



EUROPEAN COMMISSION

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

CALL FOR PROPOSALS
European Strategic Cluster Partnerships
for smart specialisation investments

COS-CLUSTPARTNS-2017-03-02



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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 Strategy¹. 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)², 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 Enterprises³ (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.

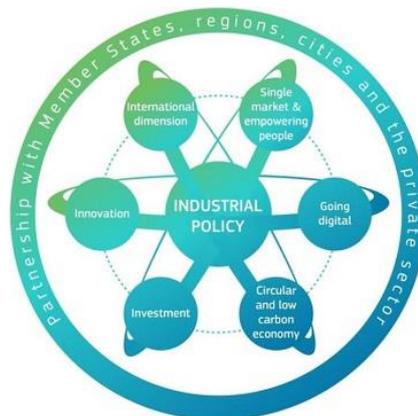
In this respect, this call for proposals, managed by EASME, implements parts of the COSME Work Programme 2017, as last amended on 6 July 2017⁴.

1.2. Policy Context

In its **Political Guidelines**⁵, the European Commission placed the focus of its action on a new boost for jobs, growth and investment, and a deeper and fairer Internal Market with a strengthened industrial base. Although since 2013 the decreasing trend of employment in industry during the crisis has been reversed, the challenge of stimulating jobs, growth and investment for the future of Europe’s economy remains, in particular in the face of global competition for industrial leadership.

The Commission presented in September 2017 a **renewed EU Industrial Policy Strategy** entitled "*Investing in a smart, innovative and sustainable industry*"⁶ in order to help European industries stay or become world leaders in innovation, digitisation and decarbonisation. The strategic framework outlined in this Communication is summarised by the following illustration:

Figure 1: Strategic Framework for EU Industrial Policy



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Source: COM/2017/0479 final⁶

¹ COM (2010)2020 final of 3 March 2010 “Europe 2020. A strategy for smart, sustainable and inclusive growth”.

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

³ 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).

⁴ Commission Implementing Decision C(2017) 4563 of 6.7.2017 amending Commission Decision C(2016) 1042 of 17.2.2017 concerning the adoption of the work programme for 2017 and the financing decision for the implementation of the Programme for the Competitiveness of Enterprises and small and medium-sized enterprises.

⁵ A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change Political Guidelines for the next European Commission, available http://ec.europa.eu/priorities/docs/pg_en.pdf.

⁶ http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=9252.

In its industrial policy strategy the Commission highlighted its efforts to facilitate a dialogue on cluster policy excellence in order to make better use of **clusters as a strategic tool of industrial policy**, notably through announcing the set-up of a High-Level Expert Group on Clusters and a European Cluster Policy Forum. It also stressed that start-ups and dynamic SMEs in Europe need a favourable business environment and innovation ecosystem helping them to connect with skilled people⁷, technology centres⁸ and support organisations within and across regions, in order to accelerate diffusion of knowledge and to integrate into global value chains.

The strategy further clearly stated that this can only be achieved in partnership with Member States, regions, cities and the private sector, an aspect which was also emphasised by the 2017 **Smart Specialisation Communication** on 'Strengthening Innovation in Europe's Regions'⁹. This approach calls for stronger interregional cooperation and investments in sustainable linkages between regional ecosystems along value chains. This also echoed the plea of the 2016 **Start-up and Scale-up Communication**¹⁰, which stressed the need 'to connect clusters and ecosystems across Europe'.

These three Communications provide the EU policy framework for boosting innovation uptake, industrial modernisation, scaling-up of SMEs and economic growth in the EU – at a time when lessons are drawn and new approaches are tested in preparation of the next EU programming period after 2020. The scenarios outlined in the European Commission's **White Paper on the Future of Europe**¹¹ flagged out options for strengthening industrial cooperation, such as further cooperation on high-tech clusters and joint investment in innovation and research towards the emergence of European counterparts of "Silicon Valleys", which would "host clusters of venture capitalists, start-ups, large companies and research centers".

To achieve this vision, European industry needs **smarter and more strategic investments** and the building of bridges between different policies and actions at various governance levels. This means that regional industrial modernisation, smart specialisation and the growth of SMEs shall be promoted through a concerted effort to mobilise investments and strengthen European industrial value chains. In short, a real push for cross-fertilisation across regional and sectoral silos is needed. This requires bringing together bottom-up commitment, industry engagement and regional efforts in European Strategic Partnerships.

Clusters¹² and their innovation actors are an important lever in this approach. Industrial excellence tends to be concentrated regionally and specialised clusters and business networks provide an opportunity for SMEs to better access innovation sources and overcome disparities. The 2016 Smart Guide to Cluster Policy¹³ advocates a modern approach that aims at building upon and connecting regional strengths and smart specialisation priorities; creating innovation and investment opportunities through cross-sectoral collaboration; and supporting the growth of "groups of SMEs" in related industries – as opposed to supporting SMEs individually.

⁷ The EU Skills Agenda set out ten key actions for better skills in Europe and the Commission has developed a forward-looking blueprint approach for sectoral cooperation on skills. See https://ec.europa.eu/growth/industry/policy/skills_en.

⁸ Technology centres in Key Enabling Technologies are mapped by the European Commission: <https://ec.europa.eu/growth/tools-databases/kets-tools/kets-tc/map>. Digital competence centres and innovation hubs are mapped by the European Commission too: <http://s3platform.jrc.ec.europa.eu/digital-innovation-hubs-tool>. http://ec.europa.eu/regional_policy/sources/docoffic/2014/com_2017_376_2_en.pdf.

⁹ http://ec.europa.eu/regional_policy/en/information/publications/communications/2017/strengthening-innovation-in-europe-s-regions-strategies-for-resilient-inclusive-and-sustainable-growth.

¹⁰ https://ec.europa.eu/commission/white-paper-future-europe_en.

¹¹ Clusters can be defined as groups of firms, related economic actors, and institutions that are located near each other and have reached a sufficient scale to develop specialised expertise, services, resources, suppliers and skills. See also the European Commission's 2008 Staff Working Document on *The concept of clusters and cluster policies and their role for competitiveness and innovation: Main statistical results and lessons learned*, available at <http://bookshop.europa.eu/en/the-concept-of-clusters-and-cluster-policies-and-their-role-for-competitiveness-and-innovation-pbNBNA23591/>.

¹² Available at <http://ec.europa.eu/growth/smes/business-friendly-environment/regional-policies/>.

Technology centres are an important part of such favourable ecosystem for innovation and entrepreneurship provided by clusters as they support SME innovation and start-up activities.¹⁴ They are essential because they offer to SMEs high quality space and shared facilities to test and experiment with technologies, notably Key Enabling Technologies (KETs)¹⁵, combined with advisory technology support services that add value to SMEs due to the fact that they can be tailored to the needs of an individual SME.¹⁶ Such competence centres are also at the core of the Digital Innovation Hubs¹⁷. A specific thematic industrial focus and comprehensive cluster development is often linked to the orientations of technology centres. Specialised technology centres are therefore key in making clusters uniquely equipped for scaling up innovation and growth in specific strategic areas.

A closer cooperation between cluster organisations¹⁸ – that manage joint activities, facilitate networking and provide or channel specialised and customised business support services to specific groups of SMEs – **and technology centres** improves the business environment for SMEs and maximises synergies, as both types of organisations give SMEs better access to innovation support and funding. This can lead to a cross-fertilisation process and contribute to a wider spreading and diffusion of R&D results and innovation excellence, strengthening European leadership in industrial value chains and at the same time fostering regional economic convergence.

Such closer interregional collaboration among regional clusters and technology centres around specific industrial activities can open up **new opportunities for SMEs across all regions in Europe**. SMEs in less developed or less innovative regions or clusters have the chance to increase their relative industrial competence, innovation uptake, productivity and value added, and through these improvements take their sector and cluster to a higher competitive positioning. Simultaneously, SMEs in more competitive regions or clusters can take advantage of new innovation sources and greater demand, expanding the value creation along value chains. This approach enables more and better matching of innovation solutions, on the one hand, and challenges, on the other hand, amongst actors from different regional clusters thus enlarging the scope for joint business projects and value chain linkages, which is often underexploited.

Regions that are able to master complexity by combining the strengths of different innovation actors (e.g. through fostering cross-sectoral collaboration within their region and with other regions) and help to open up new avenues and opportunities in niche markets and emerging industries are normally more **economically resilient** and show dynamic growth.¹⁹ Being anchored in dynamic regional clusters of related industries and being integrated in global value chains at the same time is the key to success in order to be able to benefit from industrial transformation changes.

