



COSME Programme Call for Proposals

Clusters Go International

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Table of Contents

1. INTRODUCTION AND BACKGROUND	5
1.1. Introduction.....	5
1.2. Policy Context.....	5
2. OBJECTIVE(S) – THEME(S) – ACTIVITIES – OUTPUTS	10
3. TIMETABLE	22
4. BUDGET AVAILABLE AND FUNDING OF PROJECTS	22
5. ADMISSIBILITY REQUIREMENTS	23
6. ELIGIBILITY CRITERIA	23
6.1. Eligible applicants.....	23
6.2. Eligible consortia	24
6.3. For British applicants.....	25
6.4. Implementation period.....	26
7. EXCLUSION CRITERIA	26
7.1. Exclusion.....	26
7.2. Remedial measures	28
7.3. Rejection from the call for proposals.....	28
7.4. Supporting documents	28
8. SELECTION CRITERIA	28
8.1. Financial capacity	28
8.2. Operational capacity	29
9. AWARD CRITERIA	31
10. LEGAL COMMITMENTS	34
11. ADMINISTRATIVE REVIEW PROCEDURES	35
12. FINANCIAL PROVISIONS	35
12.1 General principles	35
12.2 Funding forms	37

12.3 Payment arrangements:.....	42
12.4 Pre-financing guarantee	43
13. REPORTING REQUIREMENTS:.....	43
14. PUBLICITY	44
14.1 By the beneficiaries.....	44
14.2 By EASME	44
15. DATA PROTECTION	45
16. PROCEDURE FOR THE SUBMISSION OF PROPOSALS	45
17. ANNEXES:	45

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, (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 2020 adopted on 17 January 2020⁴ implementing the actions GRO-SME-20-C-02 and GRO-SME-20-C-03.

1.2. Policy Context

In a globalised world, in order to thrive, SMEs need to take advantage of new market opportunities created at international markets and also to confront increasing competition originating from companies located in third countries. International activities reinforce their growth, enhance competitiveness and support long-term sustainability. The economic crisis ushered in by the recent COVID-19 pandemic created important disruptions at global markets through interruptions of travel and transport, the re-configuration of consumer demand and the breakdown of supply chains,

In order to unlock positive opportunities and response to the most recent challenges at global markets, SMEs need to reinforce their efforts to preserve their existing international activities, to enter new markets generating increased sales, to make their position in international value chains more resilient, and to find the right partners to develop and produce globally competitive products and services. This calls for new and strategic forms of international cooperation that are often difficult for individual SMEs to manage on their own.

Clusters can help SMEs by acting as "springboards" for creating access to global value chains, strengthening their resilience at global markets and developing long-term strategic partnerships. SMEs benefit from specialised business support services of cluster organisations, like the organisation of international study visits, partnering and "matchmaking" missions. These services

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(2020) 111 of 17.01.2020 on the financing of the programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises and the adoption of the work programme for 2020.

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

By fostering the development of 'European Strategic Cluster Partnerships - Going International' (ESCP-4i), i.e. European clusters help SMEs finding access or maintain their presence in global value chains, to become more resilient in global markets and engage in long-term cooperation with strategic partners in third countries.

This action intend to contribute to the implementation of the European Commission's **New Industrial Strategy for Europe**⁵ and the **SME Strategy for a sustainable and digital Europe**⁶ that were both published in March 2020.

The industrial strategy aims to drive Europe's competitiveness and its strategic autonomy at a time of moving geopolitical plates and increasing global competition. It calls for a modernisation effort to ensure that Europe's industry lead the twin transitions towards climate neutrality and digital leadership. Its message is that Europe must embrace technological change; integrate products and services; develop technologies that use less energy, reduce waste and avoid pollution; and invest in a workforce with the right skills.

The SME Strategy supports European SMEs through strengthening their capacities to adapt to climate neutrality challenges, help them to reap the benefits of digitalisation, reduce the regulatory burden that SMEs face, and improve their opportunities to access finance. It specifically highlights the need to support SMEs in "harnessing the benefits of global markets."⁷

The European Commission's plan for the recovery of the European economy also indicates that global markets will continue play an important role in the post-COVID recovery stage.⁸ The document states that "global trade and its integrated value chains will remain a fundamental growth engine and will be essential for Europe's recovery." It also points to the need to diversify and solidify global supply chains and strengthen Europe's strategic autonomy in order to prevent, protect and withstand future shocks.

This current call for proposals builds upon past successful editions of the "**Clusters Go International**" programme⁹ that lead to the establishment of 'European Strategic Cluster Partnerships-Going International' (ESCP-4i) that worked together to develop and implement a joint internationalisation strategy for the benefit of their SMEs.

The 2016-2017 edition of the Clusters Go International action has supported the establishment of up to 26 Partnerships (ESCP-4i)¹⁰ including 15 co-funded projects gathering about 150 cluster organisations across 23 European countries and reaching out to more than 17 000 SMEs across Europe. The Partnerships are active in various industrial and cross- sectoral areas including health, aerospace, mobility and logistics, agro-food, energy, marine and environment, packaging, materials and photonics, ICT, construction and sports. The partnerships target economic cooperation with third countries, of which the main ones include Brazil, Canada, China, India, Japan, Mexico and USA.

⁵ COM(2020) 102 final

⁶ COM(2020) 103 final

⁷ COM(2020) 103 final, p. 11

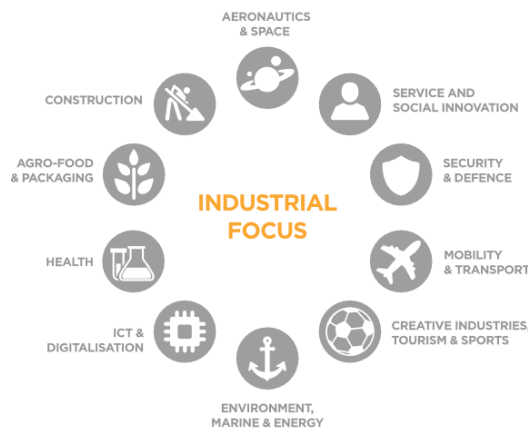
⁸ COM(2020) 456 final, p. 13

⁹ COS-CLUSTER-2014-3-03, COS-CLUSINT-2016-03-01, COS-CLUSINT-2017-03-6 and CLUSINT-2019-3-01

<https://ec.europa.eu/easme/en/cosme/cosme-closed-calls-proposals>

¹⁰ <https://www.clustercollaboration.eu/eu-cluster-partnerships/escp-4i/first-generation>

Figure 2: European Strategic Cluster Partnerships for Going International – First generation (2016-2017)

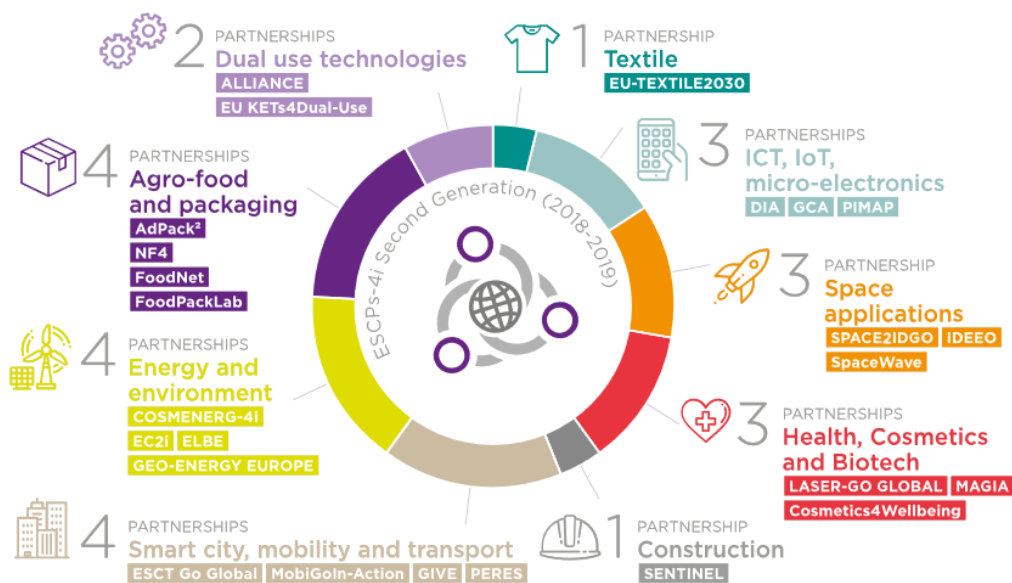


Source: European Cluster Collaboration Platform

The second edition of the action (2018-2019) supported 25 Partnerships (ESCP-4i)¹¹ by co-funding projects in the fields of dual use technologies, agro-food and packaging, energy and environment, smart city, mobility and transport, ICT, IoT (Internet of Things) and micro-electronics, space applications, health, cosmetics and biotechnologies, textile and construction.

