



Council of the
European Union

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**RECH 319
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NOTE

Subject: Annex to the Recommendation for a Council decision authorising the opening of negotiations with the Faroe Islands for an agreement on the general principles for the participation of the Faroe Islands in Union programmes and on the association of the Faroe Islands to Horizon Europe – the Framework Programme for Research and Innovation 2021-2027

DIRECTIVES FOR THE NEGOTIATION OF AN AGREEMENT BETWEEN the European Union and the Faroe Islands on the general principles for the participation of the Faroe Islands in Union programmes and the association of the Faroe Islands to Horizon Europe

1. The agreement should provide for the terms and conditions of the participation of the Faroe Islands to any Union programme. It shall:
 - (a) ensure a fair balance as regards the contributions and benefits of the third country participating in the Union programmes;
 - (b) lay down the conditions of participation in the Union programmes, including the calculation of financial contributions to individual programmes and their administrative costs. These contributions shall constitute assigned revenues in accordance with Article 21 (5) of the Financial Regulation;
 - (c) not confer to the third country any decision-making power in respect of the Union programmes;
 - (d) guarantee the rights of the Union to ensure sound financial management and to protect its financial interests.

2. The general principles relevant for participation in any Union programme should be set by this agreement. The agreement should foresee that possible future associations of the Faroe Islands in further Union programmes should take the form of protocols to this agreement. Such protocols should be adopted by a body established under the agreement.

3. The agreement should provide for the terms and conditions of the participation of the Faroe Islands to Horizon Europe implemented through the specific programme established by Council Decision (EU) 2021/764¹ and through a financial contribution to the European Institute of Innovation and Technology (EIT). Those terms and conditions should be in line with the Horizon Europe Regulation the Council Decision on establishing the specific programme implementing Horizon Europe and any other rules pertaining to the implementation of the Programme.
4. The agreement should determine the level of financial contribution payable by the Faroe Islands to the general budget of the Union.
5. The agreement should provide for an observer status of the Faroe Islands to the Horizon Europe Programme Committee.
6. The agreement should provide for a reciprocity clause ensuring reciprocal participation of legal entities established in the Union in equivalent programme(s) of the Faroe Islands, as far as possible.
 - 6a. The agreement should recall the relevant Horizon Europe provisions related to the protection of the Union's strategic assets, interests, autonomy or security.
 - 6b. The agreement should promote shared fundamental values and principles of international cooperation in research and innovation, especially ethics and research integrity, the freedom of scientific research, gender equality, protection of intellectual property rights and open science.

¹ Council Decision (EU) 2021/764 of 10 May 2021 establishing the specific programme implementing Horizon Europe – the Framework Programme for Research and Innovation (OJ L 167/I, 12.5.21, p.1).

7. The agreement should set forth rules concerning sound financial management in relation to Union funding. In particular, the agreement should provide for the adequate protection of the financial interest of the Union, including the prevention, detection, correction and investigation of irregularities, including fraud, the recovery of funds lost, wrongly paid or incorrectly used, and, where appropriate, the imposition of administrative penalties and the recovery of money. The European Commission (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, the European Public Prosecutor's Office may investigate and prosecute offences against the financial interests of the Union.
 8. The Commission should, during negotiations, assess the possibility to include a clause on provisional application.
 9. The agreement should be in coherence with related EU policies and objectives.
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