



EUROPEAN COMMISSION

Executive Agency for Small and Medium-sized Enterprises (EASME)

**CALL FOR PROPOSALS**

**Clusters Go International in the Defence &  
Security sector**

**COS-CLUSINT-2017-03-6**

**COSME Work Programme 2017**

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# 1. INTRODUCTION AND BACKGROUND

## 1.1. Introduction

Small and medium-sized enterprises (SME) play a crucial role in reaching the objectives of the Europe 2020 Strategy<sup>1</sup>. Whereas they are considered as crucial engines for growth and job creation, their competitiveness is affected by a limited exploitation of international opportunities and innovation prospects in the Single Market and beyond.

In this context, the Programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020)<sup>2</sup>, hereinafter referred to as "COSME", aims to promote growth and to strengthen the competitiveness and sustainability of enterprises in the European Union.

The Executive Agency for Small and Medium-sized Enterprises<sup>3</sup> (hereinafter referred to as "EASME" or the "Agency") is entrusted by the European Commission with the implementation, *inter alia*, of parts of the COSME programme.

In this respect, this call for proposals, managed by EASME, implements parts of the COSME Work Programme 2017, as last amended on 6 July 2017<sup>4</sup>.

## 1.2. Policy Context

In a globalised world, SMEs need to be able to confront increasing competition from developed and emerging economies and to plug into the new market opportunities these countries will provide. There is a direct link between internationalisation and increased performance of SMEs. International activities reinforce growth, enhance competitiveness and support the long-term sustainability of companies.

In order to unlock these opportunities, SMEs need to find the right partners to develop and produce globally competitive products and services. This calls for new and strategic forms of international cooperation that are often difficult for individual SMEs to manage on their own. SMEs have to increasingly integrate their activities into global value chains in order to become and remain competitive. As global value chains by their nature involve or are even controlled and managed by foreign companies, it is often difficult for European SMEs to link to them.

Clusters can help SMEs by acting as real "springboards" for getting access to global value chains and developing long-term strategic partnerships. SMEs benefit from specialised business support services of cluster organisations, like the organisation of international study visits, partnering or

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<sup>1</sup> COM (2010)2020 final of 3 March 2010 "Europe 2020. A strategy for smart, sustainable and inclusive growth" <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52010DC2020&from=en> .

<sup>2</sup> Regulation (EU) No 1287/2013 of 11 December 2013 (Official Journal of the European Union L 347/33 of 20.12.2013).

<sup>3</sup> EASME was set up by Commission Implementing Decision 2013/771/EU of 17 December 2013 establishing the Executive Agency for Small and Medium-sized Enterprises and repealing Decisions 2004/20/EC and 2007/372/EC (Official Journal of the European Union L 341/73 of 18.12.2013).

<sup>4</sup> Commission Implementing Decision C(2017) 4563 of 6 July 2017 amending Commission Implementing Decision C(2017) 1042 concerning the adoption of the work programme for 2017 and the financing for the implementation of the Programme for the Competitiveness of Enterprises and small and medium-sized enterprises.

“matchmaking” missions. These services enable SMEs to find international partners for research and prototyping as well as to bring products and services to new markets. Cluster organisations can thus support SMEs to identify growth opportunities worldwide, raise their excellence, innovation capacity and their overall competitiveness.

Clustering is particularly important for SMEs with an interest in developing dual use technologies, as it offers them opportunities to cooperate with other companies, to diversify their range of dual use technologies and products and tap into new markets.

There is a long history of defence-related R&D leading to widespread civil applications, such as satellite navigation systems, mobile phones, and microwave technology. Today, there is an increasingly reversing trend for the defence industry to rely on technologies with a civilian origin, such as 3D printing, advanced robotics, unmanned systems, big data, and advanced materials. The examples are numerous: *exo-skeletons* can help nurses and soldiers to carry heavy loads; *gallium-nitride technology* used in video game consoles is now used to develop more performant radars for the military; and *smart textiles* can measure vital life signs of firefighters, mine-rescuers and special forces.

The concept of "dual use" technologies, products and services<sup>5</sup> is thus opening up new business opportunities in a world where the borders between the civil and military communities are becoming increasingly blurred. In 2013, the dual use export domain (including intra-EU trade) represented approximately 20% of EU total exports (in value)<sup>6</sup>.

Europe has a strong base of cutting-edge SMEs, often highly specialised in key enabling and emerging technologies, operating in usually civilian markets such as micro- and nanotechnologies, sensors, ICT, cyber, energy, biological or medical technology which all display a great potential for dual use applications.

Transferring their knowledge to defence markets provides benefits to both civil and defence communities through faster innovation cycles, lower development costs and expanded markets.

Against a background of declining defence budgets in most European countries, it is particularly challenging for defence-related SMEs to target markets outside of the EU and overcome the different administrative and regulatory as well as the other barriers. Yet, the potential is there as dual use trade has grown over recent years: EU authorised dual use exports increased from €24.6 billion in 2010 up to €41.5 billion in 2014<sup>7</sup> representing 2.4% of total extra-EU exports.

There would be great benefit from more cross-fertilisation and cooperation between European defence-related clusters across borders with other non-defence industrial clusters and to develop and implement joint strategies in the area of dual use technologies, products and services towards non-EU countries. In particular, the Commission wants to encourage the involvement of SMEs that have not previously been involved in defence or dual-use programmes and support cross-border access

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<sup>5</sup> As outlined in the "EU funding for Dual Use" guide for regions and SMEs, [http://ec.europa.eu/growth/sectors/defence/industrial-policy/smes/index\\_en.htm](http://ec.europa.eu/growth/sectors/defence/industrial-policy/smes/index_en.htm).

<sup>6</sup> COM(2016)521 final of 24 August 2016 on the implementation of Regulation (EC) No 428/2009 setting up a community regime for the control of exports, transfer, brokering and transit of dual-use items, <https://ec.europa.eu/transparency/regdoc/rep/1/2016/EN/1-2016-521-EN-F1-1.PDF>.

<sup>7</sup> COM(2016)521 final of 24 August 2016 on the implementation of Regulation (EC) No 428/2009 setting up a community regime for the control of exports, transfer, brokering and transit of dual-use items, <https://ec.europa.eu/transparency/regdoc/rep/1/2016/EN/1-2016-521-EN-F1-1.PDF>

for SMEs more generally as highlighted in the Commission's **European Defence Action Plan**<sup>8</sup> adopted on 30<sup>th</sup> November 2016.

This action will also contribute to fostering the development of 'European Strategic Cluster Partnerships – Going International' (ESCP-4i), i.e. European meta-clusters, with a view to help SMEs find easier access to global value chains and engage in long-term cooperation with strategic partners in third countries. This is a top priority for European actions as highlighted in the Commission Communication 'For a European Industrial Renaissance'<sup>9</sup>. This Communication identifies efforts to increase the internationalisation of SMEs and their integration into global value chains as a particular priority and acknowledges the need to better exploit the “potential of clusters to create favourable innovation ecosystems for groups of mutually reinforcing SMEs”. This action will reinforce also European Commission's President Jean-Claude Juncker's priorities for growth and jobs as described in his political guidelines "A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change"<sup>10</sup>. These guidelines call notably "to complete the internal market in products and services and make it the launch pad for our companies and industry to thrive in the global economy (...)".

This action contributes to implement the Cluster Internationalisation Programme for SMEs under COSME which represents one of the key pillars of the European cluster policy agenda of the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs of the European Commission (DG GROWTH). The other focus areas of European cluster policy aim at facilitating interregional cluster collaboration and cross-sectoral value chains and promoting excellence in cluster management to improve the quality of services to SMEs members.

