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## INFORMATION NOTE

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From: General Secretariat of the Council  
To: Permanent Representatives Committee/Council

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Subject: Proposal for a Decision of the European Parliament and of the Council on the participation of the Union in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA) jointly undertaken by several Member States  
- Outcome of the European Parliament's first reading  
(Strasbourg, 12 to 15 June 2017)

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## I. INTRODUCTION

In accordance with the provisions of Article 294 of the TFEU and the joint declaration on practical arrangements for the codecision procedure <sup>1</sup>, a number of informal contacts have taken place between the Council, the European Parliament and the Commission with a view to reaching an agreement on this dossier at first reading, thereby avoiding the need for second reading and conciliation.

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<sup>1</sup> OJ C 145, 30.6.2007, p.5

In this context, the rapporteur, Sofia SAKORAFI (EUN, GR) presented a compromise amendment to the proposal for a Decision of the European Parliament and of the Council on the participation of the Union in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA) jointly undertaken by several Member States, on behalf of the Committee on Industry, Research and Energy (amendment 108). This amendment had been agreed during the informal contacts referred to above.

## II. VOTE

When it voted on 13 June 2017, the Parliament adopted the compromise amendment (amendment 108) to the proposal for a Regulation. The Parliament also adopted one amendment to the draft legislative resolution (amendment 109).

The Commission's proposal as thus amended constitutes the Parliament's first-reading position which is contained in its legislative resolution as set out in the Annex hereto<sup>2</sup>.

The Parliament's position reflects what had been previously agreed between the institutions. The Council should therefore be in a position to approve the Parliament's position.

The act would then be adopted in the wording which corresponds to the Parliament's position.

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<sup>2</sup> The version of the Parliament's position in the legislative resolution has been marked up to indicate the changes made by the amendments to the Commission's proposal. Additions to the Commission's text are highlighted in ***bold and italics***. The symbol "■" indicates deleted text.

**P8\_TA(2017)0249**

**Participation of the Union in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA) \*\*\*I**

**European Parliament legislative resolution of 13 June 2017 on the proposal for a decision of the European Parliament and of the Council on the participation of the Union in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA) jointly undertaken by several Member States (COM(2016)0662 – C8-0421/2016 – 2016/0325(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2016)0662),
  - having regard to Article 294(2) and Articles 185 and 188 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0421/2016),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to the opinion of the European Economic and Social Committee of 26 January 2017<sup>3</sup>,
  - having regard to the provisional agreement approved by the committee responsible under Rule 69f(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 26 April 2017 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
  - having regard to Rule 59 of its Rules of Procedure,
  - having regard to the report of the Committee on Industry, Research and Energy and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0112/2017),
1. Adopts its position at first reading hereinafter set out;
  2. Takes note of the Commission statement annexed to this resolution;
  3. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
  4. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

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<sup>3</sup> OJ C 125, 21.4.2017, p. 80.

**Position of the European Parliament adopted at first reading on 13 June 2017 with a view to the adoption of Decision (EU) 2017/... of the European Parliament and of the Council on the participation of the Union in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA) jointly undertaken by several Member States**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 185 and the second paragraph of Article 188 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>4</sup>,

Acting in accordance with the ordinary legislative procedure<sup>5</sup>,

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<sup>4</sup> OJ C 125, 21.4.2017, p. 80.

<sup>5</sup> Position of the European Parliament of 13 June 2017.

Whereas:

- (1) In its Communication of 3 March 2010 entitled 'Europe 2020: A strategy for smart, sustainable and inclusive growth', the Commission emphasised 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 the European Parliament and the Council have endorsed that strategy.
- (2) *By its resolutions of 28 July 2010 and 18 December 2013, the General Assembly of the United Nations recognised the right to safe and clean drinking water and sanitation as a human right that is essential for the full enjoyment of life. It also called for the progressive realisation of the human right to safe drinking water, emphasising the important role of international cooperation in that context.*
- (3) Regulation (EU) No 1291/2013 of the European Parliament and of the Council<sup>6</sup> established the Framework Programme for Research and Innovation (2014-2020) ('Horizon 2020'). Horizon 2020 aims to achieve a greater impact on research and innovation by contributing to the strengthening of public-public partnerships, including through Union participation in programmes undertaken by several Member States, *with a view to sustainable development*.

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<sup>6</sup> Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC (OJ L 347, 20.12.2013, p. 104).

- (4) Public-public partnerships should aim to develop closer synergies, increase coordination and avoid unnecessary duplication with Union, international, national and regional research and innovation programmes, and should fully respect the general principles of Horizon 2020, *with the aim of strengthening research and innovation in order to contribute towards sustainable development*, in particular those relating to openness and transparency.
- (5) *In accordance with Article 19(2) of Regulation (EU) No 1291/2013, research and innovation activities carried out under the Partnership for Research and Innovation in the Mediterranean Area (PRIMA) are to have an exclusive focus on civil applications.*
- (6) Regulation (EU) No 1291/2013 identified 'Food security, sustainable agriculture and forestry, marine, maritime and inland water research, and the bioeconomy' and 'Climate action, environment, resource efficiency and raw materials' as two of the priority societal challenges to be addressed by supporting investment in research and innovation. Moreover, Regulation (EU) No 1291/2013 recognises that research and innovation activities for those challenges should be carried out at the Union level and beyond given the transnational and global nature of the climate and the environment, their scale and complexity, and the international dimension of the food and agricultural supply chain.