¹⁴ Numerous terms are used for “technology centres”, such as innovation centres, science parks, technology parks, co-working centres and so on. See also European Commission (2014) *Setting up, managing and evaluation EU Science and Technology Parks: An advice and guidance report on good practice*, http://ec.europa.eu/regional_policy/en/information/publications/studies/2013/setting-up-managing-and-evaluating-eu-science-and-technology-parks-an-advice-and-guidance-report-on-good-practice.

¹⁵ The European Commission has defined and mapped technology centres that provide services to SMEs to innovate with Key Enabling Technologies (KETs) as any public or private organisation capable of delivering research and innovation close-to-market services to SMEs from Technological Readiness Level (TRL) 3 to 8, but with at least one TRL >5. See <https://ec.europa.eu/growth/tools-databases/kets-tools/kets-tc/map>. For an explanation of TRL, see https://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/annexes/h2020-wp1415-annex-g-trl_en.pdf.

¹⁶ However, a study (2015) based on the EU mapping of technology centres in Key Enabling Technologies (KETs) showed that in a majority of Member States and regions, SMEs do not have access to the technology services which they need to innovate with KETs. It is therefore a policy priority to facilitate SME access to technology facilities and expertise across borders, in KETs and digitalisation. This is necessary to allow more SMEs in all industry sectors and in all regions of Europe to benefit from industrial transformations.

¹⁷ <http://s3platform.jrc.ec.europa.eu/digital-innovation-hubs-tool>.

¹⁸ European Commission (2008) *The concept of clusters and cluster policies and their role for competitiveness and innovation: Main statistical results and lessons learned*, Commission Staff Working Document SEC (2008) 2637.

¹⁹ See the Atlas of Economic Complexity: Mapping Paths to Prosperity by Hausmann, Hidalgo et al (2011), available at <http://atlas.media.mit.edu/publications/>.

Therefore, SMEs need to have better access to clusters' and technology centres' services in order to exploit growth opportunities from new technologies, service innovation and resource-efficient solutions that **regional, national and EU programmes**, such as European Structural and Investment Funds, Horizon 2020, COSME and others, are supporting.

Under **Horizon 2020**, the EU's framework programme for research and innovation with a budget of nearly EUR 80 billion, a specific INNOSUP-1 cluster initiative has been launched to facilitate the emergence of new industrial value chains.²⁰ It promotes cross-regional and cross-sectoral collaboration to support innovation activities of SMEs through clusters and the leveraging of European Structural and Investment Funds. An INNOSUP-3 technology centre initiative has also been launched to facilitate the emergence of a new interregional network of technology centres delivering services to SMEs across Europe in advanced manufacturing for clean production.

Under **COSME**, the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises with a EUR 2.3 billion budget, support is provided for cluster internationalisation through European Strategic Cluster Partnerships, cluster mapping and cluster management excellence.²¹

Additional support for investments has been made available through the Investment Plan for Europe²², of which the establishment of the **European Fund for Strategic Investments (EFSI)** is a central pillar. Jointly launched by the European Investment Bank Group and the European Commission, this EU-budget guarantee aims at helping to overcome the current investment gap in the EU and to mobilise private investment with a target of EUR 315 billion in higher-risk projects, which are strategically important for the EU.²³

In particular the regional and national **smart specialisation strategies** for research and innovation (RIS3)²⁴ offer a great scope for building strategic linkages between regional ecosystems along industrial value chains. More than EUR 40 billion (and more than EUR 65 billion including national co-funding) are allocated to regions through the European Regional Development Fund in the period 2014-2020 to fund research and innovation related investments in order to build competitive strengths of the regions.²⁵ The resulting investments can act as decisive multipliers and allow for increased numbers of SMEs carrying out innovation and added value projects to boost competitiveness.

Moreover, at least EUR 2.5 billion from the European Regional Development Fund are foreseen to be spent for clusters and business networks, which is an important delivery instrument for designing and implementing the smart specialisation strategies. The ex-post evaluation of the previous ERDF and Cohesion Fund for the programming period 2007-2013²⁶ has shown that the promotion of

²⁰ A total of around EUR130 million are estimated to be available until 2020 for this innovation action to support value chain innovation of groups of SMEs under annual calls for proposals under the Innovation in SMEs work programme for this call topic entitled "Cluster facilitated projects for new industrial value chains" (INNOSUP-1). See <https://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/topics/innosup-01-2018-2020.html>.

²¹ For more information, see the EU Cluster Portal at <http://ec.europa.eu/growth/industry/smes/policy/cluster> and the European Cluster Collaboration Platform at <https://www.clustercollaboration.eu/eu-initiatives>.

²² http://ec.europa.eu/priorities/jobs-growth-and-investment/investment-plan_en.

²³ <http://www.eib.org/efsi/>.

²⁴ Smart specialisation is a concept for a more strategic innovation policy approach. It foresees an entrepreneurial discovery process of developing a vision, setting strategic priorities and making use of smart policies to build on regional strengths and competitive advantage in order to maximise the knowledge-based development potential of any region, strong or weak, high-tech or low-tech. See also http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/smart_specialisation_en.pdf.

²⁵ <http://s3platform.jrc.ec.europa.eu/s3-guide>

²⁶ See Commission Staff Working Document (2016) 318 final on Ex post evaluation of the ERDF and Cohesion Fund 2017-2013, and report on Ex-post evaluation of Cohesion Policy Programmes 2007-2013 Financed by the ERDF and the CF, Work package 2 "Support to SMEs, Increasing research and innovation in SMEs and SME

networking amongst companies, usually through the establishment and involvement of SME intermediaries, such as cluster [organisation]s, has been among the most successful and effective instruments **for supporting innovation in SMEs** and nurturing their development, even if their number was marginal within the whole set of instruments available. It also flagged out that only a small share of EU SMEs (about 2%) was reached and that the coordination between Interreg programmes²⁷ and mainstream ones has been very limited.

There is therefore a need to **improve at EU level the collaboration** of the key actors that support innovation activities in SMEs with the ambition of maximising the uptake of innovative solutions and R&D results, including those resulting from Horizon 2020 and investments under the European Structural and Investment Funds. This requires political commitment and sustainable cooperation across regions in the EU with similar industrial competences, clusters and specialisations in order to leverage investments and joint activities and to create synergies at a practical level.

To benefit from the experience outside their geographical area, many regions have started to strategically **strengthen interregional collaboration** along similar or complementary smart specialisation priorities. These efforts aim at linking competences, infrastructures and innovation efforts in European networks as a path for opening up new growth opportunities for companies and their regions in new European value-chains. Such regions have realised that this could not be done with a focus solely on their own region and that building a joint critical mass and strategic linkages is a more promising approach for their future growth.

The impact of these efforts depends upon a **strong involvement of industry**. Clusters and business support organisations are promising tools to mobilise industry and intensify practical interregional cooperation. The Vanguard Initiative²⁸ is an example that shows that fostering collaborative projects across regions and Member States aiming at boosting the impact from smart specialisation strategies is possible, if political commitment is gathered.

To facilitate more of such strategic interregional collaboration and strong industry involvement, and to create a project pipeline for smart specialisation investments across Europe, the European Commission started to offer support to regional authorities, clusters and industry stakeholders through an **integrated approach to smart specialisation, clusters and industrial modernisation**. This approach combines two mutually reinforcing initiatives:

First, the Commission has set up **Thematic Smart Specialisation Platforms** to bring together regional authorities interested in joining forces in the implementation of their RIS3 strategies. This approach was launched in 2015 with the set-up of the Smart Specialisation Platform on Energy²⁹ and two additional Thematic Platforms on Industrial Modernisation³⁰ and on Agri-Food³¹ in 2016, with possibly others to follow.

Second, the Commission is starting with this call for proposals to mobilise **European Strategic Cluster Partnerships for smart specialisation investments**. These partnerships should be composed of cluster organisations, other business network organisations, technology centres and science parks aiming to boost interregional collaborations and innovation activities amongst groups of SMEs in specific thematic areas, related industries and value chains. Moreover, the strategic partnering of cluster organisations is not left to happen at random but with a specific linkage to the Thematic Smart Specialisation Platform on Industrial Modernisation.

development”, Contract Nr. 2014CE16BAT002, Final report, pages 10 and 14-17 and First intermediate report, page 11, http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp2_final_en.pdf.

²⁷ The Interreg programmes support the implementation of joint actions and policy exchanges between national, regional and local actors from different Member States in order to foster cross-border (Interreg A), transnational (Interreg B) and interregional (Interreg C) European Territorial Cooperation. For more information, see http://ec.europa.eu/regional_policy/en/policy/cooperation/european-territorial/.

