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THE EUROPEAN UNION**

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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	12 July 2013
To:	Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2013) 501 final
Subject:	Proposal for a COUNCIL REGULATION on the ECSEL Joint Undertaking

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Delegations will find attached document COM(2013) 501 final.

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Encl.: COM(2013) 501 final



Brussels, 10.7.2013  
COM(2013) 501 final

2013/0234 (NLE)

Proposal for a

**COUNCIL REGULATION**

**on the ECSEL Joint Undertaking**

(Text with EEA relevance)

{SWD(2013) 255 final}  
{SWD(2013) 256 final}

## EXPLANATORY MEMORANDUM

### 1. CONTEXT OF THE PROPOSAL

- **General context**

The European Union (EU) must take steps to ensure it can emerge from the economic and financial crisis and find a path to sustainable growth.

One of the aims of Horizon 2020<sup>1</sup>, the European Union's programme for research and innovation for the period 2014-2020, will be to strengthen European industry through actions in support of research and innovation across a range of industrial sectors.

The Leadership in Enabling and Industrial Technologies pillar of Horizon 2020 targets specifically the strengthening of industrial competitiveness in key technologies such as ICT. Micro- and nanoelectronics, and smart embedded components and systems are priority fields identified within the ICT theme in Horizon 2020.

In order to better align EU support for research and innovation with industrial goals and attract higher industrial investments in Europe, Horizon 2020 provides for the setting-up of public-private partnerships in key areas where research and innovation could contribute to Europe's wider competitiveness goals and help tackle societal challenges.

This new proposal for a public-private partnership (PPP) relates to a Joint Undertaking (JU) in the field of electronic components and systems. The ECSEL ('Electronic Components and Systems for European Leadership') JU replaces the previous ENIAC<sup>2</sup> and ARTEMIS<sup>3</sup> JUs respectively in the fields of nanoelectronics and embedded systems launched under the Seventh Framework Programme<sup>4</sup>. It is put forward in the context of the Multiannual Financial Framework<sup>5</sup>, the Commission's proposal for Horizon 2020, the Commission Communication 'Partnering in Research and Innovation'<sup>6</sup>, the Innovation Union Flagship Initiative<sup>7</sup>, the Commission Communication on Key Enabling Technologies<sup>8</sup> 'A European strategy for Key Enabling Technologies — A bridge to growth and jobs', and the Commission Communication 'A European strategy for micro- and nanoelectronics components and systems'<sup>9</sup>. The proposal is also in line with the Commission Communication 'Public-private partnerships, in Horizon 2020: a powerful tool to deliver on innovation and growth in Europe'<sup>10</sup>.

- **Rationale and objectives of a Joint Undertaking in the area of electronic components and systems**

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<sup>1</sup> COM(2011) 809 final of 30.11.2011.

<sup>2</sup> Regulation (EC) No 72/2008 of 4.2.2008, OJ L30/21.

<sup>3</sup> Regulation (EC) No 74/2008 of 4.2.2008, OJ L30/52.

<sup>4</sup> Decision No 1982/2006/EC of the European Parliament and of the Council of 18.12.2006.

<sup>5</sup> [Reference to MFF].

<sup>6</sup> COM(2011) 572 final of 21.9.2011.

<sup>7</sup> COM(2010) 546 final of 6.10.2010.

<sup>8</sup> COM(2012) 341 final of 26.6.2012.

<sup>9</sup> COM(2013) 298 final of 23.5.2013.

<sup>10</sup> COM(2013) ... [Communication on Public-private partnerships in Horizon 2020].

Apart from being a significant industry with more than EUR 1000 billion of turn over world-wide, electronic components and embedded systems are at the origin of most productivity improvements across the whole of the economy and have a key role in addressing societal challenges. Despite strong presence in important vertical markets (automotive, energy, payment systems, etc.), the electronic components and systems industry in Europe is facing major challenges that will impact the whole economy.

More specifically, Europe is facing two main challenges in electronic components and systems. One is to be in control of the key elements of the value chain, (i.e. design, manufacturing and integration in final products), that are essential to ensure the sustainability of value creation from electronics in Europe including the competitiveness of many other European industrial sectors (automotive, energy, health, web industry, etc.). The other is to bridge important gaps in the innovation chains in order to better transform research excellence into commercial successes.

In addressing the above challenges Europe must cope with fierce global competition, declining market shares of its industry, high costs of research and innovation and fast-paced technology development.

In that context, a Joint Undertaking in the area of electronic components and systems will aim at:

- ensuring the security of supply of key technologies underpinning innovation in all major sectors of the economy, and ensuring that Europe can make the best use of these technologies to spur economic growth generally;
- supporting EU policies, the environment and industrial competitiveness as embodied in the Europe 2020 strategy for smart, sustainable and inclusive growth;
- overcoming obstacles to effective research and innovation in this area, including high risks, high cost of R&D and market failures. Public support is needed to leverage private investments;
- aligning strategies with Member States to attract private investment and to contribute to sound public finances by avoiding unnecessary duplication of efforts and fragmentation, and easing participation for actors involved in research and innovation;
- pushing industry to set a long-term strategic research and innovation agenda, create the necessary critical mass, leverage private investment, facilitate knowledge sharing, reduce risks, lower costs and reduce time to market.

In particular, the specific objectives of this new Joint Undertaking are:

- to maintain and grow semiconductor and smart systems manufacturing capability in Europe including leadership in manufacturing equipment and materials processing;
- to secure a leading position in design and systems engineering including embedded technologies;

- to provide access for all stakeholders to a world-class infrastructure for the design and manufacture of electronic components and embedded and smart systems;
  - to foster the development of ecosystems involving innovative SMEs, strengthening existing clusters and nurturing the creation of new clusters in promising new areas.
- **Building on past experience**

The proposed Joint Undertaking builds upon the achievements of previous JUs (ENIAC and ARTEMIS) under the Seventh Framework Programme. Both JUs aimed at creating a Europe-wide research and development programme in the fields of nanoelectronics and embedded systems with an incentive for industry, Member States and the European Union to align strategies and increase investments. They provided a major opportunity to cooperate across Europe, create critical mass and leverage investments. The JUs demonstrated that they can successfully play the role of an honest broker, and be a catalyst for ambitious projects increasing the engagement of the private sector champions in a framework in which national and European public authorities can support topics of high strategic value. This capability has been convincingly demonstrated by the ENIAC JU's success in jump-starting the implementation of the KET recommendations in nanoelectronics and by the ARTEMIS JU's first launch of large-scale innovation Pilot Projects. In the period 2008-2012 a total research, development and innovation investment of EUR 2.8 billion was realised by some 2000 participants of which over 500 are SMEs.

These JUs involve the private sector, national authorities and European authorities. One important challenge of this tri-partite construction consisted in aligning procedures and content with the expectations and processes of the participating Member States.

The first and second interim evaluations of the ARTEMIS and ENIAC JUs strongly recommended continuing a similar initiative under Horizon 2020, considering that no single organisation or Member State could possibly address all the challenges of this sector. Therefore, a coordinated action at European level is deemed the most appropriate way forward.

The experience with the current model shows that it has been able to meet the objectives, albeit with a steeper learning curve than anticipated, during which confidence and a practical modus operandi had to be built up.

Besides the successes mentioned above, there are some observations to be made on the present set-up:

- There is a lack of synchronisation between the various national procedures (for both contracting and payments), creating delays in the implementation of projects.
- The obligation for the participants to conclude two grant agreements based on different rules (JU and national) constitutes an administrative burden.
- The differing national rules have an impact on the way consortia are built.

- The rigid dependency between EU and national commitments (ratio contributions as imposed by the Council Regulation MS/EU 1.8) has hampered budget execution.
- The requirements of the Framework Financial Regulation for decentralised agencies put significant constraints on the limited resources of the JU.

Those difficulties did not hold things up but required continuous efforts by all parties to make the system work. The future initiative will greatly benefit from a simplified operating model in line with the overall goal of simplification under Horizon 2020. The proposal for the new Joint Undertaking includes provisions aiming at simplification and flexibility of operations.

## **2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS**

### **• Results of consultation**

Stakeholders consider the two existing Joint Undertakings in ICT as being of high value. The public consultation showed that the JUs helped addressing key bottlenecks in their respective domains and contributed to an increase of European competitiveness.

The current ENIAC and ARTEMIS JUs involve industrial stakeholders (both large companies and SMEs) and the research community (research and knowledge-dissemination organisations) from across Europe. Member States are directly involved in the governance structures and contribute financially. The industrial and research communities are represented through the industrial associations AENEAS and ARTEMIS-IA.

The consultations show that all actors are motivated and committed to the JTIs. According to industry, the JTIs have helped in bringing together relevant stakeholders and facilitated cooperation in the implementation of strategic research agendas. The JTIs pool private resources and public funds from Member States and the European Union.

For the new JTI, all stakeholders strongly support the following two main objectives:

- Achieve critical mass by pooling public and private resources; and
- Provide public support for large-scale demonstrators and pilots.

Cooperation on innovation across value chains throughout Europe and closer to the market should be supported. The design of complex electronic components and systems should be covered as well as manufacturing and technology development.

Member States insist on the most effective spending of public money in the interests of their national industry and research community. All participating Member States acknowledge the importance of a strong industry in electronic components and systems for their national economy. Member States are willing to consider participation in a tripartite model, when the level of funding requires pooling of resources and stronger alignment of strategies at regional, national and EU levels.

Some Member States recognise the difficulties currently faced by participants, notably through the application of national eligibility criteria and the lack of synchronisation and

alignment of national contracting and funding terms. Differences in national agreements create different conditions of participation and lead to some inefficiencies. These difficulties were reported by stakeholders in connection with the tripartite model for the JTI.

For SMEs ease of participation is of paramount importance. They strongly favour more targeted support, an opinion that is shared by the participating Member States.

The need for multi-annual financial perspectives from the Member States for the operations of the JU is equally highlighted by many stakeholders.

The various opinions were taken into account when designing the new JTI in electronic components and systems although the modus operandi of the JU as a one-stop shop was not equally supported by all Member States.

- **Impact assessment**

The proposed Regulation has been subject to a Commission impact assessment which is attached to the proposal.

### **3. LEGAL ELEMENTS OF THE PROPOSAL**

- **Summary of the proposed action**

The proposal consists of a Council Regulation setting up the ECSEL Joint Undertaking and defining its objectives, legal status, operational rules and statutes for the period 2014-2024 (up to 2020 for financial programming). The ENIAC and ARTEMIS Joint Undertakings were established respectively in the fields of nanoelectronics and embedded computing systems by Council Regulations (EC) No 72/2008 and No 74/2008 of 20 December 2007. These are to be repealed with effect from the entry into force of the new JU.

- **Legal basis**

The legal basis of the proposal is Article 187 of the Treaty on the Functioning of the European Union.

The Rules for Participation and Dissemination of Horizon 2020 will apply. However, given a specific operational need of this initiative, a derogation from these Rules is necessary. Nevertheless, this specific derogation is not included in the present proposal at this stage, in order not to prejudice the inter-institutional discussions concerning the appropriate legal basis/procedural modalities for their adoption, which are still pending in the context of the legislative works concerning the Commission proposal for a Regulation of the European Parliament and of the Council laying down the Rules for Participation and dissemination in Horizon 2020 (COM(2011) 0810 - 2011/0399 (COD)). The specific derogation will be introduced at a later stage in view of the outcome of the abovementioned discussions.

The applicability of State aid rules requires derogating from Regulation (EU) No ... [Rules for the participation and dissemination in Horizon 2020] with regard to the single funding rate per action. Due to the co-funding by Member States, the State aid rules with their specific provisions on aid intensities depending on the type of participants and the type of activities apply to the public aid granted by the Joint Undertaking.

- **Subsidiarity principle**

The subsidiarity principle applies insofar as the proposal does not fall under the exclusive competence of the Union.

The objectives of the proposal cannot be sufficiently achieved by the Member States individually for the following reasons.

- The sizeable challenges facing Europe's industry and economy require a substantial investment that represents a major effort for any one Member State to take on by its own. As a result, individual Member States, whatever the size of their economy, hesitate to engage in research and innovation, or delay investments that are essential for attracting further private investment and building Europe's capacity to innovate and compete. By combining resources from regional, national and EU levels, Europe can quickly react to, and anticipate the demand for, high investments as evidenced by the 2012 calls for proposals in respect of the ENIAC JTI. This call supported a set of manufacturing pilot lines in key domains for Europe's industries.
- Europe has high-quality specialised technology and industrial clusters in micro and nanoelectronics components and smart and embedded systems. Innovation and competitive products and services are increasingly stemming from multi-disciplinary research and innovation activities and from alliances and partnerships along the value chain from semiconductor development up to embedded software and networked applications. If no new initiative is launched at EU level fragmentation of the research and innovation landscape will increase in Europe. Without a focused and coherent programme Europe's contribution to electronic components and systems would consist of a set of scattered and unstructured local efforts. Progress will be held back by lack of coordination of industrial R&D objectives, duplication of effort, unnecessary bureaucracy, and suboptimal use of limited research funding. Therefore, action by individual Member States is not sufficient to meet the challenges faced by the electronic components and systems industry. No single national mechanism will be able to gather all the necessary expertise and financial means to take a strong position in the worldwide competitive market.

EU-level action will better achieve the desired objectives for several reasons. A European public-private partnership will leverage the financial and technical means that are essential to master the complexity of the ever escalating pace of innovation in this area. It will have a focusing effect on the European, national and industrial priorities. It will combine the strengths of transnational and European programmes. The adoption of a simplified modus operandi should allow for a shorter time-to-grant and avoid additional red tape for participants.