- (7) Regulation (EU) No 1291/2013 acknowledges that international cooperation with third countries is necessary to address common challenges effectively. International cooperation in research and innovation is a key aspect of the Union's global commitments and has an important role to play in the Union's partnership with European Neighbourhood countries. ***In that respect, the Mediterranean area is strategically important for the Union from a political, economic, cultural, scientific and environmental point of view.***
- (8) ***In order to ensure consistency with Regulation (EU) No 1290/2013 of the European Parliament and of the Council<sup>7</sup>, actions which fall within the scope of this Decision should respect fundamental rights and observe the principles acknowledged in particular by the Charter of Fundamental Rights of the European Union. Such actions should be in conformity with any legal obligation stemming from international law, Union law, inter alia any relevant Commission decisions such as the Commission notice of 28 June 2013<sup>8</sup>, as well as with ethical principles, which include avoiding any breach of research integrity.***

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<sup>7</sup> Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in "Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)" and repealing Regulation (EC) No 1906/2006 (OJ L 347, 20.12.2013, p. 81).

<sup>8</sup> ***OJ C 205, 19.7.2013, p. 9.***

(9) In its Communication of 7 June 2016 on establishing a new Partnership Framework with third countries under the European Agenda on Migration, the Commission emphasised the need for all policies, including research and innovation, to address the root causes of migration through a new cooperation model involving private investors, as well as the need to leverage limited budget resources and to focus on small and medium-sized enterprises (SMEs) and sustainable infrastructure.

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(10) PRIMA aims to implement a joint programme *to foster research and innovation capacities and to develop knowledge and common* innovative ■ solutions for improving the efficiency, safety, security and sustainability of *agro-food systems* and *of integrated water provision and management* in the Mediterranean area. PRIMA should contribute to the achievement of the recently ■ agreed Sustainable Development Goals and to the forthcoming European Sustainable Development Strategy *as well as to the goals of the Paris Agreement*.

(11) *Integrated water provision and management, including reuse and treatment of water, means that all the different uses of water resources are considered.*



- (12) *Sustainable agro-food systems should aim to meet the requirements of citizens and the environment for safe, healthy and affordable food and to make food and feed processing, distribution and consumption more sustainable with the aim of minimising food losses and agro-food waste.*
- (13) *With regard to water resources and agro-food systems, open, democratic and participatory governance is crucial to ensure that the most cost-effective solutions are implemented for the benefit of society as a whole.*
- (14) With a view to ensuring participation of the third countries not associated to Horizon 2020 in PRIMA, namely *Algeria*, Egypt, *Jordan*, Lebanon and Morocco, international agreements *for scientific and technological cooperation* between the Union and those third countries are required in order to extend to them the legal regime established by this Decision.

- (15) In line with the objectives of Horizon 2020, any other Member State and any third country associated to Horizon 2020 should be entitled to participate in PRIMA if it commits to contributing to the financing of PRIMA **and to take the legislative, regulatory, administrative and other measures necessary for protecting the Union's financial interests**.
- (16) In order to ensure the joint implementation of PRIMA, an implementation structure ('PRIMA-IS') should be set up. PRIMA-IS should be the recipient of the Union financial contribution and it should ensure the efficient **and transparent** implementation of PRIMA.
- (17) In order to achieve the objectives of PRIMA, any other third country not associated to Horizon 2020, in particular Southern Mediterranean countries, should be able to participate if it commits to contributing to the financing of PRIMA and if PRIMA-IS approves its participation. Its participation should also be provided for by the relevant international agreement **for scientific and technological cooperation** between such third country and the Union.
- (18) The Union financial contribution should be subject to formal commitments from the Participating States to contribute to the financing of PRIMA and to the fulfilment **and implementation** of those commitments in accordance with this Decision. Flexibility should be provided to the Participating States to contribute financially to PRIMA-IS on an optional basis with a view to funding indirect actions, thereby achieving a high degree of financial integration. Furthermore, Participating States should contribute financially or in kind to activities implemented without the Union financial **contribution and to the administrative budget of PRIMA-IS not covered by the Union financial** contribution. The period during which the Participating States are to provide their contribution should be clearly defined.

- (19) A ceiling should be established for the Union financial contribution to PRIMA with funding from Horizon 2020. Under that ceiling, the Union financial contribution should be equal to the Participating States' contribution to PRIMA in order to achieve a high leverage effect and ensure a stronger integration of the Participating States' programmes. It should be possible to use a limited part of the Union financial contribution to cover the administrative costs of PRIMA-IS. ***An efficient administration of PRIMA should be ensured and administrative costs should be kept to a minimum.***
- (20) In order to avoid a protracted implementation of PRIMA, a deadline should be fixed for the launch of the final activities to be funded, including the final calls for proposals.
- (21) PRIMA activities should be in line with the objectives and research and innovation priorities of Horizon 2020 and with the general principles and conditions laid down in Article 26 of Regulation (EU) No 1291/2013. PRIMA should take into account the definitions of the Organisation for Economic Co-operation and Development regarding the Technological Readiness Level in the classification of technological research, product development and demonstration activities.