²⁸ The regions involved in the Vanguard Initiative are a prominent example. See www.s3vanguardinitiative.eu/.

²⁹ <http://s3platform.jrc.ec.europa.eu/s3p-energy>.

³⁰ <http://s3platform.jrc.ec.europa.eu/industrial-modernisation>.

³¹ <http://s3platform.jrc.ec.europa.eu/agri-food>.

The approach of this call for proposals builds on the successful experience of facilitating the partnering of cluster organisations via the European Cluster Collaboration Platform³² and establishing **European Strategic Cluster Partnerships for going international (ESCP-4i)**³³ as part of the Cluster Internationalisation Programme for SMEs under COSME. The focus of this call for proposals, however, is not on supporting SME internationalisation with strategic partners in third countries *beyond Europe* but on supporting the interregional cluster cooperation for the benefit of SMEs, their scale-up and joint investment projects *within Europe*.

In addition, it follows up on the interest and experience gathered within two pilot projects, which aimed also at reinforcing the collaboration among clusters and technology centres under an initiative entitled **“Towards EU Regional Economic Convergence”**, for which a call for proposals was launched in 2015 with funding from the European Parliament.³⁴ However, the focus of these projects was limited to supporting only the *preparation phase*, while the scope of the current call for proposals is extended by moving to supporting in particular the *implementation phase* of European Strategic Cluster Partnerships for smart specialisation investments.

Moreover, this call for proposals is relevant to stakeholders of the numerous good quality applications, which could not be funded under the **“cluster facilitated projects for new industrial value chains” call for proposals under Horizon2020**.³⁵ This opens up alternative ways to implement at least parts of their ideas for fostering cross-sectoral and cross-regional collaboration in the context of smart specialisation and to bring their ideas to the attention of regions gathered under the Thematic Smart Specialisation Platform that may support such efforts.

Equally, **other relevant strategic partnerships** that have already emerged, e.g. as part of the Regions of Knowledge initiative, the 'Vanguard Initiative', transnational and interregional cooperation programmes (Interreg B and Interreg C/Europe) could also benefit from getting associated to the Thematic Smart Specialisation Platform and being mobilised towards European Strategic Cluster Partnerships.³⁶

³² www.clustercollaboration.eu.

³³ As part of the Cluster Internationalisation Programme for SMEs under COSME: <https://www.clustercollaboration.eu/eu-cluster-partnerships>

³⁴ The two pilot projects had a focus on advanced manufacturing (ERICA) and new materials (TrecNewMat). http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8242&lang=en.

³⁵ A total of around EUR 130 million are estimated to be available until 2020 to support value chain innovation of groups of SMEs under annual calls for proposals for this call topic (INNOSUP-1). For more information see <http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/topics/6084-innosup-01-2016-2017.html>.

³⁶ Already in 2016, Interreg Europe explicitly “welcomes projects seeking to go beyond the improvement of each regional policy instrument to achieving interregional synergies between the economic sectors of the participating regions” and those “leading to European strategic cluster partnerships for smart specialization.” www.interregeurope.eu/news-and-events/news/48/second-call-for-project-proposals-open-5-april-13-may-2016.

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

2.1. General and specific objectives

The **overall objective** of this action is to boost industrial competitiveness and investment in the EU via cross-regional cooperation and networking by supporting the establishment of European Strategic Cluster Partnerships for smart specialisation investments (ESCP-S3). These partnerships shall facilitate cluster cooperation in thematic areas related to regional smart specialisation strategies and increase the involvement of industry in the context of the Smart Specialisation Platform for Industrial Modernisation.³⁷

The **specific objective** of the ESCP-S3 is to foster the collaboration of enterprises, especially SMEs, as well as their interaction with technology centres both within the cluster and across regional and sectoral silos towards generating joint actions and investment projects in common smart specialisation priority areas linked to industrial modernisation and to help improving their business environment. Such mobilisation is envisaged to strengthen the European dimension in the implementation of national and regional smart specialisation strategies and to support a sustainable partnering process for strategic interregional collaboration in various industrial specialisation areas.

The actions and investments that result from the partnerships shall serve to maximise the innovation uptake and productivity increases by matching R&D & innovation solutions and challenges and supporting interregional innovation activities. At the heart of the partnerships shall be the creation of value chain linkages and joint business cooperation projects and investments amongst groups of SMEs in specific industrial areas, including bringing together SMEs from less and more economically advanced regions and clusters.

This shall enable groups of specialised enterprises, notably SMEs, together with other innovation actors in clusters, to find partners with complementary competences, to access value chains that cut across national, regional and sectoral boundaries as well as to facilitate their access to technology centres, in particular those active in Key Enabling Technologies (KETs) and Digital Innovation Hubs. As a result, SMEs shall benefit from investments and initiatives related to smart specialisation.

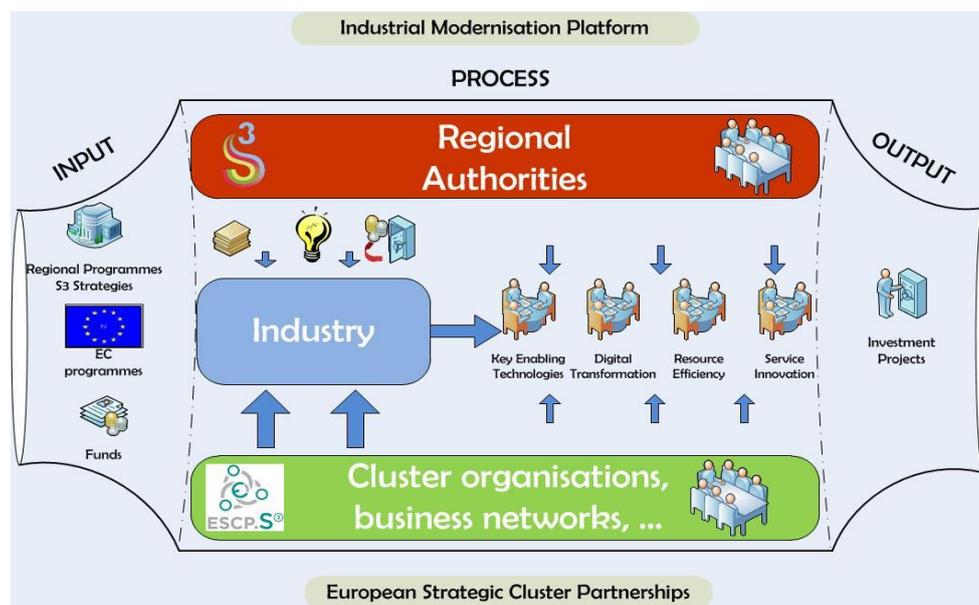
The Partnerships shall specifically contribute to:

1. developing and implementing a joint cluster partnership strategy with a common “European” vision for a given specific smart specialisation priority (including a joint branding and marketing), identifying collaboration and investment opportunities and drafting a roadmap of such joint activities;
2. implementing joint activities with a view to mobilise interregional collaboration and investments of industry actors, notably SMEs, and provide related business, technology and growth support services for the preparation and implementation of joint innovation and investments projects; and
3. improving the cluster-specific framework conditions in the partners’ regions by (a) identifying, preparing and testing new joint activities to strengthen cluster cooperation across the partnership; (b) gathering concrete feedback from SMEs on their specific barriers to innovation, skills, cooperation and investment (notably to feed into the discussions in the context of the Thematic Smart Specialisation Platform on Industrial Modernisation); and (c) undertaking activities to build linkages with other relevant European, national or regional initiatives and key networks and to address the identified barriers that SMEs are facing.

³⁷ <http://s3platform.jrc.ec.europa.eu/industrial-modernisation>.

Most impact is expected from interregional collaboration if a dual approach is followed by involving both committed regional authorities (in charge of the implementation of smart specialisation strategies for research and innovation investments under the European Structural and Investment Funds) as well as the industry (mobilised via specialised SME intermediaries such as cluster organisations, business networks, technology centres and science parks). Therefore, this call for proposals aims to complement the ongoing mobilisation of interregional RIS3 partnerships of regional authorities under the Smart Specialisation Platform for Industrial Modernisation³⁸ by generating corresponding interregional European Strategic Cluster Partnerships of cluster organisations and other specialised SME intermediaries. In addition, the mobilisation of Cluster Partnerships in thematic areas not yet covered by interregional RIS3 partnerships may trigger a partnering amongst regional authorities.