This action builds upon the 2014 "**Clusters Go International**" call for proposals (COS-CLUSTER-2014-3-03)<sup>11</sup> that contributed to launch the first round of projects in January 2016 encouraging cluster organisations across Europe to establish 'European Strategic Cluster Partnerships-Going International' (ESCP-4i) and work concretely together to exploit synergies as well as to develop a joint internationalisation strategy for the benefit of their SMEs. This first call for proposals has supported the establishment of up to 26 Partnerships (ESCP-4i)<sup>12</sup> including 15 co-funded projects gathering about 150 cluster organisations across 23 European countries and reaching out to more than 17.000 SMEs across Europe. The Partnerships are active in various industrial and cross-sectoral areas including health, aerospace, mobility and logistics, agrifood, energy, marine and environment, packaging, materials and photonics, ICT, construction and sports. The partnerships target economic cooperation with third countries, of which the main ones include Brazil, Canada,

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<sup>8</sup> COM(2016)950 final of 30 November 2016 "European Defence Action Plan" [https://eeas.europa.eu/sites/eeas/files/com\\_2016\\_950\\_fl\\_communication\\_from\\_commission\\_to\\_inst\\_en\\_v5\\_p1\\_86963\\_1.pdf](https://eeas.europa.eu/sites/eeas/files/com_2016_950_fl_communication_from_commission_to_inst_en_v5_p1_86963_1.pdf).

<sup>9</sup> COM(2014)14 final of 22 January 2014 "For a European Industrial Renaissance" <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014DC0014&from=EN>.

<sup>10</sup> *Political Guidelines for the next European Commission*, 2014, fourth priority dedicated to "A Deeper and Fairer Internal Market with a Strengthened Industrial Base" (p.7) see at: [https://ec.europa.eu/priorities/sites/beta-political/files/juncker-political-guidelines-speech\\_en\\_0.pdf](https://ec.europa.eu/priorities/sites/beta-political/files/juncker-political-guidelines-speech_en_0.pdf).

<sup>11</sup> <https://ec.europa.eu/easme/en/cosme-projects> and <https://ec.europa.eu/easme/en/cos-cluster-2014-3-03-cluster-go-international>.

<sup>12</sup> ESCP-4i list at: <http://www.clustercollaboration.eu/escp-list> and at <http://www.clustercollaboration.eu/eu-cluster-partnerships>.

China, India, Japan, Mexico and the USA. This action is also complementary to the 2016 "**Clusters Go International**" call for proposals (COS-CLUSINT-2016-03-01)<sup>13</sup> published on 23 March 2017.

This action further exploits synergies with other key initiatives of the Cluster Internationalisation Programme for SMEs that have been launched to promote transnational cluster cooperation within and beyond Europe with a view to better support SMEs in global competition, including:

- Firstly, the **European Cluster Collaboration Platform** (ECCP) which currently counts over 630 registered cluster organisations from across Europe. It represents the main instrument for European cluster organisations to profile themselves, exchange experiences and identify potential partners for transnational cooperation within and beyond Europe. The ECCP web-based platform shall be used as the online dissemination platform to promote activities and results of the "European Strategic Cluster Partnerships- Going international" that are to be established through this action. Applicants to this new action shall prepare to provide information material to the coordinator of the ECCP platform for their Partnership to be promoted and disseminated via the platform;
- Secondly, a number of specific **cluster matchmaking events** are being organised mainly by the European Cluster Collaboration Platform to promote closer cluster cooperation with partners within and outside Europe in areas of mutual interest. Five international cluster matchmaking events<sup>14</sup> were organised in 2016 including with third countries (e.g. USA at Hannover Messe, Taiwan at Computex and the European Innovation Week, Iran in the context of the EU Economic Mission led by the EU Commissioner Bieńkowska, Mexico at Green Expo in Mexico City, Brazil at Pollutec in Lyon) and one European event in Brussels in conjunction with the 2016 European Cluster Conference<sup>15</sup>. In 2017, cluster matchmaking events were organised in the USA at TechConnect Fair in Washington and with Taiwan. Further events will be organised in 2017 by the ECCP and the Commission Services, including in Thailand at the Healthcare Expo. Events will continue to be organised beyond 2017. The "European Strategic Cluster Partnerships – Going International", to be established through this action will be invited to participate on a voluntary basis to such forthcoming matchmaking events;
- Thirdly, **policy exchanges** with third countries are being initiated and a first Cooperation Arrangement on Clusters was signed between DG GROWTH and the US Department of Commerce (DOC) in April 2015 in Washington D.C. in parallel to the 6<sup>th</sup> US-EU SME Workshop organised in the framework of the Transatlantic Economic Council. The objective of such exchanges is to promote cluster cooperation with national authorities from third countries so as to facilitate linkages between clusters and equivalent organisations in mutual economic and strategic interest.

Furthermore, the present call for proposals is targeting actions that shall exploit cooperation potential and business opportunities in the context of current and forthcoming actions funded by the Partnership Instrument (FPI)<sup>16</sup>, a financial instrument promoting EU and mutual interests with strategic partner countries, as part of the EU's instruments for financing external action and Regulation N° 234/2014, such as the 'Low Carbon Business Action in Brazil and Mexico' (LCBA)<sup>17</sup>.

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<sup>13</sup> <https://ec.europa.eu/easme/en/cos-clusint-2016-03-01-cluster-go-international>.

<sup>14</sup> See matchmaking events at: <http://www.clustercollaboration.eu/event-calendar/eccp-eu-supported>.

<sup>15</sup> <http://www.clustercollaboration.eu/event-calendar/eu-cluster-matchmaking-event-brussels-30-november-2016>.

<sup>16</sup> [http://ec.europa.eu/dgs/fpi/what-we-do-/partnership\\_instrument\\_en.htm](http://ec.europa.eu/dgs/fpi/what-we-do-/partnership_instrument_en.htm).

<sup>17</sup> <http://www.clustercollaboration.eu/international-cooperation/low-carbon-business-actions>.

The LCBA aims to establish Cooperation Partnership Agreements between EU businesses and Brazilian and Mexican businesses to support commercially viable projects promoting the take-up of low carbon technologies. The implementation of LCBA phase 1 started in the second half of 2015, involved the participation of clusters and contributed to provide a mapping of the current situation in the green economy sector in Brazil and Mexico and to organise a series of businesses matchmaking events between Brazil/Mexican and European SMEs. This shall lead to signing Cooperation Partnership Agreements (CPAs) that should develop into concrete projects with technical assistance provided by phase 2 of the LCBA. LCBA will thus effectively contribute to the exchange and uptake of low emission technology through industrial cooperation between companies in Brazil/Mexico and the European Union (EU) in the common effort to address the global challenge of climate change.

## **2. OBJECTIVE(S) – THEME(S) – ACTIVITIES – OUTPUTS**

### **2.1 Objectives**

The main objective of the action is to support European defence and security-related clusters and business network organisations to intensify collaboration across borders with other non-defence industrial clusters and to develop and implement joint strategies in areas of dual use technologies, products and services towards non-EU countries. Applicants are encouraged to build on the cross-sectorial dimension of the dual use markets and on the diversity of application domains, in particular by involving different clusters and business network organisations engaged in the value-chain and in support of the development of emerging industries.

By reinforcing cluster and business network cooperation and supporting the shaping of European Strategic Cluster Partnerships-Going International (ESCP-4i), i.e. European meta-clusters, in a more strategic manner at European level, this action will help European SMEs, in particular in the European Defence & Security Sector, access new global value chains and take a leading position globally.

This action focuses on the promotion of cluster internationalisation where interested consortia have the opportunity to develop and implement a joint internationalisation strategy and support SME internationalisation towards third countries beyond the European Union.

The action will be implemented by consortia of organisations that are interested in establishing and running a 'European Strategic Cluster Partnership-Going International' (ESCP-4i). The Partnerships are expected to develop a joint 'European' strategic vision with a global perspective and common goals towards specific third markets.

In addition, the Partnerships are expected to demonstrate swift adaptability to future developments in international trade and coherence of their strategic priorities with EU strategies, notably as regards trade policy.

**"European Strategic Cluster Partnerships – Going International (ESCP-4i)** specifically for clusters active in dual use technologies, products and services in the Defence and Security sector' are characterised by the following principles:

1. Being **European**, meaning ESCP-4is must be composed of a minimum of three partners all established in EU Member States in line with the specific eligibility criteria for this call as indicated in section 6.

2. Being **Strategic**, meaning the ESCP-4i's members aim to develop and implement a joint internationalisation strategy with common goals and fostering complementarities between them, promoting cooperation across related industries and sectoral boundaries notably in support of emerging industries.