These projects targeted economic cooperation with third countries, of which the main ones include the USA, Canada, China, Japan, India, Australia, South Africa, Chile and the United Arab Emirates. ESCP-4i partnerships of the second generation gathered more than 130 cluster organisations across 25 European countries, representing more than 18 500 SMEs across Europe.

Figure 3: European Strategic Cluster Partnerships for Going International – Second generation (2018-2019)



¹¹ <https://www.clustercollaboration.eu/eu-cluster-partnerships/escp-4i/second-generation>

The third edition of the action (2020-2021) is supporting 24 partnerships in a wide areas of sectors like cleantech, smart mobility, health, smart energy, earth observation, smart cities, electronics, agri-food, data economy, cosmetics, textiles and hospitality. The most popular target countries are USA, Canada, Japan, South Korea, India, United Arab Emirates, Mexico, China, South Africa and Israel.

The actions related to the present call for proposals will further exploits synergies with other key initiatives of the Cluster Internationalisation Programme for SMEs that promote transnational cluster cooperation within and beyond Europe with a view to better support SMEs in global competition, including:

- Firstly, the **European Cluster Collaboration Platform (ECCP)** which currently counts over 1000 registered cluster organisations from across Europe. It represents the main instrument for European cluster organisations to profile themselves, exchange experiences and identify potential partners for transnational cooperation within and beyond Europe. The ECCP shall be used as the online dissemination platform to promote activities and results of the "European Strategic Cluster Partnerships- Going international" that are to be established through this action. Participants of this action shall provide information material on their Partnership to be promoted and disseminated via the platform.
- In mid-2020, a **technical assistance action** is launched for SMEs that participated in the past European Strategic Cluster Partnerships – Going International (ESCP-4i).¹² The action targets European SMEs having signed Business Partnership Agreements (BPAs) or equivalent cooperation agreements as a result of work of the past ESCP-4i Strand 2 activities. Selected projects receive technical assistance that may include, inter alia: Technical feasibility studies; Economic and financial analysis (e.g. cost-benefit analyses, cash flows and financial viability modelling); Legal advice, including administrative, intellectual property, taxation, franchising, joint-ventures, regulatory environment; Credit assess support and facilitation with financial entities, and Other assessments or support (e.g. language and communication).
- A number of specific **cluster matchmaking events** are being organised by the European Cluster Collaboration Platform and/or supported by the European Commission services or EASME to promote closer cluster cooperation with partners within and outside Europe in areas of mutual interest. The "European Strategic Cluster Partnerships - Going International" will be invited to participate on a voluntary basis in such forthcoming matchmaking events. Each Partnership can allocate a budget to participate in international cluster matchmaking events organised in third countries and/or in Europe by the European Commission services.¹³
- **Policy exchanges** with third countries are being initiated and several Cooperation Arrangements on Clusters were signed between DG GROW and their counterparts in third countries¹⁴. The objective of such exchanges is to promote cluster cooperation with national authorities from third countries so as to facilitate linkages between clusters and equivalent organisations in mutual economic and strategic interest.

¹² Details are available at <https://etendering.ted.europa.eu/cft/cft-documents.html?cftId=4883>

¹³ The European Cluster Collaboration Platform and/or supported by the European Commission services or EASME is organising on average two international cluster matchmaking events per year.

¹⁴ An Administrative Arrangement on cluster cooperation was signed with the USA, the Republic of South Korea, Taiwan and Canada.

Furthermore, the present call for proposals is targeting actions that shall exploit cooperation potential and business opportunities in the context of actions funded by the Partnership Instrument (FPI)¹⁵ a financial instrument promoting EU and mutual interests with strategic partner countries, as part of the EU's instruments for financing external action and Regulation N° 234/2014, such as the forthcoming 'Low Carbon Business Action in the Americas (LCBA)' (Brazil, Mexico, Canada, Colombia, Argentina and Chile)¹⁶ to be launched in 2020.

The LCBA aims to establish Business Agreements between EU businesses and American businesses to support commercially viable projects promoting the take-up of low carbon technologies. The LCBA will organise a series of business matchmaking events in relation to the green economy with the participation of SMEs and clusters. This shall lead to signing Business Agreements that should develop into concrete projects with technical assistance. LCBA will thus effectively contribute to the exchange and uptake of low emission technology through industrial cooperation between companies in the Americas and the European Union (EU) to address the global challenge of climate change.

This current call for proposals is targeting actions in two Strands:

Strand A will support the establishment of European Strategic Cluster Partnership – Going International (ESCP-4i) open to a wide range of European industrial sectors and value chains, except those targeted in Strand B below.

Strand B will support the first implementation, testing and further development of up to two 'European Strategic Cluster Partnerships for Going International' (ESCP-4is) in the Defence and Security sector (dual use technologies).

The general context above applies to applications for both Strand A and Strand B of this call for proposals.

Furthermore, **Strand B** applications, which are reserved to focus on a specific thematic area, are supported by an additional specific context as follows:

Defence has become a priority at European level in recent years. SMEs fulfill a key role in defence supply chains through their agility and contribution to innovation. Most SMEs active in this sector have both civil and defence sales but it is particularly challenging for these SMEs to target markets outside of the EU and overcome the different administrative and regulatory as well as the other barriers. Yet, the potential is there as dual use trade has grown over recent years: EU authorised dual use exports increased from EUR 24.6 billion in 2010 up to EUR 33.7 billion in 2015¹⁷ representing 1.9% of total extra-EU exports.

The concept of "dual use" technologies, products and services¹⁸ is opening up new business opportunities in a world where the borders between the civil and military communities are

¹⁵ See <http://ec.europa.eu/dgs/fpi/what-we-do-/partnership-instrument-en.htm>.

¹⁶ See <http://www.clusterconaboration.eu/international-cooperation/low-carbon-business-actions>.

¹⁷ COM(2017)679 final of 21 November 2017 on the implementation of Regulation (EC) No 428/2009 setting up a community regime for the control of exports, transfer, brokering and transit of dual-use items, <https://ec.europa.eu/transparency/regdoc/rep/1/2017/EN/COM-2017-679-F1-EN-MAIN-PART-1.PDF>.

¹⁸ As outlined in the "EU funding for Dual Use" guide for regions and SMEs, http://ec.europa.eu/growth/sectors/defence/industrial-policy/smes/index_en.htm.

becoming increasingly blurred. In 2013, the dual use export domain (including intra-EU trade) represented approximately 20% of EU total exports (in value)¹⁹.

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

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

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

Clustering is particularly important for SMEs with an interest in developing dual use technologies, as it offers them opportunities to cooperate with other companies, to diversify their range of dual use technologies and products and tap into new markets. This is demonstrated by the two above-mentioned related Partnerships that are part of the Second Generation.

There would be great benefit from more cross-fertilisation and cooperation between European defence-related clusters across borders with other non-defence industrial clusters and to develop and implement joint strategies in the area of dual use technologies, products and services towards non-EU countries. In particular, the Commission wants to encourage the involvement of SMEs that have not previously been involved in defence or dual-use programmes and support cross-border access for SMEs more generally as highlighted in the Commission's European Defence Action Plan²⁰ adopted on 30 November 2016.

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

2.1. General and Specific Objectives

The main objective of the action is to intensify cluster and business network cooperation across European countries and also across sectorial boundaries and to support the establishment of European Strategic Cluster Partnerships to lead international cluster cooperation in fields of strategic interest towards third countries beyond Europe.

By reinforcing cluster and business network cooperation and supporting the shaping of 'European Strategic Cluster Partnerships – Going International' (ESCP-4i) (i.e. European meta-clusters) in a

¹⁹ COM(2017)679 final of 21 November 2017 on the implementation of Regulation (EC) No 428/2009 setting up a community regime for the control of exports, transfer, brokering and transit of dual-use items, <https://ec.europa.eu/transparency/regdoc/rep/1/2017/EN/COM-2017-679-F1-EN-MAIN-PART-1.PDF>.

²⁰ COM(2016)950 final of 30 November 2016 "European Defence Action Plan" https://eeas.europa.eu/sites/eeas/files/com_2016_950_f1_communication_from_commission_to_inst_en_v5_p1_8_69631.pdf.

more strategic manner at European level, this action will help European SMEs access or maintain their positions at global value chains, strengthen their resilience at global markets and take a leading position globally.

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

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

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

"**European Strategic Cluster Partnerships – Going International (ESCP-4i)**" are characterised by the following principles:

1. Being **European**, meaning ESCP-4is must be composed of a minimum of three partners all established in EU Member States 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. Being **Strategic**, meaning the ESCP-4i's members aim to develop and implement a joint internationalisation strategy with common goals and fostering complementarities between them, promoting cooperation across related industries and sectoral boundaries.

