

Shift2Rail Joint Undertaking

Call for expression of interest to become associated member of the S2R JU

Frequently Asked Questions - **UPDATE 04/11/2014**

This list of frequently asked questions relates to the call for expression of interest to become associated member of the S2R JU [Ref. S2R JU/AM/01/2014], published on 6 October 2014.

It has been compiled to facilitate the completion of application to associated membership in the Shift2Rail Joint Undertaking (S2R JU). Any information provided in this document is subject to the terms and conditions that will be set out in the future membership and grant agreements that will be drawn up by the S2R JU and which will be based on the Horizon 2020 rules, in particular those set out in Regulation (EU) No 1290/2013, and on the Horizon 2020 Model General Grant Agreement.

Candidates are invited in particular to become familiar with the following websites and documents:

- General information on Shift2Rail:
http://ec.europa.eu/transport/modes/rail/shift2rail_en.htm
- Draft Shift2Rail Master Plan: <http://ec.europa.eu/transport/modes/rail/doc/2014-09-24-draft-shift2rail-master-plan.pdf>
- H2020 rules and official documents:
<http://ec.europa.eu/programmes/horizon2020/en/official-documents>
- Horizon 2020 Model General Grant Agreement, which can be consulted at:
http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf

This list of frequently asked questions will be updated on a regular basis to reflect the questions submitted by interested parties.

The first version of the FAQ document includes Questions 1 to 34, and was published on 17 October 2014.

The first update to the FAQ document was published on 24 October 2014. It includes both updates to Questions 7, 12, 15, 16, 23, 24, 31, and new Questions (35 to 48). Any additions compared to the first version are indicated in red.

The second update to the FAQ document was published on 4 November 2014. It includes an update to Questions 10 and 39 and new Questions (49 to 72). Any additions compared to the first version are indicated in green.

1. Who can apply to become an associated member?

The S2R JU is open to and encourages the widest possible participation and representation of stakeholders from all Member States and countries associated to the Horizon 2020 Framework Programme.

Any public or private legal entities, groupings or consortia of legal entities, established in a Member State or in a country associated to the Horizon 2020 Framework Programme, who wish to become an associated member of the S2R JU and who are not already listed as founding members of the S2R JU in Annex II to the S2R Regulation, or an affiliated entity of one of these founding members, may apply.

Candidate associated members should demonstrate a strategic long-term commitment to the implementation of the S2R Master Plan, as well as added value in achieving the objectives of the S2R JU, and bring key competences / capabilities necessary to carry out strategic activities of S2R, such as the development of major elements of one or several demonstrators. Candidate associated members should also show a readiness to work in partnership with other existing or potential S2R JU members with a view to achieving the objectives of the S2R Master Plan.

2. Which is the minimum investment that needs to be committed by an organisation / consortium or grouping in order to become a member? Does it depend on the size of the organisation / consortium or grouping or is it a fixed amount?

The minimum contribution for accession is laid down in the S2R Regulation and detailed in section 7.2 of the call document. It is fixed at 2.5% of the total budget of the Innovation Programme in which the potential member intends to participate. This minimum contribution ranges between EUR 2 million and EUR 6 million, depending on the IP. This minimum contribution is understood to be for the full duration of S2R (i.e. from 2014-2024). The details of each member's contribution will be laid down in the membership agreement that will be signed between the member and the S2R JU.

3. Will this be the only call for associated members or do you plan to organise further calls for associated members in the future?

The present call for associated members aims to secure the commitment of entities with sufficient and necessary competences and capabilities to ensure the effective and efficient implementation of the S2R Master Plan, within the limits of budgetary availability, for the planned duration of the JU (i.e. until 2024).

At this stage, it is not planned to organise any further calls for members. Nevertheless, the S2R Regulation provides the possibility of organising additional calls for associated members (cf. Article 4 of the S2R Statutes) if it is deemed necessary to bring in additional key capabilities to implement the S2R Master Plan.

4. Will there be other funding opportunities for rail-related research outside Shift2Rail?

In H2020, all rail-focused R&I activities will be managed by the S2R JU. This will ensure strong coordination and integration of all rail research and innovation activities under Horizon 2020 and enable the S2R Joint Undertaking to act as a central reference point.

There may still be other funding opportunities for rail-related activities under other Horizon 2020 topics, such as Transport Infrastructure, Urban Mobility or Socio-economic research, for instance.

5. How can non-members contribute to S2R? When do you plan to organise open calls for activities?

Involvement in the S2R initiative is not limited to members of the S2R JU. Indeed, at least 30% of the Union contribution to the S2R JU budget (i.e. at least EUR 135 million) will be allocated by way of competitive calls for proposals and calls for tenders for non-JU members. The planning for these calls is not yet known and will be determined with the elaboration of the Shift2Rail multi-annual action plan and annual work plans of the JU. The competitive calls for proposals and calls for tenders for non-JU members will be spread over the lifetime of the JU. It is likely that some calls should already be launched in 2015, in particular pertaining to preparatory studies or tasks that will need to be undertaken.

Next to this, S2R JU members may also subcontract certain tasks, subject to Regulation (EU) No 1290/2013. This means that the initiative will also be open to entities that may not have the capacity to make a strategic long-term commitment to the implementation of the S2R programme but who are still able to contribute key competences / capabilities necessary to complement the strategic activities of the programme.

In addition, in accordance with article 15 of the S2R Statutes, the S2R JU may establish a number of working groups to ensure the wide participation and close involvement of experts from all relevant stakeholders from the full rail value chain and from outside the traditional rail industry. In particular, it is foreseen that these working groups should be open to non JU members in order to gather expertise from a wide range of actors including the rail operating community and other rail private and public stakeholders, bodies representing customers (passengers and freight), and actors outside the traditional rail sector.

6. Will JU members (and, in the case of groupings or consortia, the constituent entities of these members) be able to participate in the competitive calls for proposals and calls for tenders?

Article 17 of the S2R Statutes foresees that the EU financial contribution to the operational activities of the S2R Joint Undertaking will be allocated as follows: up to 40% to founding members other than the Union and their affiliate entities, up to 30% to associated members and their affiliate entities, and at least 30% by way of competitive calls for proposals and calls for tenders.

It follows from this that participation in the competitive calls for proposals and calls for tenders should be limited to non JU members.

For consortia or groupings, which would like to apply for associated membership in the S2R JU, this condition also applies to the individual constituent entities of the consortium or grouping.

Nevertheless, this condition does not apply retroactively to competitive calls for proposals that have already been launched prior to the establishment of the S2R JU under the Horizon 2020 Transport Work Programme 2014-2015, the management of which may be taken over by the S2R JU once it achieves the operational capacity to implement its own budget.

7. Will JU members that are only participating in one IP be able to participate in the competitive calls for proposals and calls for tenders for another IP?

The restriction on the participation of JU members to the of competitive calls for proposals and calls for tenders stems from the budget allocation foreseen in Article 17 of the S2R Statutes, which states that a maximum of 70% of the Union contribution may be allocated to JU members (namely up to 40% to founding members other than the Union and their affiliate entities, and up to 30% to associated members and their affiliate entities).

It follows from this that participation in the competitive calls for proposals and calls for tenders **shall** be limited only to non JU members.