Concerning the focus of cross-sectorial cooperation and outreach to related industries, the market for dual use technologies, products and services, as addressed through this action, encourages already such a cross-sectorial dimension. Applicants may seek also inspiration from the work of the European Cluster Observatory, which has identified, analysed and reported on several “emerging industries” such as in the “European Cluster Panorama 2016”<sup>18</sup>. Yet, such identified emerging industries or growth trends must not be followed without reflection. Instead of merely prioritising new technologies or industrial growth areas where there might be little pre-existing strength, applicants should seek to unlock complementarities across existing and related economic activities<sup>19</sup>.

3. Representing **Cluster(s)** through cluster organisations or equivalent business network organisations that have an own independent legal entity. Each Partnership member must also be registered on or have submitted a registration request to the European Cluster Collaboration Platform<sup>20</sup> with a detailed profile of its cluster or network.
4. Forming a **Partnership**, with the aim to set-up a Partnership Agreement engaging ESCP-4i members to develop common actions and setting out the modalities of cooperation between them. The ESCP-4i members commit to develop a roadmap for implementation with a long-term cooperation agenda to foster their sustainability of the Partnership, notably beyond the lifetime of the project funded under COSME.
5. Working towards **Going International** by developing and implementing a joint 'European' strategy for going international beyond the European Union. The ESCP-4is strive to successfully support the internationalisation of their SME members towards specific third countries, and/or attracting strategic foreign direct investment and cooperation partners and/or securing critical imports, knowledge and technologies with a view to support growth, jobs and investment in Europe.

The "European Strategic Cluster Partnership - Going International" (ESCP-4i) label will be awarded to all applicant consortia that fulfil the ESCP-4i characteristics as defined above and express their interest and commitment in developing them by signing a "ESCP-4i" Charter<sup>21</sup> which commits the Partnership members to comply with the above principles.

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<sup>18</sup> See at <http://ec.europa.eu/DocsRoom/documents/20381>. In the search for regional industrial strongholds with similar or related competence profiles, the European Cluster Observatory's cluster mapping of concentrations of economic activity in 38 sectors across Europe's regions on the basis of employment statistics as well as for 10 “emerging industries” may also be useful sources (available at: [https://ec.europa.eu/growth/industry/policy/clusters/observatory\\_en](https://ec.europa.eu/growth/industry/policy/clusters/observatory_en)).

<sup>19</sup> See "The Smart Guide to Cluster Policy" at: <http://ec.europa.eu/DocsRoom/documents/16903/attachments/1/translations>.

<sup>20</sup> See at: <http://www.clustercollaboration.eu/>.

<sup>21</sup> The "European Strategic Cluster Partnership – Going International (ESCP-4i)" Charter is a document that confirms the interest and commitment of the Partnership members in developing the main characteristics of an "ESCP-4i" as indicated under the section above on "*European Strategic Cluster Partnerships – Going International (ESCP-4i) are characterised by the following elements*" on p. 8 of this call for proposals. This document must be signed by all the Partnership members to commit them to comply with these characteristics.

The "ESCP-4i" label will be awarded to all eligible and successful consortia, including non-funded proposals put on the reserve list of this call for proposals after the evaluation.

The non-EU funded "ESCP-4is" will therefore still benefit from visibility and dissemination support about their activities and results through the European Cluster Collaboration Platform for a duration of two years. They will also be invited to participate in European events promoting learning and cross-fertilisation between the Partnerships. They will equally be invited to participate in international cluster matchmaking events organised in European and third countries by the European Commission services and EASME, with up to half of the seats available for these missions reserved for ESCP-4is members.

## 2.2 Description of the eligible activities

Applicants are invited to propose actions that contribute to establish a "European Strategic Cluster Partnership – Going International" respecting all the characteristics defined above (see section 2.1) to develop a joint internationalisation strategy for the Partnership with common goals towards specific third markets and a roadmap for implementation facilitating the internationalisation of its SME members<sup>22</sup>.

Mandatory actions to be implemented are:

- Dissemination about all project activities, news, events, testimonials and results shall be channelled through the dedicated partnership section of the European Cluster Collaboration Platform (ECCP)<sup>23</sup>. In case of the development of another website for project implementation purposes, all information on project activities, news, events, testimonials and results must be fully transferred to the ECCP website on an on-going basis;
- Learning and monitoring activities, such as promoting exchanges between Partnerships and enabling cross-fertilisation and learning from their successful and unsuccessful experiences as well as monitoring activities measuring the outcomes of the Partnership based on a clear set of performance indicators (see section 2.3). Representatives of the Partnership must participate in one European event per year promoting the learning and monitoring activities carried out by the different Partnerships.

Possible actions to be implemented can include the following (non-exhaustive list):

- Identification of initial strategic partners across the EU (e.g. by conducting a complementarity, compatibility and readiness check in terms of strategy, skills, language capabilities, etc. to find the appropriate partners);
- Partnership building (e.g. through training/coaching activities on building collaboration, coordinating and leading a Partnership, and organising cluster visits for Partnership members and their SMEs, regional actors and other relevant stakeholders, including technology centres and science parks);

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<sup>22</sup> The actions proposed under this Call for Proposals correspond to the "Preparatory Phase" actions under Call for Proposals "Clusters Go International" COS-CLUSINT-2016-03-1.

<sup>23</sup> [www.clustercollaboration.eu](http://www.clustercollaboration.eu).

- Legal advice for developing a legal representation for the consortium (e.g. by exploring the need for a coordination or management structure, to establish a legal entity and define its form, coordination and mandate);
- Identity shaping such as the development of a joint communication/marketing and branding strategy, development of a common logo and visual identity of the Partnership;
- Intelligence gathering (e.g. studies/analyses on market insights, value-chains and global mega trends<sup>24</sup> and opportunities; knowledge about competing players, relative positioning, market trends and opportunities – and defining the added value of the Partnership's combined competencies in relation to this; identification of cooperation opportunities to target in third countries (non-EU Member States); initial exploratory visits to third countries or invitation of experts from third countries;
- Collaboration planning (e.g. coaching/advisory support for formulating a joint strategic vision and common goals; facilitating commitment/preparation to engage in cooperation relating to resources, staff, knowledge, IPRs; strategically-oriented consultation of cluster SME members and other relevant stakeholders (e.g. technology centers as appropriate) to assess their needs and interest in cooperation and target third countries with focus on high value objectives, including soft-landing facilities, direct investment facilitation mechanisms, business potential of product markets, leading edge product markets, positioning in global value-chains, next generation of relevant products; defining the scope and implementation modalities of common actions; other relevant activities associating strategy development and operational collaboration actions with cluster actors, particularly SMEs;
- Joint actions planning (e.g. coaching/advisory support for mentoring SMEs to identify international opportunities in strategic third countries; generating ideas for collaboration with third countries and identifying the joint actions to be developed and implemented in a second phase taking into account the readiness of cluster SME members to engage in cooperation with third countries).

#### Expected results and deliverables

The consortium members are expected to develop and submit as deliverable a joint internationalisation strategy defining a joint 'European' strategic vision with a global perspective and common goals and actions towards specific third markets as well as an implementation roadmap.

The **joint internationalisation strategy** must comprise:

- a **Partnership Agreement** respecting the principles of the "European Strategic Cluster Partnerships – Going International" defined above, identifying the Partnership members, committing them to develop common actions, setting out the modalities of cooperation between them, and expressing clearly their interests and plans for engaging in international cluster cooperation together.

The Partnership Agreement must include a long-term cooperation agenda with a view to fostering a sustainable Partnership, notably beyond the lifetime of a possible project funded

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<sup>24</sup> See the "Cluster Internationalisation and Global Mega Trends report" published by the European Cluster Observatory at: [https://ec.europa.eu/growth/industry/policy/cluster/observatory/european-cluster-trend-report\\_en](https://ec.europa.eu/growth/industry/policy/cluster/observatory/european-cluster-trend-report_en) and <http://ec.europa.eu/DocsRoom/documents/10689/attachments/1/translations>

under COSME. In particular, it must indicate which additional public-private co-financing is envisaged to be mobilised for the development of the international plan during a possible project funded under COSME and beyond. It must also include Letters of Intent by selected clusters, SMEs and other relevant stakeholders (e.g. technology centres) confirming their readiness to engage in internationalization activities in the context of the Partnership internationalisation strategy and as outlined in the implementation roadmap.

