

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Decision	2007/0188(COD) Procedure completed
Eurostars Joint Programme: participation by the Community in a research and development programme aimed at supporting research and development performing SMEs undertaken by several Member States	
Subject 3.45.02 Small and medium-sized enterprises (SME), craft industries 3.50.20 Scientific and technological cooperation and agreements	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ITRE Industry, Research and Energy		09/10/2007
		PPE-DE RÜBIG Paul	
	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets	The committee decided not to give an opinion.	
	CONT Budgetary Control	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Agriculture and Fisheries	2881	23/06/2008
	Competitiveness (Internal Market, Industry, Research and Space)	2871	29/05/2008
	Competitiveness (Internal Market, Industry, Research and Space)	2852	25/02/2008
	Competitiveness (Internal Market, Industry, Research and Space)	2832	22/11/2007
European Commission	Commission DG	Commissioner	
	Research and Innovation	POTOČNIK Janez	

Key events			
12/09/2007	Legislative proposal published	COM(2007)0514	Summary
27/09/2007	Committee referral announced in Parliament, 1st reading/single reading		
22/11/2007	Debate in Council	2832	
25/02/2008	Debate in Council	2852	
25/02/2008	Debate in Council	2852	
28/02/2008	Vote in committee, 1st reading/single reading		Summary
04/03/2008	Committee report tabled for plenary, 1st reading/single reading	A6-0064/2008	
09/04/2008	Debate in Parliament		

			
10/04/2008	Results of vote in Parliament		
10/04/2008	Decision by Parliament, 1st reading/single reading	T6-0116/2008	Summary
29/05/2008	Debate in Council	2871	
23/06/2008	Act adopted by Council after Parliament's 1st reading		
09/07/2008	Final act signed		
09/07/2008	End of procedure in Parliament		
30/07/2008	Final act published in Official Journal		

Technical information

Procedure reference	2007/0188(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
Legal basis	EC Treaty (after Amsterdam) EC 172-p2; EC Treaty (after Amsterdam) EC 169
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/6/53097

Documentation gateway

Legislative proposal	COM(2007)0514	12/09/2007	EC	Summary
Committee draft report	PE400.381	18/01/2008	EP	
Amendments tabled in committee	PE400.592	31/01/2008	EP	
Amendments tabled in committee	PE402.683	21/02/2008	EP	
Amendments tabled in committee	PE402.811	03/03/2008	EP	
Committee report tabled for plenary, 1st reading/single reading	A6-0064/2008	04/03/2008	EP	
Text adopted by Parliament, 1st reading/single reading	T6-0116/2008	10/04/2008	EP	Summary
Commission response to text adopted in plenary	SP(2008)3169	28/05/2008		
Economic and Social Committee: opinion, report	CES0977/2008	29/05/2008	ESC	
Draft final act	03623/2008/LEX	09/07/2008	CSL	
Follow-up document	COM(2011)0186	08/04/2011	EC	Summary
Follow-up document	COM(2015)0479	30/09/2015	EC	Summary

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

2007/0188(COD) - 12/09/2007 Legislative proposal

PURPOSE: to offer Community financing of the EUREKA 'Eurostars Joint Programme' for SMEs

PROPOSED ACT: Decision of the European Parliament and of the Council.

BACKGROUND: the importance of SMEs to European growth and competitiveness is well recognised and promoted in the EU. The Council has encouraged the Commission to explore the possible development of a bottom-up scheme for research performing SMEs and co-ordination with funding schemes such as EUREKA. In its Resolution on Science and Technology, the European Parliament too stated that a more efficient use should be made of other funding mechanisms to support R&D and Innovation in the EU for SMEs.

R&D performing SMEs are knowledge-intensive, technology based companies that play a key role in the innovation process. Based on their own R&D capacity, they are able to develop products, processes or services that have a clear innovative or technological advantage.

For its part, EUREKA is an inter-governmental initiative established in 1985 that seeks to support market-oriented transnational R&D and innovation projects across all sectors and consists of 38 members including the European Community. It is divided into participating Member States: Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, the Netherlands, Poland, Portugal, Romania, Slovenia, Spain and Sweden and other participating Member States: Iceland, Israel, Norway, Switzerland and Turkey.