The proposal therefore complies with the subsidiarity principle.

- **Proportionality principle**

In accordance with the principle of proportionality, the provisions of this Regulation do not go beyond what is necessary to achieve its objectives.



The proposal complies with the proportionality principle for the following reasons. The proposed Joint Undertaking is the only simple option that overcomes the constraints and satisfies the requirements for achieving the objectives of the action. It is a structure that is durable over time, has legal personality and provides a clear legal framework for the collaboration and participation of actors involved in research and innovation, national authorities and the EU in a public-private partnership. The participation of all stakeholders is of paramount importance. As the initiative focuses on industrial objectives of great significance for economic competitiveness, industrial participation is essential to help shape the research priorities and innovation policies. The involvement of Member States is needed to mobilise national funding that constitutes the bulk of the public research and innovation spending in the area. Finally, the EU has a key role to play in driving the integration process, balancing the different interests of the partners, and adequately monitoring the use of its financial contribution.

The proposed action will achieve the necessary integration at EU level while providing flexibility for participation by individual Member States. Decision-making power on the use of national financial contributions is kept at the national level. The Joint Undertaking will establish a lean structure for decision-making and financial and administrative operations. It will be particularly cost-effective as its administrative costs are expected to be around 3% of the overall EU contribution to the research and innovation activities to be launched by the Joint Undertaking.

- **Choice of instrument**

Proposed instrument: Regulation

Other means would not be adequate for the following reason: the creation of a Joint Undertaking in which the European Union participates requires a Council Regulation.

#### **4. BUDGETARY IMPLICATION**

The budgetary assessment to be contributed by DG CONNECT from its budget for Leadership in Enabling and Industrial Technologies indicates maximum EU expenditure of EUR 1 215 255 000<sup>11 12</sup> (EFTA included) over the total lifetime of the ECSEL Joint Undertaking (up to 2024), which would need to be committed before 31 December 2020, when the budget for Horizon 2020 comes to an end, and paid by 31 December 2024.

#### **5. OPTIONAL ELEMENTS**

- **Simplification**

A simplified operating model is proposed to address the practical difficulties experienced by participants with the current JUs such as the variety of national rules and practices leading to significant differences in treating individual participants. It is proposed that the new JU may act for the Member States in making grant agreements/payments instead of national administrations just like it does for the EU contribution. This will allow the JU to act as a one-

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<sup>11</sup> In current prices.

<sup>12</sup> The amount is indicative and will depend on the final amount for DG CONNECT under the above-mentioned challenge.

stop shop and ensure synchronisation of funding to all participants. It is also proposed to harmonise the public funding rates (from EU and national sources) for all participants.

- **European interest**

Having a leading-edge electronics components and systems industry in Europe is of strong European interest as it will supply the enabling electronics technologies that foster innovation in a very wide range of businesses across the economy from automotive and aerospace to energy, health equipment, home appliances and all types of industrial manufacturing processes. In this respect, the objectives and scope of the ECSEL Joint Undertaking will be precise on the technology tracks to follow and economic goals to reach, the open and fair selection criteria for participants, the industry engagement in investments and creating jobs and the relevant governance and implementation modalities. The public aids provided to the activities of the ECSEL Joint Undertaking will improve the European Union's situation regarding research and innovation in the international context. They will benefit the full value chain of the electronics components and systems industry in Europe including many SMEs, but also the wider economic actors through the spill-overs generated. The Commission might consider, upon notification of the Member State or group of Member States concerned, that the ECSEL Joint Undertaking's initiatives qualify as important projects of common European interest, provided all relevant conditions are met.

Proposal for a

**COUNCIL REGULATION**

**on the ECSEL Joint Undertaking**

(Text with EEA relevance)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 187 and the first paragraph of Article 188 thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Parliament<sup>1</sup>,

Having regard to the opinion of the European Economic and Social Committee<sup>2</sup>,

Whereas:

- (1) Public-private partnerships in the form of Joint Technology Initiatives were initially provided for in Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013)<sup>3</sup>.
- (2) Council Decision 2006/971/EC of 19 December 2006 concerning the Specific Programme 'Cooperation' implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013)<sup>4</sup> identified specific public-private partnerships to be supported, including public-private partnerships in the specific areas of the ENIAC and ARTEMIS Joint Technology Initiatives.
- (3) Europe 2020 Strategy<sup>5</sup> underscores the need to develop favourable conditions for investment in knowledge and innovation so as to achieve smart, sustainable and inclusive growth in the Union. Both European Parliament and Council have endorsed this strategy.

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<sup>1</sup> OJ C [EP opinion], , p. .

<sup>2</sup> OJ C [ESC opinion], , p. .

<sup>3</sup> OJ L 412, 30.12.2006, p. 1.

<sup>4</sup> OJ L 400, 30.12.2006, p. 86.

<sup>5</sup> COM(2010) 2020 final.

- (4) Regulation (EU) No .../2013 of the European Parliament and of the Council of ... 2013 establishing Horizon 2020 — The Framework Programme for Research and Innovation (2014-2020)<sup>6</sup> aims to achieve a greater impact on research and innovation by combining Horizon 2020 Framework Programme and private-sector funds in public-private partnerships in key areas where research and innovation can contribute to the Union's wider competitiveness goals and help tackle societal challenges. Union involvement in those partnerships may take the form of financial contributions to joint undertakings established on the basis of Article 187 of the Treaty on the Functioning of the European Union under Decision No 1982/2006/EC.
- (5) In accordance with Decision (EU) No [...]/2013 of the Council of [...] 2013 establishing the Specific Programme implementing Horizon 2020 (2014-2020)<sup>7</sup> further support should be provided to Joint Undertakings established under Decision No 1982/2006/EC under the conditions specified in Decision (EU) No [...]/2013. The Industrial Leadership priority targets two specific activity lines under Information and Communication Technologies: "micro- and nanoelectronics", and "a new generation of components and systems, engineering of advanced and smart embedded components and systems". Embedded computing systems (ARTEMIS) and nanoelectronics (ENIAC) should be combined into a single initiative.
- (6) The Commission Communication 'A European strategy for Key Enabling Technologies — A bridge to growth and jobs'<sup>8</sup> identifies key enabling technologies (hereinafter 'KET'), which include micro- and nanoelectronics, as indispensable sources of innovation. There is currently a gap between basic knowledge generation and its subsequent commercialisation into goods and services. This needs to be tackled inter alia through a focused effort on pilot manufacturing lines and innovation pilot projects, including those of larger scale, for achieving technology and product validation under industrial conditions, and more integration and cross-fertilisation between the various KETs.
- (7) According to the Commission Communication 'A European strategy for micro- and nanoelectronics components and systems'<sup>9</sup>, micro- and nanoelectronics components and systems underpin innovation and competitiveness of all major economic sectors. The importance of the area and the challenges faced by the stakeholders in the Union require urgent action in order to leave no weak link in Europe's innovation and value chains. It is thus proposed to set up a mechanism at Union level to combine and focus support to research and innovation in electronic components and systems by Member States, the Union and the private sector.
- (8) In view of regaining a leading position in the nanoelectronics eco-system for Europe, the industrial and research stakeholders have proposed a strategic research and innovation programme with a total investment of EUR 100 billion up to the year 2020, aiming at increasing Europe's nanoelectronics-based worldwide revenues by over EUR 200 billion per year and creating an additional 250 000 direct and induced jobs in Europe.

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<sup>6</sup> OJ [H2020 FP].

<sup>7</sup> OJ [H2020 SP].

<sup>8</sup> COM(2012) 341, 26.6.2012.

<sup>9</sup> COM(2013) 298, 23.5.2013.

- (9) The term ‘Electronic Components and Systems’ encompasses the areas of micro- and nanoelectronics, embedded/cyber-physical and smart integrated systems and applications.
- (10) The ENIAC Joint Undertaking set up by Council Regulation (EC) No 72/2008 of 20 December 2007<sup>10</sup> successfully implemented a research agenda strengthening the relevant areas in nanoelectronics in which Europe improved its competitiveness by leveraging investments in priority subjects and by engaging the whole ecosystem.
- (11) The ARTEMIS Joint Undertaking set up by Council Regulation (EC) No 74/2008 of 20 December 2007 on the establishment of the ‘ARTEMIS Joint Undertaking’ to implement a Joint Technology Initiative in Embedded Computing Systems<sup>11</sup> has successfully demonstrated its strategic positioning which combines top-down guidance with bottom-up definition of the technical issues to be addressed, attracting projects with outcomes directly relevant for industry.
- (12) The interim evaluations of the ENIAC and ARTEMIS Joint Undertakings have shown that they are useful and adapted tools to combine forces and have significant impact in their respective domains. The research areas covered by the ENIAC and ARTEMIS Joint Undertakings should therefore continue to be supported in order to further improve the competitiveness of the electronic components and systems industry in Europe and focus the efforts on a set of strategic activities commonly agreed among the private and public stakeholders engaged in the initiatives.
- (13) Continued support for the nanoelectronics and embedded computing systems research programmes should build on the experience acquired from the operations of the ENIAC and ARTEMIS Joint Undertakings including the results of their interim evaluations, the stakeholders’ recommendations and the need to achieve effective coordination and synergy of resources.
- (14) There is increased interaction between the stakeholders of the European Technology Platforms ARTEMIS, ENIAC and EPoSS (the European Technology Platform on Smart Systems Integration) as detailed in the High Level Strategic Research and Innovation Agenda of the ICT Components and Systems Industries which they released in 2012. In order to best capture and build on the synergies stemming from these interactions, it is necessary to set up a single Joint Undertaking (hereinafter the ‘ECSEL Joint Undertaking’) covering electronic components and systems including the previous activities of the ENIAC and ARTEMIS Joint Undertakings and using a more fit-for-purpose structure and rules in order to enhance efficiency and to ensure simplification. To this effect, the ECSEL Joint Undertaking should adopt financial rules specific to its needs in accordance with Article 209 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union<sup>12</sup>.
- (15) The implementation of the high level strategic research and innovation agenda put forward by the industrial stakeholders relies on several sources of support: national,

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<sup>10</sup> OJ L 30, 4.2.2008, p. 21.

<sup>11</sup> OJ L 30, 4.2.2008, p. 52.

<sup>12</sup> OJ L 298, 26.10.2012, p. 1.

regional and intergovernmental programmes, Union Framework Programme and a Joint Technology Initiative in the form of a public-private partnership.

- (16) The public-private partnership on electronic components and systems should combine the financial and technical means that are essential to master the complexity of the ever escalating pace of innovation in this area. Therefore, the members of the ECSEL Joint Undertaking should be the Union, Member States and Associated Countries to the Horizon 2020 Framework Programme (hereinafter ‘Associated Countries’) on a voluntary basis, and associations as private members representing their constituent companies and other organisations active in the field of electronic components and systems in Europe. The ECSEL Joint Undertaking should be open to new members.
- (17) The ECSEL Joint Undertaking should address clearly defined topics that would enable the European industries at large to design, manufacture and use the most innovative technologies in electronic components and systems. A structured and coordinated financial support at European level is necessary to help maintain research teams and European industries at the leading edge in a highly competitive international context, ensure the fast and broad industrial exploitation of technology leadership across Europe generating important spill-overs for society, share risk-taking and join forces by aligning strategies and investments towards a common European interest. The Commission might consider, upon notification of the Member State or group of Member States concerned, that the ECSEL Joint Undertaking's initiatives qualify as important projects of common European interest, provided all relevant conditions are met.
- (18) The private associations AENEAS, ARTEMISIA and EPoSS have expressed in writing their agreement for the research and innovation activities in the area of the ECSEL Joint Undertaking to be pursued within a structure well adapted to the nature of a public-private partnership. It is appropriate that the private associations accept the Statutes set out in the Annex to this Regulation by means of a letter of endorsement.
- (19) In order to achieve its objectives, the ECSEL Joint Undertaking should provide financial support mainly in the form of grants to participants following open and competitive calls for proposals. Such financial support must be targeted at proven market failures that prevent the development of the programme concerned and must have an incentive effect in that it changes the behaviour of the recipient.
- (20) In order to maintain a level playing field for all undertakings active in the internal market, funding provided by the Union Framework Programme should be designed in accordance with State aid rules so as to ensure the effectiveness of public spending and prevent market distortions such as crowding-out of private funding, creating ineffective market structures or preserving inefficient firms.
- (21) Participation in indirect actions funded by the ECSEL Joint Undertaking should comply with Regulation (EU) No .../2013 of the European Parliament and of the Council of ... 2013 laying down the rules for the participation and dissemination in "Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020)"<sup>13</sup>.

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<sup>13</sup> OJ [H2020 Rules for participation and dissemination].