Figure 2: The dual collaboration approach of the Smart Specialisation Platform for Industrial Modernisation



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This call for proposals therefore aims to bring together cluster organisations, other business network organisations, technology centres and science parks from EU Member States or countries participating in the COSME programme³⁹, interested in teaming up in European Strategic Cluster Partnerships for smart specialisation investments.

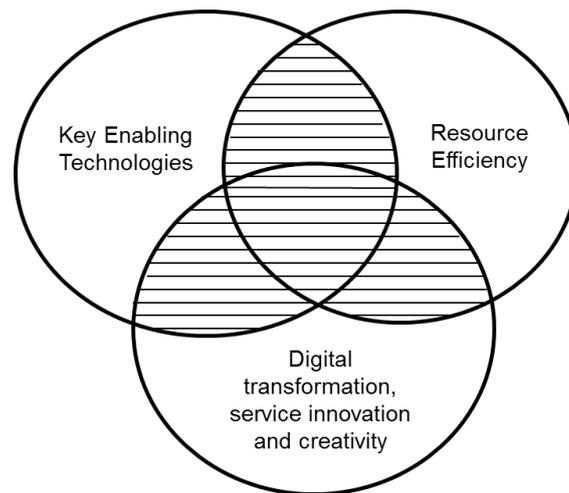
The partnerships are expected to be formed around common industrial thematic areas, which are similar or closely related to the smart specialisation priorities of the partners' regions. The **focus** of this call for proposals is to encourage the partnering process in relation to the *key drivers of industrial modernisation*, such as Key Enabling Technologies; digital transformation (ICT), service innovation and creativity; and resource efficiency (see Figure 3). The possible industrial thematic areas of the Partnerships therefore include advanced manufacturing, digital transformation/industry 4.0, digital platforms, big data analytics, space data services, advanced material and disruptive business models and service concepts, thus covering also thematic areas such as creative industries, textiles and tourism.⁴⁰

³⁸ Eleven such interregional RIS3 partnerships, involving more than 60 regions, have so far been set up in the areas of Advanced manufacturing, 3D-Printing, Industry 4.0, Efficient and Sustainable Manufacturing, Bio-Economy, New nano-enabled products, photonics, medical technologies, innovative textiles, sports, and Digitalisation and safety in tourism. See <http://s3platform.jrc.ec.europa.eu/thematic-areas>.

³⁹ For a list of third countries' participation in COSME see: <http://ec.europa.eu/growth/smes/cosme/>.

⁴⁰ Given the cross-cutting nature of the key drivers of industrial modernisation, no narrow sectoral boundaries can be set in the focus of this call for proposals.

Figure 3: Key drivers of industrial modernisation



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The action will be implemented by consortia of organisations that are interested in establishing and running a ‘**European Strategic Cluster Partnership for smart specialisation investments**’ (ESCP-S3). These partnerships shall be characterised by the following principles:

1. *European*, meaning being composed of partners from a minimum of three different EU Member States or countries participating in the COSME programme under Article 6 of the COSME Regulation (in line with the specific eligibility criteria in section 6);
2. *Strategic*, meaning the partnerships shall develop and implement a joint ‘European’ cluster partnership strategy for an industrial theme linked to the priority areas of the smart specialisation strategies of the partners’ regions. The strategy shall promote cross-sectoral and cross-regional value chain cooperation in support of industrial modernisation;

Concerning the focus of cross-sectoral cooperation and outreach in related industries, applicants may seek inspirations from the work of the European Cluster Observatory, which has identified, analysed and reported on ten ‘emerging industries’, which have been described in detail in the European Cluster Panorama 2016.⁴¹ 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.⁴²

3. representing “*Clusters*” through cluster organisations or equivalent other business network organisations with an own legal entity, together with science parks and technology centres that are providing or channelling specialised business support services especially to SMEs.
4. forming a “*Partnership*” with the aim to develop a long-term cooperation agenda, joint actions and an implementation roadmap around similar or related industrial thematic areas.
5. working towards encouraging “*smart specialisation*” by striving to successfully support cross-sectoral and cross-regional value chain collaboration and joint “*investments*” of their SME members and other innovation actors as well as to promote actions in support of the implementation of smart specialisation strategies of their regions in view of supporting growth and jobs in Europe.

⁴¹ <http://ec.europa.eu/DocsRoom/documents/20381> For more information see <https://ec.europa.eu/growth/industry/policy/clusters/observatory>.

⁴² See ‘Smart Guide to Cluster Policy’ at <http://ec.europa.eu/DocsRoom/documents/16903/attachments/1/translations>.

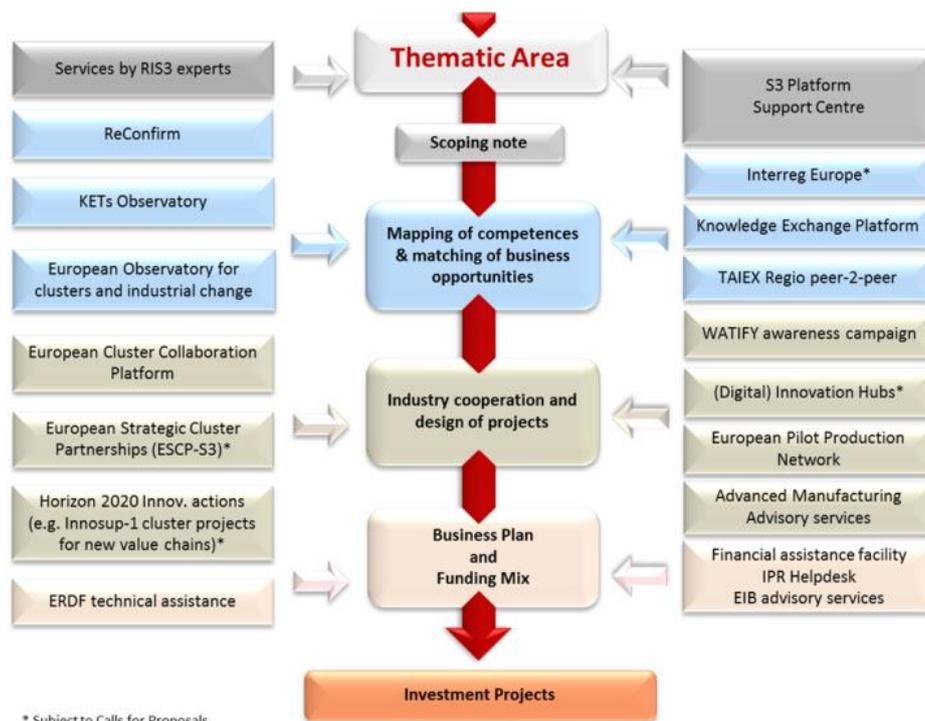
The **ESCP-S3 Label** for a ‘European Strategic Cluster Partnership for smart specialisation investments’ will be awarded to all eligible and successful consortia, including non-funded proposals put on the reserve list of this call for proposals, that express their interest and commitment in developing them by signing a ‘ESCP-S3 Charter’ which commits the partnership members to comply with the above ESCP-S3 key principles.



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While this Label is foreseen not to be binding nor create any legal rights or financial obligations, it will help to promote the joint efforts of the partnerships. The labelled partnerships shall serve as models for others and pave the way for possible future approaches to mainstream a more strategic interregional partnering at European level. The European Commission may therefore support labelled European Strategic Cluster Partnerships for smart specialisation investments⁴³ as part of its integrated approach to smart specialisation, clusters and industrial modernisation, notably through a range of existing and forthcoming measures under COSME and Horizon 2020 that are targeting the Smart Specialisation Platform for Industrial Modernisation (see Figure 4 below⁴⁴).

Figure 4: Direct EU support to interregional partnerships under the Smart Specialisation Platform for Industrial Modernisation



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For instance, the labelled European Strategic Cluster Partnerships for smart specialisation investments will **receive** free of charge **dedicated advisory support services** in 2018 and 2019 from the European Observatory for Clusters and Industrial Change. The Observatory is bringing together the previous efforts from the European Cluster Observatory and the European Service Innovation Centre. The services will include support for the fine-tuning of the ESCP-S3 strategy and joint actions, identifying further collaboration opportunities along the value chain, providing guidance on good practice examples to shape partnering activities etc.

⁴³ <http://www.clustercollaboration.eu/eu-cluster-partnerships>.

⁴⁴ For more information, see <http://s3platform.jrc.ec.europa.eu/eu-support>.