At the EUREKA Ministerial Conference in June 2004 the European Commission was asked to explore the possibility of setting up concrete financing mechanisms that reinforce co-operation between EUREKA and the Framework Programme with a particular emphasis on SMEs. This initiative gave rise to the 'Eurostars Joint Programme' based on Article 171 and 169 of the Treaty.

CONTENT: the purpose of this proposal, therefore, is to offer Community financial assistance to EUREKA's Eurostars Joint Programme, totalling EUR 100 million.

Although SMEs have access to a number of programmes under the Framework Programme, currently no specific scheme exists that addresses the R&D needs of performing SMEs. Under existing possibilities SMEs can participate either through the 'Co-operation' programme of the 7th FP or through the action 'Research for the benefit of SMEs'.

EUREKA, on the hand, supports market-oriented transnational research projects without any thematic restrictions. Once awarded a EUREKA label, project partners have to look to their own national programme for funding as there is no central funding mechanism. The 'Eurostars Joint Programme' on the other hand, complements both the activities of the 7th FP and EUREKA, by offering a bottom-up programme, which is specifically tailored towards R&D performing SMEs. Further the Programme places SMEs in the driving seat, favours small consortia, encourages market-oriented research, results in the synchronisation and harmonisation of national procedures, and finally, offers a secured funding mechanism to project participants.

In summary, therefore, the main thrust of the Eurostars initiative is to create a joint research and development programme by providing the necessary legal and organisational framework for large-scale European co-operation between Member States on applied research and innovation in the area of R&D performing SMEs. All EUREKA members have agreed to co-ordinate and jointly implement activities aimed at contributing to the Eurostars Joint Programme. The overall value of their participation is estimated at a minimum of EUR 300 million over the six-year period covered by the programme.

Community funding for this initiative would stem from the [Capacity](#) programme of the 7thFP. The Agreement once concluded between the Commission and the dedicated implementation structure will ensure that the financial interests of the Community are protected.

2007/0188(COD) - 28/02/2008 Vote in committee, 1st reading/single reading

The Committee on Industry, Research and Energy adopted a report drafted by Paul RÜBIG (EPP-ED, AT), and amended, in the framework of the codecision procedure, the proposal for a decision of the European Parliament and of the Council on the participation by the Community in a research and development programme aimed at supporting research and development performing SMEs undertaken by several Member States.

The main amendments adopted in committee are as follows:

- Members ask that the grant of financial support to third parties and its payment should be transparent and non-bureaucratic. The financial support shall be paid as a lump sum. Where a lump sum payment is not compatible with the funding rules of the participating national programmes, a fixed percentage of the direct costs of the project in question (flat rate) should be preferred;
- for each project, the R&D performing SME(s) should collectively execute a large part of the overall R&D activities within the project;
- in the event that third parties participating in the programme and granted financial support are ranked in order of priority, that ranking shall be binding as regards the allocation of funding from the Community contribution and from the national earmarked budgets;
- the interim evaluation of the Eurostars Joint Programme, to be carried out by the Commission two years after the start of the Joint Programme, must also assess the eligibility criteria for the R&D performing SMEs, in particular what proportion of time and of annual turnover is dedicated to research activities. If the evaluation shows that the eligibility criteria are too stringent, such that insufficient

proposals for the award of grants are accepted, the Commission and the dedicated implementation structure shall amend the general agreement in order to adjust those criteria accordingly. The simplification of regulation decided with reference to undertakings' administrative burdens must also apply in the Commission's contacts with the interested parties relating to these questions;

- the dedicated implementation structure shall take appropriate measures to give recognition to the Community contribution to the Eurostars Joint Programme both in the programme generally and in individual projects, including the use of a Community logo in all published material relating to the Eurostars Joint Programme;
- a new recital states that monitoring of the implementation of the Eurostars Joint Programme should be cost-efficient and should not impose unnecessary burdens on SMEs participating in the Programme. The requirements imposed should be clear and relevant and so framed that the individual undertakings can easily, on the basis of their activities, answer the questions put to them;
- lastly, Members stated that the Commission should set up a database containing the results of the projects and should make this information continually available.

