (h), provided that such participation is contemplated by the relevant international agreement and provided that both the Commission and the participating Member States and the other participating countries agree to it.

⁽¹⁾ OJ C 323, 30.12.2006, p. 1.

Article 12

Conditions relating to the Community financial contribution concerning the participation in the Eurostars Joint Programme of any country associated with the Seventh Framework Programme or, where essential for implementing the Eurostars Joint Programme, of any other country, may be agreed by the Community on the basis of the rules set out in this Decision and of any implementing rules and arrangements.

Article 13

1. The annual report on the Seventh Framework Programme presented to the European Parliament and the Council pursuant to Article 173 of the Treaty shall include a summary of the activities of the Eurostars Joint Programme based on the annual report to be provided by the dedicated implementation structure to the Commission.

2. An interim evaluation of the Eurostars Joint Programme shall be carried out by the Commission two years after the start of the Eurostars Joint Programme and shall cover progress towards the objectives set out in Annex I. The evaluation shall also include recommendations on the most appropriate ways to further enhance scientific, management and financial integration and assess the ability, of R & D performing SMEs in particular, to access the Eurostars Joint Programme and the quality and efficiency of its implementation. The Commission

shall communicate the conclusions thereof, accompanied by its observations and, where appropriate, proposals for the amendment of this Decision, to the European Parliament and the Council.

3. At the end of the Eurostars Joint Programme, the Commission shall conduct a final evaluation of the Programme. The results of the final evaluation shall be presented to the European Parliament and the Council.

Article 14

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

Article 15

This Decision is addressed to the Member States.

Done at Strasbourg, 9 July 2008.

For the European Parliament

The President

H.-G. PÖTTERING

For the Council

The President

J.-P. JOUYET

ANNEX I

DESCRIPTION OF THE OBJECTIVES AND ACTIVITIES OF THE EUROSTARS JOINT PROGRAMME**I. Objectives**

The objective of this initiative put forward by the Eureka Member Countries is to establish the Eurostars Joint Programme targeting R & D performing SMEs. These SMEs are knowledge-intensive, technology/innovation-based companies, playing a key role in the innovation process. They are characterised by strong customer or market orientation, aiming to achieve a strong international position by leading highly innovative, market-oriented projects. Based on their own R & D capacity, they are able to develop products, processes or services that have a clear innovative or technological advantage. Companies may vary in size and in scope of activities, being e.g. established businesses with a track record of performing application-oriented, cutting-edge R & D, or high-potential start-ups. R & D constitutes a key element in their corporate strategy and business plans. These companies should be SMEs within the meaning of Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises⁽¹⁾ and should dedicate a notable part of their activity to R & D. Detailed thresholds of this activity shall be clarified in accordance with Annex II.

The Eurostars Joint Programme aims to support such R & D performing SMEs by:

1. creating an easily accessible and sustainable European R & D support mechanism for them;
2. encouraging them to create new economic activities based on R & D results and bring new products, processes and services to the market faster than would otherwise be possible;
3. promoting their technological and business development and internationalisation.

The Eurostars Joint Programme shall complement existing national and European Union programmes aimed at supporting R & D performing SMEs in their innovation process.

It shall contribute to European competitiveness, innovation, employment, economic change, sustainable development and environmental protection, and help to achieve the Lisbon and Barcelona objectives. It shall support, through its bottom-up approach, research, development and demonstration activities carried out by trans-national consortia driven by R & D performing SMEs and cooperating where appropriate with research organisations and/or large enterprises.

The Eurostars Joint Programme is aimed at aligning and synchronising the relevant national research and innovation programmes to establish a joint programme, featuring scientific, management and financial integration, marking an important contribution towards the realisation of the ERA. Scientific integration is achieved through the common definition and implementation of activities under the Eurostars Joint Programme. Management integration is achieved via the use of the Eureka Secretariat as the dedicated implementation structure. Its role is to manage the Eurostars Joint Programme and to monitor its execution, as further detailed in Annex II. Financial integration implies that the participating Member States and the other participating countries effectively contribute to the financing of the Eurostars Joint Programme, involving in particular the commitment to fund the participants in selected Eurostars projects from the national budgets earmarked for the Eurostars Joint Programme.