Concerning the focus of cross-sectorial cooperation and outreach to related industries, applicants may seek inspiration from the Commission Staff Working Document titled "Identifying Europe's recovery needs"²¹, which has identified and analysed 14 industrial ecosystems.

3. Representing **Cluster(s)** through cluster organisations or equivalent business network organisations that have an own independent legal entity. Each Partnership member must also be registered on or have submitted a registration request²² to the European Cluster Collaboration Platform²³ with a detailed profile of its cluster or network;
4. Forming a **Partnership**, with the aim to set-up a Partnership Agreement engaging ESCP-4i members to develop common actions and setting out the modalities of cooperation between them. The ESCP-4i members commit to develop a roadmap for implementation with a long-term cooperation agenda to foster their sustainability of the Partnership beyond the lifetime of the project funded under COSME.
5. Working towards **Going International** by developing and implementing a joint 'European' strategy for going international beyond Europe. The ESCP-4is strive to successfully support the internationalisation of their SME members towards specific third countries,

²¹ SWD (2020) 98 final

²² The registration request must be submitted by the submission deadline for applications to this Call for proposals.

²³ See at: <http://www.clustercollaboration.eu/>

and/or strengthen their resilience in global value chains that they are already active in, and/or attracting strategic foreign direct investment and cooperation partners and/or securing critical imports, knowledge and technologies with a view to support growth, jobs and investment in Europe.

The "European Strategic Cluster Partnership – Going International" (ESCP-4i) label will be awarded to all consortia selected for funding, stating that they fulfil the ESCP-4i characteristics as defined above and expressed their commitment to adhere to them in their activities.

The list of all selected ESCP-4i will also be published under a dedicated corner of the European Cluster Collaboration Platform. This will allow partnerships to profile themselves and to promote their activities and interests for further cooperation, including in relation to regional authorities.

All applicants will have to identify **minimum two target countries**²⁴ for their activities. They are encouraged to have **not more than five target countries** in order to be able to meet the objectives outlined in this call.

The present call for proposals is targeting actions in two strands:

Strand A will support the establishment of the ‘European Strategic Cluster Partnership – Going International’ (ESCP-4i) open to a **wide range of European industrial sectors and value chains, except those targeted in Strand B below.**

The projects under Strand A should comprise preparatory and implementation-related actions.

Preparatory actions contribute to establish a "European Strategic Cluster Partnership – Going International" respecting all the characteristics defined above (see section 2.1) with the aim to develop a joint internationalisation strategy for the Partnership with common goals towards specific third markets and a roadmap for implementation facilitating the internationalisation of its SME members.

Implementation-related actions concern the initial implementation and testing of the joint internationalisation strategy proposed by applicant consortia. They shall foster the further development of the “European Strategic Cluster Partnerships – Going International” by building cooperation activities with international partners in minimum 2 third countries (i.e. non-COSME participating countries) or world regions and initiating business partnerships for European SMEs in each target market.

Strand B will support the first implementation, testing and further development of up to two 'European Strategic Cluster Partnerships - Going International' (ESCP-4is) in the **Defence and Security sector (dual use technologies).**

The projects under Strand B are expected to build on existing internationalisation strategies and focus on implementation-related actions as defined above.

²⁴ For Strand A the ‘target counties’ or ‘third countries’ are all countries that are not EU Member States or COSME participating countries.

For Strand B the ‘target counties’ or ‘third countries’ are all countries that are not EU Member States.

For both Strands A and B specific provisions apply in relation to countries that are subject to embargoes or sanctions imposed by the EU or its Member States (see section 6.1).

2.2. Description of the eligible activities

Strand A – all sectors (except sectors tackling topics of defence and/or security as defined in Strand B)

Applicants are invited to propose actions that contribute to establishment of a "European Strategic Cluster Partnership – Going International" respecting all the characteristics defined above (see section 2.1) with the aim to develop and implement a joint internationalisation strategy for the Partnership, with common goals towards specific third markets²⁵ and a roadmap for implementation facilitating the internationalisation of its SME members.

All of the following actions are mandatory under Strand A:

1. Development of a **joint internationalisation strategy** defining a joint European strategic vision with a global perspective and common goals and actions towards specific third markets as well as an **implementation roadmap**. This strategy shall identify possible important disruptions at global markets created by the recent COVID-19 pandemic and redefine SMEs access to global value chains with a view to strengthen their resilience at global markets and develop long-term strategic partnerships.
2. Development and signature of cooperation agreements between the Partnership and international (i.e. non-COSME countries) business and/or research intermediaries (including cluster or business network organisations, academia, technology centres and research or economic development organisations) in each target country.
3. Development and signature of business agreements (or equivalent formal cooperation documents) to develop joint collaborative project between the Partnership SME members and business and other relevant stakeholders from third countries (i.e. from non-COSME countries), eventually leading to increase exports, investment opportunities and international ventures generating employment for European businesses.
4. Undertaking the necessary steps to make these business agreements commercially viable. Partnerships will have the possibility through the European Cluster Collaboration Platform to apply for funding that provides technical assistance to implement and make their business agreements commercially viable.²⁶
5. Preparation of a long-term strategy for the Partnership with a medium to long-term cooperation agenda by involving the different relevant stakeholders (e.g. local, regional or national public authorities) with the aim to foster the Partnership sustainability beyond the lifetime of the project funded under COSME.
6. Dissemination about all project activities, news, events, testimonials and results to be channelled through the dedicated partnership section of the European Cluster Collaboration Platform (ECCP).²⁷ In case of the development of another website for project implementation purposes, all information on project activities, news, events, testimonials and results must be fully transferred to the ECCP website on an on-going basis.

²⁵ Third markets are markets in 'target countries' or 'third countries' as defined above for Strands A and B.

²⁶ <https://www.clustercollaboration.eu/news/upcoming-smes-go-international-technical-assistance-facility>

²⁷ www.clustercollaboration.eu

7. Learning and monitoring activities, such as promoting exchanges between Partnerships and enabling cross-fertilisation and learning from their successful and unsuccessful experiences as well as monitoring activities measuring the outcomes of the Partnership based on a clear set of performance indicators (see section 2.3) including business and innovation oriented results derived from their international cluster cooperation activities. The monitoring activities shall be linked to the cooperation goals of the Partnerships. Representatives of the Partnership must participate in one European event per year promoting the learning and monitoring activities carried out by the different Partnerships.

Possible additional actions under Strand A (non-exhaustive list):

- Identification of initial strategic partners across Europe (e.g. by conducting a complementarity, compatibility and readiness check in terms of strategy, skills, language capabilities, etc. to find the appropriate partners);
- Partnership building (e.g. through training/coaching activities on building collaboration, coordinating and leading a Partnership, and organising cluster visits for Partnership members and their SMEs, regional actors and other relevant stakeholders, including technology centres and science parks);
- 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);
- Intelligence gathering (e.g. studies/analyses on market insights, value-chains and global mega trends and opportunities; knowledge about competing players, relative positioning, market trends and opportunities – and defining the added value of the Partnership's combined competencies in relation to this; identification of cooperation opportunities to target in third countries (non-COSME participating countries); initial exploratory visits to third countries or invitation of experts from third countries);
- Cooperation building with third countries aimed, notably, at identifying the right partners in third countries, organising tailored fact-finding missions in each target market, joining relevant networks and hosting tailored fact-finding missions in Europe for international partners;
- Tailored identity shaping and joint promotional activities such as the development of a joint communication/marketing and branding strategy adapted to the target third countries; study on the feasibility and assistance needed for establishing an "Ambassador" function or opening a joint representation office in third countries (e.g. legal advice, identification of a permanent representative); study on the feasibility of establishing a (permanent) representation in Europe for hosting international delegations; exploration of the possibilities for using existing regional/national offices abroad for supporting joint promotion and visibility;
- International matchmaking activities with third countries involving also the cluster Partnership SME members with the aim to initiate concrete business and research & technology cooperation projects, such as through the organisation of international business matchmaking missions and site visits in third countries and in Europe, facilitating C2C (cluster-to-cluster) and B2B (business-to-business) tailored meetings; conducting follow-up activities on cooperation potential identified at matchmaking events, etc. Such missions

abroad shall focus on economic impact for companies, have specific, individualised B2B programmes organised for each company, prepare possible “return” visits of foreign partners to Europe, promote common identity of the European clusters through the Partnership; evaluate economic impacts after 6 and 12 months;

- Operational cooperation activities with third countries, supporting notably the implementation of business partnership agreements between the Partnership SME members and business and other relevant stakeholders from third countries to develop joint collaborative projects with an international partner and build the projects into viable and bankable proposals for investments, such as by conducting technical and financial feasibility studies ; supporting the identification of relevant financing sources; funding for pilot/experimental practical collaboration actions involving SME members and actions providing various types of assistance for SME members in order to a) identify tailored business and innovation cooperation opportunities in target third countries, b) prepare joint business plans with an international partner, c) draft legally binding international cooperation agreement, and d) access available funding opportunities for internationalisation.