2007/0188(COD) - 10/04/2008 Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted, by 626 to 14 with 6 abstentions, a legislative resolution, amending the proposal for a decision on the participation by the Community in a research and development programme aimed at supporting research and development performing SMEs undertaken by several Member States (Eurostars Joint Programme). The report had been tabled for consideration in plenary by Paul RÜBIG (EPP-ED, AT) on behalf of the Committee on Industry, Research and Energy.

The amendments - adopted under the 1st reading of the codecision procedure ? were the result of a compromise between Parliament and Council:

-new recitals state that financial support to participants in the Eurostars Joint Programme projects, selected at central level following calls for proposals, should be transparent and efficient. These payments should be effected within the period established on the basis of an agreement to be concluded between the national funding bodies and the dedicated implementation structure. The latter should invite the Member States to facilitate the payments to participants in selected projects, including, where appropriate, lump sum financing. On the matter of financing, Parliament added that 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;

-monitoring the execution of the Eurostars Joint Programme should be efficient and not impose unnecessary burdens on participants, including notably SMEs, in the programme;

-the dedicated implementation structure should encourage the participants in the selected projects to communicate and disseminate their results and to make this information publicly available;

-the evaluation of proposals should be performed at central level by independent experts. A ranking list should be approved at central level and binding for the allocation of funding from the Community contribution and from the national earmarked budgets to Eurostars projects;

-detailed thresholds of R&D activity in the SMEs shall be clarified in accordance with Annex II;

- research organisations, universities, other SMEs or large companies may also participate in the Programme;

-for each project, the R&D performing SME(s) should collectively execute a large part of the overall R&D activities within the project;

-the dedicated implementation structure shall take appropriate measures to encourage recognition of the Community contribution to the Eurostars Joint Programme, both to the overall programme and to individual projects as well. It should promote appropriate visibility for such contribution through the use of the Community logo in all published material, including printed and electronic publication, relating to the Eurostars Joint Programme;

-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 national funding bodies shall finance the national participants whose proposals are selected at central level and shall also channel the Community financial contribution from the dedicated implementation structure;

-the "Eurostars High Level Group" is composed of the EUREKA High Level Representatives of the States participating in the Eurostars joint programme. The Commission as well as EU Member States not participating in the Programme retain the option to send representatives to its meetings as observers;

-the interim evaluation of the Eurostars Joint Programme to be carried out two years after the start of the Programme and must also include recommendations on the most appropriate ways to further enhance scientific management and financial integration, assess the ability of R&D performing SMEs in particular to access the Eurostars Joint Programme, and the quality and efficiency of its implementation.

2007/0188(COD) - 09/07/2008 Final act

PURPOSE: to enable a financial contribution to SMEs under the Eurostars joint programme.

LEGISLATIVE ACT: Decision No 743/2008/EC of the European Parliament and of the Council 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.

CONTENT: this Decision provides that, 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).

The Community will 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. The Community financial contribution will be paid from the general budget of the EU allocated to the "Research for the benefit of SMEs" part of the Specific Programme "Capacities". 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.

The Community financial contribution is conditional upon, inter alia, demonstration by the participating Member States and the other participating countries that the Eurostars Joint Programme as described in the text has been set up efficiently. It is also conditional upon the formal establishment or designation by the participating Member States and the other participating countries, of a dedicated implementation structure with legal personality. This structure will be responsible for the implementation of the Eurostars Joint Programme and for receiving, allocating and monitoring the Community financial contribution.

Knowledge-intensive and innovative SMEs play a key role for the achievement of the Lisbon objectives, but face serious challenges, particularly due to intensified global competition. The Eurostars programme is targeted at SMEs that develop cutting-edge technology, production processes and services in their field, as well as SMEs that carry out market-oriented research in transnational projects. Thus, the programme will contribute to:

- boosting the innovative capacity of the economy;
- remedying the lack of coordination of national research policies;
- furthering the development of the European Research Area;
- attaining the common EU objective of raising investment in research and development to 3% of GDP by 2010.

The Eurostars programme, put forward by EUREKA, is the second of four initiatives based on article 169 of the EC treaty that are planned during the course of the EC's 7th research framework programme.

Reports: the annual report on the Seventh Framework Programme must 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. An interim evaluation of the Eurostars Joint Programme will 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 the text. The evaluation will 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. At the end of the Eurostars Joint Programme, the Commission shall conduct a final evaluation of the Programme.