On the other hand, the JU does foresee some flexibility for associated members to work in IPs other than the ones that they have applied to (albeit within the share of 70% of the JU's work that is to be carried out by JU members, and not via the open calls). Indeed, as indicated on page 16 of the call document: "successful candidates to one Innovation Programme may be granted the right to carry out a limited number of complementary activities within another Innovation Programme even if they do not meet the minimum contribution for that Innovation Programme, if this is deemed to be in the interest of the S2R JU. This will be determined during the negotiation of the content of the draft S2R multi-annual action plan implementing the S2R Master Plan and of the individual membership agreements". **Therefore, candidate members may indicate, in their application form, the types of activities that they would like to develop outside their relevant IP and the envisaged budget for these activities.**

8. Will subcontractors to JU members be able to participate in the competitive calls for proposals and calls for tenders?

Given that subcontractors of JU members are not JU members (notwithstanding exceptional cases where the subcontractor is an affiliated entity, see Question 19: "*Can a member subcontract to another full member or to the affiliated entity of another full member?*"), they will be able to participate in the competitive calls for proposals and calls for tenders for non-S2R JU members.

9. What do you mean by single legal entity? Does this include also the affiliated entities or linked third parties to the entity?

The reference to single legal entities in Article 4 of the S2R Statutes has to be understood in opposition to the possibility open to a consortium to apply for associated membership in the S2R JU.

Notwithstanding this, the single legal entity itself, as well as any of its affiliated entities (please see Question 10: "*What is an affiliated entity?*") may implement activities within the indirect actions undertaken by the S2R JU. In this case, candidate members should indicate in their application if and how their affiliates will be involved in their envisaged activities as part of the S2R JU.

Therefore, if, for example, a holding company applies as a single legal entity, its affiliated entities do not need to apply for membership and will be allowed to carry out activities for the JU.

10. What is an affiliated entity?

An affiliated entity is defined as any legal entity that is under the direct or indirect control of a member/ beneficiary, or under the same direct or indirect control as the member / beneficiary, or that is directly or indirectly controlling a member/ beneficiary (i.e. parent companies or holdings and their daughter companies or subsidiaries and vice-versa, but also the case of affiliates between themselves (e.g. entities controlled by the same entity).

The control may take in particular either of the following forms:

- the direct or indirect holding of more than 50%¹ of the nominal value of the issued share capital in the legal entity concerned, or of a majority of the voting rights of the shareholders or associates of that entity or
- the direct or indirect holding, in fact or in law, of decision-making powers in the legal entity concerned.

However, the following relationships between legal entities do not constitute control relationships:

- the same public investment corporation, institutional investor or venture-capital company has a direct or indirect holding of more than 50% of the nominal value of the issued share capital or a majority of voting rights of the shareholders or associates;
- the legal entities concerned are owned or supervised by the same public body.

Affiliated entities of a member may implement part of the action, although they do not sign the grant agreement. If and where relevant, in completing its application for membership, the candidate should indicate how its affiliate will be involved in its envisaged activities as part of the S2R JU.

11. What is a linked third party? How is it different from a subcontractor?

The term linked third party refers to any legal entity which has a legal link to the member/ beneficiary implying collaboration that is not limited to the action. Only affiliated entities and entities with a legal link to a member/ beneficiary can be linked third parties.

¹ i.e. it cannot be only equal to 50%, but must be more than 50%

The established relationship should be broad and not specifically created for the work in the action (its duration must go beyond the duration of the action and it usually predates and outlasts the grant agreement) and constitute a legal relationship (in the framework of a legal structure or through an agreement or contract).

If and where necessary, linked third parties may implement part of the action, although they do not sign the grant agreement. Linked third parties need to be identified in the grant agreement and declare their own costs. The eligible costs are only the costs of the linked third party, no profit is allowed (neither for the linked third party nor for the beneficiary).

Therefore linked third parties are different from a subcontract in the sense that:

- their legal link to the member/beneficiary is broader and not specifically created for the work in the action
- no profit allowed when declaring their own costs, while the price charged by subcontractors usually contain a profit margin
- linked third parties have to be affiliates to a beneficiary or must have a legal link with the beneficiary and there is therefore no need to award a contract on the basis of best value for money (or lowest price) and absence of conflict of interests as in the case of subcontracting.

12. In the case of a consortium, is the Consortium considered the 'Candidate Member' (as a unique entity) or does this apply to each constituent entity of the consortium?

In the case of a consortium, the status of 'Candidate Member' applies to the Consortium as a whole. It is therefore the consortium as a unique **combination of entities** that becomes a member **and that will ultimately sign the membership agreement with the JU.**

13. What forms of consortia are permitted? Do the H2020 rules (i.e. the obligation to include at least 3 separate legal entities from at least 3 different Member States or H2020 Associated countries) apply?

In principle any type of consortia fulfilling the eligibility criteria set out in the call document could apply for associated membership in the S2R JU. The consortia applying for associated membership do not need to include at least 3 separate legal entities from at least 3 different Member States or H2020 Associated countries. On the other hand, this obligation will apply in the context of the implementation of indirect actions co-funded by the JU at a later stage. Of course, given that members will be required to work hand in hand to implement the JU's activities, this obligation should be relatively easy to fulfil.

The participation in the call for associated members is nevertheless clearly limited to entities which are not already listed as founding members of the S2R JU in Annex II to the S2R Regulation, or an affiliated entity of one of these founding members. This condition applies also for the participation in a consortium. Indeed, given that affiliated entities of founding members may already implement indirect actions undertaken by the S2R JU, given their status of affiliated entities of founding members, there would be no sense for them applying to be members again

as part of a consortium. On the other hand, linked-third parties, other than affiliated entities, of a (potential) JU member are in principle allowed to be involved as a constituent entity of a consortium applying for associated membership.

14. What forms of consortia are permitted? Can an affiliated entity/linked third party of another (potential) member (i.e. a founding member or candidate associated member) be involved in a separate consortium?

As indicated in the call document, entities which are already listed as founding members of the S2R JU in Annex II to the S2R Regulation, or an affiliated entity of one of those founding members may not apply to be an associated member or be involved in a consortium applying to become an associated member. Indeed, given that affiliated entities of founding members are already involved through their affiliation to the members, there would be no sense for them applying to be members again as part of a consortium.

On the other hand, linked third parties, other than affiliated entities, of a (potential) JU member are in principle allowed to be involved as a constituent entity of a consortium applying for associated membership (see Question 11: "*What is a linked third party? How different it is from a subcontractor?*").

Finally, a single legal entity may apply for associated membership while its affiliated entity also applies. However, these applications may not concern the same Innovation Programme.

15. Can consortia of Railway Undertakings and/or Infrastructure Managers include other types of organisations?

Railway undertakings and/or Infrastructure Managers may take part in consortia with any other type of organisation with a view to applying to one or several Innovation Programmes.

However, the special threshold of a minimum own contribution of EUR 15 million to participate across all five Innovation Programmes, as foreseen in Article 4(5) of the S2R Statutes, is exceptional and is limited to consortia composed exclusively of railway undertakings and/or infrastructure managers.

This exception was created to reflect the fact that, as purchasers and end users, these actors have a key interest in all Innovation Programmes (IPs).

Associative bodies representing railway undertakings and/or infrastructure managers may also be involved so long as they also meet the eligibility/exclusion/selection criteria identified in the call. In particular, it should be noted that each member of the consortium should make a significant contribution to the overall activities proposed by the consortium.