- an **internationalisation strategy plan** providing (in a note of maximum 10 pages) a detailed description of the purpose of the collaboration and its strategic objectives through a SWOT analysis; the different fields of competences and the envisaged complementarities between the Partnership members; the expected advantages, the minimum two selected targeted third countries (i.e. non-EU Member States), the cooperation interest in terms of thematic area/application/technologies per targeted third country; the potential international cooperation partners; the expected mutual added value and interest among the Partnership members and the international partners; the expected economic impact expressed through quantitative indicators, notably in terms of growth, jobs and investment in Europe for the Partnership SME members.

The plan must present how the Partnership will seek and exploit synergies with other inter-regional and internationalisation activities and/or actions in support of dual use, notably further cluster cooperation funded under COSME e.g. as through the future “European Strategic Cluster Partnerships for smart specialisation investment (ESCP-S3)<sup>25</sup>, involvement in the activities of the European Network of Defence-related Regions (funded under COSME), Horizon 2020 and European regional funds (i.e. European territorial Programmes and European Structural and Investment Funds). To this end, the Partnership members shall therefore demonstrate how their approach has the potential to act as a catalyst in contributing to and/or being leveraged by other activities supported under COSME, Horizon 2020 and European regional funds.

Moreover, the plan must also include:

- background information about previous international activities and cross-sectorial cooperation activities of each Partnership member and between them;
  - benchmarking information on existing international cooperation initiatives directed at similar target countries and thematic areas;
  - a joint branding and marketing strategy statement (incl. proposal for a joint logo) and plan.
- an **implementation roadmap** providing a comprehensive overview of the joint activities foreseen to be developed with a detailed plan for implementation highlighting the different roles and steps aimed at facilitating the internationalisation of SME members (in particular those pre-identified and that have signed a Letter of Intent as described in the Partnership Agreement section above).

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<sup>25</sup> To be selected through a separate call for proposals under COSME, see Commission Implementing Decision C(2017)4563 final of 6 July 2017 amending the Commission Implementing Decision C(2017)1042 concerning the adoption of the work programme for 2017 and the financing for the implementation of the Programme for the Competitiveness of Enterprises and small and medium-sized enterprises.

### 2.3 Indicators for the proposed action

The actions to be implemented will be assessed, as a minimum, against the following performance indicators:

- Number of cluster organisations and business networks from different EU Member States having benefited from the supported actions;
- Number of Partnership agreements resulting from the supported actions;
- Number of events (workshops/ matchmaking events/ working group meetings) organised;
- Number of cluster and business matchmaking meetings supported;
- Number of SMEs having directly or indirectly benefited from the supported actions, resulting in business cooperation projects, as measured through an ex-post survey within two years after the end of the supported actions
- Increase in the percentage of the turnover from international activities, and employment in Europe, of the SMEs having benefited directly and indirectly from the supported actions, as measured through a survey by the end of the action;
- Impact of the supported actions in terms of number of resulting cooperation projects between international cluster and business network partners.

Projects must report on these indicators, but applicants should also propose further performance indicators to be integrated into their monitoring plan, which will be discussed with EASME and the Commission services at the beginning of the project.

### **3. TIMETABLE**

| <b>Stages</b>                           | <b>Dates</b>                     |
|---|----------------------------------|
| a) Deadline for submitting applications | 13/12/2017 17:00 h Brussels time |
| b) Evaluation period*                   | December-February 2018           |
| c) Information to applicants*           | February 2018                    |
| d) Signature of grant agreements*       | May 2018                         |
| e) Starting date of the action*         | June 2018                        |

\* indicative

### **4. BUDGET AVAILABLE AND FUNDING OF PROJECTS**

The total budget earmarked for the co-financing of projects is estimated at EUR 800,000.

This amount could be increased if additional budgetary appropriations are made available<sup>26</sup>.

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<sup>26</sup> Article 4 of the COSME work programme 2017 foresees changes to the allocations to specific actions not exceeding 20% of the maximum contribution for the implementation of the programme for the year 2017 (Commission Implementing Decision C(2016)7033 final of 8 November 2016).

The maximum grant per project will be EUR 200,000.

EASME expects to fund four proposals.

The grant is limited to a maximum reimbursement rate of 75% of **eligible costs**.

EASME reserves the right not to distribute all the funds available.

## 5. ADMISSIBILITY REQUIREMENTS

The following requirements must be complied with:

- Applications must be submitted no later than the deadline for submitting applications referred to in section 3;
- Applications must be submitted in writing, using the electronic system specified in section 16;
- Applications must be drafted in one of the EU official languages.

Failure to comply with those requirements will lead to the rejection of the application.

Incomplete applications may be considered inadmissible. This refers to the requested administrative data, the proposal description and requested grant amount, and any supporting documents specified in this call for proposals.

## 6. ELIGIBILITY CRITERIA

### 6.1. Eligible applicants

Applicants must be legal entities:

- established in a EU Member State;
- all representing a cluster organisation or a business network organisation involved in supporting the enhancement of collaboration, networking and learning in innovation clusters and providing or channelling specialised and customised businesses support services to stimulate innovation activities, especially in SMEs, in compliance with the coverage of innovation clusters given in the section 1.2 (e), 1.3 (s) and Annex I in the “EU Framework for State Aid for Research and Development and Innovation”<sup>27</sup>;
- registered or planned to be registered on the European Cluster Collaboration Platform (ECCP).

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<sup>27</sup> 2014/C 198/01. According to this definition: *‘innovation clusters’ means structures or organised groups of independent parties (such as innovative start-ups, small, medium and large enterprises, as well as research and knowledge dissemination organisations, non-for-profit organisations and other related economic actors) designed to stimulate innovative activity by promoting sharing of facilities and exchange of knowledge and expertise and by contributing effectively to knowledge transfer, networking, information dissemination and collaboration among the undertakings and other organisations in the cluster;*

See at: [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014XC0627\(01\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014XC0627(01)&from=EN) with further information available at [http://ec.europa.eu/competition/state\\_aid/modernisation/rdi\\_framework\\_en.pdf](http://ec.europa.eu/competition/state_aid/modernisation/rdi_framework_en.pdf) and [http://ec.europa.eu/competition/state\\_aid/legislation/horizontal.html](http://ec.europa.eu/competition/state_aid/legislation/horizontal.html) amending the Community Framework (2006/C 323/01 see at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2006:323:0001:0026:en:PDF>).

Linked third parties, i.e. legal entities having a legal or capital link with applicants, which is neither limited to the action nor established for the sole purpose of its implementation, may take part in the action **as applicants** in order to declare eligible costs.

For British applicants: Please be aware that eligibility criteria must be complied with for the entire duration of the grant. If the United Kingdom withdraws from the EU during the grant period without concluding an agreement with the EU ensuring in particular that British applicants continue to be eligible, you will cease to receive EU funding (while continuing, where possible, to participate) or be required to leave the project on the basis of Article 34.3 of the grant agreement.

Applicants with legal entities established in non-EU Member States will be declared ineligible and excluded from their proposal. The consortium affected by the exclusion of (a) partner(s) must fulfil the eligibility criteria as stipulated in sections 6.1 and 6.2 in order to be considered eligible.

## 6.2. Eligible consortia

Applicant organisations must form consortia composed of at least three different cluster or business network organisations established in three different EU Member States.

In addition, at least one of the three applying cluster or business network organisations must be a defence-related entity, meaning that:

- such entity is either a member of a National Defence Industry Association<sup>28</sup>, or devoting part of its sales to the defence markets<sup>29</sup> or taking part in national or European defence-related projects<sup>30</sup>;

OR

- one of the members of such entity is either a member of a National Defence Industry Association<sup>31</sup>, or devoting part of its sales to the defence markets<sup>32</sup> or taking part in national or European defence-related projects<sup>33</sup>.

**One applicant organisation can participate in one application only. Applicant consortia must verify that their members are not part of another application. In this respect, an explicit declaration will have to be submitted by the coordinator<sup>34</sup>.** Nevertheless, if this would happen, the concerned organisation will be excluded from all the proposals it applied. The respective consortia affected by the exclusion of (a) partner(s) must still fulfil the eligibility criteria as stipulated in sections 6.1 and 6.2 in order to be considered eligible.

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<sup>28</sup> See for example the non-exhaustive list available at [https://www.eda.europa.eu/docs/default-source/documents/ndias-contact-list\\_published.pdf](https://www.eda.europa.eu/docs/default-source/documents/ndias-contact-list_published.pdf).