ENTRY INTO FORCE: 02/08/2008.

2007/0188(COD) - 08/04/2011 Follow-up document

In accordance with Decision No 1982/2006/EC, the Commission presents its interim evaluation of the Eurostars Joint Programme. The Programme aims to support R & D performing SMEs by co-financing their market-oriented research projects and by providing them with the necessary legal and organisational framework. It is recalled that the EU decided to participate in financing Eurostars with a contribution of up to EUR100 million for the period 2008-2013, equivalent to a maximum of one third of the effective contributions of Member States and the other participating countries.

The interim evaluation was carried out by a Group of Independent Experts ("Group"), chaired by Ms Laperrouse, former Member of the European Parliament and Vice-President of the ITRE Committee. The interim evaluation report provided an analysis of the main aspects of the Eurostars programme (operational and strategic) and recommendations on both the short and longer term future. The Group has looked in particular at the progress towards the main objectives of Eurostars of supporting R&D performing SMEs and of aligning and synchronising national research and innovation programmes. The report provides the Commission views on the main recommendations expressed by the experts.

Progress of Eurostars: the Group suggested that the target population of European R&D performing SMEs is being reached and that this population provides a sustainable niche from the demand side perspective. The programme has attracted a high number of applications, with the number of qualified projects exceeding original budget allocations. With the open innovation approach rapidly becoming a common practice and the recognised importance of R&D for SMEs performance, the Group believes the demand for international R&D collaborations by SMEs to be likely to grow. The Group therefore recommends that Eurostars should be continued beyond 2013 and that in the next edition of the Eurostars Programme, the European Commission should prepare a proposal to expand the budget, using flexibility clauses, to respond to the increasing demand.

The Commission welcomes the strong SME interest in Eurostars. In its first years, Eurostars has shown good potential as a programme of interest to R&D performing SMEs, encouraging them to innovate. The Commission will therefore continue to support the current programme until 2013. It will be important to see whether this level of demand is maintained and that Eurostars countries are able to meet it. Furthermore, currently the majority of participating SMEs has been already involved in international research. Whether this constitutes the intended target group could be questioned. Discussions on the future budget allocation for Eurostars should take place in the light of the further evolution of the programme and eventually in the overall context of the future Common Strategic Framework for Research and Innovation funding and of the European Council conclusions of 4 February 2011.

Having started in 2008, the programme's operational performance still needs further improvement. In this respect, the key measure for success is a substantially reduced time-to-contract. The Group considers that reducing time-to-contract (defined as the time between cut-off date of the calls and the date of the signature of the grant agreement) should remain one of the top priorities for all the stakeholders of the Eurostars programme and participant countries are invited to put the necessary measures in place. It also suggests possible actions to reduce time-to-contract: earlier financial assessment by the national level; the Secretariat to monitor and discuss with 'slower' countries; common and stricter deadlines for signature of consortium and grant agreement. The Commission agrees with the recommendations, and encourages the Eurostars countries to advance the processes in the national administrations as much as possible.

The report goes on to note that from a wider perspective, the integration process of the national participating programmes needs to be reinforced. The Group stated that, conceptually, Eurostars has featured a good level of integration of national programmes, in all the three

aspects (scientific, management and financial), by setting up the main bodies and procedures as referred to in the Decision.

However, further improvements still remain to be made to achieve the desired level of integration at the implementation level, especially in the following areas: harmonisation of national funding rates and funding rules, synchronisation and reduction in time-to-contract and harmonisation of reporting practices. The Group recommends addressing these important issues through the development of a roadmap with measurable milestones to facilitate the monitoring and implementation of the integration process and by setting up a permanent Working Group for the exchange of Good practices. The Commission agrees with the recommendations of the Group with a view to accelerating the integration process. The Commission invites the Eurostars countries to take the integration objective of the Eurostars Joint Programme into account through a better harmonisation and simplification of funding eligibility rules and alignment of financing and disbursement practices.

Lastly, the Commission will actively engage in discussions on the possible follow up for the current Eurostars programme in the context of the next programming period, without prejudice to the preparation of the Common Strategic Framework for Research and Innovation funding and the EU Multi-Annual Financial Framework. It will take into consideration the wider political context of the Innovation Union Flagship initiative and the European Council conclusions of 4 February 2011.