In addition, if a partnership intends to participate in international cluster matchmaking events organized in third countries and/or in Europe by the European Cluster Collaboration Platform and/or supported by the European Commission services or EASME, then the Partnership must allocate a budget for this purpose within the scope of their project and without relying on additional COSME funding.²⁸

Expected results and deliverables under Strand A:

The consortium members must submit at least the following deliverables. All deliverables must appear in the table “List of Deliverables” in Section A of the Description of the Action (Technical Annex 1) of the submitted proposal:

- A **joint internationalisation strategy** defining a joint European strategic vision with a global perspective and common goals and actions towards specific third markets. The joint internationalisation strategy must comprise:
 - a **Partnership Agreement** respecting the principles of the "European Strategic Cluster Partnerships – Going International" defined above, identifying the Partnership members, committing them to develop common actions, setting out the duration and modalities of cooperation between them, and expressing clearly their interests and plans for engaging in international cluster cooperation together.

The Partnership Agreement must include a long-term cooperation agenda with a view to foster a sustainable Partnership beyond the lifetime of the current project co-funded under COSME. In particular, it must indicate which additional public-private co-financing is envisaged to be mobilised for the development and then implementation of the international plan. It may also include Letters of Intent by selected clusters, SMEs and other relevant stakeholders (e.g. technology centres) confirming their readiness to engage

²⁸ The European Cluster Collaboration Platform and/or the European Commission services or EASME are organising on average two international cluster matchmaking events per year.

in internationalization activities in the context of the Partnership internationalisation strategy and as outlined in the implementation roadmap.

- an **internationalisation strategy plan** providing (in a document of maximum 10 pages) a detailed description of the purpose of the collaboration and its strategic objectives through a SWOT analysis; the different fields of competences and the envisaged complementarities between the Partnership members; the expected advantages, the minimum two selected targeted third countries (i.e. non-COSME participating countries), the cooperation interest in terms of thematic area/application/technologies per targeted third country; the potential international cooperation partners; the expected mutual added value and interest among the Partnership members and the international partners; the expected economic impact expressed through quantitative indicators, notably in terms of growth, jobs and investment in Europe for the Partnership SME members²⁹.
- The plan must present how the Partnership will seek and exploit synergies with the inter-regional activities, notably further cluster cooperation funded under COSME e.g. as through the European Territorial Cooperation Regulation (INTERREG) and the European Structural and Investment Fund (ESIF), e.g. in the context of smart specialisation strategies as well as the EU Horizon 2020 Research and Innovation Programme, notably the Horizon 2020 INNOSUP-1 action for “Cluster facilitated projects for new industrial value chains”³⁰. To this end, the Partnership members shall therefore demonstrate how their approach has the potential to act as a catalyst in contributing to and/or being leveraged by other activities supported under next Single Market Programme, Horizon Europe and European regional funds.
- Moreover, the plan must also include:
 - background information about previous international activities and cross-sectorial cooperation activities of each Partnership member and between them;
 - benchmarking information on existing international cooperation initiatives directed at similar target countries and thematic areas;
 - a joint branding and marketing strategy statement (including proposal for a joint logo) and plan.
- an **implementation roadmap** providing a comprehensive overview of the joint activities foreseen to be developed with a detailed plan for implementation highlighting the different and concrete roles and steps aimed at facilitating the internationalisation of SME members (in particular those pre-identified and that have signed a Letter of Intent as described in the Partnership Agreement section above).
- Reports on cooperation activities developed and implemented with international partners in each target market; fact-finding mission reports; matchmaking mission reports with details on potential cooperation actions identified and initiated through international cluster and business matchmaking events; reports on possible pilot operational cooperation projects developed between Partnership SME members and international partners; proposed IPR collaboration and standards setting initiatives;

²⁹ The European Cluster Observatory published a “Global Mega Trends Report” in 2015 which is available at the EU Cluster Portal: http://ec.europa.eu/enterprise/initiatives/cluster/index_en.htm.

³⁰ See at: <https://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/topics/innosup-01-2016-2017.html>.

- Signature of **minimum one cooperation agreement/ Memorandum of Understanding** between the Partnership members and one international partner **for each target market**, targeting at least two third countries or world regions. Each cooperation agreement should include a concept note outlining the intended cooperation objective and activities;
- Signature of **minimum two business agreements** to develop collaborative projects between the Partnership SME members and business or other relevant stakeholders from third countries **for each target market**. Each business agreement should include a concept note outlining the intended collaborative project and planned activities, and detailing the need for customised assistance for the implementation of further operational collaborative activities with a view to lead to increased exports and investment opportunities generating employment for European businesses;
- A **monitoring scoreboard** with verifiable indicators of the project results and their expected impact such as increased exports, increased jobs in Europe, increased visibility of European SMEs in foreign markets, innovation projects (including patents), new or adapted products and services, critical imports secured and direct foreign investments or cooperation partners attracted, or expertise in support of these activities;
- A **mid-term report on the cooperation activities** undertaken and lessons learned, with a monitoring scoreboard as set out above and practical recommendations for improving the implementation of the strategy, at the end of the first year of implementation;
- A **final report on the cooperation activities** undertaken and lessons learned, with a monitoring scoreboard as set out above and practical recommendations for improving the implementation of the strategy at the end of the project with a plan for a long-term cooperation agenda fostering a sustainable Partnership beyond the lifetime of the project.

Strand B - Defence and Security sector (dual-use technologies)

Strand B will support the first implementation, testing and further development of up to two 'European Strategic Cluster Partnerships for Going International' (ESCP-4is) in the Defence and Security sector (dual use technologies).

The aim is to support European defence-related clusters to intensify cooperation across borders with other non-defence industrial clusters and implement joint strategies in areas of dual use technologies, products and services towards non-Union countries.

All of the following actions are mandatory under Strand B:

1. Development and **signature of cooperation agreements** between the Partnership and international (i.e. non-EU countries) business and/or research intermediaries (including cluster or business network organisations, academia, technology centres and research or economic development organisations) in the target countries.
2. Development and signature of **business agreements** (or equivalent formal cooperation documents) to develop joint collaborative project between the Partnership SME members and business and other relevant stakeholders from third countries (i.e. from non-EU countries), eventually leading to increase exports, investment opportunities and international ventures generating employment for European businesses in the target countries.

3. Undertaking the necessary steps to make these business agreements commercially viable. Partnerships will have the possibility through the European Cluster Collaboration Platform to apply for funding that provides technical assistance to implement and make these business agreements commercially viable.³¹
4. Preparation of a long-term strategy for the Partnership with a medium to long-term cooperation agenda by involving the different relevant stakeholders (e.g. local, regional or national public authorities) with the aim to foster the Partnership sustainability beyond the lifetime of the project funded under COSME.
5. Dissemination about all project activities, news, events, testimonials and results to be channelled through the dedicated partnership section of the European Cluster Collaboration Platform (ECCP)³². In case of the development of another website for project implementation purposes, all information on project activities, news, events, testimonials and results must be fully transferred to the ECCP website on an on-going basis.
6. Learning and monitoring activities, such as promoting exchanges between Partnerships and enabling cross-fertilisation and learning from their successful and unsuccessful experiences as well as monitoring activities measuring the outcomes of the Partnership based on a clear set of performance indicators (see section 2.3) including business and innovation oriented results derived from their international cluster cooperation activities. The monitoring activities shall be linked to the cooperation goals of the Partnerships. Representatives of the Partnership must participate in one European event per year promoting the learning and monitoring activities carried out by the different Partnerships.

Possible additional actions under Strand B (non-exhaustive list):

- Cooperation building with third countries aimed, notably, at identifying the right partners in third countries, organising fact-finding missions in each target market, joining relevant networks and hosting tailored fact-finding missions in Europe for international partners;
- Tailored identity shaping and joint promotional activities such as the development of a joint communication/marketing and branding strategy adapted to the target third countries; study on the feasibility and assistance needed for establishing an "Ambassador" function or opening a joint representation office in third countries (e.g. legal advice, identification of a permanent representative); study on the feasibility of establishing a (permanent) representation in Europe for hosting international delegations; exploration of the possibilities for using existing regional/national offices abroad for supporting joint promotion and visibility;
- International matchmaking activities with third countries involving also the cluster Partnership SME members with the aim to initiate concrete business and research & technology collaboration projects, such as through the organisation of international business matchmaking missions and site visits in third countries and in Europe, facilitating C2C (cluster-to-cluster) and B2B (business-to-business) tailored meetings; conducting follow-up activities on cooperation potential identified at matchmaking events, etc. Such missions abroad shall focus on economic impact for companies, have specific, individualised B2B programmes organised for each company, prepare possible "return"

³¹ Details are available at <https://etendering.ted.europa.eu/cft/cft-documents.html?cftId=4883>

³² www.clustercollaboration.eu.

visits of foreign partners to Europe, promote common identity of the European clusters through the Partnership; evaluate economic impacts after 6 and 12 months;

- Operational cooperation activities with third countries, supporting notably the implementation of business partnership agreements between the Partnership SME members and business and other relevant stakeholders from third countries to develop joint collaborative projects with an international partner and build the projects into viable and bankable proposals for investments, such as by conducting technical and financial feasibility studies ; supporting the identification of relevant financing sources; funding for pilot/experimental practical cooperation actions involving SME members and actions providing various types of assistance for SME members in order to a) identify tailored business and innovation cooperation opportunities in target third countries, b) prepare joint business plans with an international partner, c) draft legally binding international cooperation agreement, and d) access available funding opportunities for internationalisation.