Moreover, the partners of the European Strategic Cluster Partnerships for smart specialisation investments and their SME members may be able to benefit from the ReConfirm project⁴⁵ for facilitating interregional cooperation for industrial modernisation (that may make available specific analysis, guidance and matchmaking in specific industrial domains); the Wafify awareness campaign⁴⁶ (that may organise matchmaking events for cluster partnerships to boost cross-regional cooperation with a focus on digital transformation & KETs), the forthcoming Technical and financial assistance facility for industrial modernisation and investment (that may provide assistance to industrial partners involved to develop bankable investment projects); and other support measures.⁴⁴

To **find suitable collaboration partners**, a number of tools are available to interested applicants. First, the European Cluster Collaboration Platform⁴⁷ maps cluster organisations (e.g. by sectors, technologies and smart specialisation priority areas), organises matchmaking events and provides a partner search tool⁴⁸ that can also be used for this call. Second, the European Cluster Observatory⁴⁹ maps the concentration of economic activities in 38 sectors and 10 cross-sectoral emerging industries across Europe, which can help to identify other promising regional industrial strongholds. Thirdly, the KETs Observatory currently maps 169 technology centres⁵⁰ that provide services to companies.

The list of all labelled European Strategic Cluster Partnerships for smart specialisation investments will also be published in a dedicated part of the European Cluster Collaboration Platform. Further visibility will be provided through the S3 Platform, notably in the context of the Thematic Smart Specialisation Platforms.⁵¹ This will allow partnerships to gain visibility and promote their activities and interests for cooperation, including in relation to national and regional public authorities.

2.2. Description of types of expected activities

Applicant consortia are free to propose relevant activities that contribute to the establishment and implementation of European Strategic Cluster Partnerships for smart specialisation investments (ESCP-S3) in line with the objectives set out above by this call for proposals.

The activities proposed are expected to target the preparatory, implementation and investment phases of possible joint innovation and investments projects. These shall range from strategy-setting and road-mapping, matchmaking activities among partners and their SMEs, facilitating demonstration and pilot projects, helping to shape joint business project proposals into viable and bankable proposals for investments, to offering acceleration support and help with showcasing results. These are further to be supported by dissemination and sustainability activities.

Figure 5: Range of activity phases of ESCP-S3



Source: European Commission, Directorate General for Internal Market, Industry, Entrepreneurship and SMEs

⁴⁵ <http://s3platform.jrc.ec.europa.eu/reconfirm>.

⁴⁶ <https://ec.europa.eu/growth/tools-databases/dem/wafify/>.

⁴⁷ <http://www.clustercollaboration.eu/>.

⁴⁸ <http://www.clustercollaboration.eu/partner-search>.

⁴⁹ http://ec.europa.eu/growth/industry/policy/clusters/observatory_en.

⁵⁰ <https://ec.europa.eu/growth/tools-databases/ketsobservatory/kets-tc/map>.

⁵¹ <http://s3platform.jrc.ec.europa.eu/>.

The strategy-setting and preparatory activities are considered crucial to increase the impact of the implementation and investment facilitation. They shall help to define the added value of the cluster partnership and promising collaboration areas for the further development of the participating clusters and their value chain linkages. The extent of these activities, however, is expected to vary depending on whether previous work between partners in this area has been done or not and thus should be duly justified. In any case, partnerships will be expected to move quickly after around six months from strategy-setting and preparatory activities to starting with the actual implementation of activities. The preparatory activities and the development of a joint cluster partnership strategy, including the drafting of an implementation roadmap, should be completed within the first half of the duration of the project, whereas the second half should be dedicated to the implementation.

Activities of the partners shall be targeted at triggering collaboration at different levels, notably not only at joint business projects for smart specialisation investments between SMEs (B2B), but also between cluster organisations and technology centres (C2C), in order to strengthen interregional cluster collaboration and the linking of specialised ecosystems. The activities should particularly serve as an incubator and accelerator for joint investment projects.

This includes engaging and feeding input to policy-makers and/or Managing Authorities of European Regional Development Funds and their relevant interregional RIS3 partnerships under the Smart Specialisation Platform for Industrial Modernisation⁵², in order to ensure the relevance and the likely translation of the proposed strategy in practice. If a relevant interregional RIS3 partnership does not exist, activities to nudge the respective regional authorities of each partner towards creating a new thematic area for a corresponding interregional RIS3 partnership should also be envisaged.

Applicants are also encouraged to engage with and review lessons learned from the model demonstrator regions supported by the European Cluster Observatory⁵³, by the European Service Innovation Centre⁵⁴ and future test regions supported by the European Observatory for Clusters and Industrial Change⁵⁵, other European Strategic Cluster Partnerships for going international⁵⁶ already set-up, Regions of Knowledge projects⁵⁷ supported under the European Union previous 7th Research Framework Programme, and cross-border, transnational and interregional cluster cooperation projects funded under INTERREG⁵⁸.

2.2.1 Mandatory core activities are the following:

- **Development of a joint cluster partnership strategy** (within the first half of the duration of the project), which shall outline a concise description (around 10 pages) of a common “European” strategic vision and objectives for the envisaged cluster collaboration and value chain linkages in a specific smart specialisation priority area. This strategy shall demonstrate how the partnership will exploit synergies, common assets, innovation sources and growth potential of the targeted clusters and trigger joint smart specialisation investments. It shall

⁵² Ten such interregional RIS3 partnerships have so far been set up in the areas of Advanced manufacturing, 3D-Printing, Industry 4.0, Efficient and Sustainable Manufacturing, Bio-Economy, New nano-enabled products, photonics, medical technologies, innovative textiles, and sports. <http://s3platform.jrc.ec.europa.eu/thematic-areas>.

⁵³ http://ec.europa.eu/growth/industry/policy/clusters/observatory_en.

⁵⁴ See http://ec.europa.eu/growth/tools-databases/esic/large-scale-demonstrator/index_en.htm and also the European Service Innovation Centre report “Lessons from the Model Demonstrator Regions: Service Innovation Policy in Practice” at <http://ec.europa.eu/DocsRoom/documents/6911/attachments/1/translations/en/renditions/native>.

⁵⁵ The European Observatory for Clusters and Industrial Change will continue the work of the European Cluster Observatory and the European Service Innovation Centre. Further information will be made available at the web pages of the current Observatory at http://ec.europa.eu/growth/industry/policy/clusters/observatory_en. See also the call for expression of interests for regions to benefit from new EU support in building resilient economies http://ec.europa.eu/regional_policy/en/newsroom/news/2017/09/29-09-2017-harnessing-globalisation-regions-to-benefit-from-new-eu-support-in-building-resilient-economies.

⁵⁶ <https://www.clustercollaboration.eu/eu-cluster-partnerships>.

⁵⁷ http://ec.europa.eu/research/regions/index_en.cfm?pg=regions_of_knowledge&lg=en.

⁵⁸ http://ec.europa.eu/regional_policy/index.cfm/en/policy/cooperation/european-territorial/.

broadly outline the thematic, sectoral and technological coverage of identified complementarities, cooperation interests and expected mutual added value between the partnership members. The strategy shall also describe the expected impact through quantitative indicators, such as indicative targets for the scale of joint collaboration projects and mobilisation of additional private and public smart specialisation investments.

The **joint cluster partnership strategy** shall be accompanied by the following four deliverables:

- a Partnership Agreement respecting the principles of European Strategic Cluster Partnerships for smart specialisation investments (as outline above in section 2.1), which identifies the partnership members (and, if relevant, also organisations other than the direct beneficiaries of the project, based on a Letter of Intent confirming their commitment), sets out the modalities of cooperation between them, and expresses clearly their interests and plans for engaging in cluster cooperation together.
- a map of envisaged cluster collaboration opportunities and value chain linkages that shall detail the thematic, sectoral and technological complementarities, cooperation interests and expected mutual added value between the partnership members (and thus provide the basis to what is broadly outlined in the strategy note). The map shall flag out business collaboration opportunities for innovation and investments and possible bottlenecks, e.g. identified through a SWOT, benchmarking and/or value chain analysis and SME survey(s) or other concrete feed-back gathered from SMEs on their specific interests and barriers to innovation, skills, cooperation and investment across the partnership's regional clusters.
- an implementation roadmap providing a comprehensive overview and prioritised list of the joint activities foreseen to be implemented by the cluster partnership, targeting both business-to-business (B2B) and cluster-to-cluster (C2C) collaborations. The roadmap must also include a detailed plan for implementation, outlining the different roles, responsibilities, steps and milestones. The roadmap shall particularly foresee activities for feeding input (e.g. feed-back gathered from SMEs) to and building linkages with existing relevant interregional RIS3 partnerships. If such partnerships do not yet exist, activities should be foreseen for nudging regional authorities to create a new thematic area for an interregional RIS3 partnership under the Smart Specialisation Platform for Industrial Modernisation. Other activities to build linkages with other relevant European, national or regional initiatives and key networks should also be foreseen, such as with the Enterprise Europe Network⁵⁹, Knowledge and Innovation Communities⁶⁰, Horizon 2020 actions such as INNOSUP-1 cluster projects for new industrial value chains⁶¹, COSME ESCP-4i⁶² and cluster excellence project⁶³, and Interreg projects – notably from Interreg Europe⁶⁴, Innovation Deals, the Investment Plan and skills as well as to provide input into sectoral policy discussions.⁶⁵
- a marketing plan with joint branding, marketing statement and logo to shape a tailored identity of the partnership and support joint communication activities.