Lastly, similarly to any other entity applying, railway undertakings and/or infrastructure managers that come in as JU members are entitled to involve their linked third parties, including affiliated entities, or, where appropriate, subcontractors, etc. in the activities of the S2R JU.

16. What do you mean by a grouping or a consortium of legal entities, established in a Member State or in a country associated to H2020? Can groupings or consortia include entities established in third countries, not associated to H2020?

As indicated in the S2R Regulation, all members of the JU should be legal bodies established in the EU or in a country associated to H2020.

In the case of consortia or groupings:

Case 1: If the constituent entities are unincorporated (i.e. there is no legal link between them), then each individual constituent entity of the consortium or grouping should be established in a Member State or in a country associated to H2020.

Case 2: If there is a legal link established between the constituent entities, then the place of establishment is deemed to be the geographical seat of the legal entity (meaning that the constituent entities could potentially be based outside an EU Member State or a country associated to H2020, so long as this is duly justified.). In any case, entities from third countries are not able to receive funding from the Shift2Rail JU.

At least until the end of December 2016, Switzerland will be treated as a third country not associated to Horizon 2020 in this regard.

17. In the case of a consortium, what are the documents that need to be submitted for each constituent entity or for the consortium as a whole?

Annex I-1, Cover letter	To be signed by the consortium leader only
Memorandum of understanding defining the relationship between constituent entities of the consortia and mandating the consortium leader.	To be signed by each constituent entity of the consortium, clearly indicating the mandate to the consortium leader and defining the relationship between constituent entities of the consortium. There is no template or model for this document. It should be signed by all constituent entities (signatures may be all included on the same document or on separate but identical documents).
Annex I-2, Statement of Acceptance	To be signed by the consortium leader on behalf of the all constituent entities of the consortium
Appendix I, Declaration of honour	To be provided by each constituent entity of the consortium
Appendix II, Legal Entity Form	To be provided by each constituent entity of the consortium

Copy of VAT Registration Document	To be provided by each constituent entity of the consortium
Appendix III, Balance Sheets	To be provided by each constituent entity of the consortium
Appendix IV, Operational Capacity	
Chapter 1, Part 1: General presentation of the candidate member	Description of the consortium [Max. 2 pages] plus a description for each constituent entity of the grouping or consortium [Max. 1 page per constituent entity].
Chapter 1, Part 2: Knowledge of the rail sector	Description at the level of the consortium [Max. 2 pages]
Chapter 2: research and innovation capability and technical excellence	Description at the level of the consortium [Max. 3 pages]. Insofar as possible and where relevant, the references provided should cover all members of the consortium in one area or another.
Chapter 3: Management Capability	Description at the level of the consortium [Max. 2 pages]. Insofar as possible and where relevant, the references provided should cover all members of the consortium in one area or another.
Chapter 4, Part 1: Planned contribution	Description at the level of the consortium [Max. 4 pages per IP]
Chapter 4, Part 2: Planned contribution	Description at the level of the consortium
Chapter 5: Dissemination and exploitation	Description at the level of the consortium

18. Is there a limit for subcontracting?

Where it is necessary for the implementation of the action, S2R JU members / beneficiaries may call upon third parties, including subcontractors, to carry out work under the action, in accordance with the Horizon 2020 rules for participation and dissemination (Regulation (EU) No 1290/2013).

Subcontracting should cover only a limited part of indirect actions carried out by the JU. The award of subcontracts for carrying out certain elements of the action shall be limited to the cases provided for in the grant agreement and to duly justified cases that could not be clearly foreseen at the time of entry into force of the grant agreement.

19. Can a member subcontract to another member or to its affiliated entities?

Subcontracting between beneficiaries of the same indirect action (project) co-funded by the JU is forbidden. **On the other hand, if a JU member is not a direct beneficiary of a specific indirect action (project), it – or one of its affiliates – may become a subcontractor to a direct beneficiary of that indirect action.**

Subcontracting between a beneficiary/member and its affiliates is also forbidden, unless they have a framework contract or the affiliate is the usual provider, and the subcontract is priced at market conditions. Otherwise, a beneficiary/member's affiliates may work in the action, but they must be identified as linked third parties and declare their own costs.

20. Is it possible to apply to several different Innovation Programmes?

Yes, it is possible to apply to several Innovation Programmes (IPs). Applications to several IPs are subject to the attainment by the candidate of the minimum own contribution for each Innovation Programme applied for.

Multiple applications to the same Innovation Programme will not be accepted. This applies to single legal entities and to the individual constituent legal entities of consortia or groupings, as well as to their affiliated entities.

Entities may submit one application per Innovation Programme or one application for several Innovation Programmes. Notwithstanding this, entities that would like to become an associated member in more than one Innovation Programme, using different formations to apply (e.g. as a single legal entity in one IP and as part of consortium in another one), must submit one application per Innovation Programme.

21. Will it be possible to work in another Innovation Programme to the one applied for / for which the threshold has been met?

In principle, this will not be possible. Participation in an IP is subject to the attainment by the member of the minimum own contribution for each IP.

This does not apply to the exceptional cases foreseen in the S2R Regulation, namely:

- Railway undertakings, in the form of a single legal entity, committing to an own contribution of at least EUR 12 million across all IPs;
- Consortia composed of railway undertakings and/or infrastructure managers, committing to an own contribution of at least EUR 15 million across all IPs;
- Single legal entities that fulfil the same financial criteria as the founding members (i.e. an own contribution of at least EUR 30 million).

Notwithstanding this, successful candidates to one Innovation Programme may be granted the right to carry out a limited number of complementary activities within another Innovation Programme even if they do not meet the minimum contribution for that Innovation Programme, if this is deemed to be in the interest of the S2R JU. This will be determined during the

negotiation of the content of the draft S2R multi-annual action plan implementing the S2R Master Plan and of the individual membership agreements, and reviewed on an annual basis.

- 22. In Annex I-4, Chapter 4 (Planned contribution to S2R) it is required to describe the proposed contribution per IP. Is it recommended to show - if already known - which partners (S2R Founding Members and/or additional organisations) should/are willing to cooperate in the execution of these research tasks and, if yes, in which detail and form should this information be given?**

Given that members will be required to work in partnership to implement the JU's activities², it is indeed recommended to indicate, in the candidate member's application, which partners or which types of partners the candidate member envisages cooperating with in the execution of its proposed research and innovation activities.

This information can be provided on a general level in Annex I-4, Chapter 1, where the applicant can identify "potential partners and provide a description of the type of entities that it would wish to collaborate with". Candidate members may also provide more details of this planned cooperation in their description of the Innovation Programmes in Annex I-4, Chapter 4, if deemed necessary.

- 23. Annex I-4, Chapter 4 requires a description of cross-cutting activities. Is it foreseen that these topics are allocated to the relevant IPs or should these topics be described separately? If the latter solution is desired does the maximum of 4 pages also apply for the separate description of the cross-cutting themes? Would you agree that we add additional pages with descriptions of topics that cannot be directly allocated to any of the IPs?**

Cross-cutting activities may be described either within one IP, choosing the most pertinent IP, but indicating eventual links to other IPs, or as a separate "IP", in which case, you may complete the relevant parts of Annex I-4, Chapter 4. (Please bear in mind that the number of pages per IP description is a maximum.) **Please note that the budget for cross-cutting activities is foreseen as a budget outside the 5 IPs and that activities contributing to these cross-cutting activities are not deemed to contribute to the minimum contribution for application of 2.5% of the value of the relevant IP. The budget that candidates wish to allocate to cross-cutting activities should therefore be stated separately.**

- 24. What financial support can be expected from the S2R JU when participating in S2R R&I activities as a JU member? [CORRIGENDUM + see Question n°35]**

The maximum co-financing available for actions supported by the JU is subject to a double cap, since it must comply with both the H2020 rules (and in particular Regulation (EU) No 1290/2013) and the specific provisions of the S2R Regulation.