In addition, if a Partnership intends to participate in international cluster matchmaking events organised in third countries and/or in Europe by the European Cluster Collaboration Platform and/or supported by the European Commission services or EASME, then the Partnership must allocate a budget for this purpose within the scope of their project and without relying on additional COSME funding.³³

Expected results and deliverables for Strand B:

The consortium members must submit at least the following deliverables. All deliverables must appear in the table “List of Deliverables” in Section A of the Description of the Action (Technical Annex 1) of the submitted proposal.

- Reports on cooperation activities developed and implemented with international partners in each target market; fact-finding mission reports; matchmaking mission reports with details on potential cooperation actions identified and initiated through international cluster and business matchmaking events; reports on possible pilot operational cooperation projects developed between Partnership SME members and international partners; proposed IPR collaboration and standards setting initiatives;
- Signature of **minimum one cooperation agreement/ Memorandum of Understanding** between the Partnership members and one international partner **for each target market**, targeting at least two third countries or world regions. Each cooperation agreement should include a concept note outlining the intended cooperation objective and activities;
- Signature of **minimum two business agreements** to develop collaborative projects between the Partnership SME members and business or other relevant stakeholders from third countries **for each target market**. Each business agreement should include a concept note outlining the intended collaborative project and planned activities, and detailing the need for customised assistance for the implementation of further operational collaborative activities with a view to

³³ The European Cluster Collaboration Platform and/or the European Commission services or EASME are organising on average two international cluster matchmaking events per year.

lead to increased exports and investment opportunities generating employment for European businesses;

- A **monitoring scoreboard** with verifiable indicators of the project results and their expected impact such as increased exports, increased jobs in Europe, increased visibility of European SMEs in foreign markets, innovation projects (including patents), new or adapted products and services, critical imports secured and direct foreign investments or cooperation partners attracted, or expertise in support of these activities;
- A **mid-term report on the cooperation activities** undertaken and lessons learned, with a monitoring scoreboard as set out above and practical recommendations for improving the implementation of the strategy, at the end of the first year of implementation;
- A **final report on the cooperation activities** undertaken and lessons learned, with a monitoring scoreboard as set out above and practical recommendations for improving the implementation of the strategy at the end of the project with a plan for a long-term cooperation agenda fostering a sustainable Partnership beyond the lifetime of the project.

2.3. Indicators for the proposed actions

The actions to be implemented under Strands A and B will be assessed, as a minimum, against the following compulsory performance indicators:

For Strand A:

- Number of cluster organisations or business network organisations from different COSME participating countries having benefited from the supported actions;
- Number of cooperation agreements³⁴ resulting from the supported actions;
- Number of business agreements³⁵ resulting from the supported actions;
- Number of events (workshops/ matchmaking events/ working group meetings) organised by the Partnership;
- Number of cluster and business matchmaking events in which members of the Partnerships participated with the support of this action;
- Impact of the supported actions to be measured in the number of resulting cooperation projects between clusters as well as business partners;
- Number of SMEs having directly or indirectly benefited from the supported actions resulting in cooperation projects³⁶;

³⁴ A **cooperation agreement** is a document outlining the basic terms of an agreement on planned cooperation activities with another entity. It can also be called a Memorandum of Understanding. It shows an understanding of cooperation between two or more parties, a mutual desire to work together on an agreed goal. For the purpose of this Call for proposals, these agreements are between the ESCP Partnership (including their member SMEs) and international cluster or intermediary organisations, as a result of the ESCP internationalisation activities during the lifetime of the COSME project.

³⁵ A **business agreement** is a negotiated and usually legally enforceable understanding between two or more parties. It typically documents the give-and-take of a negotiated settlement. For the purpose of this Call for proposals, these agreements are, in principle, between SMEs in COSME participating countries and international SMEs in third countries, as a result of the ESCP internationalisation activities during the lifetime of the COSME project.

- Increase in the percentage of the turnover from international activities, and employment in Europe, of the SMEs having benefited directly and indirectly from the supported actions, compared to a similar group of SMEs not benefiting, as measured through a survey.

For Strand B:

- Number of cluster organisations and business networks from different EU countries having benefited from the supported actions;
- Number of cooperation agreements³⁷ resulting from the supported actions;
- Number of business agreements³⁸ resulting from the supported actions;
- Number of events (workshops/ matchmaking events/ working group meetings) organised by the Partnership;
- Number of cluster and business matchmaking events in which members of the Partnerships participated with the support of this action;
- Number of SMEs having directly or indirectly benefited from the supported actions, resulting in cooperation projects³⁹;
- Increase in the percentage of the turnover from international activities, and employment in Europe, of the SMEs having benefited directly and indirectly from the supported actions, as measured through a survey by the end of the action;
- Impact of the supported actions in terms of number of resulting cooperation projects between international cluster and business network partners.

Applicants must include these compulsory indicators and propose additional performance SMART (i.e. Specific, Measurable, Attainable, Relevant and Timely) indicators in their proposal.

³⁶ A **cooperation project** is any activity where two or more parties work together towards a jointly established goal. For the purpose of this Call for proposals, a cooperation project can take the format, inter alia, of the organisation of joint match-making events; preparation of joint studies, analyses and surveys; preparation of a joint branding and marketing strategy, etc. For the purpose of this Call for proposals, cooperation projects are between the ESCP Partnership (including their member SMEs) and international cluster or intermediary organisations, as a result of the ESCP internationalisation activities during the lifetime of the COSME project.

³⁷ A **cooperation agreement** is a document outlining the basic terms of an agreement on planned cooperation activities with another entity. It can also be called a Memorandum of Understanding. It shows an understanding of cooperation between two or more parties, a mutual desire to work together on an agreed goal. For the purpose of this Call for proposals, these agreements are between the ESCP Partnership (including their member SMEs) and international cluster or intermediary organisations, as a result of the ESCP internationalisation activities during the lifetime of the COSME project.

³⁸ A **business agreement** is a negotiated and usually legally enforceable understanding between two or more parties. It typically documents the give-and-take of a negotiated settlement. For the purpose of this Call for proposals, these agreements are, in principle, between SMEs in COSME countries and international SMEs in third countries, as a result of the ESCP internationalisation activities during the lifetime of the COSME project.

³⁹ A **cooperation project** is any activity where two or more parties work together towards a jointly established goal. For the purpose of this Call for proposals, a cooperation project can take the format, inter alia, of the organisation of joint match-making events; preparation of joint studies, analyses and surveys; preparation of a joint branding and marketing strategy, etc. For the purpose of this Call for proposals, cooperation projects are between the ESCP Partnership (including their member SMEs) and international cluster or intermediary organisations, as a result of the ESCP internationalisation activities during the lifetime of the COSME project.

All indicators must appear in the table “Performance Indicators” in Section B of the Description of the Action (Technical Annex 1) of the submitted proposal, as well as under the “Performance Indicators” table of its corresponding Work Package in the proposal.

3. TIMETABLE

Stages	Dates
a) Deadline for submitting applications	2 December 2020
b) Evaluation period*	December 2020 and February 2021
c) Information to applicants*	March 2021
d) Signature of grant agreements*	May 2021
e) Starting date of the action*	May 2021

* indicative.

4. BUDGET AVAILABLE AND FUNDING OF PROJECTS

The total budget earmarked for the co-financing of projects is estimated at EUR 7 500 000 divided as follows:

- For Strand A: EUR 6 600 000
- For Strand B: EUR 900 000

These amounts could be increased if additional budgetary appropriations are made available.⁴⁰

The maximum grant per project will be EUR 550 000 for Strand A.

The maximum grant per project will be EUR 450 000 for Strand B.

EASME expects to fund 14 proposals:

- 12 proposals in Strand A;
- 2 proposals in Strand B.

⁴⁰ Article 4 of the COSME work programme 2020, EC Implementing Decision C(2020) 111 final, provides the changes to the allocations to specific actions not exceeding 20% of the maximum contribution for the implementation of the programme for the year 2020.