⁵⁹ <http://een.ec.europa.eu/>.

⁶⁰ <https://eit.europa.eu/activities/innovation-communities>.

⁶¹ <https://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/topics/innosup-01-2018-2020.html>.

⁶² <https://www.clustercollaboration.eu/eu-cluster-partnerships>.

⁶³ <https://www.clustercollaboration.eu/eu-initiative/cluster-excellence-calls>.

⁶⁴ <https://www.interregeurope.eu/projects/>.

⁶⁵ Meetings between Partnerships and sectoral unit in the Commission could be initiated by the Commission services.

- **Implementation of joint activities of the partners to mobilise interregional business collaboration projects for innovation and investments (B2B)**, notably between SMEs active in the regional clusters of the partnership members and other businesses and relevant stakeholders towards facilitating the signing of business cooperation agreements (or equivalent formal cooperation documents). This concerns the implementation of joint activities listed in the implementation roadmap of the joint cluster partnership strategy that are targeted at mobilising business-to-business collaboration. This can cover, for instance, the organisation of and/or participation in matchmaking events and cluster visits – e.g. facilitating both tailored B2B meetings and C2C meetings with individualised B2B programmes –, joint demonstration, growth accelerator or investor pitching events, and conducting coaching/mentoring/advising on smart investments of SMEs to help them identify interregional collaboration opportunities and to follow-up on the cooperation potential and interests identified.

- **Implementation of joint activities to strengthen cluster cooperation amongst the partners (C2C)** towards improving the cluster-specific framework conditions across the partnership. This concerns the implementation of joint activities listed in the implementation roadmap of the joint cluster partnership strategy that are aiming at mobilising cluster-to-cluster collaborations and are thus targeted at the partners themselves and other intermediary organisations in the regional clusters. This can cover, for instance, cooperation in the area of vocational training, education and skills, knowledge sharing, technology transfer, joint innovation challenges, pan-regional provision of venture capital and exploring the shared use of technology centres and demand from cluster firms for support services from technology centres with the aim to facilitate SME access to technology centres, including those active in Key Enabling Technologies.

2.2.2. *Mandatory support activities for dissemination, learning and sustainability are the following:*

- **Learning and monitoring activities**, such as promoting exchanges and peer reviews between partnership members and enabling cross-fertilisation and learning from their experiences, including on obstacles faced, success factors, novel approaches and monitoring activities (related to a clear set of performance indicators - see section 2.4). The organisation of joint peer review meetings with other partnerships supported under this call for proposals is encouraged in order to increase the learning. Each partnership shall participate with 1-2 representatives in a partnering event for European Strategic Cluster Partnerships to be organised by the European Observatory for Clusters and Industrial Change.⁶⁶ Successful applicants must therefore share information on their good practices and challenges faced.

- **Dissemination and awareness-raising activities** about the project's activities, news, events, testimonials and results in the participating regions – reaching out to the relevant SMEs, public authorities, venture capital funds etc. to create wider knowledge amongst regional stakeholders about the partnership. The information shall also be channelled through the dedicated section of the European Cluster Collaboration Platform⁶⁷, where a description of the partnership and profiles of the participating cluster organisations are to be registered. In case of the development or existence of another website for project implementation purposes, the information must be also be made available at and harmonised with the European Cluster Collaboration Platform website on an on-going basis. Joint awareness raising activities and events organised with other partnerships are encouraged.

⁶⁶ The European Cluster Conference 2018, meetings under the European Cluster Policy Forum and other events organised by the European Cluster Collaboration Platform may also offer wider learning opportunities.

⁶⁷ <http://www.clustercollaboration.eu>.

- **Preparation of a long-term cooperation agenda for the partnership** (during the second half of the project duration) providing an overview of possible joint activities and sources of financing of further activities after the duration of the project. This shall serve as an exit strategy to facilitate partners to move from project collaboration to a sustainable partnership beyond the lifetime of the funded project, which should involve e.g. liaising with local, regional or national public authorities.

2.2.3. *Other possible additional activities to address the areas to which the partnerships aim to contribute to (as listed in section 2.1) can include the following (non-exhaustive list):*

- **Intelligence gathering for a strategic identification of thematic, (cross-)sectoral and technological business collaboration opportunities** for innovation and investments as well as of bottlenecks for fostering the growth potential of the participating regional clusters (e.g. by conducting tailored SME surveys, value chain analyses/studies, benchmarking and/or SWOT analysis).⁶⁸ This shall help to identify and map intra-regional innovation challenges, needs and cooperation interests across cluster firms in the partnerships for different themes/parts of the value chains as well as to match them with available R&D results and innovation solutions in other clusters of the interregional cluster partnership. It shall also identify complementarities and expected mutual added value between the partnership members with regard to relevant smart specialisations areas, skills, industrial infrastructure, research and technology centres and other innovation support structures as well as common needs and potential for capacity-building and scale-up.
- **Joint provision of business and growth support services, notably for the preparation and implementation of joint collaboration projects for innovation and investments** of SMEs across the cluster partnership, to follow up on the signing of business cooperation agreements in the context of the mandatory activities. This may include various types of assistance such as the provision of coaching, mentoring and support for the preparation of viable and bankable proposals for investments, investment-readiness and technology assessment (e.g. by conducting technical and financial feasibility studies and identifying relevant financing sources), innovation management, IPR & licensing arrangements, entrepreneurship, and other support for business scale-up, internationalisation and growth acceleration.
- **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).
- **Identification of potential additional strategic partners of the partnership** that could offer wider coverage and complementary competences and value added (e.g. by conducting a complementarity, compatibility and readiness check in terms of strategy, skills, industrial focus, smart specialisation prioritisation, innovation and R&D competences, etc.).

2.3. Expected outputs and deliverables

This call for proposals forms part of a wider integrated approach that responds to the increasing interest in fostering collaborative projects across regions and Member States to boost the impact of smart specialisation strategies (e.g. Vanguard Initiative and other networks). It allows partnering activities to gain European scale, not limited to specific regions but to strategic priority areas related to industrial modernisation. The aim is to strengthen bottom-up industry partnering and EU added-

⁶⁸ The cluster mapping and trend analysis provided by the European Cluster Observatory, such as of the 2016 European Cluster Panorama and the European Cluster Trend report, as well as its Regional Ecosystem Scoreboard that identifies bottlenecks can serve as input. See http://ec.europa.eu/growth/industry/policy/clusters/observatory_en.

value in the implementation of cluster policies and smart specialisation strategies that guide EUR 121 billion of innovation-related investments from the European Structural and Investment Funds.

Together with the thematic Smart Specialisation Platform on Industrial Modernisation, this action forms an integrated approach to clusters, smart specialisation and industrial modernisation by bringing together both regional authorities committed to promoting industrial modernisation as well as cluster organisations, other business networks, technology centres and science parks.

This action is designed to support industry participation therein and to facilitate the generation of a pipeline of joint collaboration and innovation projects and contribute to strategic use of European funding, notably the European Structural and Investment Fund, the European Fund for Strategic Investments and other private and public investments.

SMEs will benefit timely and directly from this action through concrete business support services and collaboration support from the partnerships. They will also benefit indirectly from the additional efforts to improve their business environment and access to innovation actors, value chains and smart specialisation investments.

Expected outputs and deliverables are:

- A Joint Cluster Partnership Strategy with a Partnership Agreement, cluster collaboration and value chain map, implementation roadmap and a joint marketing plan (to be completed during the first half of the duration of the project);
- The European Strategic Cluster Partnership for smart specialisation investments and all partners being registered or listed at the European Cluster Collaboration Platform⁶⁹ and other awareness-raising actions of the partners in all regions covered;
- A monitoring scoreboard with verifiable performance indicators related to project results and activities (as outlined in section 2.4), with a particular emphasis on the mobilisation of interregional collaboration projects for innovation and investments;
- Business cooperation agreements (or equivalent formal cooperation documents) for interregional collaboration projects for innovation and investments; and
- A policy brief to be submitted at the end of the project to report on the lessons learned of the cooperation activities undertaken. The policy brief shall include recommendations with regard to improving interregional collaboration (covering both B2B and CSC activities). It shall also report on the specific barriers to innovation, skills, cooperation and investment summarising the results of feed-back gathered from SMEs active in the partnership clusters. Finally, it shall outline a long-term cooperation agenda for the partnership, building on the identified business collaboration opportunities and linkages with other initiatives and key networks.