<sup>29</sup> This could be demonstrated for example through Annual Reports or by providing proof that the entity has a defence contract with a Prime defence company or Ministry of Defence.

<sup>30</sup> This could be demonstrated for example by providing proof that the entity is part of a project managed by the European Defence Agency.

<sup>31</sup> See for example the non-exhaustive list available at [https://www.eda.europa.eu/docs/default-source/documents/ndias-contact-list\\_published.pdf](https://www.eda.europa.eu/docs/default-source/documents/ndias-contact-list_published.pdf).

<sup>32</sup> This could be demonstrated for example through Annual Reports or by providing proof that the entity has a defence contract with a Prime defence company or Ministry of Defence.

<sup>33</sup> This could be demonstrated for example by providing proof that the entity is part of a project managed by the European Defence Agency.

<sup>34</sup> Information Sheet attached to Annex 1 – Description of the Action.

In order to assess the applicants' eligibility, the following supporting documents are requested:

- A description of each cluster organisation or business network organisation involved as a partner in the project demonstrating that it is involved in supporting the enhancement of collaboration, networking and learning in innovation clusters and providing or channelling specialised and customised businesses support services to stimulate innovation activities, especially in SMEs, in compliance with the coverage of innovation clusters given in the section 1.2 (e), 1.3 (s) and Annex I in the “EU Framework for State Aid for Research and Development and Innovation”<sup>35</sup>;
- A link to the complete cluster profile of each applicant registered on the European Cluster Collaboration Platform (ECCP)<sup>36</sup> or a declaration that a cluster profile has been submitted to the ECCP for those planned to be registered on it<sup>37</sup>;
- A justification demonstrating that minimum one of the three cluster and/or business network organisations, or one of its members, is a defence-related entity, meaning that such entity is either a member of a National Defence Industry Association<sup>38</sup>, or devoting part of its sales to the defence markets<sup>39</sup> or taking part in national or European defence-related projects<sup>40</sup>.

### 6.3 Implementation period

The project duration must be between 12 and 24 months.

Applications for projects scheduled to run for less than 12 months or for more than 24 months will not be accepted.

### 6.4 Other conditions

ESCP-4is must not target cooperation activities with third countries that are subject to embargoes or sanctions imposed by the EU and/or its Member States. The activities of the ESCP-4is must be fully in line with the EU sanction policy and its restrictive measures in force<sup>41</sup>. In particular, ESCP-4is must not target countries that are subject to arms/dual use items embargoes imposed by the EU and/or its Member States. The activities of the ESCP-4is must be fully in line with Council Regulation (EC) No 428/2009 on the control of exports, transfer, brokering and transit of dual-use items.

Applicant consortia funded under the 2014 call for proposals Cluster Go International' (COS-CLUSTER-2014-3-03) and applicant consortia selected for funding under the 2016 call for

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<sup>35</sup> Please see note 27.

<sup>36</sup> Cluster organisations can register their cluster profile at <http://www.clustercollaboration.eu/user/register>. Applicants registered on the ECCP must fill in "Description Sheet 1" of Annex 1 – Description of the Action - and include there the link to their ECCP profile.

<sup>37</sup> Applicants that have submitted a cluster profile to the ECCP (and not yet registered) must fill in "Description Sheet 2 of Annex 1 – Description of the Action-, which includes the declaration on the submission of the request for registration on the ECCP.

<sup>38</sup> See for example the non-exhaustive list available at [https://www.eda.europa.eu/docs/default-source/documents/ndias-contact-list\\_published.pdf](https://www.eda.europa.eu/docs/default-source/documents/ndias-contact-list_published.pdf).

<sup>39</sup> This could be demonstrated for example through Annual Reports or by providing proof that the entity has a defence contract with a Prime defence company or Ministry of Defence.

<sup>40</sup> This could be demonstrated for example by providing proof that the entity is part of a project managed by the European Defence Agency.

<sup>41</sup> See at: [https://eeas.europa.eu/headquarters/headquarters-homepage/423/sanctions-policy\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/423/sanctions-policy_en) [https://eeas.europa.eu/topics/sanctions-policy/8442/consolidated-list-of-sanctions\\_en](https://eeas.europa.eu/topics/sanctions-policy/8442/consolidated-list-of-sanctions_en) and [https://eeas.europa.eu/sites/eeas/files/restrictive\\_measures-2016-10-11-clean.pdf](https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2016-10-11-clean.pdf).

proposals 'Cluster Go International' (COS-CLUSTER-2016-03-01) pursuing the same or related objectives are not eligible to this call.

## **7. EXCLUSION CRITERIA**

### **7.1. Exclusion**

The authorising officer shall exclude an applicant from participating in call for proposals procedures where:

- (a) the applicant is bankrupt, subject to insolvency or winding-up procedures, where its assets are being administered by a liquidator or by a court, where it is in an arrangement with creditors, where its business activities are suspended, or where it is in any analogous situation arising from a similar procedure provided for under national laws or regulations;
- (b) it has been established by a final judgment or a final administrative decision that the applicant is in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the law of the country in which it is established, with those of the country in which the authorising officer is located or those of the country of the performance of the contract;
- (c) it has been established by a final judgment or a final administrative decision that the applicant is guilty of grave professional misconduct by having violated applicable laws or regulations or ethical standards of the profession to which the applicant belongs, or by having engaged in any wrongful conduct which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence, including, in particular, any of the following:
  - (i) fraudulently or negligently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract, a grant agreement or a grant decision;
  - (ii) entering into agreement with other applicants with the aim of distorting competition;
  - (iii) violating intellectual property rights;
  - (iv) attempting to influence the decision-making process of the Agency during the award procedure;
  - (v) attempting to obtain confidential information that may confer upon it undue advantages in the award procedure;
- (d) it has been established by a final judgment that the applicant is guilty of any of the following:
  - (i) fraud, within the meaning of Article 1 of the Convention on the protection of the European Communities' financial interests, drawn up by the Council Act of 26 July 1995;
  - (ii) corruption, as defined in Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, drawn up by the Council Act of 26 May 1997, and in Article 2(1) of Council Framework Decision 2003/568/JHA, as well as corruption as defined in the law of the country where the contracting authority is located, the country in which the applicant is established or the country of the performance of the contract;
  - (iii) participation in a criminal organisation, as defined in Article 2 of Council Framework Decision 2008/841/JHA;
  - (iv) money laundering or terrorist financing, as defined in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council;

- (v) terrorist-related offences or offences linked to terrorist activities, as defined in Articles 1 and 3 of Council Framework Decision 2002/475/JHA, respectively, or inciting, aiding, abetting or attempting to commit such offences, as referred to in Article 4 of that Decision;
  - (vi) child labour or other forms of trafficking in human beings as defined in Article 2 of Directive 2011/36/EU of the European Parliament and of the Council;
- (e) the applicant has shown significant deficiencies in complying with main obligations in the performance of a contract, a grant agreement or a grant decision financed by the Union's budget, which has led to its early termination or to the application of liquidated damages or other contractual penalties, or which has been discovered following checks, audits or investigations by an authorising officer, OLAF or the Court of Auditors;
- (f) it has been established by a final judgment or final administrative decision that the applicant has committed an irregularity within the meaning of Article 1(2) of Council Regulation (EC, Euratom) No 2988/95.
- (g) for the situations of grave professional misconduct, fraud, corruption, other criminal offences, significant deficiencies in the performance of the contract or irregularity, the applicant is subject to:
- (i) facts established in the context of audits or investigations carried out by the Court of Auditors, OLAF or internal audit, or any other check, audit or control performed under the responsibility of an authorising officer of an EU institution, of a European office or of an EU agency or body;
  - (ii) non-final administrative decisions which may include disciplinary measures taken by the competent supervisory body responsible for the verification of the application of standards of professional ethics;
  - (iii) decisions of the ECB, the EIB, the European Investment Fund or international organisations;
  - (iv) decisions of the Commission relating to the infringement of the Union's competition rules or of a national competent authority relating to the infringement of Union or national competition law.
  - (v) decisions of exclusion by an authorising officer of an EU institution, of a European office or of an EU agency or body.