The grant is limited to a maximum reimbursement rate of **90%** of **eligible costs**.

If there are no sufficient proposals passing the overall and individual thresholds of the award criteria in Strands A or B, the budget available can be used to support proposals in the reserve list of the other strand.

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;
- For Strand B only: Applicant consortia will have to submit with their proposal a complete description of their **joint internationalisation strategy**, ready to be implemented, **including the signed Partnership Agreement, international strategy plan and implementation roadmap** as described in section 2.2 of this call for proposals.

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

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

6. **ELIGIBILITY CRITERIA**

6.1. Eligible applicants

Proposals may be submitted by the following applicants:

- **all applicants must be registered or having submitted a registration on the European Cluster Collaboration Platform (ECCP)** by the submission deadline of this Call for proposals and completed the relevant Annex 1 or 2 of the “Description of the Action” as following:
 - For cluster organisation and business networks already registered at the at the European Cluster Collaboration Platform: a link to the completed cluster profile of the applicant registered on the Platform and information concerning their industrial focus (to be provided through annex 1 of the “Description of the Action”); or

- For cluster organisation and business networks not yet registered at the European Cluster Collaboration Platform: A declaration on their honour that they represent a cluster organisation or a business network organisation offering or channelling innovative support services to businesses (in compliance with the definition of 'innovation clusters' provided above), and that a cluster profile has been submitted to the ECCP for registration with the respective information included in the descriptive form (to be provided through annex 2 of the “Description of the Action”).

Applicants must be entities 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 (also referred to as ‘affiliated entities’), may take part in the action **as applicants** in order to declare eligible costs.

For **Strand A**, only applications from legal entities established in the following countries are eligible:

- EU Member States;
- countries participating in the COSME programme pursuant to Article 6 of the COSME Regulation⁴¹.

For **Strand B**, only applications from legal entities established in the EU Member States are eligible.

6.2. Eligible consortia

In order to be eligible, a proposal must be submitted by a consortium.

For **Strand A**, the consortium must be:

- composed of **at least three different** legal entities, which are

⁴¹ 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 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.

- established in a **minimum of three different countries participating in the COSME programme** pursuant to Article 6 of the COSME Regulation, and
- among which **at least two must be from two different EU Member States.**

For **Strand B**, the consortium must be:

- composed of **at least three different legal entities**, which are
- established in **three different EU Member States.**

Consortia containing partners established in non EU Member States will be declared ineligible.

Additional conditions for both Strands A and B:

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

Applicant **consortia** can apply for **one Strand only**, i.e. **either** Strand A **or** Strand B.

Eligible **applicants** can be part of maximum **one applicant consortium for each Strand.**

Applicant consortia must verify that their individual members are not part of another application under the same Strand. If such a case is detected by the funding body, it will lead to the rejection of the applicant organisation concerned from all proposals in the respective Strand. 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.

For Strand A: Applicant consortia funded under the previous 'Cluster Go International' calls COS-CLUSTER-2014-3-03, COS-CLUSINT-2016-03-01, COS-CLUSINT-2017-03-6, and COS-CLUSINT-2019-3-01 **are not eligible** to apply for this call for proposals.

6.3. For British applicants

Please be aware that following the entry into force of the EU-UK Withdrawal Agreement⁴² on 1 February 2020 and in particular Articles 127(6), 137 and 138, the references to natural or legal persons residing or established in a Member State of the European Union are to be understood as including natural or legal persons residing or established in the United Kingdom. UK residents and entities are therefore eligible to participate under this call for proposals.

⁴² Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

6.4 Implementation period

The project's duration for **Strand A** should be between 30 months and 36 months, taking into account the following specifications:

- applications for projects scheduled to run for less than 30 months will **not be accepted**.
- applications for projects scheduled to run for more than 36 months **may be considered** if duly justified by the applicant.

The project's duration for **Strand B** should be between 18 months and 24 months, taking into account the following specifications:

- applications for projects scheduled to run for less than 18 months will **not be accepted**.
- applications for projects scheduled to run for more than 24 months **may be considered** 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, its assets are being administered by a liquidator or by a court, it is in an arrangement with creditors, its business activities are suspended, or it is in any analogous situation arising from a similar procedure provided for under EU or 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 applicable law;
- (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 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 eligibility or selection criteria or in the performance of a contract, a grant agreement or a grant decision;
 - (ii) entering into agreement with other applicants with the aim of distorting competition;
 - (iii) violating intellectual property rights;
 - (iv) attempting to influence the decision-making process of the Agency during the award procedure;
 - (v) attempting to obtain confidential information that may confer upon it undue advantages in the award procedure;
- (d) it has been established by a final judgment that the applicant is guilty of any of the following:
 - (i) fraud, within the meaning of Article 3 of Directive (EU) 2017/1371 of the European Parliament and of the Council and 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 4(2) of Directive (EU) 2017/1371 or 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, or conduct referred to in Article 2(1) of Council Framework Decision 2003/568/JHA, or corruption as defined in the applicable law;
 - (iii) conduct related to a criminal organisation, as referred to in Article 2 of Council Framework Decision 2008/841/JHA;
 - (iv) money laundering or terrorist financing within the meaning of Article 1(3), (4) and (5) of Directive (EU) 2015/849 of the European Parliament and of the Council;
 - (v) terrorist 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 offences concerning trafficking in human beings as referred to 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) It has been established by a final judgement or final administrative decision that the applicant has created an entity in a different jurisdiction with the intent to circumvent fiscal, social or any other legal obligations of mandatory application in the jurisdiction of its registered office, central administration or principal place of business;
- (h) it has been established by a final judgement or final administrative decision that an entity has been created with the intent referred to in point (g);
- (i) for the situations referred to in points (c) to (h) above, the applicant is subject to:
- (i) facts established in the context of audits or investigations carried out by European Public Prosecutor's Office after its establishment, the Court of Auditors, the European Anti-Fraud Office or the internal auditor, 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 judgments or 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) facts referred to in decisions of persons or entities being entrusted with EU budget implementation tasks;
 - (iv) information transmitted by Member States implementing Union funds;
 - (v) decisions of the Commission relating to the infringement of Union competition law or of a national competent authority relating to the infringement of Union or national competition law; or

- (vi) 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 7.1), it must 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 correct the conduct and prevent further occurrence, compensation of damage or payment of fines or of any taxes or social security contributions. 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; or
- (b) has misrepresented the information required as a condition for participating in the procedure or has failed to supply that information; or
- (c) was previously involved in the preparation of documents used in the award procedure where this entails a breach of the principle of equal treatment, including distortion of competition, that cannot be remedied otherwise.

Administrative sanctions (exclusion) may be imposed on applicants, if any of the declarations or information provided as a condition for participating in this procedure prove to be false.

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 136(1) and 141 of the EU Financial Regulation (FR)⁴³, 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 duration of the grant 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.

⁴³ See Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, (OJ L 193/30.07.2018, p.1).

b) Grants > 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.

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

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 weak, s/he may:

- request further information;
- decide not to give pre-financing;
- decide to give pre-financing paid in instalments;
- decide to give 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-beneficiaries⁴⁴;

If the authorising officer considered that the financial capacity is insufficient s/he will reject the application.

8.2 Operational capacity

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

Applicants must represent a **cluster organisation or a business network organisation** involved in supporting the enhancement of cooperation, networking and learning in innovation clusters and providing or channelling specialised and customised businesses support services to stimulate innovation activities, especially in SMEs, in compliance with the coverage of innovation clusters

⁴⁴ The beneficiaries are advised to provide for this situation also in the consortium agreement (see Article 25 of the model Grant agreement).

given in the section 1.2 (e), 1.3 (s) and Annex I in the “EU Framework for State Aid for Research and Development and Innovation”⁴⁵.

In this respect, **for Strands A and B** applicants have to submit a **declaration on their honour**, and the following supporting documents:

1. A list containing the description of relevant previous projects and activities performed in the cluster area and connected to the policy field of the Strand to which the consortium applies, aimed notably at promoting cluster cooperation within or beyond Europe or to the actions to be carried out, including projects and activities supported under COSME or through European regional or research funding as, for instance, under the European Territorial Cooperation Regulation (INTERREG) and the European Structural and Cohesion Fund and the Horizon 2020 or 7th Research and Innovation Framework Programme (FP7), (to be provided in section B.2.3 of the "Description of the Action").
2. A list containing the description of skills, expertise and role of key staff involved in the project (to be provided in the section B.2.2. of the “Description of the Action”). Consortia must assign to the project at least three highly qualified experts primarily responsible for managing and implementing the proposed action with at least three years of experience each in running cluster or business networks activities. The curricula vitae of the three persons must be submitted with the application.