- (22) *PRIMA should support all types of research and innovation activities, including research, development and innovation projects, innovative demonstrators and pilot plants, capacity building, training, awareness-raising and dissemination actions, and researcher mobility, addressing a wide range of Technology Readiness Levels and ensuring an appropriate balance between small and large projects.*
- (23) *In order to have a greater impact, coherence between PRIMA and other research and innovation projects under Horizon 2020, such as the European Institute of Innovation and Technology Food Knowledge and Innovation Community (Food KIC), or other Union instruments, such as the European Neighbourhood and Partnership Instrument, should be sought and possible overlaps should be avoided.*
- (24) *PRIMA should be implemented on the basis of annual work plans setting out the activities to be undertaken in a given year. PRIMA-IS should monitor regularly the results of calls for proposals and the actions it funds and the extent to which scientific topics, expected impacts and oversubscription in terms of proposals above threshold that could not be funded have been adequately addressed. In justified cases, PRIMA-IS should undertake corrective actions by amending the annual work plan or in subsequent annual work plans.*

- (25) In order to achieve the objectives of PRIMA, PRIMA-IS should provide financial support mainly in the form of grants to participants, for actions funded by PRIMA-IS. Those actions should be selected following open and competitive calls for proposals under the responsibility of PRIMA-IS.
- (26) *Barriers preventing the participation of newcomers in PRIMA activities should be monitored and addressed.*
- (27) *In achieving the objectives of PRIMA, and in line with the applicable rules and principles, such as the principle of scientific excellence, PRIMA-IS should aim to provide, through the annual work plan, an appropriate share of its funding, approximately 25 % of the Union financial contribution, reflecting the commitments of Mediterranean Partner Countries to PRIMA, to legal entities established in targeted third countries considered to be Participating States.*
- (28) Calls for proposals managed by PRIMA-IS should also be published on the single portal for participants, as well as through other Horizon 2020 electronic means of dissemination managed by the Commission.

- (29) ***PRIMA-IS should make information on the implementation of the actions funded publicly available.***
- (30) The Union financial contribution should be managed in accordance with the principle of sound financial management and with the rules on indirect management laid down in Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council<sup>9</sup> and Commission Delegated Regulation (EU) No 1268/2012<sup>10</sup>.
- (31) In order to protect the Union's financial interests, the Commission should have the right to terminate, reduce or suspend the Union financial contribution if PRIMA is implemented inadequately, partially or late, or if the Participating States do not contribute, or contribute partially or late, to the financing of PRIMA.
- (32) ***In line with the overall aim of Horizon 2020 of achieving greater simplification, sets of rules that are different from those of Horizon 2020 should be avoided. Therefore, participation*** in indirect actions funded by PRIMA-IS is subject to Regulation (EU) No 1290/2013. However, due to the ***unique objectives and*** specific operating needs of PRIMA, it is necessary to provide for ***a limited number of*** derogations in accordance with Article 1(3) of that Regulation.

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<sup>9</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

<sup>10</sup> Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

- (33) In order to account for the specificities resulting from the geographical scope of PRIMA, derogations from point (b) of Article 9(1) and from Article 9(3) of Regulation (EU) No 1290/2013 are necessary to adjust the minimum eligibility conditions for participation in indirect actions. In particular, in order to *adapt to the specificities of PRIMA* the minimum number of participants should, in derogation from point (b) of Article 9(1) of Regulation (EU) No 1290/2013, be three legal entities established in three different Participating States, *fostering balanced Euro-Mediterranean cooperation*. Derogation from Article 9(3) of Regulation (EU) No 1290/2013 is also necessary in order to ensure that the minimum eligibility conditions for participation in indirect actions do not discriminate against entities established in third countries that are Participating States.
- (34) *Derogations from Article 10(1) and (2) of Regulation (EU) No 1290/2013 are necessary in order to ensure that, as a general rule, only legal entities established in a Participating State or created under Union law, or international European interest organisations, are eligible for funding. However, PRIMA-IS should also be able to fund beneficiaries established in a country that is not a Participating State, provided that such participation is deemed to be essential by PRIMA-IS or if funding is provided for under an international agreement or arrangement. The participation of such entities should be monitored by PRIMA-IS.*

- (35) For the purpose of simplification, the administrative burden should be *strictly proportionate to the foreseeable effects* on all parties. Double audits and disproportionately burdensome documentation or reporting should be avoided. When audits are conducted, the specificities of the national programmes should be taken into account, as appropriate.
- (36) Audits of recipients of Union funds provided in accordance with this Decision should ensure a reduction of the administrative burden, in accordance with Regulation (EU) No 1291/2013.
- (37) The Union's financial interests should be protected through 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 sanctions in accordance with Regulation (EU, Euratom) No 966/2012.
- (38) The Commission, *taking into account the views of the Participating States as well as the views expressed by a wide range of stakeholders*, should conduct an interim evaluation assessing in particular the quality and efficiency of PRIMA and the progress made towards the objectives set, and a final evaluation, and should prepare reports on those evaluations.
- (39) Upon request from the Commission, PRIMA-IS and the Participating States should submit any information that the Commission needs to include in the reports on the evaluation of PRIMA *and, in doing so, should be encouraged to use a harmonised format*.