- (22) The Union's financial contribution should be managed in accordance with the principle of sound financial management and with the relevant rules on indirect management set out in Regulation (EU, Euratom) No 966/2012 and Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012<sup>14</sup>.
- (23) Audits of recipients of Union funds under this Regulation should be carried out in such a manner that administrative burden is reduced, in compliance with Regulation (EU) No [...] /2013 [the Horizon 2020 Framework Programme].
- (24) The financial interests of the Union and of the other members of the ECSEL Joint Undertaking should be protected by proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties in accordance with Regulation (EU, Euratom) No 966/2012.
- (25) The Commission's internal auditor should exercise the same powers over the ECSEL Joint Undertaking as those exercised in respect of the Commission.
- (26) In accordance with Article 287(1) of the Treaty, the constituent instrument of bodies, offices or agencies set up by the Union may preclude the examination of the accounts of all revenue and expenditure of those bodies, offices or agencies by the Court of Auditors. In accordance with Article 60(5) of Regulation (EU, Euratom) No 966/2012, the accounts of the bodies under Article 209 of that Regulation are to be examined by an independent audit body which is to give an opinion inter alia on the reliability of the accounts and the legality and regularity of the underlying transactions. Avoidance of duplication of the examination of the accounts justifies that the accounts of the ECSEL Joint Undertaking should not be subject to examination by the Court of Auditors.
- (27) In accordance with the principles of subsidiarity and proportionality as set out in Article 5 of the Treaty on European Union, the objectives of the ECSEL Joint Undertaking in strengthening industrial research and innovation across the Union cannot be sufficiently achieved by the Member States and can therefore, by reason of avoiding duplication, retaining critical mass and ensuring that public financing is used in an optimal way, be better achieved by the Union. This Regulation confines itself to the minimum required in order to achieve those objectives and does not go beyond what is necessary for that purpose.
- (28) The ENIAC and ARTEMIS Joint Undertakings were set up for a period up to 31 December 2017. The transition from the ENIAC and ARTEMIS Joint Undertakings to the ECSEL Joint Undertaking should be aligned and synchronized with the transition from the Seventh Framework Programme to the Horizon 2020 Framework Programme to ensure optimal use of the funding available for research. In the interest of legal certainty and clarity, Council Regulations (EC) No 72/2008 and No 74/2008 should therefore be repealed and transitional provisions should be set out.

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<sup>14</sup> OJ L 362, 31.12.2012, p. 1.

HAS ADOPTED THIS REGULATION:

*Article 1*  
*Establishment*

1. To implement the Joint Technology Initiative on ‘Electronic Components and Systems for European Leadership’, a Joint Undertaking within the meaning of Article 187 of the Treaty on the functioning of the European Union (hereinafter ‘ECSEL Joint Undertaking’) is hereby established for a period up to 31 December 2024.
2. The ECSEL Joint Undertaking shall replace and succeed the ENIAC and ARTEMIS Joint Undertakings as originally established by Regulations (EC) Nos 72/2008 and 74/2008.
3. The ECSEL Joint Undertaking shall constitute a body entrusted with the implementation of a public-private partnership referred to in Article 209 of Regulation (EU, Euratom) No 966/2012.
4. The ECSEL Joint Undertaking shall have legal personality. In each of the Member States, it shall enjoy the most extensive legal capacity accorded to legal persons under the laws of those Member States. It may, in particular, acquire or dispose of movable and immovable property and may be a party to legal proceedings.
5. The seat of the ECSEL Joint Undertaking shall be located in Brussels, Belgium.
6. The Statutes of the ECSEL Joint Undertaking are set out in the Annex.

*Article 2*  
*Objectives*

1. The ECSEL Joint Undertaking shall have the following objectives:
  - (a) to contribute to the implementation of Regulation (EU) No ... of the European Parliament and of the Council of ... 2013 establishing the Horizon 2020 — The Framework Programme for Research and Innovation (2014-2020) and in particular part ... of Decision No .../2013/EU of the Council of ... 2013 establishing the Specific Programme implementing Horizon 2020 (2014-2020);
  - (b) to contribute to the development of a strong and globally competitive electronics components and systems industry in the Union;
  - (c) to ensure the availability of electronic components and systems for key markets and for addressing societal challenges, aiming at keeping Europe at the forefront of technology development, bridging the gap between research and exploitation, strengthening innovation capabilities and creating economic and employment growth in the Union;
  - (d) to align strategies with Member States to attract private investment and contribute to the effectiveness of public support by avoiding unnecessary



duplication and fragmentation of efforts, and easing participation for actors involved in research and innovation;

- (e) to maintain and grow semiconductor and smart system manufacturing capability in Europe, including leadership in manufacturing equipment and materials processing;
- (f) to secure a commanding position in design and systems engineering including embedded technologies;
- (g) to provide access for all stakeholders to a world-class infrastructure for the design and manufacture of electronic components and embedded/cyber-physical and smart systems;
- (h) to build a dynamic ecosystem involving innovative Small and Medium-Sized Enterprises (SMEs), strengthening existing clusters and nurturing the creation of new clusters in promising new areas.

2. The scope of work for the ECSEL Joint Undertaking will build on the results obtained by the ENIAC and ARTEMIS Joint Undertakings and by the European Technology Platform EPoSS. It will foster new developments in, and synergies between the following main areas:

- (a) design technologies, process and integration, equipment, materials and manufacturing for micro- and nanoelectronics while targeting miniaturisation, diversification and differentiation, heterogeneous integration;
- (b) processes, methods, tools and platforms, reference designs and architectures, for software and/or control-intensive embedded/cyber-physical systems, addressing seamless connectivity and interoperability, functional safety, high availability, and security for professional and consumer type applications, and connected services;
- (c) multi-disciplinary approaches for smart systems, supported by developments in holistic design and advanced manufacturing to realise self-reliant and adaptable smart systems having sophisticated interfaces and offering complex functionalities based on e.g. the seamless integration of sensing, actuating, processing, energy provision and networking.

### *Article 3*

#### *Union financial contribution*

1. The maximum Union contribution, including EFTA appropriations, to the ECSEL Joint Undertaking to cover administrative costs and operational costs shall be EUR 1 215 255 000. The contribution shall be paid from the appropriations in the general budget of the Union allocated to the Specific Programme implementing Horizon 2020 (2014-2020). The budget implementation with regard to the Union contribution shall be entrusted to the ECSEL Joint Undertaking acting as a body referred to in Article 209 of Regulation (EU, Euratom) No 966/2012 in accordance with Articles 58(1)(c)(iv), 60 and 61 of that Regulation.

2. The arrangements for the Union financial contribution shall be set out in a delegation agreement and annual transfer of funds agreements to be concluded between the Commission, on behalf of the Union, and the ECSEL Joint Undertaking.
3. The delegation agreement referred to in paragraph 2 shall address the elements set out in Article 58(3) and Articles 60 and 61 of Regulation (EU, Euratom) No 966/2012 and in Article 40 of Commission Delegated Regulation (EU) No 1268/2012 as well as inter alia the following:
  - (a) the requirements for the ECSEL Joint Undertaking's contribution concerning the relevant performance indicators referred to in Annex II to Decision No .../EU [the Specific Programme implementing the Horizon 2020 Framework Programme];
  - (b) the requirements for the ECSEL Joint Undertaking's contribution in view of the monitoring referred to in Annex III to Decision No .../EU [the Specific Programme implementing the Horizon 2020 Framework Programme];
  - (c) the specific performance indicators related to the functioning of the ECSEL Joint Undertaking;
  - (d) the arrangements regarding the provision of data necessary to ensure that the Commission is able to meet its dissemination and reporting obligations as referred to in Article 22 of Regulation (EU) No .../2013 [the Horizon 2020 Framework Programme];
  - (e) the use of and changes to human resources, in particular recruitment by function group, grade and category, the reclassification exercise and any changes to the number of staff members.

*Article 4*  
*Contributions of members other than the Union*

1. The ECSEL Member States shall make a financial contribution to the operational costs of the ECSEL Joint Undertaking of at least EUR 1 200 000 000 over the period defined in Article 1.
2. The private members shall make or arrange for their constituent entities to make contributions to the ECSEL Joint Undertaking of at least EUR 1 700 000 000 over the period defined in Article 1.
3. The contributions referred to in paragraphs 1 and 2 shall consist of contributions to the ECSEL Joint Undertaking as laid down in clause 16(2), clause 16(3)(b) and clause 16(3)(c) of the Statutes.
4. The Members of the ECSEL Joint Undertaking other than the Union shall report each year by 31 January to the Governing Board on the value of the contributions referred to in paragraphs 1 and 2 made in each of the previous financial years.
5. For the purpose of valuing the contributions referred to in clause 16(3)(c) of the Statutes, the costs shall be determined according to the usual cost accounting

practices of the entities concerned, to the applicable accounting standards of the country where each entity is established, and to the applicable International Accounting Standards / International Financial Reporting Standards. The costs shall be certified by an independent external auditor appointed by the entity concerned. The valuation of the contributions shall be verified by the ECSEL Joint Undertaking. In case of remaining uncertainties, it may be audited by the ECSEL Joint Undertaking.

6. The Commission may engage in remedial actions and possibly terminate, proportionally reduce or suspend the Union financial contribution to the ECSEL Joint Undertaking or trigger the winding up procedure referred to in clause 26(2) of the Statutes if those members or their constituent entities do not contribute, contribute only partially or contribute late with regard to the contributions referred to in paragraphs 1 and 2.

#### *Article 5* *Financial rules*

The ECSEL Joint Undertaking shall adopt its specific financial rules in accordance with Article 209 of Regulation (EU, Euratom) No 966/2012 and Regulation (EU) No ... [delegated Regulation on the model Financial Regulation for PPPs].

#### *Article 6* *Staff*

1. The Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Union laid down in Council Regulation (EEC, Euratom, ECSC) No 259/68<sup>15</sup> and the rules adopted by agreement between the institutions of the Union for giving effect to those acts shall apply to the staff employed by the ECSEL Joint Undertaking.
2. Regarding the staff of the ECSEL Joint Undertaking, the Governing Board shall exercise the powers conferred by the Staff Regulations on the appointing authority and by the Conditions of Employment of Other Servants on the authority empowered to conclude contracts (hereinafter ‘the appointing authority powers’).

The Governing Board shall adopt, in accordance with Article 110 of the Staff Regulations, a decision based on Article 2(1) of the Staff Regulations and Article 6 of the Conditions of Employment of Other Servants delegating the relevant appointing authority powers to the Executive Director and defining the conditions under which this delegation of powers can be suspended. The Executive Director shall be authorised to sub-delegate those powers.

In exceptional circumstances, the Governing Board may decide to temporarily suspend the delegation of the appointing authority powers to the Executive Director and those sub-delegated by the latter, and exercise them itself or delegate them to one

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<sup>15</sup> OJ L 56, 04.03.1968, p. 1.

of its members or to a staff member of ECSEL the Joint Undertaking other than the Executive Director.

3. The Governing Board shall adopt appropriate implementing rules giving effect to the Staff Regulations and the Conditions of Employment of Other Servants in accordance with Article 110 of the Staff Regulations.
4. The staff resources shall be set out by the staff establishment plan of the ECSEL Joint Undertaking, indicating the number of temporary posts by function group and by grade, as well as by the number of contract staff expressed in full-time equivalents, in line with its annual budget.
5. The staff of the ECSEL Joint Undertaking shall consist of temporary staff and contract staff.
6. All costs related to staff shall be borne by the ECSEL Joint Undertaking.

#### *Article 7*

##### *Seconded national experts and trainees*

1. The ECSEL Joint Undertaking may make use of seconded national experts and trainees not employed by the ECSEL Joint Undertaking. The number of seconded national experts expressed in full-time equivalents shall be added to the staff resources as referred to in Article 6(4) in line with the annual budget.
2. The Governing Board shall adopt a decision laying down rules on the secondment of national experts to the ECSEL Joint Undertaking and on the use of trainees.

#### *Article 8*

##### *Privileges and Immunities*

The Protocol on the Privileges and Immunities of the European Union shall apply to the ECSEL Joint Undertaking and its staff.

#### *Article 9*

##### *Liability of the ECSEL Joint Undertaking*

1. The contractual liability of the ECSEL Joint Undertaking shall be governed by the relevant contractual provisions and by the law applicable to the agreement, decision or contract in question.
2. In the event of non-contractual liability, the ECSEL Joint Undertaking shall make good any damage caused by its staff in the performance of their duties, in accordance with the general principles common to the laws of the Member States.
3. Any payment by the ECSEL Joint Undertaking in respect of the liability referred to in paragraphs 1 and 2 and the costs and expenses incurred in that connection shall be considered as expenditure of the ECSEL Joint Undertaking and shall be covered by the resources of the ECSEL Joint Undertaking.

4. The ECSEL Joint Undertaking shall be solely responsible for meeting its obligations.

*Article 10*  
*Jurisdiction of the Court of Justice and applicable law*

1. The Court of Justice shall have jurisdiction under the conditions laid down in the Treaty as well as in the following cases:
  - (a) in any dispute between the members of the ECSEL Joint Undertaking which relates to the subject matter of this Regulation;
  - (b) pursuant to any arbitration clause contained in agreements, decisions and contracts concluded by the ECSEL Joint Undertaking;
  - (c) in disputes relating to compensation for damage caused by the staff of the ECSEL Joint Undertaking in the performance of their duties;
  - (d) in any dispute between the ECSEL Joint Undertaking and its staff within the limits and under the conditions laid down in the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Union.
2. Regarding any matter involving an Associated Country, the specific provisions of the relevant agreements shall apply.
3. Regarding any matter not covered by this Regulation or by Union law, the law of the state where the seat of the ECSEL Joint Undertaking is located shall apply.

*Article 11*  
*Evaluation*

1. By 31 December 2017 the Commission shall conduct an interim evaluation of the ECSEL Joint Undertaking, which shall assess notably the level of participation in, and contribution to, the indirect actions both by the private members and their constituent entities, and also by other legal entities. The Commission shall communicate the conclusions of this evaluation, and its observations, to the European Parliament and to the Council by 30 June 2018.
2. On the basis of the conclusions of the interim evaluation referred to in paragraph 1, the Commission may act in accordance with Article 4(6) or take any other appropriate action.
3. Within six months after the winding up of the ECSEL Joint Undertaking, but no later than two years after the triggering of the winding up procedure referred to in clause 26 of the Statutes, the Commission shall conduct a final evaluation of the ECSEL Joint Undertaking. The results of that final evaluation shall be presented to the European Parliament and to the Council.