For Strand B at least one of the three applying legal entities must be a defence-related entity, meaning that:

- such entity is either a member of a National Defence Industry Association⁴⁶, or devoting part of its sales to the defence markets⁴⁷ or taking part in national or European defence-related projects⁴⁸;
- OR
- one of the members⁴⁹ of such entity is either a member of a National Defence Industry Association⁵⁰, or devoting part of its sales to the defence markets⁵¹ or taking part in national or European defence-related projects⁵².

⁴⁵ 2014/C 198/01. According to this definition: *‘innovation clusters’ means structures or organised groups of independent parties (such as innovative start-ups, small, medium and large enterprises, as well as research and knowledge dissemination organisations, non-for-profit organisations and other related economic actors) designed to stimulate innovative activity by promoting sharing of facilities and exchange of knowledge and expertise and by contributing effectively to knowledge transfer, networking, information dissemination and collaboration among the undertakings and other organisations in the cluster;*

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

⁴⁶ See for example the non-exhaustive list available at https://www.eda.europa.eu/docs/default-source/documents/ndias-contact-list_published.pdf.

⁴⁷ This could be demonstrated for example through Annual Reports or by providing proof that the entity has a defence contract with a Prime defence company or Ministry of Defence.

⁴⁸ This could be demonstrated for example by providing proof that the entity is part of a project funded under the Preparatory Action of Defence Research or the European Defence Industry Development Programme or that the entity is part of a project managed by the European Defence Agency.

⁴⁹ Please attach proof of membership to one of the applying cluster/business network organisations.

⁵⁰ See for example the non-exhaustive list available at https://www.eda.europa.eu/docs/default-source/documents/ndias-contact-list_published.pdf.

⁵¹ This could be demonstrated for example through Annual Reports or by providing proof that the entity has a defence contract with a Prime defence company or Ministry of Defence.

9. AWARD CRITERIA

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

For Strand A:

<i>Criteria</i>	<i>Max. score</i>
<p>1. Relevance of the actions in view of the objectives of the call (<i>meeting objectives of the call; appropriate results; appropriate partnership; competences and European dimension</i>)</p> <p>How relevant is the proposed action to the objectives of Strand A to develop a European Strategic Cluster Partnership leading international cluster cooperation in strategic areas and supporting SME internationalisation beyond Europe?</p> <p>How relevant is the proposed action in supporting the initial implementation and testing of the joint internationalisation strategy prepared by applicant consortia?</p> <p>How strategically chosen are the project partners (i.e. relevance and complementarities of each partner to the project)?</p> <p>To what extent does the proposed action demonstrate that the Partnership is based on and will pursue cross-sectoral cooperation across related industries and sectoral boundaries (e.g. involving another sector or related industry)?</p> <p>How relevant is the proposed action to foster complementarities between consortium members?</p> <p>To what extent does the Partnership respect all 5 principles characterising a "European Strategic Cluster Partnership – Going International" leading the applicant consortium to be awarded an "ESCP-4i" label?</p>	30
<p>2. Quality of the proposed actions (<i>clear and feasible description of actions; appropriate allocation of resources, including management</i>)</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>How clear, coherent and ambitious is the work plan?</p> <p>To what extent are the proposed actions and is the work plan's methodology clearly defined and presented in terms of scheduled milestones, deliverables and a sound management structure?</p>	30

⁵² This could be demonstrated for example by providing proof that the entity is part of a project funded under the Preparatory Action of Defence Research or the European Defence Industry Development Programme or that the entity is part of a project managed by the European Defence Agency.

<p>How suitable and appropriate is the contribution of each partner to the activities proposed, per work package/task, considering partners' skills and responsibilities?</p> <p>To what extent does the proposed action demonstrate how the Partnership will seek and exploit synergies with other inter-regional activities? For instance, cluster cooperation funded under COSME (e.g. European Strategic Cluster Partnerships for Smart Specialisation investment), Horizon 2020 (e.g. INNOSUP-1 Cluster facilitated projects for new industrial value chains) and European regional funds (i.e. European Territorial Programmes and European Structural and Investment Fund).</p>	
<p>3. Impact on target audience (<i>appropriate impact indicators; dissemination; project continuation</i>)</p> <p>What are the expected outcomes, potential impact and the EU added value of the project?</p> <p>What is the expected impact of the cooperation agreements and business agreements?</p> <p>To what extent is the project likely to have a tangible impact on European SMEs benefiting directly or indirectly from the supported action?</p> <p>How reasonable are the expected multiplying effects of the project to support SME internationalisation beyond Europe (e.g. degree of involvement of SMEs in the preparation of the Partnership's internationalisation strategy)?</p> <p>How effective, innovative and convincing are the promotional and communication activities? Does the proposal contain a comprehensive communication strategy?</p> <p>To what extent does the project suggest ambitious, objectively verifiable and achievable SMART performance indicators to measure its outcomes?</p> <p>How concrete, ambitious and realistic are the measures planned to ensure the project's continuity after the termination of the EU co-funding?</p>	20
<p>4. 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 proposed action?</p> <p>To what extent is the budget clear and detailed, as well as effective to implement the proposed actions?</p> <p>To what extent do the expected results stand in a reasonable relationship to the amount of the grant?</p>	20
TOTAL	100

For Strand B:

<i>Criteria</i>	<i>Max. score</i>
<p>1. Relevance of the actions in view of the objectives of the call (<i>meeting objectives of the call; appropriate results; appropriate partnership: competences and European dimension</i>)</p> <p>How relevant is the proposed action to the objectives of Strand B to further develop a European Strategic Cluster Partnership - Going International in the Defence and Security sector (dual use technologies)?</p> <p>How strategically chosen are the project partners (i.e. relevance and complementarities of each partner to the project)?</p> <p>To what extent does the proposed action lead to intensified cooperation between defence clusters and non-defence industrial clusters and focus on implementing joint internationalisation strategies in areas of dual use technologies, products and services towards non-EU countries?</p> <p>How relevant is the proposed action to foster complementarities between consortium members?</p> <p>To what extent does the Partnership respect all 5 principles characterising a "European Strategic Cluster Partnership – Going International" leading the applicant consortium to be awarded an "ESCP-4i" label?</p>	30
<p>2. Quality of the proposed actions (<i>clear and feasible description of actions; appropriate allocation of resources, including management</i>)</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>How clear, coherent and ambitious is the work plan?</p> <p>To what extent are the proposed actions and is the work plan's methodology clearly defined and presented in terms of scheduled milestones, deliverables and a sound management structure?</p> <p>How suitable and appropriate is the contribution of each partner to the activities proposed, per work package/task, considering partners' skills and responsibilities?</p> <p>To what extent does the proposed action demonstrate how the Partnership will seek and exploit synergies with other inter-regional activities? For instance, cluster cooperation funded under COSME (e.g. European Strategic Cluster Partnerships for Smart Specialisation investment), Horizon 2020 (e.g. INNOSUP-1 Cluster facilitated projects for new industrial value chains) and European regional funds (i.e. European Territorial Programmes and European Structural and Investment Fund)</p>	30
<p>3. Impact on target audience (<i>appropriate impact indicators; dissemination; project continuation</i>)</p>	20

<p>What is the expected outcome, potential impact and EU-added value of the project?</p> <p>What is the expected impact of the cooperation agreements and business agreements?</p> <p>To what extent is the project likely to have a tangible impact on European SMEs benefiting directly or indirectly from the supported action?</p> <p>How effective, innovative and convincing are the promotional and communication activities? Does the proposal contain a comprehensive communication strategy?</p> <p>To what extent does the project suggest ambitious, objectively verifiable and achievable SMART performance indicators to measure its outcomes?</p> <p>How concrete, ambitious and realistic are the measures planned to ensure the project's continuity after the termination of the EU co-funding?</p>	
<p>4. 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 proposed action?</p> <p>To what extent is the budget clear and detailed, as well as effective to implement the proposed actions?</p> <p>To what extent do the expected results stand in a reasonable relationship to the amount of the grant?</p>	20
TOTAL	<i>100</i>

Applicable for both strands: 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.⁵³

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

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

d) Balanced budget

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

The budget must be drawn up in euros.

⁵³ Directive 2014/24/EU of the European Parliament and the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94/65 of 28.3.2014).

Applicants for whom costs will not be incurred in euros, should 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.

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/EU⁵⁴ or contracting entities in the meaning of Directive 2014/25/EU⁵⁵ must comply with 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.

