Eurostars Joint Programme: participation by the Community in a research and development programme aimed at supporting research and development performing SMEs undertaken by several Member States

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

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

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

Main aspects of the final evaluation:

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

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

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

The report goes on to note that participating SMEs already have experience in national and international funding programmes, and the **majority already have pre-existing international links.** However, the

Makarow group found that applications involving university or public research organisations have a higher chance of being funded. One of its recommendations is that the Secretariat and national project coordinators should **ensure that the programme also reaches SMEs that do not have pre-existing international links**, by designing and implementing a marketing and promotion strategy.

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

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

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

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