- (40) The objective of this Decision is to strengthen the integration and alignment of research and innovation systems and activities in Mediterranean countries in the fields of *agro-food systems, to make them sustainable, and of integrated* water provision and *management*. The scale of the research and innovation necessary to address the challenges in the Mediterranean area is immense due to the systemic character of the major bottlenecks. The scope of research and innovation is complex, multidisciplinary and requires a multi-actor and cross-border approach. A collaborative approach with a wide set of Participating States can help to increase the required scale and scope, by pooling financial and intellectual resources. Since the objective of this Decision cannot be sufficiently achieved by the Member States, but can rather, by integrating national efforts into a consistent Union approach, by bringing together compartmentalised national research and innovation programmes, by helping design common research and funding strategies across national borders, and by achieving the critical mass of actors and investments required, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Decision does not go beyond what is necessary in order to achieve that objective.
- (41) The Union should therefore participate in PRIMA,

HAVE ADOPTED THIS DECISION:

Article 1  
Participation in PRIMA

1. The Union shall participate in the Partnership for Research and Innovation in the Mediterranean Area ('PRIMA'), jointly undertaken by **Croatia**, Cyprus ■, France, **Germany**, Greece, Israel, Italy, Luxembourg, Malta, Portugal, **Slovenia**, Spain, Tunisia **and Turkey** ('Participating States'), in accordance with the conditions laid down in this Decision.
2. **Algeria**, Egypt, **Jordan**, Lebanon and Morocco shall become Participating States subject to the conclusion of international agreements *for scientific and technological cooperation* with the Union setting out the terms and conditions of their participation in PRIMA.
3. Any Member State and any third country associated to Horizon 2020, other than one listed in paragraph 1 of this Article, may participate in PRIMA provided that it fulfils the condition laid down in point (c) of Article 4(1) **and complies, in particular, with Article 11(5)**.

Member States and third countries associated to Horizon 2020 that fulfil **the conditions set out in the first subparagraph** shall be considered to be Participating States for the purposes of this Decision.

4. Any third country not associated to Horizon 2020, other than one listed in paragraph 2 of this Article, may participate in PRIMA provided that:
- (a) it fulfils the condition laid down in point (c) of Article 4(1) *and complies, in particular, with Article 11(5)*;
  - (b) the implementation structure for PRIMA ('PRIMA-IS') approves its participation in PRIMA after examining the relevance of its participation to achieving the objectives of PRIMA; and
  - (c) it concludes an international agreement for scientific and technological cooperation with the Union setting out the terms and conditions of its participation in PRIMA.

Third countries that fulfil the conditions set out in the first subparagraph shall be considered to be Participating States for the purposes of this Decision.

Article 2  
Objectives of PRIMA

1. ***In line with the priorities of Horizon 2020, the*** general objectives of PRIMA are to ***build research and innovation capacities and to develop knowledge and*** ■ common innovative solutions for ***agro-food systems, to make them sustainable, and for integrated*** water provision and ***management*** in the Mediterranean area, to make ***those systems and that provision and management*** more climate resilient, efficient, cost-effective and ***environmentally and socially*** sustainable, and to contribute to solving ***water scarcity, food security***, nutrition, health, well-being and migration problems upstream.
  
2. In order to contribute to the general objectives set out in paragraph 1, PRIMA shall fulfil the following specific objectives:
  - (a) the formulation of a ■ long-term, common, strategic agenda in the area of ***agro-food systems, to make them sustainable, and in the area of integrated*** water provision and ***management***;
  
  - (b) the orientation of ***relevant*** national ***research and innovation*** programmes towards the implementation of the strategic agenda;

- (c) the involvement of all relevant public and private sector actors in implementing the strategic agenda by pooling knowledge and financial resources to achieve the necessary critical mass;
- (d) the strengthening of *the research and innovation* funding *capacities* and of the implementation capabilities of all actors involved *including SMEs, academia, non-governmental organisations and local research centres*.

### Article 3

#### Union financial contribution to PRIMA

1. The Union financial contribution, including EFTA appropriations, shall equal the Participating States' contributions *to PRIMA*. *The Union financial contribution shall not exceed EUR 220 000 000.*
2. The Union financial contribution *referred to in paragraph 1 of this Article* shall be paid from the appropriations in the general budget of the Union allocated to the relevant parts of the specific programme implementing Horizon 2020, established by Council Decision 2013/743/EU<sup>11</sup>, and in particular from Part II 'Industrial leadership' and Part III 'Societal challenges', in accordance with point (c)(vi) of Article 58(1) and Articles 60 and 61 of Regulation (EU, Euratom) No 966/2012.

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<sup>11</sup> Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decisions 2006/971/EC, 2006/972/EC, 2006/973/EC, 2006/974/EC and 2006/975/EC (OJ L 347, 20.12.2013, p. 965).

3. The Union financial contribution *referred to in paragraph 1 of this Article* shall be used by PRIMA-IS to:
  - (a) fund the activities referred to in point (a) of Article 6(1);
  - (b) cover PRIMA-IS administrative costs, up to a maximum of **6%** of the Union financial contribution *referred to in paragraph 1 of this Article*.

#### Article 4

##### Conditions for the Union financial contribution to PRIMA

1. The Union financial contribution *referred to in Article 3(1)* shall be conditional upon the following:
  - (a) the demonstration by the Participating States that PRIMA is set up in accordance with this Decision;
  - (b) the designation by the Participating States, or by organisations designated by the Participating States, of an entity with legal personality, as referred to in point (c)(vi) of Article 58(1) of Regulation (EU, Euratom) No 966/2012, as PRIMA-IS, which shall be responsible for implementing PRIMA efficiently, for receiving, allocating and monitoring the Union financial contribution *referred to in Article 3(1) of this Decision* as well as the Participating States' contributions, where appropriate, and for ensuring that all necessary actions are undertaken to achieve the objectives of PRIMA;

- (c) the commitment by each Participating State to contribute to the financing of PRIMA *with an adequate contribution from national resources relevant to the objectives of PRIMA*;
- (d) the demonstration by PRIMA-IS of its capacity to implement PRIMA, including receiving, allocating and monitoring the Union *financial* contribution *referred to in Article 3(1)* of this Decision in the framework of indirect management of the Union budget in accordance with Articles 58, 60 and 61 of Regulation (EU, Euratom) No 966/2012;
- (e) the establishment of *an efficient* governance model for PRIMA in accordance with Article 12;
- (f) the adoption by PRIMA-IS, after obtaining approval from the Commission, of the common principles referred to in Article 6(9).