Beneficiaries may subcontract tasks forming part of the action as described in the proposal. If they do so, they must ensure that, in addition to the above-mentioned conditions of best value for money and absence of conflicts of interests, the following conditions are also complied with:

- (i) subcontracting does not cover core tasks of the action;
- (ii) recourse to subcontracting is justified because of the nature of the action and what is necessary for its implementation;
- (iii) the estimated costs of the subcontracting are clearly identifiable in the estimated budget;
- (iv) any recourse to subcontracting, if not provided for in description of the action, is communicated by the beneficiary and approved by the Agency. The Agency may grant approval:
 - (i) before any recourse to subcontracting, if the beneficiaries requests an amendment
 - (ii) after recourse to subcontracting if the subcontracting:
 - is specifically justified in the interim or final technical report and
 - does not entail changes to the grant agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants;
- (v) the beneficiaries ensure that certain conditions applicable to beneficiaries, enumerated in the grant agreement (e.g. visibility, confidentiality, etc.), are also applicable to the subcontractors.

⁵⁴ Directive 2014/24/EU of the European Parliament and the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94/65 of 28.3.2014).

⁵⁵ 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 (OJ L 94/243 of 28.3.2014).

f) Financial support to third parties

Applications may envisage provision of financial support to third parties.

Financial support to third parties may be part of the project costs and shall be included under the corresponding cost heading (according to the provisions of Art. 11a.1 of the Grant Agreement). It covers the financial assistance paid to third parties, i.e. organisations or individuals as reimbursement of actual costs linked to expenditure for travel, accommodation, subsistence occurred during visits or travel foreseen in the project.

The proposal shall outline:

- an exhaustive list of the types of costs for which a third party may receive financial support among which travel, accommodation, subsistence occurred during visits or travel provided for in the proposal;
- the definition of the persons or categories of persons and organisations ('third party') which may receive this financial support (i.e. individuals or organisations accompanying the beneficiary and participating in travels provided for in project);
- the criteria for awarding financial support (i.e. against invoice by third party);

The amount of financial support per third party must not exceed 6600 EUR.

However if the beneficiary purchases directly the travel tickets and books accommodations for the SMEs accompanying the beneficiary, this has to be provided for in the Annex 1 'Description of the Action', and budgeted and declared under the budget category 'Other Direct Costs'.

12.2 Funding forms

The grant will be defined by applying a maximum co-financing rate defined in section 4 to the eligible costs declared by the beneficiary. Amounts are indicated in euros.

➤ **Maximum EU contribution requested**

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

➤ **Eligible costs**

'Eligible costs' shall meet all the following criteria:

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

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

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

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

In addition for **unit costs**:

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

Further details are included in the model grant agreement.

Eligible costs may be direct or indirect.

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 were not undertaken;

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

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

C. Direct costs of providing financial support to third parties are 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 grant⁵⁶ 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. In order to demonstrate this, in principle, the beneficiary should:

- a. use *analytical cost accounting that allows to separate all costs (including overheads)* attributable to the operating grant and the action grant. For that purpose the beneficiary should use *reliable accounting codes and allocation keys* ensuring that *the allocation of the costs is done in a fair, objective and realistic way*.
- b. *record separately*:
 - all costs incurred for the operating grants (i.e. personnel, general running costs and other operating costs linked to the part of its usual annual activities), and
 - all costs incurred for the action grants (including the actual indirect costs linked to the action)

If the operating grant covers the entire usual annual activity and budget of the beneficiary, the latter is not entitled to receive any indirect costs under the action grant.

➤ **Ineligible costs**

- (a) return on capital and dividends paid by a beneficiary;
- (b) debt and debt service charges;
- (c) provisions for 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;

⁵⁶ For the definition, see Article 180(2)(b) of the EU Financial Regulation: '**operating grant**' means financial contribution, to the functioning of a body which has an objective forming part of, and supporting, an Union policy, by means of a financial contribution to its work programme.

- (h) excessive or reckless expenditure;
- (i) deductible VAT;
- (j) costs incurred during suspension of the implementation of the action;
- (k) in-kind contributions provided by third parties;
- (l) costs declared under another EU or Euratom grant (including grants awarded by a Member State and financed by the EU or Euratom budget and grants awarded by bodies other than the Agency for the purpose of implementing the EU or Euratom budget); in particular, indirect costs if the beneficiary is already receiving an operating grant financed by the EU or Euratom budget in the same period, unless they can demonstrate that the operating grant does not cover any costs of the action.
- (m) costs for staff of a national (or local) administration, for activities that are part of the administration's normal activities (i.e. not undertaken only because of the grant);
- (n) costs (especially travel and subsistence costs) for staff or representatives of EU institutions, bodies or agencies.

Further details are included in the model grant agreement.

➤ **Calculation of the final grant amount**

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

- 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, 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 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, calculated at the payment of the balance, of receipts over the eligible costs of the action**, where receipts are limited to the Union grant and the revenue generated by that action. 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.

The '**final grant amount**' depends on the actual extent to which the action is implemented in accordance with the Grant Agreement.

This amount is calculated by the Agency at the payment of the balance in the following steps:

Step 1 — Application of the reimbursement rate to the eligible costs declared by the beneficiaries and approved by the Agency.

Step 2 — Limit to the maximum grant amount.

Step 3 — Reduction due to the no-profit rule as the grant must not produce a profit⁵⁷:

‘Profit’ means the surplus of the amount obtained following Steps 1 and 2 plus the ‘action’s total receipts’ (being the consolidated total receipts generated during its duration), over the ‘action’s total eligible costs’ (being the consolidated total eligible costs approved by the Agency).

The following are considered ‘receipts’:

(a) revenue generated by the action for beneficiaries other than non-profit organisation;

In-kind and financial contributions by third parties are not considered receipts.

If there is a ‘profit’, it will be deducted in proportion to the final rate of reimbursement of the eligible actual costs approved by the Agency (as compared to the amount calculated following Steps 1 and 2).

Step 4 — Reduction due to substantial errors, irregularities or fraud or serious breach of obligations (calculated in proportion to the seriousness of the errors, irregularities or fraud or breach of obligations) from the maximum grant amount.

The final grant amount will be the lower of the following two:

- the amount obtained following Steps 1 to 3 or
- the reduced grant amount following Step 4.

Further details are included in the model grant agreement.

12.3 Payment arrangements:

Pre-financing payment

A pre-financing payment corresponding to 50% 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.

For Strand A only: Interim payment

One interim payment shall be paid to the beneficiary. Interim payment(s) is/are intended to cover the beneficiary's expenditure on the basis of a request for payment when the action has been partly carried out. For the purpose of determining the amount due as interim payment, the reimbursement rate to be applied to the eligible costs approved by EASME shall be rate indicated in section 4.

The total amount of pre-financing and interim payment shall not exceed 90% of the maximum grant amount.

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.

⁵⁷ Not applicable for low value grants.

12.4 Pre-financing guarantee

In the event that the applicant's financial capacity is not satisfactory, a pre-financing guarantee for an amount not exceeding the amount of the pre-financing and shall be valid for a period sufficiently long to allow it to be activated, 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 when the pre-financing is deducted from interim payments or payments of the balance 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:

For Strand A:

- technical progress reports covering 6 months, not linked to a request for payment ('progress reports');
- interim periodic technical and financial report, covering the first half of the project and linked to a request for interim payment ('interim report');
- final technical and financial report, covering the entire project duration and linked to the request for the payment of the balance ('final report').

For Strand B:

- technical progress reports covering 6 months, not linked to a request for payment ('progress reports');
- final technical and financial report, covering the entire project duration and linked to the request for the payment of the balance ('final report').

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 EASME will provide beneficiaries with a disclaimer stating that the EU is not responsible for the views displayed in the publications and/or in conjunction with the activities for which the grant is used.

14.2 By EASME

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

EASME will publish the following information:

- name of the beneficiary
- address of the beneficiary when the latter is a legal person, region when the beneficiary is a natural person, as defined on NUTS 2 level⁵⁸ 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.

⁵⁸ 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) (OJ L 39 of 10.02.2007).

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 (EU) 2018/1725 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data⁵⁹. Unless indicated otherwise, the questions and any personal data requested that are required to evaluate the application in accordance with the call for proposal will be processed solely for that purpose by the EASME Head of Unit A.1. Details concerning the processing of personal data are available on the privacy statement at: https://ec.europa.eu/research/participants/data/support/legal_notice/h2020-ssps-grants-sedia_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 Articles 136 and 141 of the EU Financial Regulation 2018/1046⁶⁰ (for more information see 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/cosme/cosme-open-calls-proposals> 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, 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.

➤ Contacts

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

Answers will be published at <https://ec.europa.eu/easme/en/cosme/cosme-open-calls-proposals>.

17. ANNEXES:

- *Application form (Description of the action and Detailed budget template)*

⁵⁹ OJ L 295/39 of 21.11.2018.

⁶⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R1046>.

- *Model Grant Agreement*

https://ec.europa.eu/research/participants/data/ref/other_eu_prog/cosme/mga/cosme-mga-multi_en.pdf

- *Guide for Applicants:*

https://ec.europa.eu/research/participants/data/ref/other_eu_prog/cosme/guide/pse/cosme-guide-applicants-18_en.pdf