² It is foreseen that all indirect actions undertaken within the JU should involve at least 2 members so as to foster collaboration between JU members.

This means that the funding rate for grants will be limited to a maximum of 100% of the total eligible costs for research and innovation actions and a maximum of 70% of the total eligible costs for innovation actions³.

At the same time, the S2R JU financial contribution to **the overall operational costs of the S2R JU** must not exceed 47.6% of the total costs for carrying out **indirect** actions, in accordance with Articles 3 and 4 of the S2R Regulation, which provide the details for the Union financial contribution and the contributions of the members of the S2R JU other than the Union. Also, in no circumstance can the co-financing provided by the S2R JU give rise to any profit.

The final grant amount will therefore be calculated as follows:

Step 1 – Application of the H2020 reimbursement rates to the eligible costs of each beneficiary of the action: The reimbursement rate(s) (a maximum of 100% of the total eligible costs for research and innovation actions and a maximum of 70% of the total eligible costs for innovation actions, except for non-profit legal entities who can claim up to 100%) are applied to the eligible costs (actual costs, unit costs and flat-rate costs; see H2020 Annotated Model Grant Agreement: General MGA⁴) declared by the beneficiaries and linked third parties and approved by the JU;

Step 2 – Limit to the maximum grant amount: If the total amount to be reimbursed for the action is superior to 47.6% of the total cost of the action (i.e. taking into account e.g. additional indirect costs of beneficiaries that are not covered by the application of the flat rate), the total grant will be limited to this amount. Each beneficiary's share of the grant will be limited accordingly.

Step 3 – Reduction due to the no-profit rule: the profit is calculated on the basis of the action's total eligible costs and the action's total receipts.

Step 4 – Reduction due to improper implementation or breach of other obligations: If the grant is reduced, the JU will calculate the reduced grant amount by deducting the amount of the reduction (calculated in proportion to the improper implementation of the action or to the seriousness of the breach of obligations) from the maximum grant amount.

25. How is the minimum own contribution of 2.5% of the value of the IP calculated? Which costs are taken into account?

Firstly, it is important to underline that the minimum own contribution of 2.5% of the value of the IP relates only to costs of implementing Indirect Actions (i.e. project activities stemming directly from the work plan of the Shift2Rail JU). On top of this, members are also required to bring in additional activities that will not be co-funded by the JU and are outside the Shift2Rail work plan.

³ As set out in Art. 28(5) of Regulation (EU) No 1290/2013, the 70% upper limit for innovation actions does not apply to non-profit legal entities.

⁴ http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf

Secondly, the minimum own contribution is calculated on the basis of the total project costs incurred by the member for the duration of the JU, from which any JU co-funding, as well as any other Union contribution, is subtracted.

For instance, in order to achieve a minimum own contribution of EUR 2 million, as required to take part in IP5, the JU member should commit overall resources worth roughly EUR 3.82 million, for which it will be reimbursed a maximum grant of EUR 1.82 million (given the cap of 47.6% for the reimbursement of total costs by the JU – For more details on the calculation method, see Question 24: "*What financial support can be expected from the S2R JU when participating in Shift2Rail R&I activities as a JU member?*"). On top of this, it should foresee additional activities worth around EUR 660.000, and a financial contribution to administrative costs of EUR 90.000.

The amounts provided in the above example are indicative, given that the maximum reimbursement rate of 47.6% of total project costs is set at the level of each indirect action, and that indirect actions will be carried out by several members, so that the actual reimbursement rate could vary depending on the beneficiaries' cost structures.

26. What are total costs, eligible costs and indirect costs?

The definitions of H2020 apply and full details can be found in the H2020 Annotated Model Grant Agreement: General MGA⁵.

Eligible costs include:

- direct costs (actual costs or unit costs) and
- indirect costs, calculated by applying a flat rate of 25% to the direct costs ('flat-rate costs')

Total project costs include eligible costs, as well as any additional indirect costs that are not covered by the application of the flat rate of 25% to the direct costs (with the exclusion of the beneficiary's cash contribution to cover the administrative costs of the S2R JU), plus non-eligible costs.

27. In the case of a consortium that includes research centres and universities, how should the financial contribution of the consortium members be calculated, given that research centres and universities are not required to provide a financial contribution to the administrative costs?

As indicated on page 17 of the call document, each constituent entity of the consortium or grouping should make a contribution equivalent to approximately 4.5% of their individual overall contribution to the Indirect Actions, with the exception of research centres and universities. The contribution to the JU administrative costs is therefore calculated at the level of each constituent entity of the consortium. There is no need for other consortium members to "cover the costs" of the research centres and universities in the consortium.

⁵ http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf

28. What are the advantages of becoming an Associated Member versus the advantages of participating in competitive calls for proposals and calls for tenders for non-JU members?

Becoming a member ensures certainty with regard to participation in the activities of the JU and access to JU co-financing. Members of the JU will be directly involved in defining and developing the multi-annual action plan and the annual work plans of the JU, meaning they can shape the future of rail research and innovation as well as contribute to its implementation. However, membership requires a substantial commitment of own resources over at least 7 years (including not only project-related activities but also additional activities) and lower co-financing rates (capped at 47.6% of the total costs of the action), as well as a financial contribution to the administrative costs of the JU. Furthermore, membership to the JU restricts entities from participating in the competitive calls for proposals and calls for tenders for non-JU members.

Participating in the competitive calls for proposals and calls for tenders for non-JU members provides less certainty with regard to participation in the activities of the JU and access to JU co-financing, but does not require a long-term financial commitment from the beneficiary and allows for higher co-financing rates, as these calls will be subject to Horizon 2020 rules (i.e. co-financing rates of up to 100% of total eligible costs for research and innovation actions, or up to 70% for innovation actions⁶).

29. How will you make sure that SMEs receive at least 20% of JU funding?

SMEs may participate as associated members. In particular, the S2R JU encourages the participation of smaller organisations with more limited resources by enabling consortia to apply as associated members.

Next to this, SMEs will be able to receive funding through the participation in the competitive calls for proposals and calls for tenders for non-S2R JU members, which will represent at least 30% of the Union contribution, i.e. EUR 135 million between 2014 and 2020, and where reimbursement rates will be higher. SMEs will also be able to receive funding indirectly, as linked-third parties or sub-contractors to JU members or directly.

It is believed that the 20% target will be achieved thanks to these different channels. In any case, SME participation in the S2R JU will be subject to regular quantitative and qualitative assessments. If deemed necessary, the S2R JU could consider issuing targeted calls for SMEs, although this is not planned at this stage.

30. When and how will the Master Plan finally be adopted?

On 24 September 2014, the Governing Board of the S2R JU has approved a first version of the S2R Master Plan which is used as a reference document for the call for associated members.