*Article 12*  
*Discharge*

1. The discharge of the budget implementation with regard to the Union's contribution to the ECSEL Joint Undertaking shall be part of the discharge given by the European Parliament, upon recommendation of the Council, to the Commission in accordance with the procedure provided for in Article 319 of the Treaty.
2. The ECSEL Joint Undertaking shall fully cooperate with the institutions involved in the discharge procedure and provide any necessary additional information. In this context, it may be requested to be represented in meetings with the relevant institutions or bodies and to assist the Commission authorising officer by delegation.

*Article 13*  
*Ex-post audits*

1. Ex-post audits of expenditure on indirect actions shall be carried out by the ECSEL Joint Undertaking in accordance with Article 23 of Regulation (EU) No ... [the Horizon 2020 Framework Programme] as part of the Horizon 2020 Framework Programme indirect actions.
2. To ensure consistency, the Commission may decide to carry out the audits referred to in paragraph 1.

*Article 14*  
*Protection of the Union's financial interests*

1. Without prejudice to clause 22(4) of the Statutes, the ECSEL Joint Undertaking shall grant Commission staff and other persons authorised by it, as well as the Court of Auditors, access to its sites and premises and to all the information, including information in electronic format, needed in order to conduct their audits.
2. The European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)<sup>16</sup> and Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities<sup>17</sup> with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the Union's financial interests in connection with an agreement or decision or a contract funded under this Regulation.
3. Without prejudice to paragraphs 1 and 2, agreements, decisions and contracts resulting from the implementation of this Regulation shall contain provisions

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<sup>16</sup> OJ L 136, 31.5.1999, p. 1.

<sup>17</sup> OJ L 292, 15.11.1996, p. 2-5.

expressly empowering the Commission, the ECSEL Joint Undertaking, the Court of Auditors and OLAF to conduct such audits and investigations, according to their respective competences.

4. The ECSEL Joint Undertaking shall ensure that the financial interests of its members are adequately protected by carrying out or commissioning appropriate internal and external controls.
5. The ECSEL Joint Undertaking shall accede to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council and the Commission concerning internal investigations by OLAF<sup>18</sup>. The ECSEL Joint Undertaking shall adopt the necessary measures to facilitate internal investigations conducted by OLAF.

#### *Article 15 Confidentiality*

Without prejudice to Article 16, the ECSEL Joint Undertaking shall ensure the protection of sensitive information whose disclosure could damage the interests of its members or of participants in the activities of the ECSEL Joint Undertaking.

#### *Article 16 Transparency*

1. Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents<sup>19</sup> shall apply to documents held by the ECSEL Joint Undertaking.
2. The ECSEL Joint Undertaking's Governing Board may adopt practical arrangements for implementing Regulation (EC) No 1049/2001.
3. Without prejudice to Article 10, decisions taken by the ECSEL Joint Undertaking pursuant to Article 8 of Regulation (EC) No 1049/2001 may form the subject of a complaint to the Ombudsman under the conditions laid down in Article 228 of the Treaty.

#### *Article 17 Rules for participation and dissemination*

Regulation (EU) No ... [Rules for participation and dissemination in Horizon 2020] shall apply to the actions funded by the ECSEL Joint Undertaking. In accordance with that Regulation, the ECSEL Joint Undertaking shall be considered as a funding body and shall provide financial support to indirect actions as set out in clause 1(a) of the Statutes.

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<sup>18</sup> OJ L 136, 31.5.1999, p. 15.

<sup>19</sup> OJ L 145, 31.5.2001, p. 43.

*Article 18*  
*Support from the host state*

An administrative agreement may be concluded between the ECSEL Joint Undertaking and the State where its seat is located concerning privileges and immunities and other support to be provided by that State to the ECSEL Joint Undertaking.

*Article 19*  
*Repeal and transitional provisions*

1. Regulation (EC) No 72/2008 and Regulation (EC) No 74/2008 are repealed with effect from the date of entry into force of the present Regulation.
2. Without prejudice to paragraph 1, actions initiated under Regulations (EC) Nos 72/2008 and 74/2008 including annual implementation plans adopted under those Regulations shall continue to be governed by those Regulations until their completion.
3. In addition to the contributions referred to in Article 3(1) and Article 4(2), the following contributions to the administrative costs of the ECSEL Joint Undertaking shall be paid over the period 2014-2017 for the completion of the actions launched under Regulations (EC) Nos 72/2008 and 74/2008: EUR 2 050 000 by the Union, EUR 1 430 000 by the AENEAS association and EUR 975 000 by the ARTEMISIA association.

The interim evaluation referred to in Article 11(1) shall include a final evaluation of the ENIAC and ARTEMIS Joint Undertakings under Regulations (EC) Nos 72/2008 and 74/2008.

4. The Executive Director appointed on the basis of Regulation (EC) No 72/2008 shall, for the remaining period of the term of office, be assigned to the functions of the Executive Director of the ECSEL Joint Undertaking as provided for in this Regulation with effect from the date of entry into force of the present Regulation. The other conditions of the Executive Director's contract shall remain unchanged.
5. If the Executive Director appointed in accordance with paragraph 4 was in his/her first term of office, he/she shall be appointed for the remaining period of term of office with a possibility to extend the term of office up to 4 years in line with clause 8(4) of the Statutes. If the Executive Director appointed in accordance with paragraph 4 was in his/her second term of office, there is no possibility for extension. The Executive Director whose term of office has been extended may not participate in another selection procedure for the same post at the end of the overall period.
6. The contract of employment of the Executive Director appointed on the basis of Regulation (EC) No 74/2008 shall be terminated before the date of entry into force of this Regulation.
7. Without prejudice to paragraphs 4 and 5, this Regulation shall not affect the rights and obligations of staff engaged under Regulations (EC) Nos 72/2008 and 74/2008. Their contracts may be renewed under this Regulation in accordance with the Staff



Regulations and the Conditions of Employment of Other Servants and in line with the budgetary constraints of the ECSEL Joint Undertaking.

8. The Executive Director of the ECSEL Joint Undertaking shall convene the first meeting of the Governing Board and of the Public Authorities Board.
9. Unless otherwise agreed between members of the ENIAC Joint Undertaking and of the ARTEMIS Joint Undertaking pursuant to Regulations (EC) Nos 72/2008 and 74/2008, all rights and obligations, including assets, debts or liabilities of the members of the Joint Undertakings pursuant to those Regulations shall be transferred to the members of the ECSEL Joint Undertaking pursuant to this Regulation.
10. Any unused appropriations under Regulations (EC) Nos 72/2008 and 74/2008 shall be transferred to the ECSEL Joint Undertaking. Any amount due by the AENEAS Association and the ARTEMISIA Association for the administrative appropriations of the ENIAC and ARTEMIS Joint Undertakings over the period 2008-2013 shall be transferred to the ECSEL Joint Undertaking according to arrangements to be agreed with the Commission.

*Article 20*  
*Entry into force*

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Council*  
*The President*

**ANNEX**  
**STATUTES**  
**OF THE**  
**ECSEL JOINT UNDERTAKING**

*1 - Tasks*

The ECSEL Joint Undertaking shall carry out the following tasks:

- (a) support financially research and innovation indirect actions, mainly in the form of grants;
- (b) ensure sustainable management of the ECSEL Joint Undertaking;
- (c) develop close cooperation and ensure coordination with European (in particular Horizon 2020), national and transnational activities, bodies and stakeholders, aiming at fostering a fertile innovation environment in Europe, creating synergies and improving exploitation of research and innovation results in the area of electronic components and systems;
- (d) define and make any necessary adjustments to the multiannual strategic plan;
- (e) draw up and implement work plans for executing the multiannual strategic plan;
- (f) initiate calls for proposals, evaluate proposals, and award funding to indirect actions within the limits of available funds;
- (g) publish information on the indirect actions;
- (h) monitor the implementation of the indirect actions and manage the grant agreements or decisions;
- (i) monitor overall progress towards the objectives of the ECSEL Joint Undertaking;
- (j) information, communication, exploitation and dissemination activities by applying mutatis mutandis the provisions of Article 22 of Regulation (EU) No .../2013 [the Horizon 2020 Framework Programme];
- (k) any other task needed to achieve the objectives set out in Article 2.

*2 - Members*

1. The members of the ECSEL Joint Undertaking shall be the following:

- (a) the Union, represented by the Commission,
- (b) [Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom], and

- (c) upon acceptance of these Statutes by means of a letter of endorsement, [the AENEAS association, an association registered under French law (registration No 20070039) with its registered office in Paris (France); the ARTEMISIA association, an association registered under Dutch law (registration No 17201341) with its registered office in Eindhoven (the Netherlands); the EPoSS association, an association registered under ... law (registration No ...) with its registered office in ... (...)].
2. The countries who are members of the ECSEL Joint Undertaking are hereinafter referred to as ‘ECSEL Member States’. Each ECSEL Member State shall appoint its representatives in the bodies of the ECSEL Joint Undertaking and designate the national entity or entities responsible for fulfilling its obligations with respect to activities of the ECSEL Joint Undertaking.
  3. The ECSEL Member States together with the Commission shall hereinafter be referred to as the ‘public authorities’ of the ECSEL Joint Undertaking.
  4. The private associations shall hereinafter be referred to as the ‘private members’ of the ECSEL Joint Undertaking.

### *3 - Changes to membership*

1. Member States of the Union or Associated Countries that are not listed in clause 2(1)(b) shall become members of the ECSEL Joint Undertaking upon notification to the Governing Board of their written acceptance of these Statutes and of any other provisions governing the functioning of the ECSEL Joint Undertaking.
2. Provided that they contribute to the financing referred to in clause 16(4) to achieve the objectives of the ECSEL Joint Undertaking set out in Article 2 and accept these Statutes, the following entities may apply to become a member of the ECSEL Joint Undertaking:
  - (a) any other country than those referred under paragraph 1 pursuing research and innovation policies or programmes in the area of electronic components and systems;
  - (b) any other legal entity that directly or indirectly supports research and innovation in a Member State or in an Associated Country.
3. Any application for membership to the ECSEL Joint Undertaking in accordance with paragraph 2 shall be addressed to the Governing Board. It shall assess the application, taking into account the relevance and the potential added value of the applicant for achieving the objectives of the ECSEL Joint Undertaking. It shall then decide on the application.
4. Any member may terminate its membership of the ECSEL Joint Undertaking. Such termination shall become effective and irrevocable six months after notification to the other members. As of then, the former member shall be discharged from any obligations other than those approved or incurred by the ECSEL Joint Undertaking prior to the notification of terminating the membership.

5. Membership of the ECSEL Joint Undertaking may not be transferred to a third party without prior agreement of the Governing Board.
6. The ECSEL Joint Undertaking shall publish on its website immediately upon any change to membership pursuant to this clause an updated list of members of the ECSEL Joint Undertaking together with the date when such change takes effect.

#### *4 - Organisation of the ECSEL Joint Undertaking*

The bodies of the ECSEL Joint Undertaking shall be:

- (a) the Governing Board;
- (b) the Executive Director;
- (c) the Public Authorities Board;
- (d) the Private Members Board.

#### *5 - Composition of the Governing Board*

The Governing Board shall be composed of representatives of the members of the ECSEL Joint Undertaking.

Each member of the ECSEL Joint Undertaking shall appoint its representatives and a lead delegate who shall hold the voting rights of the member in the Governing Board.

#### *6 - Functioning of the Governing Board*

1. The voting rights are distributed as follows: 1/3 for the private members collectively, 1/3 for the Commission, and 1/3 for the ECSEL Member States collectively. The members shall make every effort to achieve consensus. Failing consensus, the Governing Board shall take its decisions by a majority of at least 75% of all votes, including the votes of the members who are not in attendance.

For the first two financial years, the voting rights of the ECSEL Member States shall be distributed as follows: one per cent for each ECSEL Member State and the remaining percentage distributed annually among the ECSEL Member States in proportion to their actual financial contributions in the past two years, including their contributions to the ENIAC and ARTEMIS Joint Undertakings. For subsequent years, the distribution of the voting rights of the ECSEL Member States shall be established annually in proportion to the funds they have actually committed to indirect actions in the past two financial years.

The voting rights of the private members shall be distributed equally amongst the private associations unless decided otherwise by the Private Members Board.

Voting rights for any new member of the ECSEL Joint Undertaking that is not a Member State or an Associated Country shall be determined by the Governing Board before that member joins the ECSEL Joint Undertaking.

2. The Governing Board shall elect a chairperson for a period of at least one year.
3. The Governing Board shall hold its ordinary meetings at least twice a year. It may hold extraordinary meetings at the request of the Commission or of a majority of the representatives of the ECSEL Member States or of a majority of the private members, or at the request of the chairperson, or at the request of the Executive Director in accordance with clause 16(5). The meetings of the Governing Board shall be convened by its chairperson and shall usually take place at the seat of the ECSEL Joint Undertaking.

The quorum of the Governing Board shall be constituted by the Commission, the private members and at least three ECSEL Member States' lead delegates.

The Executive Director shall have the right to take part in the deliberations, but shall have no voting rights.

The Governing Board may invite, on a case by case basis, other persons to attend its meetings as observers, in particular representatives of EU regional authorities.

The representatives of the members of the ECSEL Joint Undertaking shall not be personally liable for actions they have taken in their capacity as representatives on the Governing Board.

The Governing Board shall adopt its own rules of procedure.