2. During the implementation of PRIMA, the Union financial contribution *referred to in Article 3(1)* shall also be conditional upon the following:

- (a) the implementation by PRIMA-IS of the objectives set out in Article 2, and of the activities referred to in Article 6;
- (b) the maintenance of an appropriate and efficient governance model in accordance with Article 12;

- (c) the compliance by PRIMA-IS with the reporting requirements set out in Article 60(5) of Regulation (EU, Euratom) No 966/2012;
  - (d) the fulfilment by the Participating States of the commitments referred to in point (c) of paragraph 1 of this Article.
3. The Commission shall assess the fulfilment of commitments undertaken by the Participating States, in particular through the first two annual work plans. Following that assessment, the maximum Union *financial* contribution referred to in Article 3(1) *may* be reviewed in accordance with Article 9.

## Article 5

### Participating States' contributions to PRIMA

1. The Participating States shall make or arrange for their national funding bodies to make contributions, whether financial or in kind, of at least EUR **220** 000 000 during the period from ... [the date of entry into force of this Decision] until 31 December 2028.
2. The Participating States' contributions **■** shall consist of the following:
- (a) where appropriate, financial contributions to PRIMA-IS in view of funding indirect actions referred to in point (a) of Article 6(1);
  - (b) financial or in-kind contributions in implementing activities referred to in point (b) of Article 6(1); and
  - (c) financial *or in-kind* contributions to the administrative budget of PRIMA-IS not covered by the Union *financial* contribution as set out in point (b) of Article 3(3).



3. In-kind contributions referred to in point (b) of paragraph 2 of this Article shall consist of costs incurred by the Participating States ■ in implementing activities referred to in point (b) of Article 6(1), less any direct or indirect Union financial contribution to those costs.
4. ***In-kind contributions referred to in point (c) of paragraph 2 shall consist of costs incurred by the Participating States in relation to the administrative budget of PRIMA-IS, less any direct or indirect Union financial contribution to those costs.***
5. For the purpose of valuing the in-kind contributions referred to in points (b) **and** (c) of paragraph 2, the costs shall be determined in accordance with the usual accounting practices of the Participating States or the national funding bodies concerned, the applicable accounting standards of the Participating State where the national funding bodies concerned are established and the applicable International Accounting Standards and International Financial Reporting Standards. The costs shall be certified by an independent auditor appointed by the Participating States or the national funding bodies concerned. Should there be any uncertainty arising from the certification, the valuation method may be verified by PRIMA-IS. In the event of remaining uncertainties, the valuation method may be audited by PRIMA-IS.

6. Contributions referred to in points (a), (b) **and** (c) of paragraph 2 of this Article counting as contributions from Participating States shall be made after the ***adoption of the annual work plan. If the annual work plan is adopted during the reference year referred to in Article 6(2), the contributions referred to in point (c) of paragraph 2 of this Article, counting as contributions from Participating States included in the annual work plan, may comprise contributions made as from 1 January of that year. However, the contributions referred to in point (c) of paragraph 2 of this Article, counting as contributions from Participating States included in the first annual work plan, may comprise contributions made after ... [the date of entry into force of this Decision]*** .

## Article 6

### Activities and implementation of PRIMA

1. PRIMA shall support ***a wide range of research and innovation activities, as described in its annual work plan, by means of:***
- (a) indirect actions within the meaning of Regulations (EU) No 1290/2013 and (EU) No 1291/2013 funded by PRIMA-IS in accordance with Article 7 of this Decision, mainly in the form of grants following transnational open and competitive calls for proposals organised by PRIMA-IS, including:
    - (i) research and innovation actions, as well as innovation actions **■** ;
    - (ii) coordination and support actions focusing on dissemination and outreach to promote PRIMA and maximise its impacts;

- (b) activities funded by the Participating States ■ without the Union *financial* contribution *referred to in Article 3(1)* consisting of:
- (i) activities selected following transnational open and competitive calls for proposals organised by PRIMA-IS, managed by the national funding bodies under the national programmes of the Participating States, providing financial support mainly in the form of grants;
  - (ii) activities under the national programmes of the Participating States *including transnational projects*.
2. PRIMA shall be implemented on the basis of annual work plans *covering activities to be undertaken for the period from 1 January to 31 December of a given year ('reference year')*. PRIMA-IS shall adopt *the annual work plans by 31 March of the reference year*, after obtaining approval from the Commission ■. *In adopting the annual work plans, both PRIMA-IS and the Commission shall act without undue delay*. PRIMA-IS shall make the annual work plan publicly available.
3. *Activities referred to in points (a) and (b) of paragraph 1 may be launched only in the reference year and only after the adoption of the annual work plan for that year.*