This first version of the S2R Master Plan has been developed by the Commission services in close cooperation with the 8 Shift2Rail founding members other than the Union and incorporates comments received from stakeholders during numerous individual meetings with sector

⁶ As set out in Art. 28(5) of Regulation (EU) No 1290/2013, the 70% upper limit for innovation actions does not apply to non-profit legal entities.

representatives and a public consultation meeting held on 20 June 2014, to which close to 200 stakeholders took part. According to Article 1(4) of the S2R Statutes, the Master Plan will be submitted to the Council for endorsement before its final adoption by the S2R JU Governing Board. The Commission plans to submit the draft Master Plan for endorsement by the Council before the end of 2014 with a view to its adoption in early 2015.

The S2R Master Plan is a living document that may be updated by the Governing Board of the S2R Joint Undertaking once the associated members have been selected, in accordance with the procedure set out in the S2R Regulation.

31. What are the definitions of dedicated applied research; pre-industrial development and very large scale demonstrations? Is there a specific budget foreseen for each of these categories? Do members have to include a balance of activities for each category?

Annex I-4, Chapter 4, Part 2 requires candidates to provide an estimation of the value of their proposed own contribution to the execution of the draft S2R Master Plan, broken into the following categories: applied research; pre-industrial development and very large scale demonstrations. **There is no obligation for candidate members to include activities covering each category of activities or to ensure a certain balance between the three categories, so long as their proposed activities are coherent. At this stage, no budget has been pre-allocated to these different categories of activities.**

These categories should be understood as follows:

1. Exploratory and Applied research:

These cover the following TRLs:

Pre-TRL1 Scientific Research: Fundamental exploratory scientific research investigating relevant scientific subjects and conducting feasibility studies looking for potential application areas in rail, concentrating both on out-reach to other disciplines as well as educating within.

TRL 1 Basic principles observed and reported: Exploring the transition from scientific research to applied research by bringing together a wide range of stakeholders to investigate the essential characteristics and behaviours of applications, systems and architectures. Descriptive tools are mathematical formulations or algorithms.

TRL 2 Technology concept and/or application formulated: Applied research. Theory and scientific principles are focused on very specific application area(s) to perform the analysis to define the concept. Characteristics of the application are described. Analytical tools are developed for simulation or analysis of the application.

2. Pre-industrial research and validation:

These cover the following TRLs:

TRL 3 Analytical and experimental critical function and/or characteristic proof-of concept: Proof of concept validation. Active Research and Development (R&D) is initiated with analytical

and laboratory studies including verification of technical feasibility using early prototype implementations that are exercised with representative data.

TRL 4 Component/subsystem validation in laboratory environment: Standalone prototyping implementation and test with integration of technology elements and conducting experiments with full-scale problems or data sets.

TRL 5 System/subsystem/component validation in relevant environment: Thorough testing of prototyping in representative environment. Basic technology elements integrated with reasonably realistic supporting elements. Prototyping implementations conform to target environment and interfaces.

TRL 6 System/subsystem model or prototyping demonstration in a relevant end-to-end environment (ground or space): Prototyping implementations on full-scale realistic problems using partial integration with existing systems. While limited documentation is available, the engineering feasibility is fully demonstrated in actual system application.

3. Very Large Scale Demonstration: These cover the following TRLs:

TRL 7 System demonstration in an operational environment: System demonstration in operational environment. System is at or near scale of the operational system, with most functions available for demonstration and test. Well integrated with collateral and ancillary systems, although limited documentation available.

32. How will the Associated Members be selected to become members of the S2R Governing Board?

Article 6 of the S2R Statutes clarifies the composition of the Governing Board. A maximum of twelve representatives of associated members will become members of the S2R Governing Board, of which at least one associated member representing each Innovation Programme. According to the procedure laid down in point (a) of Article 11(4) of the S2R Statutes each Steering Committee of an Innovation Programme will propose to the Governing Board a shortlist of a minimum of two candidates from which the IP's representative in the Governing Board will be selected, as well as, where necessary, establishing an order of rotation. Insofar as possible, the shortlist should reflect a balanced representation of SMEs, of the research community and of actors from the entire rail value chain, including from outside the traditional rail sector. On decisions pertaining to the representation of associated members in the Governing Board, the Commission shall have the casting vote if the majority of two thirds cannot be achieved.

33. What type of activities can be considered as additional activities of a S2R Member? When do the members need to submit their plan of additional activities?

All S2R JU members will be required to contribute to additional activities of a value of approximately one third of the value of the sum of their total own contribution to the Indirect Actions of the S2R JU. Additional activities will cover contributions outside the work plan of the S2R JU, and therefore outside the scope of the indirect actions funded by the S2R JU, but complementary to the JU work plan and contributing to the objectives of the strategic Master

Plan. For the purpose of valuing additional activities, the S2R JU members should only take into account the costs related to additional activities that occur after their membership takes effect.

Examples of additional activities include:

- Activities still in progress whose results will be mature throughout S2R's execution, thus making S2R demonstrations more ambitious and complete;
- Activities concerning advanced equipment and system technologies with higher risk and lower maturity than in S2R for continuation and expansion of S2R research efforts;
- Activities concerning further Research and Technology efforts which extend beyond the scope and budget of S2R but nonetheless lie on the critical path to the research and technology readiness process; for instance endurance testing, feasibility of manufacturing processes for full batch rate, application of commercially representative conditions, as well as [appropriate] Research and Technology activities such as testing, investigations, development, prototyping, dissemination and knowledge build-up;
- Activities related to investments (infrastructures / facilities / tools / durable equipment) triggered by the existence of the JU and contributing to the objectives of the S2R Master Plan.

A detailed plan of additional activities is not yet required to answer to the call for associated members. However, it will be required for the conclusion of individual membership agreements.

34. How will Shift2Rail deal with eventual changes in currency exchange rates? Could this have an impact on a member's in-kind commitment?

Financial commitments to the S2R JU must be expressed in euros. In order to limit the risks linked to the fluctuation of currency exchange rates, the exact value of the member's commitment will be calculated over the value of the euro (as published in the C series of the Official Journal of the European Union) at the date of the signature of the membership agreement.

Beneficiaries with accounting established in a currency other than the euro must convert costs incurred in another currency into euro at the average of the daily exchange rates published in the C series of the Official Journal of the European Union, calculated over the corresponding reporting period.

For beneficiaries using currencies other than euros or being invoiced in a currency other than the currency they use, any loss due to exchange rate fluctuations will be considered as ineligible costs.

35. In Question 24, you explain how the S2R JU will reimburse its members for their participation in indirect actions. Can members have different reimbursement rates? If so, how should members calculate their own contribution? On the basis of which funding rate?

The S2R cap of 47.6% is in fact a cap on the S2R JU's total contribution to the overall operational costs of the S2R JU (i.e. the total project costs of the JU). In practice, this means that the S2R JU

could apply different reimbursement rates for different indirect actions or for different members.

Nonetheless, with a view to equal treatment of members, it should be considered that, when applying the S2R cap to each individual action, each beneficiary's share of the grant will also be limited accordingly, so that no single beneficiary's reimbursement rate is superior to 47.6% of the total cost of the action.

Therefore, for the purpose of the application, candidate members should consider that the final reimbursement rate for individual actions will be 47.6% of their total costs for implementing indirect actions.