#### *7 - Tasks of the Governing Board*

1. The Governing Board shall have overall responsibility for the strategic orientation and the operations of the ECSEL Joint Undertaking and shall supervise the implementation of its activities.
2. The Governing Board shall in particular carry out the following tasks:
  - (a) assess, accept or reject applications for new membership in accordance with clause 3(3);
  - (b) decide on the termination of membership in the ECSEL Joint Undertaking of any member that does not fulfil its obligations;
  - (c) adopt the financial rules of the ECSEL Joint Undertaking in accordance with Article 5;
  - (d) adopt the annual budget of the ECSEL Joint Undertaking, including the staff establishment plan indicating the number of temporary posts by function group and by grade, the number of contract staff and seconded national experts expressed in full-time equivalents;
  - (e) exercise the appointing authority powers with respect to staff, in accordance with Article 6(2);
  - (f) appoint, dismiss, extend the term of office of, provide guidance to and monitor the performance of the Executive Director;

- (g) approve the organisational structure of the Programme Office, referred to in clause 9(5) upon recommendation by the Executive Director;
- (h) adopt the multiannual strategic plan referred to in clause 21(1);
- (i) adopt the work plan and the corresponding expenditure estimates referred to in clause 21(2);
- (j) approve the annual accounts;
- (k) approve the annual activity report, including the corresponding expenditure referred to in clause 22(1);
- (l) arrange as appropriate, for the establishment of an internal audit capability of the ECSEL Joint Undertaking;
- (m) establish the ECSEL Joint Undertaking's communications policy upon recommendation by the Executive Director;
- (n) where appropriate, lay down implementing rules pursuant to Article 6(3);
- (o) where appropriate, lay down rules on the secondment of national experts to the ECSEL Joint Undertaking and on the use of trainees pursuant to Article 7(2);
- (p) where appropriate, set up advisory groups in addition to the bodies of the ECSEL Joint Undertaking;
- (q) where appropriate, submit to the Commission any request to amend this Regulation proposed by any member of the ECSEL Joint Undertaking;
- (r) be responsible for any task that is not specifically allocated to one of the bodies of the ECSEL Joint Undertaking; it may assign such tasks to one of those bodies.

#### *8 – Appointment, dismissal or extension of the term of office of the Executive Director*

1. The Executive Director shall be appointed by the Governing Board, from a list of candidates proposed by the Commission, following an open and transparent selection procedure. The Commission shall associate the representation from the other members of the ECSEL Joint Undertaking in the selection procedure as appropriate.

In particular, an appropriate representation from the other members of the ECSEL Joint Undertaking shall be ensured at the pre-selection stage of the selection procedure. For that purpose, the ECSEL Member States and the private members shall appoint by common accord a representative as well as an observer on behalf of the Governing Board.

2. The Executive Director is a member of staff and shall be engaged as a temporary agent of the ECSEL Joint Undertaking under point (a) of Article 2 of the Conditions of Employment of Other Servants of the Union.

For the purpose of concluding the contract of the Executive Director, the ECSEL Joint Undertaking shall be represented by the chairperson of the Governing Board.

3. The term of office of the Executive Director shall be three years. By the end of that period, the Commission associating the ECSEL Member States and the private members as appropriate shall undertake an assessment of the performance of the Executive Director and the ECSEL Joint Undertaking's future tasks and challenges.
4. The Governing Board, acting on a proposal from the Commission which takes into account the assessment referred to in paragraph 3, may extend the term of office of the Executive Director once, for no more than four years.
5. An Executive Director whose term of office has been extended may not participate in another selection procedure for the same post at the end of the overall period.
6. The Executive Director may be dismissed only upon a decision of the Governing Board acting on a proposal from the Commission associating the the ECSEL Member States and the private members as appropriate.

#### *9 - Tasks of the Executive Director*

1. The Executive Director shall be the chief executive responsible for the day-to-day management of the ECSEL Joint Undertaking in accordance with the decisions of the Governing Board.
2. The Executive Director shall be the legal representative of the ECSEL Joint Undertaking. He/she shall be accountable to the Governing Board.
3. The Executive Director shall implement the budget of the ECSEL Joint Undertaking.
4. The Executive Director shall in particular carry out the following tasks in an independent manner:
  - (a) consolidate and submit for adoption to the Governing Board the draft multiannual strategic plan composed of the multiannual strategic research and innovation agenda as proposed by the Private Members Board and the multiannual financial perspectives from the public authorities;
  - (b) prepare and submit for adoption to the Governing Board the draft annual budget, including the corresponding staff establishment plan indicating the number of temporary posts in each grade and function group and the number of contract staff and seconded national experts expressed in full-time equivalents;
  - (c) prepare and submit for adoption to the Governing Board the draft work plan including the scope of the calls for proposals needed to implement the research and innovation activities plan as proposed by the Private Members Board and the corresponding expenditure estimates as proposed by the public authorities;
  - (d) submit for approval to the Governing Board the annual accounts;

- (e) prepare and submit for approval to the Governing Board the annual activity report, including the corresponding expenditure;
  - (f) sign individual grant agreements or decisions;
  - (g) sign procurement contracts;
  - (h) implement the ECSEL Joint Undertaking's communication policy;
  - (i) organise, direct and supervise the operations and the staff of the ECSEL Joint Undertaking within the constraints of the delegation by the Governing Board as provided for in Article 6(2);
  - (j) establish and ensure the functioning of an effective and efficient internal control system and report any significant change to it to the Governing Board;
  - (k) ensure that risk assessment and risk management are performed;
  - (l) take any other measures needed for assessing the progress of the ECSEL Joint Undertaking towards its objectives as set out in Article 2;
  - (m) perform any other tasks entrusted or delegated to the Executive Director by the Governing Board.
5. The Executive Director shall set up a Programme Office for the execution, under his/her responsibility, of all support tasks arising from this Regulation. The Programme Office shall be composed of the staff of the ECSEL Joint Undertaking and shall in particular carry out the following tasks:
- (a) provide support in establishing and managing an appropriate accounting system in accordance with the financial rules of the ECSEL Joint Undertaking;
  - (b) manage the calls for proposals as provided for in the work plan and administer the grant agreements or decisions;
  - (c) provide the members and the other bodies of the ECSEL Joint Undertaking all relevant information and support necessary for them to perform their duties as well as responding to their specific requests;
  - (d) act as the secretariat of the bodies of the ECSEL Joint Undertaking and provide support to any advisory group set up by the Governing Board.

#### *10 - Composition of the Public Authorities Board*

The Public Authorities Board shall be composed of representatives of the public authorities of the ECSEL Joint Undertaking.

Each public authority shall appoint its representatives and a lead delegate who shall hold the voting rights in the Public Authorities Board.



## *11 - Functioning of the Public Authorities Board*

1. The voting rights in the Public Authorities Board shall be assigned to the public authorities on an annual basis in proportion to their financial contribution to the activities of the ECSEL Joint Undertaking for that year in accordance with clause 18(4), and with an upper limit for any given member of 50% of the total voting rights in the Public Authorities Board.

If fewer than three ECSEL Member States have communicated to the Executive Director their financial contribution according to clause 18(4), the Commission shall hold 50% of the voting rights and the remaining 50% shall be distributed equally amongst the ECSEL Member States.

The public authorities shall make every effort to achieve consensus. Failing consensus, the Public Authorities Board shall take its decisions by a majority of at least 75% of all votes, including the votes of the ECSEL Member States that are not in attendance.

Each public authority shall have a right of veto on all issues concerning the use of its own contribution to the ECSEL Joint Undertaking.

2. The Public Authorities Board shall elect its chairperson for a period of at least one year.
3. The Public Authorities Board shall hold its ordinary meetings at least twice a year. It may hold extraordinary meetings at the request of the Commission or of a majority of the representatives of the ECSEL Member States, or at the request of the chairperson. The meetings of the Public Authorities Board shall be convened by its chairperson and shall normally take place at the seat of the ECSEL Joint Undertaking.

The quorum of the Public Authorities Board shall be constituted by the Commission and at least three ECSEL Member States' lead delegates.

The Executive Director shall have the right to take part in the deliberations, but shall have no voting rights.

Any Member State or Associated Country that is not a member of the ECSEL Joint Undertaking shall be able to participate in the Public Authorities Board as an observer. Observers shall receive all relevant documents and may give advice on any decision taken by the Public Authorities Board.

The Public Authorities Board may appoint working groups where necessary under the overall coordination of one or more public authorities.

The Public Authorities Board shall adopt its own rules of procedure.

## *12 - Tasks of the Public Authorities Board*

The Public Authorities Board shall:

- (a) ensure that the principles of fairness and transparency are properly applied in the allocation of public funding to participants in indirect actions;
- (b) approve the rules of procedure for calls for proposals, and for the evaluation, selection and monitoring of indirect actions;
- (c) approve the launch of calls for proposals, in accordance with the work plan;
- (d) rank proposals on the basis of the selection and award criteria, and considering their contribution towards achieving the objectives of the call and synergy with national priorities;
- (e) decide on the allocation of public funding to selected proposals up to the limit of the budgets available, taking into account the verifications carried out in accordance with clause 18(5). This decision shall be binding on ECSEL Member States without any further evaluation or selection processes.

#### *13 - Composition of the Private Members Board*

The Private Members Board shall be composed of representatives of the private members of the ECSEL Joint Undertaking.

Each private member shall appoint its representatives and a lead delegate who shall hold the voting rights in the Private Members Board.

#### *14 - Functioning of the Private Members Board*

1. The Private Members Board shall meet at least twice a year.
2. The Private Members Board may appoint working groups where necessary under the overall coordination of one or more members.
3. The Private Members Board shall elect its chairperson.
4. The Private Members Board shall adopt its rules of procedure.

#### *15 - Tasks of the Private Members Board*

The Private Members Board shall:

- (a) draw up and regularly update the draft multiannual strategic research and innovation agenda referred to in clause 21(1) for achieving the objectives of the ECSEL Joint Undertaking set out in Article 2;
- (b) prepare each year the draft research and innovation activities plan for the next year, as a basis for the calls for proposals referred to in clause 21(2);
- (c) submit to the Executive Director the draft multiannual strategic research and innovation agenda and the yearly draft research and innovation activities plan within the deadlines set by the Governing Board;

- (d) organise an advisory stakeholder forum that is open to all public and private stakeholders having an interest in the field of electronic components and systems, to inform them and collect feedback about the draft multiannual strategic research and innovation agenda and draft research and innovation activities plan for a given year.

#### *16 - Sources of financing*

1. The ECSEL Joint Undertaking shall be jointly funded by its members through financial contributions paid in instalments and in-kind contributions consisting of the costs incurred by the private members or their constituent entities in implementing indirect actions that are not reimbursed by the ECSEL Joint Undertaking.
2. The administrative costs of the ECSEL Joint Undertaking shall not exceed EUR 39 420 000 and shall be covered through the financial contributions referred to in Article 3(1) for the Union contribution up to EUR 15 255 000, Article 4(2) for the contribution by the private members up to EUR 19 710 000 and Article 19(2) for the completion of the actions launched under Regulations 72/2008 and 74/2008. If part of the contribution for administrative costs is not used, it may be made available to cover the operational costs of the ECSEL Joint Undertaking.
3. The operational costs of the ECSEL Joint Undertaking shall be covered through:
  - (a) a financial contribution by the Union;
  - (b) financial contributions from ECSEL Member States.
  - (c) in-kind contributions by the private members or their constituent entities consisting of the costs incurred by them in implementing indirect actions less the contributions by the ECSEL Joint Undertaking, the ECSEL Member States and any other Union contribution to those costs.
4. The resources of the ECSEL Joint Undertaking entered in its budget shall be composed of the following contributions:
  - (a) members' financial contributions to the administrative costs;
  - (b) members' financial contributions to the operational costs, including those from the ECSEL Member States which entrust the ECSEL Joint Undertaking in accordance with clause 17(1);
  - (c) any revenue generated by the ECSEL Joint Undertaking;
  - (d) any other financial contributions, resources and revenues.

Any interest yielded by the contributions paid to the ECSEL Joint Undertaking shall be considered to be its revenue.
5. Should any member of the ECSEL Joint Undertaking be in default of its commitments concerning its agreed financial contribution, the Executive Director shall put this in writing and set a reasonable period within which such default shall be remedied. If the situation is not remedied within that period, the Executive

Director shall convene a meeting of the Governing Board to decide whether the defaulting member's membership is to be revoked or if any other measures are to be taken until its obligations have been met.

6. All the resources and activities of the ECSEL Joint Undertaking shall be intended for the achievement of the objectives set out in Article 2.
7. The ECSEL Joint Undertaking shall own all assets generated by it or transferred to it for the achievement of its objectives set out in Article 2.
8. Except when the ECSEL Joint Undertaking is wound up pursuant to clause 26, any excess revenue over expenditure shall not be paid to the members of the ECSEL Joint Undertaking.

#### *17 - ECSEL Member States contributions*

1. The ECSEL Member States may entrust the ECSEL Joint Undertaking with the implementation of their contributions to the participants in indirect actions through the grant agreements with participants concluded by the ECSEL Joint Undertaking. They may also entrust the ECSEL Joint Undertaking with the payment of their contributions to the participants or make the payments by themselves based on the verifications made by the ECSEL Joint Undertaking.
2. Where an ECSEL Member State does not entrust the ECSEL Joint Undertaking as described in the first paragraph, it shall take all necessary measures to establish its own grant agreements within a similar timeframe as the ECSEL Joint Undertaking grant agreements, and in such a way that they fully comply with the conditions for the eligibility of costs as defined in Regulation (EU) No ... [Rules for participation and dissemination in Horizon 2020]. The verification of the eligibility of costs performed by the ECSEL Joint Undertaking as referred to in clause 18(7) may be used by the ECSEL Member State as part of its own payment process.
3. The arrangements for the cooperation between the ECSEL Member States and the ECSEL Joint Undertaking shall be established by means of an administrative arrangement to be concluded between the entities designated by the ECSEL Member States for that purpose and the ECSEL Joint Undertaking.
4. When ECSEL Member States entrust the ECSEL Joint Undertaking in accordance with the first paragraph, the administrative arrangements referred to in paragraph 3 shall be supplemented with annual arrangements between the entities designated by the ECSEL Member States for that purpose and the ECSEL Joint Undertaking, laying down the terms and conditions for the financial contribution of the ECSEL Member States to the ECSEL Joint Undertaking.
5. Member States, Associated Countries and third countries that are not members of the ECSEL Joint Undertaking may conclude similar arrangements with the ECSEL Joint Undertaking.