2007/0188(COD) - 30/09/2015 Follow-up document

The Commission presents the final evaluation of the Eurostars Joint Programme (2008-2013), established by Decision No 743/2008/EC (Eurostars Decision). To recall, the Programme aimed to provide financial support to transnational market-oriented research projects initiated and led by R&D-performing small and medium-sized enterprises (SMEs). The EU financial contribution was limited to one third of the contributions of the participating Member States and the other participating countries, within a ceiling of EUR 100 million. The participation was for the duration of the [Seventh Framework Programme for Research \(2008-2013\)](#). Since then, the European Parliament and the Council have adopted [Decision No 553/2014/EU](#) providing for continued participation in funding in the new Eurostars-2 joint programme from 2014 to 2020 (Eurostars-2 Decision).

The Makarow group of independent experts carried out the evaluation. This report provides a review of the Makarow groups main findings and recommendations together with the Commissions observations.

The Makarow groups principal conclusion is that Eurostars has succeeded in accelerating the growth and innovative outputs of R&D-performing SMEs. However, the group also considers that aspects of governance and managerial implementation need to be improved. In all, it sets out 28 recommendations in the final evaluation. The Commission notes that several of the recommendations have already been taken on board in the Eurostars-2 Decision (2014-2020).

Main aspects of the final evaluation:

Target group and scope of the Programme: the EUREKA Secretariat received 3548 applications comprising 11733 applicants. The overwhelming majority of applicants were SMEs (72 %) and the average consortium size was 3.3 participants. Funding was approved for 783 applications for a total of EUR 1 130 million. The number of applications continued to increase throughout the duration of the Eurostars programme. However, the number of applications approved for funding did not rise accordingly, meaning that the success rate declined from 42 % in 2008 to 17 % in 2013.

Total estimated public funding for 2008-2013 was EUR 472 million, giving a proportion of EU funding (EUR 100 million) to national funding (EUR 372 million) of 26.9 % (or 21.2 % of the total public funding).

The Makarow Group considers, and the Commission concurs that the programme is relevant to the target groups needs and objectives. The high level of demand from SMEs is considered an indication of this strategic fit. Almost all participating SMEs plan to apply to Eurostars again. R&D-performing SMEs count for the overwhelming majority of participants in Eurostars, and received about 75 % of the funding. In addition, the programme was successful in addressing young, small and micro firms.

The report goes on to note that participating SMEs already have experience in national and international funding programmes, and the majority already have pre-existing international links. However, the Makarow group found that applications involving university or public research organisations have a higher chance of being funded. One of its recommendations is that the Secretariat and national project coordinators should ensure that the programme also reaches SMEs that do not have pre-existing international links, by designing and implementing a marketing and promotion strategy.

Challenges facing Eurostars: the group reports that synchronisation of funding is the most important challenge facing Eurostars, although some improvements have been achieved. In some cases, participating SMEs face great difficulties because of the longer time-to-contract. The average time-to-contract has improved compared with the situation at the time of the interim evaluation. For example, in the third cut-off period (2009), the average time-to-contract was 435 days, whereas by the eighth cut-off in 2012, it had fallen to 282 days.

However, the time-to-contract is still fairly long in a significant number of countries. The Makarow group considers that the programmes time-to-contract must be improved urgently, as the considerable differences between participating countries calls the whole system into question. It recommends that the Secretariat, the high-level group and national funding bodies should ensure that the time-to-contract does not exceed 7 months (210 days) as agreed for Eurostars-2.

In addition, there are parallel application and evaluation requirements and dual reporting obligations applied by some national funding bodies. The Makarow Group recommends the elimination of parallel application and evaluation requirements and dual reporting before the first cut-off date in 2016 in the new Programme. The Commission fully supports this recommendation.

The other major challenge facing Eurostars is the harmonisation of funding rules. The EUREKA high-level group is strongly encouraged to agree on a minimum baseline for funding rules to be harmonised and to ensure that each participating country conforms to this. The maximum funding rates should be the same for each type of partner in all countries. The process should be closely followed up by the high-level group and be completed by the first cut-off in 2016. The Commission considers that improvements still remain to be made regarding harmonisation of national funding rates and funding rules. The Commission therefore fully agrees with this recommendation.