The following tables provide an example of how the reimbursement will work in practice:

	Project costs (in million Euros)						JU Reimbursement (in million Euros)		Final reimbursement with S2R adjustment	Difference between the final rate and the usual H2020 rate	Participant's total own contribution to the indirect action
	Eligible costs				Other project-related costs*	Total project costs	Application of H2020 rates on total eligible costs)	Application of S2R rates (47,6% of Total costs)			
	direct costs		indirect costs (25% flat rate)	Total eligible costs							
	direct costs excluding subcontracting	subcontracting									
participant 1 - profit org	2	0,5	0,5	3	1,5	4,5	2,10	2,14	2,10	0,00	2,40
participant 2 - profit org	1	0	0,25	1,25	0	1,25	0,875	0,60	0,60	-0,28	0,66
participant 3 - non-profit org	2	0	0,5	2,5	0,5	3	2,5	1,43	1,43	-1,07	1,57
	5	0,5	1,25	6,75	2	8,75	5,475	4,17	4,12	-1,35	4,63

* other project-related costs may include non eligible costs, any indirect costs which were not accounted for by the application of the flat-rate, etc.

36. Can the holding company of a vertically integrated railway grouping be considered as a railway undertaking in the form of a single legal entity and therefore be entitled to become an associated member with a minimum own contribution of EUR 12 000 000 across all Innovation Programmes in accordance with Article 4(5) of the S2R Statutes?

Yes. The reference to a railway undertaking 'as a single legal entity' should be understood as a single railway undertaking (whether vertically integrated with an infrastructure manager under a holding or not). On the other hand, a 'consortium composed of railway undertakings and/or infrastructure managers' is understood to include different railway undertakings and/or infrastructure managers that are not vertically integrated.

Therefore, in the case that a holding company fully owns or controls a vertically integrated railway undertaking and infrastructure manager, this holding company may apply within the scope of the second sentence of Article 4(5) of the S2R Statutes.

37. Can additional activities of a S2R Member be carried out by its affiliated entities? Should this be described in the application?

Affiliated entities of a member may indeed implement part of the additional activities. It is indeed recommended to indicate, in the candidate member's application, which partners (affiliated entities, linked third parties, as well as potential subcontractors or other third parties) the candidate member envisages cooperating with in the execution of its proposed research and innovation activities and additional activities.

This information can be provided on a general level in Annex I-4, Chapter 1, where the applicant can identify "potential partners and provide a description of the type of entities that it would wish to collaborate with".

38. Can additional activities include activities co-funded by means of national R&D programmes?

Yes, they can. However, the national funding cannot be considered as an in-kind contribution. Therefore, if the activity is fully funded (100%) by a national programme, it cannot be considered as an in-kind contribution. If the funding rate is 70%, for example, the remaining 30% that is not reimbursed can be considered as an in-kind contribution, provided that these costs are only incurred after the membership to the JU takes effect.

39. Can an independent organisation, having broad experience in managing large international programmes, be appointed as Consortium Leader even if this organisation is not a constituent member of the consortium?

Consortia are free to propose those entities that they consider relevant to participate in their consortia and to appoint, among its members, the consortium leader that they consider appropriate. At this stage, the consortia are not subject to H2020 rules governing the eligibility of consortia, as the call for selection of associated members to the S2R JU is a call for members, not a call for activities. Notwithstanding this, the consortium leader organisation, as one of the consortium members, must also meet the eligibility/exclusion/selection criteria identified in the call. Should a consortium wish to have the support of an independent organisation that is not a

constituent entity of the consortium, this remains possible. Nevertheless, the consortium leader should be one of the constituent entities of the consortium, so that it can act as authorised representative of the entity.

40. If a consortium is accepted as an associated member, will it be possible for one constituent entity to participate in a project without all the other members of its consortium?

Yes, the constituent entities of a consortium that becomes an associated member to the S2R JU may participate in indirect action on behalf of their consortium, without the other constituent entities of that consortium.

41. If a consortium has, for example, 14 members, of which 2 wish to participate in IP2 and IP4, while 8 wish to participate in IP2 only and 4 in IP 4 only, can the consortium submit one application for both IPs or does the consortium have to submit one full application for IP2 and a separate second full application for IP4?

Both options are possible. The question that should be assessed by the consortium partners is whether there is in fact one single consortium with 14 constituent entities that are overall interested in 2 IPs, or whether there are, in fact, two different consortia, of which one, with 10 constituent entities, is interested in IP2 and the other, with 6 constituent entities, is interested in IP4. In this particular case, it looks like there are de facto two consortia, given that only two members are the same for the two IP. If this is the case, then the two separate consortia should submit one application per Innovation Programme, in line with the call document, which states that "*entities that would like to become an associated member in more than one Innovation Programme, using different formations to apply , must submit one application per Innovation Programme*".

42. In case of consortia or groupings, does each constituent entity need to contribute a minimum own contribution of 2.5% of the value of the IP?

No. The commitment is made at the level of the entire consortium. The purpose of allowing consortia and groupings to apply as members is indeed to enable smaller partners to join forces to afford to meet the minimum investment required.

43. Is it correct that being an associate member does not provide any guarantee of any funding?

In principle, this should not happen. Associated members will be selected with a view to them carrying out an agreed multi-annual action plan for the S2R JU, in cooperation with other JU members. Nonetheless, the award of any grants by the JU will have to be subject to an independent evaluation process, in accordance with H2020 rules, meaning that projects will still have to pass the text of 'excellence, impact and implementation' in order to be funded.

44. What is the planned starting date for contributions to the different IPs?

According to the indicative calendar in the call document, it is foreseen that the JU will start its first activities in June-July 2015. This means the different members will start working on projects in the five IPs at around this date.

45. Can the budget proposed by candidates in stage 1 be adjusted later on, in stage 2, once the scoping paper is circulated by the S2R JU? At what time must associated members make a (legal) commitment for their own contribution?

At this stage, the proposed own contribution indicated by candidate members in their applications is only an indicative commitment. The detailed definition of contributions to indirect actions carried out by the S2R JU (and the exact contributions of the different members to those indirect actions) will be defined in Membership Agreements once all JU members are selected and the S2R JU work plan is adopted (Spring 2015).

46. Will the non-EU Members of the JU commit in the Membership Agreement for a concrete amount for the entire duration of the initiative (until 2024)?

All JU members other than the Union will be required to sign a Membership Agreement in which they commit to a concrete own contribution for the duration of the S2R initiative. This own commitment will be based on a multi-annual action plan agreed among all members.

As regards eventual contributions made by an entity that is not from an EU Member State or from an H2020 associated country – which are therefore not entitled to JU funding – these may count towards the total own contribution of the consortium/grouping that it participates in, including to the additional activities of that consortium. In this case, these activities should be indicated in the membership agreement. On this issue, see also Question n°16 "*What do you mean by a grouping or a consortium of legal entities, established in a Member State or in a country associated to H2020? Can groupings or consortia include entities established in third countries, not associated to H2020?*"

47. If a Linked Third Party is going to carry out work for the consortium, shall that Linked Third Party sign the corresponding Memorandum of Understanding? If so, shall the share of its financial contribution be reported in the MoU?

The Memorandum of Understanding should be signed between the members of the JU, although linked third parties may also sign this document. This is not an obligation at this stage.

All applicants should indicate in their application how their linked third parties will be involved in their envisaged activities as part of the S2R JU. The estimated contribution of each constituent entity and of the affiliated entities / linked third parties of the constituent entities should be indicated in the application.