### *18 - Funding of indirect actions*

1. The ECSEL Joint Undertaking shall support indirect actions through open and competitive calls for proposals, and allocation of public funding within the limits of the budgets available. Any public support under this initiative is without prejudice to the procedural and material State aid rules.
2. The financial contribution from the public authorities shall be that referred to in clause 16(3)(a) and clause 16(3)(b) disbursed as a reimbursement of eligible costs to the participants in indirect actions. The total public contribution for a given action shall not exceed the limits foreseen in Regulation (EU) No ... [Rules for participation and dissemination in Horizon 2020].
3. Eligibility criteria for funding from the Union are laid down in Regulation (EU) No ... [Rules for participation and dissemination in Horizon 2020].

Specific eligibility criteria for funding from the ECSEL Member States may be determined by the relevant national funding authorities and shall be included in the work plan.

4. The public authorities shall communicate to the Executive Director their financial commitments reserved for each call for proposals to be included in the work plan and where applicable in accordance with clause 17(1) in time for the preparation of the draft budget of the ECSEL Joint Undertaking, taking into account the scope of the research and innovation activities addressed in the work plan.
5. The Executive Director shall verify the eligibility of applicants for funding from the Union and the ECSEL Member States shall verify the eligibility of their applicants against any predetermined national criteria for funding and communicate the results to the Executive Director.
6. On the basis of the verifications provided in paragraph 5, the Executive Director shall establish the proposed list of indirect actions to be retained for funding, detailed by applicants, and communicate it to the Public Authorities Board who shall decide on the maximum allocation of public funding in accordance with clause 12(e) and mandate the Executive Director to establish agreements with the corresponding participants.
7. The ECSEL Joint Undertaking shall take all necessary measures, including the verification of the eligibility of costs, for the disbursement of the public funding to the respective participants in accordance with the arrangements referred to in clause 17(3) and (4).
8. The ECSEL Member States shall not require additional technical monitoring and reporting other than those required by the ECSEL Joint Undertaking.

### *19 - Financial commitments*

Financial commitments of the ECSEL Joint Undertaking shall not exceed the amount of financial resources available or committed to its budget by its members.

## *20 - Financial year*

The financial year shall run from 1 January to 31 December.

## *21 - Operational and financial planning*

1. The multiannual strategic plan shall specify the strategy and plans for achieving the objectives of the ECSEL Joint Undertaking set out in Article 2 in the form of a multiannual strategic research and innovation agenda from the Private Members Board and multiannual financial perspectives from the public authorities. It should identify research and innovation priorities for the development and adoption of key competences for electronic components and systems across different application areas in order to strengthen European competitiveness and help create new markets and societal applications. It should be reviewed regularly in accordance with the evolution of the industrial needs in Europe.
2. The Executive Director shall submit to the Governing Board for adoption a draft annual or multiannual work plan which shall include the research and innovation activities plan, the administrative activities and the corresponding expenditure estimates.
3. The work plan shall be adopted by the end of the year prior to its implementation. The work plan shall be made publicly available.
4. The Executive Director shall prepare the draft annual budget for the following year and submit it to the Governing Board for adoption.
5. The annual budget for a particular year shall be adopted by the Governing Board by the end of the previous year.
6. The annual budget shall be adapted in order to take into account the amount of the Union contribution as set out in the Union budget.

## *22 - Operational and financial reporting*

1. The Executive Director shall report annually to the Governing Board on the performance of his/her duties in accordance with the financial rules of the ECSEL Joint Undertaking.

By 15 February each year, the Executive Director shall submit to the Governing Board for approval an annual activity report on the progress made by the ECSEL Joint Undertaking in the previous calendar year, in particular in relation to the work plan for that year. That report shall include, inter alia, information on the following matters:

- (a) research, innovation and other actions carried out and the corresponding expenditure;
- (b) the proposals submitted, including a breakdown by participant type, including SMEs, and by country;

- (c) the proposals selected for funding, with a breakdown by participant type, including SMEs, and by country, and indicating the contributions of the ECSEL Joint Undertaking and the ECSEL Member States to the individual participants and indirect actions.
2. Once approved by the Governing Board, the annual activity report shall be made publicly available.
3. The ECSEL Joint Undertaking shall report annually to the Commission in accordance with Article 60(5) of Regulation (EU, Euratom) No 966/2012.
4. The accounts of the ECSEL Joint Undertaking shall be examined by an independent audit body as laid down in Article 60(5) of Regulation (EU, Euratom) No 966/2012.

The accounts of the ECSEL Joint Undertaking shall not be subject to examination by the Court of Auditors.

### *23 - Internal audit*

The Commission's internal auditor shall exercise the same powers over the ECSEL Joint Undertaking as those exercised in respect of the Commission.

### *24 - Liability of members and insurance*

1. The financial liability of the members of the ECSEL Joint Undertaking for the debts of the ECSEL Joint Undertaking shall be limited to their contribution already made.
2. The ECSEL Joint Undertaking shall take out and maintain appropriate insurance.

### *25 - Conflict of interest*

1. The ECSEL Joint Undertaking, its bodies and staff shall avoid any conflict of interest in carrying out their activities.
2. The ECSEL Joint Undertaking Governing Board may adopt rules for the prevention and management of conflicts of interest in respect of its members, bodies and staff. In those rules, provision shall be made to avoid a conflict of interest for the representatives of the members of the ECSEL Joint Undertaking serving in the Governing Board or in the Public Authorities Board.

### *26 - Winding up*

1. The ECSEL Joint Undertaking shall be wound up at the end of the period provided for in Article 1.
2. The winding up procedure shall be automatically triggered if the Commission or all private members withdraw from the ECSEL Joint Undertaking.

3. For the purpose of conducting the proceedings to wind up the ECSEL Joint Undertaking, the Governing Board shall appoint one or more liquidators, who shall comply with the decisions of the Governing Board.
4. When the ECSEL Joint Undertaking is being wound up, its assets shall be used to cover its liabilities and the expenditure relating to its winding up. Any surplus shall be distributed among the members at the time of the winding up in proportion to their financial contribution to the ECSEL Joint Undertaking. Any such surplus distributed to the Union shall be returned to the Union budget.
5. An ad hoc procedure shall be set up to ensure appropriate management of any agreement concluded or decision adopted by the ECSEL Joint Undertaking as well as any procurement contract extending beyond the duration of the ECSEL Joint Undertaking.



## LEGISLATIVE FINANCIAL STATEMENT

### **1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management method(s) envisaged

### **2. MANAGEMENT MEASURES**

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

### **3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE**

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
  - 3.2.1. *Summary of estimated impact on expenditure*
  - 3.2.2. *Estimated impact on operational appropriations*
  - 3.2.3. *Estimated impact on appropriations of an administrative nature*
  - 3.2.4. *Compatibility with the current multiannual financial framework*
  - 3.2.5. *Third-party participation in financing*
- 3.3. Estimated impact on revenue

## LEGISLATIVE FINANCIAL STATEMENT

### 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

#### 1.1. Title of the proposal/initiative

Council regulation on the ECSEL Joint Undertaking

#### 1.2. Policy area(s) concerned in the ABM/ABB structure<sup>1</sup>

Policy area: Horizon 2020 — The Framework Programme for Research and Innovation (2014-2020)

Activity: Horizon 2020: research and innovation related to communications networks, content and technology

#### 1.3. Nature of the proposal/initiative

- The proposal/initiative relates to **a new action**
- The proposal/initiative relates to **a new action following a pilot project/preparatory action<sup>2</sup>**
- The proposal/initiative relates to **the extension of an existing action**
- The proposal/initiative relates to **an action redirected towards a new action**

#### 1.4. Objective(s)

##### 1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

EU 2020 Growth strategy – to contribute to the objective of 3% of the EU's GDP to be invested in research and innovation

Innovation Union – to focus EU funding instruments on Innovation Union priorities

Digital Agenda for Europe – to contribute to Pillar V research and innovation in ICT, actions 50 (leverage more private investment for ICT research and innovation) and 51 (reinforce the coordination and pooling of resources)

##### 1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Specific objective No

1. Leadership in Enabling and Industrial Technologies

ABM/ABB activity(ies) concerned

<sup>1</sup> ABM: Activity-Based Management — ABB: Activity-Based Budgeting.

<sup>2</sup> As referred to in Article 54(2)(a) or (b) of the Financial Regulation.



### 1.4.3. *Expected result(s) and impact*

<p>Economic impact:</p> <ul style="list-style-type: none"> <li>• Competitiveness – increasing and focusing the scale of investment by leveraging resources from private and public funds, cooperation along the innovation and value chains and bridging from technology to innovation.</li> <li>• Research and innovation – synergy between industrial and national priorities, excellence, reducing duplication of efforts and fragmentation.</li> <li>• Stakeholders – associating a broad range of value chains: industry – technology providers and users including SMEs, research and knowledge-dissemination organisations, EU, Member States and regions.</li> </ul> <p>Societal impact:</p> <ul style="list-style-type: none"> <li>• Employment – creating highly skilled and technical jobs, enabling growth in many economic sectors for their innovation and productivity;</li> <li>• Addressing societal challenges in domains relevant to European citizens (e.g. transport, health, energy) indispensable for those societal drivers.</li> </ul> <p>Environmental impact:</p> <ul style="list-style-type: none"> <li>• Reducing energy consumption</li> <li>• Managing use of material resources</li> </ul>
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### 1.4.4. *Indicators of results and impact*

The indicators of results and impact set out in the Horizon 2020 – Framework Programme for Research and Innovation specific objective "Leadership in Enabling and Industrial Technologies" are monitored and annually reported to the Commission.

In addition, the following specific indicators will be used to measure the progress in achieving the objectives of the ECSEL Joint Undertaking:

Objectives	KPI	Metrics (measured over period 2014-2024)
Structure and perform excellent multi-disciplinary research	Innovative and State-of-the-Art projects	<ul style="list-style-type: none"> <li>➤ Quality of results as e.g. measured in number of peer reviewed publications</li> <li>➤ Innovative research and innovation, at least 2 patents per 10 MEUR funding</li> <li>➤ Number and impact of breakthrough technologies</li> </ul>
Align strategies	SRIA with priorities	<ul style="list-style-type: none"> <li>➤ Commitment from all JU members</li> <li>➤ Focus of SRIA commensurate with the available budget</li> </ul>
Mobilise and pool resources	Budget execution	<ul style="list-style-type: none"> <li>➤ Financial commitments by all JU members</li> <li>➤ Contribution towards the 3% target for research</li> </ul>

		and innovation
Maintain and grow manufacturing in EU	Create jobs in electronics industries Increase manufacturing plants in Europe	<ul style="list-style-type: none"> <li>➤ Number of direct and induced jobs in Europe – progress towards creation of 250.000 induced jobs</li> <li>➤ Number of state-of-the-art fabs in Europe as measured by technology node and wafer size</li> </ul>
Leadership in equipment and material (E&M)	Strategic cooperation on E&M issues	<ul style="list-style-type: none"> <li>➤ Ranking and market share/volume of European E&amp;M suppliers</li> </ul>
Support high TRLs	Scale and impact of projects	<ul style="list-style-type: none"> <li>➤ Number of new/upgraded pilot lines in Europe – at least 3 per year</li> <li>➤ Number of demonstrators of integrated solutions – at least 3 per year</li> <li>➤ Access and use by actors not directly implementing the pilot lines/demonstrators</li> </ul>
Availability of electronic components	Take-up of new technologies by European application sectors	<ul style="list-style-type: none"> <li>➤ European market share/volume for new solutions</li> </ul>
Leadership in system engineering	Strategic cooperation on embedded and smart systems issues	<ul style="list-style-type: none"> <li>➤ Ranking and market share/volume of European electronic systems suppliers</li> </ul>

The following specific indicators will be used to measure the performance of the ECSEL Joint Undertaking:

Objectives	KPI	Metrics (measured over period 2014-2024)
Set strategic research and innovation agenda	SRIA	<ul style="list-style-type: none"> <li>➤ Adoption of SRIA by all key players</li> <li>➤ Clarity and focus as perceived by the stakeholders</li> </ul>
Efficient implementation of programme	JU operations	<ul style="list-style-type: none"> <li>➤ Time to grants (from call closing to grant signature) &lt; 270 days</li> <li>➤ Time to payment &lt; 90 days</li> <li>➤ Dissemination activities</li> <li>➤ Project results</li> </ul>
Synergies for exploitation of results and fostering SMEs growth	Industrial up-take of project results	<ul style="list-style-type: none"> <li>➤ Number of spin-offs</li> <li>➤ SMEs growth in terms of turnover and employment</li> </ul>
Ease participation in projects with strong European dimension	Simplified rules for participation	<ul style="list-style-type: none"> <li>➤ Industrial and SME participation rate – the latter <math>\geq 30\%</math></li> <li>➤ Reduction of administrative overhead</li> </ul>
Access to design and manufacturing infrastructure	Availability and open access to State-of-the-Art	<ul style="list-style-type: none"> <li>➤ Access and use by SMEs, including system integrators</li> </ul>

	infrastructures	
Cooperation and coordination of stakeholders	Partnerships	➤ Composition of consortia – emergence of strategic alliances
Maintain human skills	Expertise available in Europe	➤ Availability of curricula/courses and effective take-up of professional training in line with industrial needs