2.4. Indicators

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

- Impact of the joint activities of the partnership, to be measured by the number of resulting collaboration and innovation projects and the total amount of investments generated, including those mobilised in the context of the implementation of cluster policies and smart specialisation strategies;
- Number of SMEs having directly and indirectly benefitted from the supported actions;

⁶⁹ Only cluster organisations can be registered at the European Cluster Collaboration Platform. A new functionality is being introduced though that allows to list also other relevant organisations, such as technology centers and science parks that are of importance for the respective cluster.

- Number of cluster organisations, other business networks, technology centres and science parks from different COSME participating countries having benefitted directly and indirectly from the support actions;
- Number of partnership agreements resulting from the supported actions;
- Quality and impact of joint activities to strengthen interregional cluster cooperation, to be measured by the number of regions involved in the identification, preparation and testing of joint activities towards improving cluster-specific framework conditions as well as the number of firms from which concrete industry feed-back was gathered for this purpose;
- Quality and impact of synergies created with other relevant European, national or regional initiatives and key networks, notably the Smart Specialisation Platform for Industrial Modernisation, to be measured by the number of bilateral meetings, joint events and deliverables that were either prepared in consultation with or directly feed input into other initiatives and key networks; and
- Number of stakeholders involved in peer-review meetings, workshops and related events.

Applicants should include these indicators and also propose further SMART (Specific, Measurable, Attainable, Relevant and Timely) performance indicators, in relation to the objectives and activities they propose.

Awarded projects must report on these indicators and integrate them into their project's monitoring scoreboard.

3. TIMETABLE

Stages	Dates
a) Deadline for submitting applications	8 March 2018, 17:00h Brussels time
b) Evaluation period*	March to May 2018
c) Information to applicants*	June – July 2018
d) Signature of grant agreements*	September – October 2018
e) Starting date of the action*	October – November 2018

* indicative

4. BUDGET AVAILABLE AND FUNDING OF PROJECTS

The total budget earmarked for the co-financing of projects is estimated at EUR 2,800,000.

The maximum grant per project will be EUR 350,000.

EASME expects to fund eight proposals.

The grant per project 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 these 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 forming a consortium. Each legal entity must:

- a) be established in EU Member States and countries participating in the COSME programme pursuant to Article 6 of the COSME Regulation⁷⁰;

<p>Important notice for British applicants: Please be aware that eligibility criteria must be complied with for the <i>entire</i> 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 'Change of the legal situation of the beneficiary' of the grant agreement.</p>
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- b) either represent a **cluster organisation or business network organisation or technology centre or science park**⁷¹ involved in supporting the enhancement of collaboration, networking and learning in innovation clusters **to stimulate innovation activities:**

⁷⁰ The following groups of countries are eligible for participation in COSME according to Article 6 COSME Regulation:

- a. European Free Trade Association (EFTA) countries which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the EEA Agreement, and other European countries when agreements and procedures so allow;
- b. acceding countries, candidate countries and potential candidates in accordance with the general principles and general terms and conditions for the participation of those countries in the Union's programmes established in the respective Framework Agreements and Association Council Decisions, or similar arrangements;
- c. countries falling within the scope of the European neighbourhood policies, when agreements and procedures so allow and in accordance with the general principles and general terms and conditions for the participation of those countries in the Union's programmes established in the respective Framework Agreements, Protocols to Association Agreements and Association Council Decisions.

The updated list of eligible third countries is available on the following webpage: http://ec.europa.eu/growth/smes/cosme/index_en.htm. Proposals from applicants in Article 6 countries may be selected provided that, on the date of award, agreements have been signed setting out the arrangements for the participation of those countries in the programme.

⁷¹ Numerous terms are used in practices for "technology centres", including innovation centres, science parks, technology parks, co-working centres and so on. Technology centres provide SMEs with high quality space and shared facilities to test and experiment with technologies, notably Key Enabling Technologies (KETs), and with advisory support services that add value to SMEs. They are defined "as any public or private organisation capable of delivering research and innovation close-to-market services to SMEs (from TRL 3 to 8, but with at least one TRL >5)". For an explanation of Technological Readiness Level (TRL), see https://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/annexes/h2020-wp1415-annex-g-trl_en.pdf and map of technology centres in KETs, see <https://ec.europa.eu/growth/tools-databases/kets-tools/kets-tc/map>. The

- by providing or channelling specialised and customised business support services, especially to SMEs
 - and/or by promoting the sharing of facilities and exchange of knowledge and expertise, in compliance with the coverage of innovation clusters described in sections 1.2 and 1.3 and Annex I in the “EU Framework for State Aid for Research and Development and Innovation”;⁷² and
- c) be registered or have requested to be registered on the European Cluster Collaboration Platform⁷³ in the case the applicant represents a cluster organisation or a business network organisation.

The applicant must be a legal entity with a legal personality. This may include both profit-making or non-for-profit legal entities as well as fully or partly public or private bodies. In the case of private bodies, they must be properly constituted and registered under national law.

Natural persons are not eligible to apply.

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.

6.2. Eligible consortia

Proposals must be submitted by consortia:

- a) composed of at least three different legal entities and
- b) established in a **minimum of three different EU Member States or countries participating in the COSME programme** according to Article 6 of the COSME Regulation and
- c) composed of at least one member representing a cluster organisation or business network organisation that provides or channels specialised and customised business support services

International Association of Science Parks and Areas of Innovation (IASP) defines “Science Park” as organizations managed by specialized professionals, whose main aim is to increase the wealth of its community by promoting the culture of innovation and the competitiveness of its associated businesses and knowledge-based institutions. To enable these goals to be met, a Science Park stimulates and manages the flow of knowledge and technology amongst universities, R&D institutions, companies and markets; it facilitates the creation and growth of innovation-based companies through incubation and spin-off processes; and provides other value-added services together with high quality space and facilities.” (IASP International Board, 6 February 2002). See European Commission (2014) *Setting up, managing and evaluation EU Science and Technology Parks: An advice and guidance report on good practice*, http://ec.europa.eu/regional_policy/en/information/publications/studies/2013/setting-up-managing-and-evaluating-eu-science-and-technology-parks-an-advice-and-guidance-report-on-good-practice.

⁷² According to point 15(s) of this Commission Communication (2014/C 198/01), an “‘innovation cluster’ 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“. Point 12(e) also identified aid for innovation clusters as a State aid measure that may, under specific conditions, be compatible with the internal market. This includes supporting the investment in open and shared infrastructures for innovation clusters, and supporting, for no longer than 10 years, the operation of clusters for the enhancement of collaboration, networking and learning. Its annex I on eligible costs further clarifies that operating aid to this effect covers personnel and administrative costs relating to the (a) animation of the cluster to facilitate collaboration, information sharing and the provision or channelling of specialised and customised business support services; (b) marketing of the cluster; (c) management of the cluster’s facilities; and (d) knowledge sharing and networking and transnational cooperation. See: [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).

⁷³ <http://www.clustercollaboration.eu>.

especially to SMEs to stimulate innovation activities **for each represented region;**⁷⁴ and

- d) including at least one member representing an organisation established in a region classified as 'less developed' or 'in transition', according to the mapping proposed for Structural Funds eligibility for the period 2014-2020⁷⁵.

Consortia must verify and declare through their coordinator that none of their members participates in another proposal within this call for proposals. If such case is detected by the funding body, it will **lead to the exclusion of the organisation concerned from all respective proposals**. 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.

6.3 Implementation period

The duration of the action should be between 12 and 24 months.

Proposals for actions scheduled to run:

- for less than 12 months will not be accepted.
- for more than 24 months may be considered only if duly justified by the applicant.

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;

⁷⁴ A region is meant here as the economic territory defined at NUTS-2 level. See <http://ec.europa.eu/eurostat/web/nuts/overview>.

⁷⁵ http://ec.europa.eu/regional_policy/sources/what/future/img/eligibility20142020.pdf.

- (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, 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.
- c) Grants for an action \geq EUR 750 000, in addition:
 - an **audit report** produced by an approved external auditor certifying the accounts for the last financial year available.