48. How should candidates quantify the use of infrastructure and equipment for the purpose of in-kind contributions to the JU's activities?

For the purpose of valuing the in kind contributions, the costs shall be determined according to the usual cost accounting practices of the entities concerned, to the applicable accounting standards of the country where each entity is established, and to the applicable International Accounting Standards/International Financial Reporting Standards.

The H2020 Model Grant Agreement provides additional information on the types of costs that are eligible for reimbursement (bearing in mind that non-eligible costs may also count towards a member's own contribution (see also Questions n°25 and 26):

http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf

49. In order to become an Associated Member that fulfils the same financial criteria as the founding members, is it mandatory to be involved in every IP?

No, it is not mandatory to be involved in every IP.

50. Can the following activities be considered as additional activities?

- a. **Commercial/industrial railway activities/projects (not funded by the EC):** Yes, provided that they fulfill the conditions mentioned in Question 33 (Activities still in progress, complementary to the JU work plan, contributing to the objectives of the strategic Master Plan)
- b. **Projects closed in 2014, if they fit well to the Master plan?** No. Additional activities should be still in progress. Furthermore, for the purpose of valuing additional activities, the S2R JU members may only take into account the costs incurred after their membership takes effect.
- c. **Projects for the setup of large scale test infrastructures closed in the past, if they fit well to the master plan?** Again, additional activities should be still in progress. Furthermore, for the purpose of valuing additional activities, the S2R JU members may only take into account the costs incurred after their membership takes effect.

51. How will the additional activities be monitored? What kind of reporting will be required in order to justify our additional activities? Will they be audited or evaluated? Are only H2020 costs eligible or full cost?

The costs incurred by members other than the Union in implementing additional activities are determined according to their usual accounting practices.

Additional activities expected to be performed are to be declared annually, in an additional activity plan (AAP), which will be part of the membership agreement and approved by the Governing Board.

The total costs of the additional activities can only be known once they are completed. An estimate of the calculation of the in-kind additional activities is provided in the AAP but the value of in-kind additional activities should be reported and certified by an independent external auditor on a yearly basis.

The value of in-kind contributions for the preceding years is to be reported by 31st January of the following year to the Governing Board. This value can be an estimate.

The certification shall establish that the costs declared as in-kind contributions by industry members have been determined according to the usual cost accounting practices of the entities concerned and to the applicable accounting standards. However, the costs themselves will not be verified (so it is indeed an element of simplification). The costs incurred in additional activities shall not be audited by any Union body.

The methodology for the valuation of these in-kind contributions may be certified at a later date, but not later than by 30 April N+1.

During the budgetary procedure, the Commission has to present a report to the Parliament on the in-kind contributions received from other partners in PPPs, including the JUs. Only those in-kind contributions that have been certified will be considered by the Commission.

52. If a company intends to work with affiliated entities, is an application as a single legal entity sufficient or should the relevant companies form a consortium?

The application of the single legal entity itself would enable its affiliated entities to carry out part of the work on its behalf.

53. Do companies that intend to work with affiliated entities have to provide any documents or signatures from the affiliates at this stage of the process? Should the contributions of affiliated entities be indicated?

No documents or signatures from affiliated entities are required at this stage, although it is asked that you provide information on the scale and type of contributions that are envisaged from affiliated entities, on a general level, in Annex I-4, Chapter 1, where the applicant should identify "potential partners and provide a description of the type of entities that it would wish to collaborate with".

54. As a company applying as a single legal entity, should the company present the balance sheet of the company only or may it present a consolidated balance sheet, including the balance sheets of its affiliated entities?

A company applying as a single legal entity should present its individual balance sheet. Nonetheless, as indicated in Annex I-1 (Template Cover letter, appendix V), applicants are free to provide any other additional information/documentation, if deemed necessary to support their application.

55. If an entity develops some of the JU project activity subcontracted by a JU member (Founding Member or Associate Member), could it be possible for this entity to participate as well in the Open Calls?

Yes, this would be possible. Please see Question n°8: "*Will subcontractors to JU members be able to participate in the competitive calls for proposals and calls for tenders?*"

56. What is the exact deadline for submissions?

As you may have noticed, there is a contradiction in the stated deadline in section 8.1 of the call document, which states, on the one hand: "*The applications including all its supporting documents detailed in the sections above and in Annex must be sent to the European Commission, not later than 12 November 2014 at noon (12.00 pm) (Brussels time). The postmark will constitute proof of the date of sending*" and, on the other hand that: "*Any application received after the deadline will not be examined.*"

In light of this contradiction, the Commission would like to issue the following clarification to section 8.1. "*Deadline and format for the submission of applications*" of the call document:

The stated deadline of 12 November 2014 at noon (12.00 pm) (Brussels time) is the deadline for the candidate to send its application by registered mail, private courier or in-hand delivery, in paper format (including one (1) original and four (4) copies) and in electronic format (USB, CDROM or equivalent). This means that it is the postmark from your home post office that will be taken into account. Any application sent after the deadline will not be examined.

Furthermore, in order to speed up the evaluation process and to ensure the of the indicative calendar for the selection procedure outlined in the call document, we would ask you to also submit an electronic copy of your application by email to the following email address: MOVE-SHIFT2RAIL-CALLASSOCIATEDMEMBERS@ec.europa.eu, also by 12 November 2014 at noon (12.00 pm) (Brussels time). Not submitting an electronic copy of your application by email will nevertheless not be considered a cause for exclusion, so long as the application by registered mail, private courier or in-hand delivery is submitted according to the requirements of the call document.

57. How should the contribution to transversal activities be mentioned in the table in chapter 4 part 2 in Annex I-4?

Please note that the budget for cross-cutting activities is foreseen as a budget outside the 5 IPs and that activities contributing to these cross-cutting activities are not deemed to contribute to the minimum contribution for application of 2.5% of the value of the relevant IP. The budget that candidates wish to allocate to cross-cutting activities should therefore be stated separately.

Nonetheless, contributions to cross-cutting themes may be indicated in the table in chapter 4 part 2 of Annex I-4, by adding a line referring to the relevant cross-cutting theme, rather than to an Innovation Programme.

58. How should contributions to other Innovation Programmes from another application be mentioned in the table in chapter 4 part 2 in Annex I-4?

Please note that the financial thresholds should be met for each IP in which the applicant wants to participate in.

The budget for contributions foreseen in other Innovation Programmes from another application need therefore not be indicated in the table itself, although the candidate may evidently refer to and explain links to any other applications that it has chosen to submit.

59. In the template for Annex I-4 the minimum font size allowed is stated as 11 (font Times New Roman). Does this mean that we are obliged to use these or would it be possible to use a different font type/size that is equivalent to Times New Roman, size 11?

As there are limitations to the number of pages to be sent as part of the application for associated membership, it would be preferable to use the font type/size indicated in the call document.

60. Can JU member A or one of its affiliates act as a subcontractor for JU member B in an indirect action (project) in which JU member A is not involved?

Yes, this would be possible, provided that JU member A or its affiliate is not involved in the indirect action as a beneficiary and provided that JU member B awards the subcontracts ensuring the best value for money or, if appropriate, the lowest price. In doing so, JU members must also avoid any conflict of interests.

61. Do SMEs have to pay for administrative costs of the JU? Do SME have any special rules to make it easy to engage similar to academics?