## 7.2. Remedial measures

If an applicant declares one of the situations of exclusion listed above (see section 7.4), it should indicate the measures it has taken to remedy the exclusion situation, thus demonstrating its reliability. This may include e.g. technical, organisational and personnel measures to prevent further occurrence, compensation of damage or payment of fines. The relevant documentary evidence which illustrates the remedial measures taken must be provided in annex to the declaration. This does not apply for situations referred in point (d) of section 7.1.

## 7.3. Rejection from the call for proposals

The authorising officer shall not award a grant to an applicant who:

- a. is in an exclusion situation established in accordance with section 7.1;
- b. has misrepresented the information required as a condition for participating in the procedure or has failed to supply that information;

- c. was previously involved in the preparation of calls for proposal documents where this entails a distortion of competition that cannot be remedied otherwise.

The same exclusion criteria apply to linked third parties.

Administrative and financial penalties may be imposed on applicants, or linked third parties where applicable, who are guilty of misrepresentation.

#### 7.4. Supporting documents

Applicants must provide a **declaration on their honour** certifying that they are not in one of the situations referred to in Articles 106(1) and 107 FR, by filling in the relevant form attached to the application form accompanying this call for proposals.

## 8. SELECTION CRITERIA

### 8.1 Financial capacity

Applicants must have stable and sufficient sources of funding to maintain their activity throughout the period during which the action is being carried out or the year for which the grant is awarded and to participate in its funding. The applicants' financial capacity will be assessed on the basis of the following supporting documents:

- a) Low value grants ( $\leq$  EUR 60 000):

- a declaration on their honour.

- b) Grants  $\geq$  EUR 60 000:

- a declaration on their honour and,

EITHER

- the profit and loss account, the balance sheet for the last financial year for which the accounts were closed;
- for newly created entities, the business plan might replace the above documents.

OR

- the table provided for in the application form, filled in with the relevant statutory accounting figures, in order to calculate the ratios as detailed in the form.

The above-listed documents will have to be provided at later stage, via the electronic submission tool and only upon request of EASME.

On the basis of the documents submitted, if the authorising officer considers that financial capacity is not satisfactory, he may:

- request further information;
- propose a grant agreement without pre-financing;
- propose a grant agreement with a pre-financing paid in instalments;
- propose a grant agreement with a pre-financing covered by a bank guarantee (see section 12.4 below);

- where applicable, require the joint and several financial liability of all the co-beneficiaries;
- reject the application.

## 8.2 Operational capacity

Applicants must have the professional competencies as well as appropriate qualifications necessary to complete the proposed action.

In this respect, applicants have to submit the following supporting documents:

- a declaration on their honour accompanying the proposal as an annex per partner where they can confirm their involvement in supporting the enhancement of collaboration, networking and learning in innovation clusters and providing or channelling specialised and customised businesses support services to stimulate innovation activities, especially in SMEs, in compliance with the coverage of innovation clusters given in the section 1.2 (e), 1.3 (s) and Annex I in the “EU Framework for State Aid for Research and Development and Innovation”<sup>42</sup>.
- a list containing the description of previous projects and activities performed in the cluster area and connected to the policy field of this Call for proposals, aimed at promoting cluster cooperation within or beyond the European Union or to the actions to be carried out.
- the organisations’ activity reports or any other similar document (link to website containing the requested information).

Consortia must assign to the project at least three highly qualified experts primarily responsible for managing and implementing the proposed action with at least three years of experience each in running cluster or business networks activities. The curricula vitae of the three persons must be submitted with the application.

## 9. AWARD CRITERIA

Eligible applications will be assessed on the basis of the following criteria:

| <i>Criteria</i>   | <i>Max. score</i> |
|---|-------------------|
| <p><b>Relevance of the actions in view of the objectives of the call</b></p> <p><i>How relevant is the project proposed in view of the objectives of the call, in particular to intensify collaboration across borders between defence clusters and non-defence industrial clusters and to develop and implement joint strategies in areas of dual use technologies, products and services towards non-EU countries?</i></p> <p><i>How strategically chosen are the project partners (relevance of the partners to the project)?</i></p> <p><i>How relevant is the proposed action to foster complementarities between consortium members?</i></p> <p><i>To what extent the proposal reflects all 5 principles characterising a</i></p> | <p>30</p>         |

<sup>42</sup> See note 27.

|  |    |
|--|----|
| <p><i>"European Strategic Cluster Partnership – Going International" leading the applicant consortium to be awarded an "ESCP-4i" label?</i></p> <p><i>To what extent does the proposed action demonstrate that the Partnership is based on or will pursue cooperation across related industries and sectoral boundaries (e.g. involving another sector or related industry)?</i></p>   |    |
| <p><b>Quality of the proposed actions</b></p> <p><i>How coherent, ambitious and suitable are the overall work plan and the proposed actions?</i></p> <p><i>To what extent are the proposed actions clearly defined and the work plan clearly presented in terms of milestones, deliverables and a sound management structure?</i></p> <p><i>To what extent does the proposed action demonstrate how the Partnership will seek and exploit synergies with other inter-regional and internationalisation activities and/or actions in support of dual use, notably cluster cooperation funded under COSME (e.g. forthcoming European strategic cluster partnerships for smart specialisation investment), involvement in the activities of the European Network of Defence-related Regions (funded under COSME), Horizon 2020 and European regional funds (i.e. European territorial Programmes and European Structural and Investment Funds).</i></p> | 30 |
| <p><b>Impact on target audience</b></p> <p><i>What are the expected outcomes, potential impact and EU value added of the project (e.g. degree of complementarity across the applicant cluster consortium in terms of value-chain, technologies and markets being addressed)?</i></p> <p><i>Are the expected, multiplying effects of the project reasonable to support SME internationalisation beyond the EU?</i></p> <p><i>How effective, innovative are the promotional and communication activities? Does the proposal contain a comprehensive communication strategy?</i></p> <p><i>Does the proposal describe how to measure the impact of the project results on the basis of specific indicators?</i></p> <p><i>Are concrete measures planned in order to ensure that the project can be continued after termination of EU funding?</i></p>   | 20 |
| <p><b>Cost-effectiveness</b></p> <p><i>To what extent is the detailed budget coherent with the work plan of the proposed action?</i></p> <p><i>To what extent is the budget clear enough and detailed, as well as effective to implement the proposed actions?</i></p> <p><i>Do the expected results stand in a reasonable relationship to the amount of</i></p>   | 20 |

|   |            |
|---|------------|
| <i>the grant?</i>   |            |
| <i>Does the budget seem justified when compared to the expected impact?</i> |            |
| <b>TOTAL</b>  | <i>100</i> |

In order to be considered for funding, proposals will need to have passed an overall threshold of 70% in terms of total score. In addition, thresholds of 50% will be applied to each individual award criterion described above in order to ensure a consistent minimum quality for all award criteria. Proposals will be ranked according to their total score.

## **10. LEGAL COMMITMENTS**

In the event of a grant awarded by EASME, a grant agreement drawn up in euro and detailing the conditions and level of funding, will be sent to the applicant, as well as the information on the procedure to formalise the agreement of the parties.

Please note that the award of a grant does not establish an entitlement for subsequent years.

The authorising officer may draw a reserve list of proposals that have passed the above thresholds. In the event that the original budget of the action is increased or that selected proposal(s) fail to conclude the grant agreement, a grant may be awarded to proposals from the reserve list, following their order on the ranking list in accordance with the scores obtained.

## **11. ADMINISTRATIVE REVIEW PROCEDURES**

Unsuccessful applicants may request the review of the admissibility and eligibility procedure and the evaluation procedure with regard to their proposal as specified in section V of the Guide for applicants.

## **12. FINANCIAL PROVISIONS**

### **12.1 General principles**

#### **a) Non-cumulative award**

An action may only receive one grant from the EU budget.

In no circumstances shall the same costs be financed twice by the Union budget. To ensure this, applicants shall indicate the sources and amounts of Union funding received or applied for the same action or part of the action or for its functioning during the same financial year as well as any other funding received or applied for the same action.<sup>43</sup>

#### **b) Non-retroactivity**

No grant may be awarded retrospectively for actions already completed.

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<sup>43</sup> Directive 2014/24/EU of the European Parliament and the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (Official Journal of the European Union L 94, 28.3.2014, p. 65).