4. *If the annual work plan is adopted during the reference year, the Union financial contribution referred to in Article 3(1) may be used to reimburse the administrative costs of PRIMA-IS incurred from 1 January of that reference year in line with the annual work plan. However, the Union financial contribution referred to in Article 3(1) may reimburse administrative costs of PRIMA-IS incurred as from ... [the date of entry into force of this Decision] in line with the first annual work plan.*
5. Activities may be funded under PRIMA only if they are set out in the annual work plan. The annual work plan shall distinguish between the activities referred to in point (a) of paragraph 1 of this Article, the activities referred to in point (b) of paragraph 1 of this Article and the administrative costs of PRIMA-IS. It shall provide for their corresponding expenditure estimates as well as for the budget allocation to activities funded with the Union *financial* contribution *referred to in Article 3(1)* and to activities funded by the Participating States ■ without the Union *financial* contribution *referred to in Article 3(1)*. The annual work plan shall also include the estimated value of the Participating States' in-kind contributions referred to in point (b) of Article 5(2).
6. *Amended annual work plans for a reference year and annual work plans for subsequent reference years shall take into account the results of previous calls for proposals. They shall endeavour to address insufficient coverage of scientific topics in particular those initially addressed in activities under point (b) of paragraph 1 that could not be adequately funded.*

7. The final activities to be funded, including the final calls for proposals under the relevant annual work plans shall be launched by 31 December 2024. In duly justified cases, they may be launched by 31 December 2025.
8. Activities to be funded by the Participating States ■ without the Union *financial* contribution *referred to in Article 3(1)* may be included in the annual work plan only following the positive outcome of their external independent evaluation by international peer review with regard to the objectives of PRIMA, as organised by PRIMA-IS.
9. Activities included in the annual work plan that are funded by the Participating States ■ without the Union *financial* contribution *referred to in Article 3(1)* shall be implemented in compliance with common principles to be adopted by PRIMA-IS, after obtaining approval from the Commission. The common principles shall take into account the principles set out in this Decision, in Title VI of Regulation (EU, Euratom) No 966/2012 and in Regulation (EU) No 1290/2013, in particular the principles of equal treatment, transparency, independent peer review evaluation and selection. PRIMA-IS shall also adopt, after obtaining approval from the Commission, the reporting requirements of the Participating States to PRIMA-IS, including with regard to indicators inserted into each of those activities.

10. The activities referred to in point (b)(i) of paragraph 1 shall, in addition to the common principles referred to in paragraph 9, comply with the following conditions:
- (a) the proposals shall be for transnational projects, with minimum participation of at least three independent legal entities established in three different *countries considered to be* Participating States *in accordance with this Decision by the submission deadline under the relevant call for proposals*, of which:
    - (i) at least one is established in a Member State or third country associated to Horizon *2020 and does not fall under point (ii)*; and
    - (ii) at least one is established in a third country *listed in Article 1(2), or in a third country bordering the Mediterranean Sea*;
  - (b) the proposals shall be selected following transnational calls for proposals and ■ shall be evaluated with the assistance of at least three independent experts, on the basis of the following award criteria: excellence, impact, and quality and efficiency of the implementation;

(c) the proposals shall be ranked according to the evaluation results. The selection shall be made by PRIMA-IS *and should follow* that ranking. The Participating States shall agree on an adequate funding mode that allows for the maximising of the number of proposals *above threshold* to be funded on the basis of that ranking, in particular by providing reserve amounts to the national contributions for calls for proposals. *In the event that one or more projects cannot be funded, the projects following directly in the ranking may be selected.*

11. PRIMA-IS shall monitor and report to the Commission on the implementation of all activities included in the annual work plan.

12. Any communication or publication relating to the activities of PRIMA, and performed in cooperation with PRIMA, whether undertaken by PRIMA-IS, a Participating State or its national funding bodies, or participants to an activity, shall be labelled or co-labelled as follows: '[name of the activity] is part of the PRIMA programme supported by the European Union'.

## Article 7

### Rules for participation and dissemination

1. PRIMA-IS shall be considered to be a funding body within the meaning of Regulation (EU) No 1290/2013 and shall provide financial support to indirect actions referred to in point (a) of Article 6(1) of this Decision in accordance with the rules set out in that Regulation, subject to the derogations set out in this Article.
2. By way of derogation from point (b) of Article 9(1) of Regulation (EU) No 1290/2013, the minimum number of participants shall be three legal entities established in three different ***countries considered to be*** Participating States ***in accordance with this Decision by the submission deadline under the relevant call for proposals*** of which:
  - (a) at least one is established in a Member State or third country associated to Horizon ***2020 and does not fall under point (b)***; and
  - (b) at least one is established in a third country ***listed in Article 1(2), or in a third country bordering the Mediterranean Sea.***
3. By way of derogation from Article 9(3) of Regulation (EU) No 1290/2013, in duly justified cases provided for in the annual work plan, the minimum condition shall be the participation of one legal entity established in ■ a Participating State in accordance with this Decision by the submission deadline under the relevant call for proposals.