Yes, SMEs have to pay for administrative costs. There is no derogation to this rule, as exists for research centres and universities. An important provision foreseen to make it easier for SMEs to participate is the fact that consortia are entitled to apply as single members. Also, 30% of the S2R budget will go through open calls that are not accessible to JU members, meaning that access to SMEs, research centres and universities should be facilitated. SME participation will be closely monitored throughout the duration of the JU and, if necessary, corrective actions could be taken.

62. Will there be any competitive element in getting funding after organisations join as associate member? How will the master plan be split according to interest where there are multiple associated members overlapping in scope or associated and founding members?

The second stage of the selection procedure for associated members will be key to detailing the actions that will be carried out by the JU and to sharing out the work between founding members and candidate associated members.

At the beginning of this stage, the Executive Director of the S2R JU will provide pre-selected associated members with a preliminary draft multiannual action plan, developed in consultation with the founding members and providing an indication of the areas of interest of the founding members.

This will enable pre-selected associated members to make an informed choice on the areas that they wish to submit detailed technical proposals for, thereby encouraging complementarities with the planned activities of the founding members, while still enabling the submission of competing proposals. Candidate associated members will also be allowed to submit proposals areas that are not covered in the preliminary draft multi-annual action plan, so long as they clearly demonstrate their contribution to the S2R Master Plan.

All technical submissions, whether from founding members or from candidate associated members will be subject to an evaluation and to a negotiation with the Executive Director with a view to ensuring the best and most efficient use of available resources and covering the objectives of the S2R Master Plan in a coherent and comprehensive manner.

63. Will associated members be able to influence the open calls?

Yes, the associated members will be able to influence the content of the open calls. Firstly, the associated members will be part of the steering committees for each Innovation Programme, which, according to the S2R Regulation, will be tasked with "*providing the relevant technical input to its IP, in particular for the development of the calls for proposals with a view to approval by the Governing Board*" and "*establishing the detailed annual implementation plans for the IP in line with the annual work plans adopted by the Governing Board*".

Furthermore, the open calls will be defined in the annual work plans of the JU, which will be approved by the Governing Board of the JU, which will be composed of representatives of the Commission, the founding members other than the Union and a maximum of 12 associated members, of which at least one per IP. Please refer to the Rules of Procedure of the S2R Governing Board (<http://ec.europa.eu/transport/modes/rail/doc/2014-07-30-rules-of-procedure-of-the-governing-board-of-the-shift2rail-ju.pdf>) to see how the decisions are taken in the Board.

64. Can I do my work in 2 years' time? After that, will I still be a member for the full 7 years? Are there activities that I need to participate in at the end of the 7 years?

Associated members should demonstrate a strategic long-term commitment to the implementation of the S2R Master Plan, for the full duration of the S2R JU.

While the Regulation foresees that any member may terminate its membership of the S2R Joint Undertaking, thereby discharging it from any obligations other than those approved or incurred by the S2R JU prior to terminating the membership, this would also prevent members from benefiting from the final outcomes of Shift2Rail.

65. How will organisations put together an open call proposals if they need IMs (Infrastructure Managers) and ROCs (Rail Operating Community / Railway Undertakings) input but IMs and ROC are not allowed to be part of open calls?

IMs and ROCs that are members of the JU will be able to provide input to projects undertaken by other organisations as part of the calls for non-JU members, so long as these IMs and ROCs do not actually receive any JU cofunding for these activities. Such activities could count towards the 'Additional Activities' that these IMs and ROCs would anyway have to contribute as JU members.

Furthermore, JU members (including IMs and ROCs that are members of the JU) will have a role in shaping the calls for non-JU members so that these will be geared towards seeking out complementary expertise to the existing JU members.

Finally, please also note that it is still possible for IMs and ROCs to reply to the open calls as long as they are not JU members.

66. Will Intellectual Property Rights be governed exactly the same way as Horizon 2020?

The S2R JU's IPR policy will be governed by the rules of Horizon 2020 and be without prejudice to the European Union competition rules. The S2R JU shall develop and include in the membership and grant agreements detailed implementing rules on IPR with a view to promoting the creation of knowledge and its exploitation, to achieve fair allocation of rights, to reward innovation while protecting public interests and to achieve broad and effective participation of private and public entities in Shift2Rail. This policy shall ensure that intellectual property generated by the S2R JU and its members is protected and that the resulting knowledge is used and disseminated.

67. What do you do if it is a private company where the balance sheet is not official? Can we choose not to submit it and still be accepted? If it is a big state owned company, can we choose to not submit it in this case and accepted by EC?

All candidate members must be able to prove their financial solidity and soundness and their long term commitment and capacity to co-finance the activities they propose as contribution to the S2R JU. Therefore, in order to be selected as an associated member, candidates must provide an official statement of their financial position, in the form of a balance sheet.

68. Can the annexes (e.g. balance sheets, etc.) be provided in another language than English?

Yes, the forms may be provided in an official EU language. Any translations or accompanying explanatory statements provided in English are also welcomed.

69. Please detail the amount of overall cap of the beneficiary's liability for damages under the Grant Agreement and confirm that indirect consequential damages are excluded under the Grant Agreement, clause 46.2.1

Please note that the signature of Grant Agreements will only take place in mid-2015, when the Joint Undertaking will initiate its first indirect actions. The content of the S2R JU grant agreements will be decided by the Governing Board of the S2R JU and will be based on the Annotated Model Grant Agreement, which is currently available online: http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf.

70. Section 7.4.2 regarding proof of Financial and Economic Capacity refers to a statement of "Overall Turnover" of the company as well as to "Turnover of the relevant services".

The overall turnover is the total revenues of the company, on a company-wide basis, i.e. the annual income that a company receives from its normal business activities (usually from the sale of goods and services to customers), net of all discounts and sales taxes.

The turnover of the relevant services is the revenue generated by those activities of the company that are in direct relation to Shift2Rail – namely research and innovation activities, rail infrastructure or equipment sales, etc.

These amounts should be determined according to applicable International Accounting Standards/International Financial Reporting Standards.

71. "Additional Activities" are linked in the Call to: the S2R Work Plan, the S2R Objectives, and the S2R Programme. Where is documentation available on the S2R Work Plan and the S2R Programme?

At this stage, the only document available is the S2R Master Plan.

As regards the work plans, the founding members and the candidate associated members (in stage 2) will be asked to submit detailed technical proposals to elaborate a multiannual action plan on the basis of the Master Plan (see Question 66 for more details on the process). This multiannual action plan will then serve as the basis for adopting the annual work plans of the JU. It is therefore work in progress.

The S2R programme or S2R initiative is understood to encompass all of the activities undertaken by the JU and its members, including co-funded indirect actions and non-funded additional activities.

At this stage, candidate members are not required to provide details of the types of additional activities they may carry out, but to provide a commitment to an overall amount of in-kind contributions. The additional activities will then be decided in collaboration with the JU in the members' additional activities' plans.

72. Does the signatory to the Cover Letter (Annex I-1), Statement of Acceptance (Annex I-2), and the Declaration of Honour (Annex I-3) need to be validated by the Commission as the LEAR (Legal Entity Appointed Representative)?

No, the signatory can be someone who is normally authorised by the company to sign on its behalf and does not necessarily need to have the EC validation at this stage – although this will be a mandatory requirement for signing grant agreements at a later stage.