## 1.5. Grounds for the proposal/initiative

### 1.5.1. Requirement(s) to be met in the short or long term

<p>Europe is facing two main challenges in the field of electronic components and systems:</p> <ul style="list-style-type: none"> <li>• The need to be in control of the key elements of the value chain, i.e. ‘components and systems design’, ‘components manufacturing’, and ‘integration of electronic components into final products’. The electronics value chain does not stop at the electronics production level but extends to the whole user industry from automotive to aerospace up to web-based services. Each of its elements is essential to ensure sustainability of value creation from electronics in Europe. In particular, if Europe loses its electronics manufacturing capacity, not only the relevant supply chain and design activity may shift outside Europe but the competitiveness of the whole economic fabric that depends on electronics will be seriously undermined.</li> <li>• The other is related to improving the efficiency of Europe’s innovation chain as highlighted by the KET report which identified a ‘Valley of death’ between basic knowledge generation and the subsequent commercialisation of this knowledge in marketable products. Therefore, the steps to innovation and industrial production need to be strengthened in order for businesses and citizens to benefit from leading-edge technologies.</li> </ul> <p>To ensure control of the value chain and improve its innovation system, Europe needs to overcome the following difficulties:</p> <ul style="list-style-type: none"> <li>• fierce global competition and changing business models;</li> <li>• declining market shares;</li> <li>• high costs of research and innovation and fragmented European landscape; and</li> <li>• fast-paced innovation.</li> </ul>
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### 1.5.2. Added value of EU involvement

<p>Financial support to collaborative research and innovation involving industry and academia across Europe is needed in order to:</p> <ul style="list-style-type: none"> <li>• Keep European public research teams at the forefront of electronics and ensure fast and wide industrial exploitation of technology leadership across Europe.</li> </ul>
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- Share the costs of risk-taking with the electronic components and systems industry in progressing the technology and its widespread use given the huge spill-over effect on growth and jobs across the economy and the impact on addressing the societal challenges ahead.
- Join forces. Member States have their own priorities in promoting their industry but the level of support needed for this industry is beyond their individual resources. Fragmentation tends to lead to duplication in research and innovation efforts. Furthermore only a few world-leading clusters with significant industrial activity in electronic components and embedded systems exist in Europe. Hence EU players need to join forces. Better cooperation based on collaborative user companies and technology providers accelerate the product innovation on both sides by coordinating business focus, while research projects clusters provide a regional support network for SMEs through cooperation between academia and large OEMs industry.
- Reinforce the existing European clusters in electronic components and actively supporting the creation of new clusters so as to place Europe on a comparable footing with other players worldwide. There is a need for action at the European level in order to pool resources and bring actors together, to provide the right level of scope and means to strengthen the industry. This support needs to provide a sustainable and adequate solution for Europe to face up to international competition. This action will help in sharing existing and future platforms geared towards a better environment for industrial actors, including SMEs and end-users, to reinforce their international competitiveness.
- Structure and coordinate research and innovation in Europe, to ensure that in the future there will be a manufacturing base in Europe and that European actors, including users, have access to the latest technology developments and infrastructures. To reach this goal, it is critical to effectively leverage public funding at European and national levels.

### 1.5.3. *Lessons learned from similar experiences in the past*

The current ENIAC and ARTEMIS JUs provided a major opportunity to cooperate across Europe, create critical mass and leverage investments. Their first interim evaluation strongly recommended continuing a similar initiative under Horizon 2020, considering that no single organisation or Member State could possibly address all the challenges of this sector. Therefore, a coordinated action at European level is deemed the most appropriate approach.

The JUs have demonstrated that they can successfully play the role of an honest broker, of a catalyst stimulating ambitious projects and increasing the engagement of the private sector champions, while providing a framework in which the national and European public authorities can provide support for the strategically relevant topics. This capability has been convincingly demonstrated by the ENIAC JU's success in jump-starting the implementation of the KET recommendations in nanoelectronics and by the ARTEMIS JU's first trial of large Innovation Pilot Projects within their call for proposals in 2012.

Regarding the tripartite construction of both JUs, one important challenge consists in aligning content and procedure with the expectations and processes of the participating Member States. They enable the calls for proposals by pre-committing their financial contributions and determining national eligibility conditions and funding rates.

The experience with the current model shows that it has been able to meet the objectives, albeit with a steeper learning curve than expected, due to the lengthy phase in which confidence and practical modus operandi had to be built up.

Besides the successes mentioned above, there are some observations to be made about the present set-up:

- There is a lack of synchronisation between the variety of national procedures (for both contracting and payments), creating delays in the implementation of projects.
- The obligation for the participants to conclude two grant agreements (JU + national) constitutes an administrative burden.
- The variety of national rules affect the way consortia are built.
- National commitments are often adjusted after knowing the results of the calls for proposals, and this is happening in both up and down directions.
- The rigid dependency between EU and national commitments (ratio MS/EU 1.8) hampered budget execution when national involvement was low or when the national funding rates were deviating from the anticipated 1/3(JU)-2/3(national) ratio, as happened for the pilot lines.
- The requirements of the Framework Financial Regulation applicable to decentralised agencies are putting significant constraints on the limited resources of the JU.

Those difficulties did not hold things up but required continuous efforts by all parties to make the system work. Any future similar initiative would greatly benefit from addressing them through a simplified operating model, which would also be in line with the overall goal of Horizon 2020.

#### 1.5.4. *Compatibility and possible synergy with other appropriate instruments*

The initiative is intended to develop synergies with complementary funding mechanisms, including the European Commission's smart specialisation policy aimed at fostering and supporting existing and new science and technology clusters in regions of the European Union.

The scope of the initiative is also complementing the activities envisaged under Industrial Leadership within Horizon 2020 where more advanced, longer-term research will be supported.



## 1.6. Duration and financial impact

Proposal/initiative of **limited duration**

- Proposal/initiative in effect from [01/01]2014 to 31/12/2024
- Financial impact from 2014 to 2020 for commitment appropriations and 2014 to 2024 for payment appropriations

Proposal/initiative of **unlimited duration**

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

## 1.7. Management mode(s) envisaged

From 2014 budget

**Direct management** by the Commission through:

- executive agencies

**Shared management** with Member States:

**Indirect management** by entrusting budget implementation tasks to:

- international organisations and their agencies (please specify);
- the European Investment Bank;
- bodies referred to in Article 209 FR;
- public law bodies;
- bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
- bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
- persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU and identified in the relevant basic act.

Comments

Member States are co-funding indirect actions.
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## 2. MANAGEMENT MEASURES

### 2.1. Monitoring and reporting rules

By 31 December 2017, the Commission will conduct an interim evaluation of the Joint Undertaking and will communicate the conclusions thereof, accompanied by its observations, to the European Parliament and to the Council by 30 June 2018.

Within six months of the winding up of the Joint Undertaking, but no later than two years after the decision to wind it up, the Commission will conduct a final evaluation of the Joint Undertaking. The results of the final evaluation will be presented to the European Parliament and to the Council.

By 15 February of each year, the Executive Director will present to the Governing Board for approval a draft annual activity report on the progress made by the Joint Undertaking in the previous calendar year, in particular in relation to the work plan for that year. The report will include information on the research performed, innovation and other actions and the corresponding expenditure; the proposals submitted, with a breakdown by participant type, including SMEs, and by country; the indirect actions selected for funding, with a breakdown by participant type, including SMEs, and by country, and indicating the contribution of the Joint Undertaking to the individual participants and actions.

### 2.2. Management and control system

#### 2.2.1. Risk(s) identified

The main risk identified is incorrect payment of expenditure to participants. Considering the size of the Joint Undertaking, a 1% error rate is a realistic target.

The specific risk of conflicts of interest inherent to a Public-Private Partnership is addressed by a clear separation of decision powers between the Governing Board - setting the strategy and the work plans (involving industry) - and the Public Authorities Board - determining the conditions for the calls for proposals and deciding on the allocation of public funding (without industrial involvement).

#### 2.2.2. Control method(s) envisaged

The Commission's internal auditor shall exercise the same powers over the Joint Undertaking as those exercised in respect of the Commission. Moreover, the Governing Board may arrange, as appropriate, for the establishment of an internal audit capability of the Joint Undertaking. The cost of an internal audit function (expected to be less than half a million euros for the Joint Undertaking over its lifetime) will be beneficial in proportion to the total payments handled by the Joint Undertaking (an error rate of 1% on EUR 1.2 billion represents EUR 12 million).

In compliance with Article 60 of Regulation (EU, Euratom) No 966/2012, the Joint Undertaking will respect the principles of sound financial management, transparency and non-

discrimination and will guarantee a level of protection of the financial interests of its members equivalent to that required under that Regulation.

Ex-post audits of expenditure on indirect actions will be carried out in compliance with the Horizon 2020 Framework Programme as part of the Horizon 2020 Framework Programme indirect actions.

In order to protect the financial interests of the Union, the Commission will in compliance with the Financial Regulation supervise the activities of the Joint Undertaking, in particular by carrying out audits and evaluations on the programme implementation, apply procedures for the examination and acceptance of the accounts and exclude from Union financing expenditure disbursements which have been made in breach of the applicable rules. It may also suspend and interrupt payments.

### **2.3. Measures to prevent fraud and irregularities**

The Commission or its representatives and the Court of Auditors have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors who receive EU funds.

The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the European Union in connection with a grant agreement or grant decision or a contract concerning EU funding.

Without prejudice to the above, grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.

### 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

#### 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- New budget lines requested

*In order of multiannual financial framework headings and budget lines.*

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number 09 04 02 01 – mother line	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 18(1)(a) of the Financial Regulation
1a Competitiveness for growth and jobs	09 04 07 21 Industrial leadership - JTI ECSEL	Diff.	YES	YES	NO	YES

### 3.2. Estimated impact on expenditure

#### 3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

Heading of multiannual financial Framework:	1a	Competitiveness for growth and jobs										
		Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020 <sup>3</sup>	Year 2021	Year 2022	Year 2023	Year 2024

ECSEL Joint Undertaking <sup>12</sup>	Commitments	(1)	0,310	0,310	0,550	0,715	1,210	1,210	4,350	0,000	0,000	0,000	0,000	0,000	0,000	8,655	
	Payments	(2)	0,310	0,310	0,550	0,715	1,210	1,210	1,170	1,170	1,170	0,970	0,670	0,370	0,370	0,370	8,655
Title 1	Commitments	(1a)	0,500	0,500	0,500	0,700	0,800	0,800	2,800	0,000	0,000	0,000	0,000	0,000	0,000	0,000	6,600
	Payments	(2a)	0,500	0,500	0,500	0,700	0,800	0,800	0,800	0,600	0,600	0,600	0,500	0,300	0,300	0,300	6,600
Title 2	Commitments	(3a)	135,000	145,000	160,000	175,000	185,000	195,000	205,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	1200,000
	Payments	(3b)	33,750	70,000	116,750	140,750	166,000	178,000	189,000	189,000	145,750	99,500	40,000	20,500	20,500	20,500	1200,000
<b>TOTAL appropriations</b>	Commitments	=1+1a +3a	<b>135,810</b>	<b>145,810</b>	<b>161,050</b>	<b>176,415</b>	<b>187,010</b>	<b>197,010</b>	<b>212,150</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>1215,255</b>	

<sup>1</sup> Amounts in Titles 1 and 2 represent the EU contribution (50%) to the administrative costs of the ECSEL Joint Undertaking. The other 50% are contributed by the private Members as shown in section 3.2.5. For the period 2014-2017, the contributions for the phasing out of the PPP body under the Multiannual Financial Framework 2007-2013 as shown in section 3.2.3.3(d) are to be added to the figures for the same period in Title 1 of the table. The administrative costs are determined on the basis of the experience with the ENIAC and ARTEMIS Joint Undertakings and taking into account the savings resulting from redundant functions. The period 2021-2024 is a running down phase with no new actions being launched.

<sup>2</sup> Payment appropriations for Titles 1 and 2 are based on a yearly consumption of all corresponding commitment appropriations, while for Title 3 they are determined following a typical 3-year project payment implementation schedule of 50% for pre-financing (spent for half in the year of the call and for the other half in the year following the call), 30% for interim payment in the second year after the call, 10% for interim payment in the third year after the call and 10% for final payment in the fourth year after the call.