4. *By way of derogation from Article 10(1) and (2) of Regulation (EU) No 1290/2013, the following participants are eligible for funding by PRIMA-IS:*
- (a) any legal entity established in a Participating State or created under Union law;*
  - (b) any international European interest organisation, as defined in point (12) of Article 2(1) of Regulation (EU) No 1290/2013.*
5. *In the case of a participating international organisation or of a participating legal entity established in a country which is not a Participating State, neither of which is eligible for funding in accordance with paragraph 4, funding by PRIMA-IS may be granted provided that at least one of the following conditions is fulfilled:*
- (a) participation is deemed to be essential for carrying out the action by PRIMA-IS;*
  - (b) such funding is provided for under a bilateral scientific and technological agreement or any other arrangement between the Union and the international organisation or, for entities established in a country which is not a Participating State, the country in which the legal entity is established.*
6. *Without prejudice to Regulation (EU, Euratom) No 966/2012, to Delegated Regulation (EU) No 1268/2012 and to Regulation (EU) No 1290/2013, the applicable model grant agreement may lay down that also legal entities established in countries which are not Participating States and which receive funding from PRIMA-IS shall provide appropriate financial guarantees.*

7. ***Without prejudice to Regulation (EU) No 1290/2013, and taking into account the specificities of PRIMA, PRIMA-IS may introduce in the annual work plans an additional condition for participation in order to address the type of entities that can be coordinators in indirect actions.***

## Article 8

### Agreements between the Union and PRIMA-IS

1. Subject to a positive *ex-ante* assessment of PRIMA-IS in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012 and provision of adequate financial guarantees in accordance with point (c)(vi) of Article 58(1) of that Regulation, the Commission, on behalf of the Union, shall conclude a delegation agreement and annual transfer of funds agreements with PRIMA-IS.
2. The delegation agreement referred to in paragraph 1 of this Article shall be concluded in accordance with Article 58(3) and Articles 60 and 61 of Regulation (EU, Euratom) No 966/2012 and Article 40 of Delegated Regulation (EU) No 1268/2012. It shall also set out, inter alia, the following:
  - (a) the requirements for PRIMA-IS contribution regarding the performance indicators set out in Annex II to Decision 2013/743/EU;
  - (b) the requirements for PRIMA-IS contribution to the monitoring referred to in Annex III to Decision 2013/743/EU;
  - (c) the specific performance indicators related to the functioning of PRIMA-IS;

- (d) the requirements for PRIMA-IS regarding the provision of information on administrative costs and of detailed figures concerning the implementation of PRIMA;
- (e) the arrangements regarding the provision of data necessary to ensure that the Commission is able to meet its dissemination and reporting obligations;
- (f) the arrangements for the approval or rejection by the Commission of the draft annual work plan, the common principles referred to in Article 6(9) and the reporting requirements of the Participating States, before they are adopted by PRIMA-IS; and
- (g) provisions for the publication of calls for proposals by PRIMA-IS, in particular on the single portal for participants, as well as through other Horizon 2020 electronic means of dissemination managed by the Commission.

## Article 9

### Termination, reduction or suspension of the Union financial contribution

1. If PRIMA is not implemented or is implemented inadequately, partially or late, the Commission may terminate, proportionally reduce or suspend the Union financial contribution *referred to in Article 3(1)* in line with *the* actual implementation of PRIMA.
2. If the Participating States do not contribute, or contribute partially or late, to the financing of PRIMA the Commission may terminate, proportionally reduce or suspend the Union financial contribution *referred to in Article 3(1)*, taking into account the amount of funding allocated by the Participating States to implement PRIMA.

## Article 10

### *Ex-post* audits

1. *Ex-post* audits of expenditure on indirect actions referred to in point (a) of Article 6(1) of this Decision shall be carried out by PRIMA-IS in accordance with Article 29 of Regulation (EU) No 1291/2013.
2. The Commission may decide to carry out the audits referred to in paragraph 1 itself. In such cases, it shall do so in accordance with the applicable rules, in particular the provisions of Regulations (EU, Euratom) No 966/2012, (EU) No 1290/2013 and (EU) No 1291/2013.

## Article 11

### Protection of the financial interests of the Union

1. The Commission shall take appropriate measures to ensure that, when actions financed under this Decision are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and dissuasive administrative sanctions.
2. PRIMA-IS shall grant Commission staff and other persons authorised by the Commission, as well as the Court of Auditors, access to its sites and premises and to all the information, including information in electronic format, that is needed in order to conduct their audits.
3. 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 Council Regulation (Euratom, EC) No 2185/96<sup>12</sup> and Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council<sup>13</sup> with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract funded, directly or indirectly, in accordance with this Decision.

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<sup>12</sup> 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 (OJ L 292, 15.11.1996, p. 2).

<sup>13</sup> Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European *Anti*-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

4. Without prejudice to paragraphs 1, 2 and 3, contracts, grant agreements and grant decisions, resulting from the implementation of this Decision shall contain provisions expressly empowering the Commission, PRIMA-IS, the Court of Auditors and OLAF to conduct such audits and investigations in accordance with their respective competences. Where the implementation of an action is outsourced or sub-delegated, in whole or in part, or where it requires the award of a procurement contract or financial support to a third party, the contract, grant agreement or grant decision shall include the contractor's or beneficiary's obligation to impose on any third party involved explicit acceptance of those powers of the Commission, PRIMA-IS, the Court of Auditors and OLAF.
5. In implementing PRIMA, the Participating States shall take the legislative, regulatory, administrative and other measures necessary for protecting the Union's financial interests, in particular, to ensure full recovery of any amounts due to the Union in accordance with Regulation (EU, Euratom) No 966/2012 and Delegated Regulation (EU) No 1268/2012.