In the longer term, this initiative should strive to develop tighter forms of scientific, management and financial integration. The participating Member States and the other participating countries should further strengthen such integration and remove existing national legal and administrative barriers to international cooperation as part of the initiative.

II. Activities

The main activity in the Eurostars Joint Programme consists of R & D activities driven by one or more R & D performing SMEs established in the participating Member States or the other participating countries. Research organisations, universities, other SMEs and large companies may also participate in the Programme. The R & D activities can be carried out in the entire field of science and technology and are:

1. implemented via multi-partner transnational projects involving at least two independent participants from different participating Member States and other participating countries addressing research, technological development, demonstration, training and dissemination activities;

⁽¹⁾ OJ L 124, 20.5.2003, p. 36.

2. executed for their core part by the R & D performing SME(s). For each selected Eurostars project, the R & D performing SMEs should collectively contribute the larger part of the overall costs relating to the R & D activities of all participants. Minor subcontracting may be allowed, if necessary for the project;
3. targeted at market-oriented R & D, and should be of short to medium term duration and address challenging R & D work; SMEs should demonstrate the capability to exploit the project results within a realistic time frame;
4. led and coordinated by a participating R & D performing SME, the 'leading SME'.

In addition, brokerage, programme promotion and networking activities shall be supported to a limited extent in order to promote the Eurostars Joint Programme and enhance its impact. These shall include the organisation of workshops and the establishment of contacts with other stakeholders such as investors and knowledge management providers.

III. Deliverables expected from the implementation of the Programme

The Eurostars Joint Programme's main deliverable is a new joint European research and development programme for R & D performing SMEs, which is bottom-up, based on Eureka and co-funded by the contributing national R & D programmes and the Community.

An annual report shall be provided by the dedicated implementation structure, which shall give a detailed overview of the implementation of the Programme (evaluation and selection process, statistics on the composition of the evaluator group, number of projects submitted and selected for funding, use of the Community funding, distribution of national funds, type of participants, country statistics, brokerage events and dissemination activities, etc.) and the progress towards further integration. An *ex post* evaluation of the Programme's impact shall be conducted by the dedicated implementation structure at the end of the Eurostars Joint Programme.

IV. Programme implementation

The Eurostars Joint Programme shall be managed by the dedicated implementation structure. Proposals are submitted centrally to the dedicated implementation structure by applicants (single entry point), following a central and common yearly call for proposals, with several cut-off dates. Project proposals shall be evaluated and selected centrally on the basis of transparent and common eligibility and evaluation criteria following a two-step procedure. In the first step, proposals shall be assessed by at least two independent experts, who review both technical and market aspects of the proposal. These experts may act remotely. The ranking of proposals is performed in the second step, by an international evaluation panel, composed of independent experts. The ranking list, approved centrally, shall be binding for the allocation of funding from the Community contribution and from the national budgets earmarked for Eurostars projects. The dedicated implementation structure shall be responsible for monitoring projects and common operational procedures to manage the full project cycle shall be in place. The dedicated implementation structure shall take appropriate measures to encourage recognition of the Community contribution to the Eurostars Joint Programme, both to the Programme itself and to individual projects. It should promote appropriate visibility for such contribution through the use of the Community logo in all published material, including printed and electronic publications, relating to the Eurostars Joint Programme. Project participants in selected Eurostars projects shall be handled administratively by their respective national programmes.

V. Funding Mechanism

The Eurostars Joint Programme is co-funded by the participating Member States, the other participating countries and the Community. The participating Member States and the other participating countries define a multi-annual financing plan to participate in the Eurostars Joint Programme and contribute to the co-funding of its activities. The national contributions may come out of existing or from newly created national programmes, as long as they comply with the bottom-up character of the Eurostars Joint Programme. Any participating Member State or other participating country is free to increase its national funding earmarked for the Eurostars Joint Programme, at any time during the Programme.

Funding at Programme level

The Community contribution to the Eurostars Joint Programme, which shall be managed by the dedicated implementation structure, is calculated as a maximum of one third of the effective financial contributions from the participating Member States and the other participating countries, with a ceiling of EUR 100 million.