<sup>3</sup> Titles 1 and 2 for year 2020 contain the commitments for the year (1,170 + 0,800) and the frontloading of the commitments for the remaining years of the JU in the period 2021-2024, i.e. 1,170 + 0,600 for 2021, 0,970 + 0,600 for 2022, 0,670 + 0,500 for 2023 and 0,370 + 0,300 for 2024.

for ECSEL Joint Undertaking	Payments	=2+2a +3b	34,560	70,810	117,800	142,165	168,010	180,010	190,970	147,520	101,070	41,170	21,170	1215,255
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EUR million (to three decimal places)

DG CONNECT	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	TOTAL
• Human resources (2 FTE FONCT, 1 FTE AC) <sup>4</sup>	0,332	0,332	0,332	0,332	0,332	0,332	0,332					2,324
• Other administrative expenditure	0	0	0	0	0	0	0					0
<b>TOTAL DG CONNECT</b>	<b>0,332</b>	<b>0,332</b>	<b>0,332</b>	<b>0,332</b>	<b>0,332</b>	<b>0,332</b>	<b>0,332</b>					<b>2,324</b>

Heading of multiannual financial framework:	5	‘Administrative expenditure’
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EUR million (to three decimal places)

DG CONNECT	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	TOTAL
• Human resources (2 FTE FONCT, 1 FTE AC)	0	0	0	0	0	0	0	0	0	0	0	0
• Other administrative expenditure	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL DG CONNECT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>TOTAL appropriations under HEADING 5</b> of the multiannual financial	(Total commitments = Total payments)	0	0	0	0	0	0	0	0	0	0	0	0
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<sup>4</sup> The staff number for the period after 2020 will be decided at a later stage. The FTE costs are determined on the basis of the average yearly cost of AD (EUR 131 000) and AST (EUR 70 000) staff.

framework																				
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EUR million (to three decimal places)

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	TOTAL
<b>TOTAL appropriations under HEADINGS 1 to 5</b> of the multiannual financial framework	Commitments	136,142	146,142	161,382	176,747	187,342	212,482					1217,579
	Payments	34,892	71,142	118,132	142,497	168,342	191,302	147,520	101,070	41,170	21,170	1217,579



3.2.2. Estimated impact on ECSEL Joint Undertaking's appropriations

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as described below:

Commitment appropriations in EUR million

Indicate objectives and outputs	Type	Average cost <sup>1</sup>	OUTPUTS										Total number	Total cost						
			Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Number	Cost	Number			Cost	Years 2021-2024				
SPECIFIC OBJECTIVE No 1																				
Leadership in Enabling and Industrial Technologies																				
- Output <sup>2</sup>	research and innovation actions of the ECSEL Joint Undertaking	15	9	135	10	145	11	160	11	175	12	185	13	195	14	205	0	0	80	1200
<b>TOTAL COST</b>			<b>9</b>	<b>135</b>	<b>10</b>	<b>145</b>	<b>11</b>	<b>160</b>	<b>11</b>	<b>175</b>	<b>12</b>	<b>185</b>	<b>13</b>	<b>195</b>	<b>14</b>	<b>205</b>	<b>0</b>	<b>0</b>	<b>80</b>	<b>1200</b>

<sup>1</sup> The average cost is the amount of EU contribution to the financing of the outputs.

<sup>2</sup> The outputs of the ECSEL Joint Undertaking are research and innovation projects co-funded by the EU and the participating Member States. The number of outputs per year is a rounded figure to estimate the number of projects that would be supported with the cost indicated.

### 3.2.3. Estimated impact on ECSEL Joint Undertaking's human resources

#### 3.2.3.1. Summary

- The proposal/initiative does not require the use of appropriations of an administrative nature
- The proposal/initiative requires the use of appropriations of an administrative nature, as described below:

Staffing numbers (in headcounts / FTE)<sup>1</sup>

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	TOTAL
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Officials (AD Grades)	0	0	0	0	0	0	0	0	0	0	0	0
Officials (AST Grades)	0	0	0	0	0	0	0	0	0	0	0	0
Contract agents	13	13	12	11	11	11	11	11	9	6	3	111
Temporary agents (AD grades)	14	14	13	12	12	12	12	12	10	7	4	122
Seconded National Experts	1	1	1	1	1	1	0	0	0	0	0	6

<b>TOTAL</b>	<b>28</b>	<b>28</b>	<b>26</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>23</b>	<b>23</b>	<b>19</b>	<b>13</b>	<b>7</b>	<b>239</b>
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EUR million (to three decimal places)

Officials (AD Grades)	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Officials (AST Grades)	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Contract agents	0,910	0,910	0,840	0,770	0,770	0,770	0,770	0,770	0,630	0,420	0,210	7,770
Temporary agents (AD grades)	1,834	1,834	1,703	1,572	1,572	1,572	1,572	1,572	1,310	0,917	0,524	15,982
Seconded National Experts	0,078	0,078	0,078	0,078	0,078	0,078	0,000	0,000	0,000	0,000	0,000	0,468

<sup>1</sup> In the case of PPP bodies under Article 209 FR, this table is included for information purposes.

<b>TOTAL</b>	<b>2,822</b>	<b>2,822</b>	<b>2,621</b>	<b>2,420</b>	<b>2,420</b>	<b>2,420</b>	<b>2,342</b>	<b>2,342</b>	<b>1,940</b>	<b>1,337</b>	<b>0,734</b>	<b>24,220</b>
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Staff contracts are taken over from the existing ARTEMIS and ENIAC Joint Undertakings. Their contracts are in force from the first day of the new Joint Undertaking.

### 3.2.3.2. Estimated requirements of human resources for the parent DG

- The proposal/initiative does not require the use of human resources.
- The proposal/initiative requires the use of human resources, as described below:

		Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Years 2021-2024*	Total
<b>• Establishment plan posts (officials and temporary staff)</b>										
XX 01 01 01 (Headquarters and Commission's Representation Offices)		0	0	0	0	0	0	0	0	<b>0</b>
XX 01 01 02 (Delegations)		0	0	0	0	0	0	0	0	<b>0</b>
09 01 05 01 (Indirect research)		2	2	2	2	2	2	2	p.m.	<b>14</b>
10 01 05 01 (Direct research)		0	0	0	0	0	0	0	0	<b>0</b>
<b>• External staff (in Full Time Equivalent: FTE)<sup>2</sup></b>										
XX 01 02 01 (CA, SNE, INT from the 'global envelope')		0	0	0	0	0	0	0	0	<b>0</b>
XX 01 02 02 (CA, LA, SNE, INT and JED in the delegations)		0	0	0	0	0	0	0	0	<b>0</b>
<b>XX</b> 01 04 yy <sup>3</sup>	- at Headquarters <sup>4</sup>	0	0	0	0	0	0	0	0	<b>0</b>
	- in delegations	0	0	0	0	0	0	0	0	<b>0</b>
09 01 05 02 (CA, SNE, INT - Indirect research)		1	1	1	1	1	1	1	p.m.	<b>7</b>
10 01 05 02 (CA, SNE, INT - Direct research)		0	0	0	0	0	0	0	0	<b>0</b>
Other budget lines (specify)		0	0	0	0	0	0	0	0	<b>0</b>

<sup>2</sup> CA= Contract Agent; LA = Local Agent; SNE = Seconded National Expert; INT= agency staff ('Intérimaire').

<sup>3</sup> Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

<sup>4</sup> Mainly for the Structural Funds, the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF).

<b>TOTAL</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>p.m.</b>	<b>21</b>
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\* Staff numbers after 2020 will be decided at a later stage.

*Estimate to be expressed in full amounts (or at most to one decimal place)*

**XX** is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	Membership in Governance bodies and monitoring/reporting of activities
External staff	Support to Officials

### 3.2.3.3. Estimated requirements of human resources for the ECSEL Joint Undertaking<sup>5</sup>

- The proposal/initiative does not require the use of human resources.
- The proposal/initiative requires the use of human resources, as described below:
  - a. Estimated requirements of human resources to be financed from appropriations under 2014-2020 Multiannual Financial Framework

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Total
<b>• Establishment plan posts (officials and temporary staff)</b>												
09 04 07 21 (PPP body)												
Officials (AD grades)	6	6	7	9	12	12	12	12	10	7	4	<b>97</b>
Officials (AST grades)	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>• External staff (in Full Time Equivalent: FTE)<sup>6</sup></b>												
09 04 07 21 (PPP body)												
CA	8	8	8	8	11	11	11	11	9	6	3	<b>94</b>
SNE	1	1	1	1	1	1	0	0	0	0	0	<b>6</b>
INT	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>TOTAL</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>18</b>	<b>24</b>	<b>24</b>	<b>23</b>	<b>23</b>	<b>19</b>	<b>13</b>	<b>7</b>	<b>197</b>

<sup>5</sup> In the case of PPP bodies under Article 209 FR, this section is included for information purposes.

<sup>6</sup> CA= Contract Agent; LA = Local Agent; SNE = Seconded National Expert; INT= agency staff ('Intérimaire').

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Estimate to be expressed in full amounts (or at most to one decimal place)

Description of tasks to be carried out:

Officials and temporary staff	Programme and administrative management
External staff	Support to temporary staff

– b. p.m. - Human resources financed from appropriations under 2007-2013 Multiannual Financial Framework (for information)

	Year 2014	Year 2015	Year 2016	Year 2017	Total
<b>• Establishment plan posts (officials and temporary staff)</b>					
09 04 01 03 (ARTEMIS Joint Undertaking) <sup>7</sup>					
Officials (AD grades)	8	8	6	3	<b>25</b>
Officials (AST grades)	0	0	0	0	<b>0</b>
<b>• External staff (in Full Time Equivalent: FTE)</b>					
09 04 01 03 (ARTEMIS Joint Undertaking) <sup>8</sup>					
CA	5	5	4	3	<b>17</b>
SNE	0	0	0	0	<b>0</b>
INT	0	0	0	0	<b>0</b>
<b>TOTAL</b>	<b>13</b>	<b>13</b>	<b>10</b>	<b>6</b>	<b>42</b>

Estimate to be expressed in full amounts (or at most to one decimal place)

c. Consolidated overview of human resources under points a) and b)

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Total
<b>• Establishment plan posts (officials and temporary staff)</b>												
09 04 07 21 (PPP body)	14	14	13	12	12	12	12	12	10	7	4	<b>122</b>
Officials (AD grades)	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Officials (AST grades)	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>• External staff (in Full Time Equivalent: FTE)<sup>8</sup></b>												

<sup>7</sup> These human resources are co-financed by the contributions from ARTEMISIA and AENEAS Associations (see point d below).

<sup>8</sup> CA= Contract Agent; LA = Local Agent; SNE = Seconded National Expert; INT= agency staff ('Intérimaire').

09 04 07 21 (PPP body)	13	13	12	11	11	11	11	11	9	6	3	<b>111</b>
CA	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
SNE	1	1	1	1	1	1	0	0	0	0	0	<b>6</b>
INT	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>TOTAL</b>	<b>28</b>	<b>28</b>	<b>26</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>23</b>	<b>23</b>	<b>19</b>	<b>13</b>	<b>7</b>	<b>239</b>

d. Contribution to the running costs for the phasing out of the PPP body under the Multiannual Financial Framework 2007-2013

EUR million (to three decimal places)

	Year 2014	Year 2015	Year 2016	Year 2017	Total <sup>9</sup>
Contribution in cash from the EU <sup>10</sup>	0,600	0,600	0,550	0,300	<b>2,050</b>
Contribution in cash from third parties – AENEAS Association	0,500	0,500	0,300	0,130	<b>1,430</b>
Contribution in cash from third parties – ARTEMISIA Association	0,300	0,300	0,210	0,165	<b>0,975</b>
<b>TOTAL</b>	<b>1,400</b>	<b>1,400</b>	<b>1,060</b>	<b>0,595</b>	<b>4,455</b>

The contributions from the AENEAS and ARTEMISIA Associations are composed of the amounts that they owe for their contribution to the running costs of the ENIAC and ARTEMIS Joint Undertakings in order to respect the agreements made with the Commission according to the following settlement about the split of the running costs:

EUR million (to three decimal places)

2008-2013	ARTEMIS Joint Undertaking			ENIAC Joint Undertaking		
	Total running costs	EC	ARTEMISIA	Total running costs	EC	AENEAS
Actual contributions at end 2013		3,864	4,800		4,514	4,741
Recalculated contributions to implement the split into 2/3 (industry) – 1/3 (EC)	8,664	2,889	5,775	9,255	3,084	6,171
<b>Difference (adjusted – actual)</b>		<b>-0,975</b>	<b>0,975</b>		<b>-1,430</b>	<b>1,430</b>

The amounts owed to the Commission will be offset over the period 2014-2017 by decreasing the contributions of the Commission as shown in section 3.2.1.

<sup>9</sup> The total for the EU cash contribution equals the amount front-loaded in the 2013 budget for the completion of the 2007-2013 activities of the body.

<sup>10</sup> The corresponding budget line is 09 04 01 03.

### 3.2.4. Compatibility with the current multiannual financial framework

- Proposal/initiative is compatible the current multiannual financial framework.
- Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

-

- Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework.

-

### 3.2.5. Third-party contributions

- The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to three decimal places)

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Total
Private Members – contribution in cash to the administrative costs <sup>1</sup>	2,210	2,210	2,110	2,010	2,010	2,010	1,970	1,770	1,570	1,170	0,670	19,710
ECSEL Member States – contribution in cash to the operational costs <sup>2</sup>	135,000	145,000	160,000	175,000	185,000	195,000	205,000	0,000	0,000	0,000	0,000	1200,000
<b>TOTAL appropriations co-financed</b>	<b>137,210</b>	<b>147,210</b>	<b>162,110</b>	<b>177,010</b>	<b>187,010</b>	<b>197,010</b>	<b>206,970</b>	<b>1,770</b>	<b>1,570</b>	<b>1,170</b>	<b>0,670</b>	<b>1219,710</b>

The total contribution from private members are laid down by Article 4(2) of the Council Regulation of the ECSEL Joint Undertaking.

<sup>1</sup> The contributions by AENEAS and ARTEMISIA for the period 2014-2017 as detailed in section 3.2.3.3(d) are not included in the present amounts.

<sup>2</sup> The collective national contributions are estimated to be in the same order as the total EU contribution.



### 3.3. Estimated impact on revenue

- Proposal/initiative has no financial impact on revenue.
- Proposal/initiative has the following financial impact:
  - on own resources
  - on miscellaneous revenue