A grant may be awarded for an action which has already begun only where the applicant can demonstrate the need to start the action before the grant agreement is signed.

In such cases, costs eligible for financing may not have been incurred prior to the date of submission of the grant application.

c) Co-financing

Co-financing means that the resources which are necessary to carry out the action may not be entirely provided by the EU grant. It may take the form of:

- the beneficiary's own resources;
- income generated by the action;
- financial contributions from third parties.

d) Balanced budget

The estimated budget of the action is to be attached to the application form. It must have revenue and expenditure in balance.

The budget must be drawn up in euros.

Applicants which foresee that costs will not be incurred in euros, are invited to use the exchange rate published on the Info-euro website available at: [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro/inforeuro\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm).

e) Implementation contracts/subcontracting

Where the implementation of the action requires the award of procurement contracts (implementation contracts), the beneficiary must award the contract to the bid offering best value for money or the lowest price (as appropriate), avoiding conflicts of interests and retain the documentation for the event of an audit.

In the event of procurement exceeding EUR 60 000, the beneficiary must abide by special rules as referred in the grant agreement annexed to the call. Moreover the beneficiary is expected to clearly document the tendering procedure and retain the documentation for the event of an audit.

Entities acting in their capacity of contracting authorities in the meaning of Directive 2014/24/EU<sup>44</sup> or contracting entities in the meaning of Directive 2014/25/EU<sup>45</sup> shall abide by the applicable national public procurement rules. The beneficiary is expected to clearly document the tendering procedure and retain the documentation for the event of an audit.

Sub-contracting, i.e. the externalisation of specific tasks or activities which form part of the action as described in the proposal must satisfy the conditions applicable to any

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<sup>44</sup> Directive 2014/24/EU of the European Parliament and the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (Official Journal of the European Union L 94, 28.3.2014, p. 65).

<sup>45</sup> Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (Official Journal of the European Union L 94, 28.3.2014, p. 243).

implementation contract (as specified above) and in addition to them the following conditions:

- it may only cover the implementation of a limited part of the action;
- it must be justified having regard to the nature of the action and what is necessary for its implementation;
- it must be clearly stated in the proposal.

f) Financial support to third parties.

Applications may not envisage provision of financial support to third parties.

## 12.2 Funding forms

Grants are calculated on the basis of a detailed estimated budget indicating clearly the costs that are eligible for EU funding. The grant amount may neither exceed the eligible costs nor the amount requested. Amounts are indicated in euros.

### ➤ **Maximum EU contribution requested**

The EU contribution is limited to a maximum reimbursement rate of eligible costs indicated in section 4. Consequently, part of the total eligible expenses entered in the estimative budget must be financed from sources other than the EU grant (see section 12.1c).

### ➤ **Eligible costs**

'Eligible costs' shall meet all the following criteria:

- ✓ they are incurred by the beneficiary;
- ✓ they are incurred during the duration of the action, with the exception of costs relating to final reports and audit certificates;

The period of eligibility of costs will start as specified in the grant agreement. If a beneficiary can demonstrate the need to start the action before the agreement is signed, expenditure may be authorised before the grant is awarded. Under no circumstances can the eligibility period start before the date of submission of the grant application (see section 12.1 b).

- ✓ they are indicated in the estimated budget of the action;
- ✓ they are necessary for the implementation of the action which is the subject of the grant;
- ✓ they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost accounting practices of the beneficiary;
- ✓ they comply with the requirements of applicable tax and social legislation;

- ✓ they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

The beneficiary's internal accounting and auditing procedures must permit direct reconciliation of the costs and revenue declared in respect of the action/project with the corresponding accounting statements and supporting documents.

In addition for **unit costs**:

- ✓ the number of actual units must comply with the following conditions:
  - the units must be actually used or produced during the duration of the action;
  - the units must be necessary for implementing the action or produced by it, and
  - the number of units must be identifiable and verifiable, in particular supported by records and documentation.

Further details are included in the model grant agreement.

### **Eligible direct costs**

The eligible direct costs for the action are those costs which, with due regard for the conditions of eligibility set out above, are identifiable as specific costs directly linked to the performance of the action and which can therefore be booked to it directly, such as:

#### **A. Direct personnel costs**

Types of eligible personnel costs

**A.1** Personnel costs are eligible if they are related to personnel working for the beneficiary under an employment contract (or equivalent appointing act) and assigned to the action ('**costs for employees (or equivalent)**'). They must be limited to salaries (including during parental leave), social security contributions, taxes and other costs included in the **remuneration**, if they arise from national law or the employment contract (or equivalent appointing act).

They may also include **additional remuneration** for personnel assigned to the action (including payments on the basis of supplementary contracts regardless of their nature), if:

- it is part of the beneficiary's usual remuneration practices and is paid in a consistent manner whenever the same kind of work or expertise is required;
- the criteria used to calculate the supplementary payments are objective and generally applied by the beneficiary, regardless of the source of funding used.

**A.2** The **costs for natural persons working under a direct contract** with the beneficiary other than an employment contract or **seconded by a third party against payment** are eligible personnel costs, if:

- the person works under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed);
- the result of the work carried out belongs to the beneficiary, and
- the costs are not significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.

The costs of the personnel of **national administrations** are eligible to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken;

**A.3 Costs of owners** of beneficiaries that are small and medium-sized enterprises ('**SME owners**'), related to their own personal work on the action and who do not receive a salary are eligible personnel costs, if they correspond to the amount per unit set out in Annex 2a of the model grant agreement multiplied by the number of actual hours worked on the action.

**A.4 Costs of 'beneficiaries that are natural persons'** not receiving a salary are eligible personnel costs related to the own personal work on the action, if they correspond to the amount per unit set out in Annex 2a of the model grant agreement multiplied by the number of actual hours worked on the action.

Further details of the calculation of personal costs included in the model grant agreement

**B. Direct costs of subcontracting** (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by beneficiaries that are not public bodies acting as public authority) are eligible if the conditions set out in the grant agreement are met.

C. Direct costs of providing financial support to third parties are not applicable to the call for proposals

#### **D. Other direct costs**

**D.1 Travel costs and related subsistence allowances** (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by beneficiaries that are not public bodies acting as public authority) are eligible if they are in line with the beneficiary's usual practices on travel.

**D.2 The depreciation costs of equipment, infrastructure or other assets** (new or second-hand) as recorded in the beneficiary's accounts are eligible, if they were purchased in accordance with the conditions set out in the grant agreement and written off in accordance with international accounting standards and the beneficiary's usual accounting practices.

The **costs of renting or leasing** equipment, infrastructure or other assets (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by beneficiaries that are not public bodies acting as public authority) are also eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees.

The only portion of the costs that will be taken into account is that which corresponds to the duration of the action and rate of actual use for the purposes of the action.

**D.3 Costs of other goods and services** (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by beneficiaries that are not public bodies acting as public authority) are eligible, if they are purchased specifically for the action and in accordance with the conditions set out in the grant agreement.

Such goods and services include, for instance, consumables and supplies, dissemination, protection of results, certificates on the financial statements (if they are required by the Agreement), translations and publications.

## **E. Eligible indirect costs (overheads)**

**Indirect costs** are costs that are not directly linked to the action implementation and therefore cannot be attributed directly to it.

**Indirect costs** are eligible if they are declared on the basis of the flat-rate of 7% of the eligible direct costs.

Indirect costs may not include costs entered under another budget heading.

Applicants's attention is drawn to the fact that in the case of beneficiaries receiving an operating grant<sup>46</sup> financed by the EU or Euratom budget, they cannot declare indirect costs for the period covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action.

### ➤ **Ineligible costs**

- (a) costs related to return on capital;
- (b) debt and debt service charges;
- (c) provisions for future losses or debts ;
- (d) interest owed;
- (e) doubtful debts;
- (f) currency exchange losses;
- (g) bank costs charged by the beneficiary's bank for transfers from the Agency;
- (h) excessive or reckless expenditure;
- (i) deductible VAT;
- (j) costs incurred during suspension of the implementation of the action;
- (k) in-kind contributions provided by third parties;
- (l) costs declared under another EU or Euratom grant (including grants awarded by a Member State and financed by the EU or Euratom budget and grants awarded by bodies other than the Agency for the purpose of implementing the EU or Euratom budget); in particular, indirect costs if the beneficiary is already receiving an operating grant financed by the EU or Euratom budget in the same period, unless they can demonstrate that the operating grant does not cover any costs of the action.
- (m) costs for staff of a national (or local) administration, for activities that are part of the administration's normal activities (i.e. not undertaken only because of the grant);
- (n) costs (especially travel and subsistence costs) for staff or representatives of EU institutions, bodies or agencies.