A maximum of 4,5 % of the Community financial contribution shall be used by the dedicated implementation structure to contribute to the overall operational costs of the Eurostars Joint Programme.

The Community financial contribution to selected Eurostars projects shall be transferred by the dedicated implementation structure to the national funding bodies designated by the participating Member States and the other participating countries, on the basis of an agreement concluded between the national funding bodies and the dedicated implementation structure. The national funding bodies shall finance the national participants whose proposals are selected centrally and shall also channel the Community financial contribution from the dedicated implementation structure.

Funding of Eurostars projects

The allocation of funding from the Community contribution and national budgets earmarked for selected Eurostars projects shall follow the order of the ranking list. The financial contribution to the participants in these projects is calculated according to the funding rules of the participating national programmes.

In the case of loans, a standard calculation for gross grant equivalence shall apply, taking into account the interest subsidy intensity and the average failure rate of the underlying national programme.

VI. Intellectual property rights arrangements

The dedicated implementation structure shall adopt the intellectual property policy of the Eurostars Joint Programme, in accordance with the requirements of Article 4 of this Decision. The objective of the intellectual property policy of the Eurostars Joint Programme is to promote knowledge creation, together with the exploitation and dissemination of the project results in favour of the target group of R & D performing SMEs. In this context, the approach taken under Regulation (EC) No 1906/2006 of the European Parliament and of the Council of 18 December 2006 laying down the rules for the participation of undertakings, research centres and universities in actions under the Seventh Framework Programme and for the dissemination of research results (2007-2013) ⁽¹⁾ should serve as a model.

⁽¹⁾ OJ L 391, 30.12.2006, p. 1.

ANNEX II

GOVERNANCE OF THE EUROSTARS JOINT PROGRAMME

The governance system of the Eurostars Joint Programme involves four main bodies:

1. The 'Eureka High Level Group' (Eureka HLG) is composed of the persons appointed by the States which are members of Eureka as High Level Representatives, and a representative from the Commission. It is responsible for the admission of non-participating Member States or other non-participating countries into the Eurostars Joint Programme, in accordance with the requirements of Articles 10 and 11 of this Decision.
 2. The 'Eurostars High Level Group' (Eurostars HLG) is composed of the Eureka High Level Representatives of the participating Member States and other participating countries. The Commission as well as Member States not participating in the Eurostars Joint Programme retain the option to send representatives to its meetings as observers. It is competent to supervise the implementation of the Eurostars Joint Programme, and in particular for the appointment of the members of the Eurostars Advisory Group, the approval of the operational procedures for running the Eurostars Joint Programme, the approval of the call planning and call budget, and the approval of the ranking list of Eurostars projects to be funded.
 3. The 'Eurostars Advisory Group' is composed of Eureka National Project Coordinators from the participating Member States and other participating countries and is chaired by the Head of the Eureka Secretariat (ESE). The Eurostars Advisory Group shall advise the ESE on the execution of the Eurostars Joint Programme and shall provide advice on the arrangements for its implementation, such as funding procedures, the evaluation and selection process, synchronisation between the central and national procedures, and project monitoring. It shall advise on the planning for the cut-off dates of the yearly call for proposals. It shall also advise on progress in the execution of the joint programme, including progress towards further integration.
 4. The ESE shall act as the dedicated implementation structure of the Eurostars Joint Programme. The Head of the ESE shall act as legal representative of the Eurostars Programme. The ESE is in charge of the execution of the Eurostars Joint Programme, and is responsible in particular for:
 - the establishment of the yearly call budget, central organisation of common calls for proposals and reception of the project proposals (single entry point),
 - central organisation of the eligibility and evaluation of project proposals, according to common eligibility and evaluation criteria, central organisation of the selection of project proposals for funding, and project monitoring and follow-up,
 - the receipt, allocation and monitoring of the Community contribution,
 - collecting the accounts for the distribution of funding by the funding bodies in the participating Member States and the other participating countries to the participants in Eurostars projects,
 - promotion of the Eurostars Joint Programme,
 - reporting to the Eureka HLG, the Eurostars HLG and the Commission on the Eurostars Joint Programme, including on progress towards further integration,
 - informing the Eureka network about the Eurostars Joint Programme activities.
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