Article 12  
Governance of PRIMA

1. The bodies of PRIMA-IS shall include:
  - (a) a *Board of Trustees, which shall have a Chair and a Co-Chair*;
  - (b) a *Steering Committee*;
  - (c) a Secretariat, *headed by a Director*;
  - (d) a Scientific Advisory *Committee*.
2. PRIMA-IS shall be governed by the *Board of Trustees*, in which all Participating States are represented. The *Board of Trustees* shall be the decision-making body of PRIMA-IS.

The *Board of Trustees* shall, after obtaining approval from the Commission, adopt:

- (a) the annual work plan;
- (b) the common principles referred to in Article 6(9); and
- (c) the Participating States' reporting requirements to PRIMA-IS.

*The Board of Trustees shall verify that the conditions set out in Article 1(3) and point (c) of Article 4(1) are fulfilled and shall inform the Commission accordingly.*

*The Board of Trustees* shall approve the participation in PRIMA of any third country not associated to Horizon 2020 other than those listed in Article 1(2) after examining the relevance of its participation to achieving the objectives of PRIMA.

Each Participating State shall have one vote in the *Board of Trustees*. Decisions shall be taken by consensus. Where no consensus is reached, the *Board of Trustees* shall adopt its decisions by a majority of at least 75 % of the *valid votes cast*.

The Union, represented by the Commission, shall be invited to all the meetings of the *Board of Trustees* as an observer, and may take part in the discussions. It shall receive all necessary documents.

3. The *Board of Trustees* shall determine the number of *Steering Committee* members, which shall not be less than five, and shall appoint them. The *Steering Committee shall monitor the work of the director and advise the Board of Trustees on the implementation of PRIMA by the Secretariat. In particular, it shall provide guidance on the implementation of the annual budget and on the annual work plan.*



4. The *Board of Trustees* shall establish the Secretariat of PRIMA-IS as the executive body of PRIMA.

The Secretariat shall:

- (a) implement the annual work plan;
- (b) provide support to the other bodies of PRIMA-IS;
- (c) monitor and report on the implementation of PRIMA;
- (d) manage the *Union financial contribution referred to in Article 3(1) and the Participating States' financial contributions* and report on their use;
- (e) increase the visibility of PRIMA through advocacy and communication;
- (f) liaise with the Commission in accordance with the delegation agreement referred to in Article 8;
- (g) *ensure the transparency of PRIMA activities.*

5. The **Board of Trustees** shall appoint a Scientific Advisory **Committee** consisting of **renowned** independent experts ■, competent in areas relevant to PRIMA. The **Board of Trustees** shall establish the number of Scientific Advisory **Committee** members, ■ and the arrangements for their appointment in accordance with Article 40 of Regulation (EU) No 1290/2013.

The ■ Scientific Advisory **Committee** shall:

- (a) advise the **Board of Trustees** on strategic priorities and needs;
- (b) advise the **Board of Trustees** on the content and scope of the draft annual work plan from a scientific and technical standpoint;
- (c) review the scientific and technical aspects of the implementation of PRIMA and deliver an opinion on its annual report ■.

### Article 13

#### Communication of information

- 1. At the request of the Commission, PRIMA-IS shall provide the Commission with any information necessary for the preparation of the reports referred to in Article 14.
- 2. The Participating States shall submit to the Commission, through PRIMA-IS, any information requested by the European Parliament, by the Council or by the Court of Auditors concerning the financial management of PRIMA.

3. The Commission shall include the information referred to in paragraph 2 of this Article in the reports referred to in Article 14.

#### Article 14

#### Evaluation

1. By 30 June 2022 the Commission shall conduct an interim evaluation of PRIMA ***with the assistance of independent experts***. The Commission shall prepare a report on that evaluation which includes the conclusions of the evaluation and observations by the Commission. The Commission shall submit that report to the European Parliament and to the Council by 31 December 2022.
2. By 31 December 2028, the Commission shall conduct a final evaluation of PRIMA ***with the assistance of independent experts***. The Commission shall prepare a report on that evaluation which includes the results of that evaluation and shall submit that report to the European Parliament and to the Council by 30 June 2029.

Article 15  
Entry into force

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

Article 16  
Addressees

This Decision is addressed to the Member States.

Done at,

*For the European Parliament*

*For the Council*

*The President*

*The President*

## ANNEX TO THE LEGISLATIVE RESOLUTION

### Statement of the Commission on financial guarantees for the PRIMA Implementation Structure

1. In relation to the PRIMA initiative, the EU Financial Regulation in its Article 58(1)(c)(vi) stipulates that the Commission may entrust implementation of the Union budget to a body governed by private law with a public service mission (Implementation Structure – IS). Such a body must provide adequate financial guarantees.
2. In order to respect sound financial management of EU funds, these guarantees should cover, without limitation of scope or amounts, any debt of the IS towards the Union related to all implementation tasks as foreseen in the Delegation Agreement. The Commission normally expects the guarantors to accept the joint and several liability for debts of the IS.
3. However, on the basis of a detailed risk assessment, in particular if the outcome of the *ex-ante* pillar assessment carried out to the IS in line with Article 61 of the Financial Regulation is deemed to be adequate, the Commission Authorising Officer in charge of PRIMA will envisage that:
  - Taking into account the principle of proportionality, the financial guarantees requested from the IS may be limited to the maximum amount of the Union contribution.
  - In accordance, the liability of each guarantor may be proportionate to the share of their contribution to PRIMA.

The guarantors may agree on the modalities in which they will cover this liability in their respective letters of declaration on liabilities.