Further details are included in the model grant agreement.

### ➤ **Calculation of the final grant amount**

The final amount of the grant to be awarded to the beneficiary is established after completion of the action, upon approval of the request for payment containing the following documents:

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<sup>46</sup> For the definition, see Article 121(1)(b) of Regulation 2015/1929 of the European Parliament and of the Council amending Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 218, 26.10.2012, p.1): '**operating grant**' means direct financial contribution, by way of donation, from the budget in order to finance the functioning of a body which pursues an aim of general EU interest or has an objective forming part of and supporting an EU policy.

- a final report providing details of the implementation and results of the action;
- the final financial statement must detail all eligible costs (actual costs, unit costs and flat-rate costs);
- a certificate on the financial statements of the action for each beneficiary or linked third party, if
  - it requests an EU contribution of EUR 325 000 or more as reimbursement of actual costs and
  - the maximum EU contribution indicated, for that beneficiary or linked third party in the estimated budget (see Annex 2) as reimbursement of actual costs is EUR 750 000 or more.

In the event of non-execution or clearly inadequate execution of an activity planned in the work programme annexed to the grant agreement, the final grant will be reduced accordingly.

EU grants may not have the purpose or effect of producing a profit within the framework of the action. **Profit shall be defined as a surplus of the receipts over the eligible costs incurred by the beneficiary**, when the request is made for payment of the balance. In this respect, where a profit is made, the EASME shall be entitled to recover the percentage of the profit corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary to carry out the action.

### 12.3 Payment arrangements:

#### Pre-financing payment

A pre-financing payment corresponding to 70% of the grant amount will be transferred to the coordinating beneficiary within 30 days of the date when the last of the two parties signs the agreement, provided all requested guarantees have been received.

#### Final payment

EASME will establish the amount of the final payment to be made to the beneficiary on the basis of the calculation of the final grant amount (see section 12.2 above). If the total of earlier payments is higher than the final grant amount, the beneficiary will be required to reimburse the amount paid in excess by EASME through a recovery order.

### 12.4 Pre-financing guarantee

In the event that the applicant's financial capacity is not satisfactory, a pre-financing guarantee for up to the same amount as the pre-financing may be requested in order to limit the financial risks linked to the pre-financing payment.

The financial guarantee, in euro, shall be provided by an approved bank or financial institution established in one of the Member State of the European Union. When the beneficiary is established in a third country, the authorising officer may agree that a bank or financial institution established in that third country may provide the guarantee if he considers that the bank or financial institution offers equivalent security and characteristics as those offered by a bank or financial institution established in a Member State. Amounts blocked in bank accounts shall not be accepted as financial guarantees.

The guarantee may be replaced by a joint and several guarantee by a third party or by a joint guarantee of the beneficiaries of an action who are parties to the same grant agreement

The guarantee shall be released as the pre-financing is gradually cleared against interim payments or payments of balances to the beneficiary, in accordance with the conditions laid down in the grant agreement.

### **13. REPORTING REQUIREMENTS:**

Beneficiaries will be requested to submit the following reports:

- 6 monthly technical progress report(s)<sup>47</sup>, not linked to a request for payment;
- A final technical and financial report, linked to the request for the payment of the balance.

Further details are included in the model grant agreement.

### **14. PUBLICITY**

#### **14.1 By the beneficiaries**

Beneficiaries must clearly acknowledge the European Union's contribution in all publications or in conjunction with activities for which the grant is used.

In this respect, beneficiaries are required to give prominence to the name and emblem of the European Commission on all their publications, posters, programmes and other products realised under the co-financed project.

To do this they must use the text, the emblem and the disclaimer in accordance with the details provided in the grant agreement.

If this requirement is not fully complied with, the beneficiary's grant may be reduced in accordance with the provisions of the grant agreement.

In addition to the text and logo relevant to the EU programme, the authorising officer will provide beneficiaries with a disclaimer stating that the EU is not responsible for the views displayed in the publications and/or in conjunction with the activities for which the grant is used.

#### **14.2 By EASME**

With the exception of scholarships paid to natural persons and other direct support paid to natural persons in most need, all information relating to grants awarded in the course of a financial year shall be published on an internet site of the European Union institutions no later than the 30 June of the year following the financial year in which the grants were awarded.

EASME will publish the following information:

- name of the beneficiary
- address of the beneficiary when the latter is a legal person, region when the beneficiary is a natural person, as defined on NUTS 2 level<sup>48</sup> if he/she is domiciled within EU or equivalent if domiciled outside EU,

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<sup>47</sup> Depending on the duration of the project, beneficiaries must submit:

- for projects of a duration of 12 months: 1 technical progress report covering the period month 1 to month 6;
- for projects of a duration up to 18 months: 2 technical progress reports covering the periods month 1 to month 6 and month 7 to month 12; and
- for projects of a duration up to 24 months: 3 technical progress reports covering the periods month 1 to month 6, month 7 to month 12 and month 13 to month 18.

- subject of the grant,
- amount awarded.

Upon a reasoned and duly substantiated request by the beneficiary, the publication shall be waived if such disclosure risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union or harm the commercial interests of the beneficiaries.

## **15. DATA PROTECTION**

The reply to any call for proposals involves the recording and processing of personal data (such as name, address and CV). Such data will be processed pursuant to Regulation (EC) No 45/2001<sup>49</sup> on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data. Unless indicated otherwise, the questions and any personal data requested are required to evaluate the application in accordance with the specifications of the call for proposals will be processed solely for that purpose by the Head of Unit A.1 of the EASME. Details concerning the processing of personal data are available on the privacy statement at: [http://ec.europa.eu/research/participants/data/support/legal\\_notice/h2020-ssps-grants\\_en.pdf](http://ec.europa.eu/research/participants/data/support/legal_notice/h2020-ssps-grants_en.pdf).

Personal data may be registered in the Early Detection and Exclusion System (EDES) should the beneficiary be in one of the situations mentioned in Article 106(1) and 107 of the Financial Regulation 966/2012<sup>50</sup> (for more information see the Privacy Statement on: [http://ec.europa.eu/budget/library/explained/management/protecting/privacy\\_statement\\_edes\\_en.pdf](http://ec.europa.eu/budget/library/explained/management/protecting/privacy_statement_edes_en.pdf)).

## **16. PROCEDURE FOR THE SUBMISSION OF PROPOSALS**

Proposals must be submitted in accordance with the requirements of section 5 and by the deadline specified under section 3.

### **➤ Electronic submission**

Applicants are requested to go to <http://ec.europa.eu/easme/en/cosme-eu-programme-competitiveness-enterprises-and-small-and-medium-sized-enterprises-smes> and follow the procedure for submitting an application.

No modification to the application is allowed once the deadline for submission has elapsed. However, if there is a need to clarify certain aspects or for the correction of clerical mistakes, the EASME may contact the applicant for this purpose during the evaluation process.

Applicants will be informed in writing about the results of the selection process.

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<sup>48</sup> Commission Regulation (EC) No 105/2007 of 1 February 2007 amending the annexes to Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS) (Official Journal of the European Union L 39 of 10.02.2007).

<sup>49</sup> Official Journal of the European Union L 8/1 of 12.01.2001.

<sup>50</sup> <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32012R0966>.

## ➤ **Contacts**

EASME is available to answer questions relating to the content of the present call for proposals. All questions must be sent by e-mail to [EASME-COSME-CLUSTER-GO-INTERNATIONAL@ec.europa.eu](mailto:EASME-COSME-CLUSTER-GO-INTERNATIONAL@ec.europa.eu).

Answers will be published at <https://ec.europa.eu/easme/en/cos-clusint-2017-03-6-clusters-go-international-defence-and-security-sector>.

## **17. ANNEXES:**

- Application form (Description of the action and estimated budget)
- Model Grant Agreement
- Guide for Applicants