In the event of an application grouping several applicants (consortium), the above thresholds apply to each applicant.

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, all applicants have to submit the following information in the description of the action and its annexes:

1. A list containing the description of skills, expertise and role of key staff involved in the project (to be provided in section B.2.2 of the "Description of the Action").
2. A list containing the description of relevant previous projects and activities performed, which are related to industrial modernisation and to the specific thematic area of the proposed European Strategic Cluster Partnership for smart specialisation investment, aimed notably at facilitating cluster cooperation within Europe, supporting the enhancement of collaboration, networking and learning in innovation clusters or to projects and activities supported under COSME and its predecessor CIP, the EU's Research and Innovation Framework Programme (Horizon 2020, FP7, FP6) or the European Structural and Investment Funds, notably cross-border, transnational and interregional cluster cooperation projects funded under INTERREG (to be provided in section B.2.3 of the "Description of the Action").
3. Completion of the relevant Annex 1, 2 or 3 of the "Description of the Action":
 - For cluster organisations and business network organisations already registered at the European Cluster Collaboration Platform⁷³ a link to the complete cluster profile of the applicant registered on the Platform and information concerning their sectoral and industrial focus (to be provided through annex 1 of the "Description of the action"),
 - For cluster organisations and business network organisations not yet registered at the European Cluster Collaboration Platform⁷⁶: a declaration on their honour that they represent a cluster organisation or a business network organisation and that a cluster profile has been submitted to the Platform for registration with the respective information included in the descriptive form (to be provided through annex 2 of the "Description of the action"),

- For technology centres and science parks: a declaration on honour confirming their involvement in supporting the enhancement of collaboration, networking and learning in innovation clusters by providing or channellings specialised and customised business support services to stimulate innovation activities, especially in SMEs, and/or by promoting sharing of facilities and exchange of knowledge and expertise, in line with the coverage of innovation clusters in sections 1.2 and 1.3 and Annex I in the "EU Framework for State Aid for Research and Development and Innovation"⁷² (to be provided through annex 3 of the "Description of the Action").

9. AWARD CRITERIA

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

<i>Criteria</i>	<i>Max. score</i>
<p>Relevance of the actions in view of the objectives of the call for proposals: <i>(meeting objectives of the call appropriate ; appropriate partnership: competences and European dimension)</i></p> <p>How relevant is the project in view of the objectives of the call: To what extent does the project aim to facilitate cluster cooperation in the context of the Smart Specialisation Platform for Industrial Modernisation? How relevant is the proposed industrial thematic area for the key drivers of industrial modernisation?</p> <p>To what extent are the actions proposed strategically chosen to meet the objectives of the call? To what extent are they relevant to fostering complementarities and strategic cluster collaboration between consortium members and mobilising interregional innovation and investment projects?</p> <p>To what extent is the proposed thematic area of the Partnership strategically aligned with the regional or national smart specialisation prioritisations or, alternatively, similar support from the respective regional or national public authorities of the regions in which the participating organisations are located?⁷⁷</p> <p>To what extent have the project partners been strategically chosen to support the implementation of smart specialisation strategies in their regions/countries and to create value chain linkages across Europe? To what extent does the project strategically bring together cluster organisations and business network organisations, on the one side, and technology centres and science parks, on the other?</p> <p>To what extent does the partnership respect the 5 principles for establishing “European Strategic Cluster Partnerships for smart specialisation investments”?</p>	30
<p>Quality of the proposed actions <i>(clear and feasible description of actions; appropriate allocation of resources, including management)</i></p> <p>How clear, coherent and ambitious is the work plan?</p> <p>To what extent are the proposed actions and expected results linked to the identified needs and specific objectives? To what extent is this link well described and justified?</p> <p>To what extent are the proposed actions and the work plan's methodology</p>	30

⁷⁷ In section B.2.1 of the Description of the Action, applicant consortia should provide a clear reference (e.g. title and page number with annexed extract of reference document and/or web link) to the official documents that demonstrate a relevant regional or national smart specialisation prioritisation or similar support from the regional or national authorities corresponding to the partner's regions. Such official document can be the regional or national smart specialisation strategy submitted to the Commission or an extract of the regional list under the Eye@RIS tool of the Smart Specialisation Platform at <http://s3platform.jrc.ec.europa.eu/map>, in which the partnership member organisations are based in or, alternatively, a letter or similar document that clearly demonstrates the support from the national or regional authorities managing European Structural and Investment Funds to thematic area and/or the organisation participating in the consortium.

<p>clearly presented, feasible and effective, such as in terms of schedule, milestones and deliverables?</p> <p>How well have strategy-setting and preparatory actions as well as implementation and dissemination actions been described and to what extent do they include innovative approaches and good practices?</p> <p>To what extent do the proposed actions demonstrate how the project will seek and exploit synergies within the partnership and with other relevant European, national or regional initiatives and key networks?</p> <p>How suitable is the contribution of each partner to the activities proposed? Is the level of effort and resources appropriate, per work package, per task and per partner considering the partners' skills and responsibilities?</p> <p>To what extent can the methodology and management set-up be considered as effective and promising to ensure a high quality of the action proposed?</p>	
<p>Impact on target audience (<i>appropriate impact indicators; dissemination; project continuation</i>)</p> <p>To what extent is the project likely to contribute to a tangible impact on the competitiveness of regional clusters and on creating interregional innovation and investment projects?</p> <p>To what extent is the project likely to have a tangible impact on the target groups, notably on cluster organisations and their SMEs? To what extent does the project plan to gather concrete feedback from SMEs on their specific barriers to innovation, skills cooperation and investments in view of contributing to the efforts of Thematic Smart Specialisations Platform for Industrial Modernisation to boost strategic interregional collaboration?</p> <p>How effective, innovative and convincing are the promotional and communication activities?</p> <p>Are the expected multiplying effects through learning and dissemination activities?</p> <p>To what extent does the project foresee sufficient activities for developing a long-term cooperation agenda to foster a sustainable Partnership after the end of the project, including the reach out to national or regional authorities?</p> <p>To what extent does the project suggest ambitious, objectively verifiable and achievable SMART performance indicators to measure its outcomes?</p>	20
<p>Cost-effectiveness (<i>coherence, detail and clarity between actions proposed and budgeted resources</i>)</p> <p>To what extent is the detailed budget coherent with the work plan of the actions?</p> <p>To what extent is the budget clear and detailed, as well as effective to implement the actions?</p> <p>To what extent is the proposed expenditure necessary for the implementation of the project?</p> <p>To what extent do the expected results stand in a reasonable relationship to the amount of the grant?</p>	20
TOTAL	100

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.⁷⁸

b) Non-retroactivity

No grant may be awarded retrospectively for actions already completed.

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;

⁷⁸ 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).

- 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.

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/EU⁷⁹ or contracting entities in the meaning of Directive 2014/25/EU⁸⁰) 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 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.

⁷⁹ 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).

⁸⁰ 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).

➤ **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 12.1b).

- ✓ 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:

- (a) 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;
- (b) 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:

- (a) 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);
- (b) the result of the work carried out belongs to the beneficiary, and
- (c) 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 was not undertaken;

A.3 Costs of owners of beneficiaries that are small and medium-sized enterprises ('**SME owners**?), who are working 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.

Further details of the calculation of personal costs are 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.

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 grant⁸¹ 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

⁸¹ 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.

- 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:

- 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 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:

- technical progress reports covering six months of project implementation, not linked to a request for payment⁸².
- 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.

⁸² Example: A project with 24 months duration is expected to submit three technical progress reports: 1st technical progress report covering months 1-6 and due in month 7; 2nd technical progress report covering months 7-12 and due in months 13; 3rd technical progress report covering months 13-18 and due in months 19.

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 level⁸³ if he/she is domiciled within EU or equivalent if domiciled outside EU,
- 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 45/2001⁸⁴ 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.

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 966/2012⁸⁵ (for more information see the Privacy Statement on: 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 <https://ec.europa.eu/easme/en/cos-clustpartn-2017-3-02-european-strategic-cluster-partnerships-smart-specialisation-investments> 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.

⁸³ 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).

⁸⁴ Official Journal of the European Union L 8/1 of 12.01.2001.

⁸⁵ <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-STRATEGIC-PARTNERSHIPS@ec.europa.eu

Answers will be published at <https://ec.europa.eu/easme/en/cos-clustpartn-2017-3-02-european-strategic-cluster-partnerships-smart-specialisation-investments>.

17. ANNEXES (AVAILABLE VIA THE LINK FOR ELECTRONIC SUBMISSION PROVIDED IN SECTION 16):

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