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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

Final Evaluation of Eurostars-2

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1. INTRODUCTION

The Eurostars-2 programme was a public-public partnership funded under the Horizon 2020 Framework Programme for Research and Innovation (R&I) covering the 2014-2020 period. Eurostars-2 aimed at supporting small and medium-sized enterprises (“SMEs”) performing research and development (R&D) activities through international cooperation. It was the second iteration of a programme that started in 2008.

The rationale behind this programme is that SMEs need access to market, finance, skills and knowledge in order to thrive and compete globally. They often lack in-house capabilities and capacity to achieve the innovative breakthroughs that are needed for their scale up and integration into global value chains. Collaboration between enterprises and with public research-performing organisations are key for faster knowledge diffusion and exploitation. Whilst many national programmes and instruments exist to facilitate participation of SMEs in R&I projects, most do not explicitly support or focus on international R&I collaboration.

Under the Eurostars-2 programme, 33 participating countries, four additional non-EU partner countries and the EU, focused on the development of synergies of their R&I programmes and on improved cooperation between national and regional R&I programmes for the benefit of R&D-performing SMEs.

Eurostars-2 pursued three objectives:

- Promotion of research activities that comply with the following conditions:
 - the activities are carried out by a transnational collaboration of research- and development performing SMEs among themselves or including other actors of the innovation chain (e.g., universities, research organisations);
 - results of activities are expected to be introduced into the market within two years of the completion of an activity.
- Increased accessibility, efficiency and efficacy of public funding for SMEs in Europe by aligning, harmonising and synchronising the national funding mechanisms of participating states.
- Promotion and increased participation of SMEs without previous experience in transnational research.

The European Union (“EU”) participated in Eurostars-2 based on Decision No 553/2014/EU of the European Parliament and of the Council of 15 May 2014 on the participation of the Union in a Research and Development Programme jointly undertaken by several Member States aimed at supporting R&D performing SMEs¹ (the “Decision”). According to Article

¹ Decision No 553/2014/EU of the European Parliament and of the Council of 15 May 2014 on the participation of the Union in a Research and Development Programme jointly undertaken by several Member States aimed at supporting research and development performing small and medium-sized enterprises Text with EEA relevance (europa.eu).

15 of the Decision, the European Commission had to conduct a final evaluation of Eurostars-2 by 31st of December 2022.

This report provides the final evaluation of the Eurostars-2 programme, covering the period between the inception of Eurostars-2 in 2014 until March 2022.² The report builds on the interim evaluation of Eurostars-2 performed in 2017³, a call for evidence launched in September 2022, and available monitoring data. The performance of Eurostars-2 was also covered as part of the external ex-post evaluation of Horizon 2020⁴.

2. CONTEXT AND OVERVIEW OF EUROSTARS-2

The Eurostars-2 programme built on the experience of its predecessor, the Eurostars-1 programme implemented between 2008 and 2013. The programme was financed at that time under Article 169 of the EC Treaty through an agreed EU contribution to a joint programme between Member States and the EU.

The objective of Eurostars-1 was to support transnational market-oriented research and innovation projects initiated and driven by R&D-performing SMEs in order to improve their competitive position. R&D-performing SMEs were and are recognised as important stakeholders for the European knowledge-based economy facing global competition. Findings from the final evaluation of the Eurostars-1 programme⁵ showed that the financial support successfully helped Eurostars-1 beneficiaries to develop new or improved products and services with which they could improve their competitive position and that 88% of the analysed Eurostars-1 projects developed their planned innovations.

Similar to Eurostars-1, Eurostars-2 had no specific scientific or technological focus but supported cross-border R&I collaboration among SMEs, large firms, research organisations and universities with a strong focus on internationalisation.

Following the previous practice under Eurostars-1, the Eureka Secretariat was designated as the implementation structure for Eurostars-2. The Eureka Secretariat has been created as the operational office of Eureka, an intergovernmental initiative established in 1985 with the objective of promoting cooperation in industrial research.⁶

The funding contribution of the EU to Eurostars-2 from the Horizon 2020 budget was set to be up to EUR 287 million. For each Eurostars-2 project the funding base was a fixed share between national contribution and EU contribution, in line with the Decision.

According to the Decision, the tasks of the Eureka Secretariat in implementing Eurostars-2 included:

² Although there are no further calls under the programme, projects supported by the programme and related top-up payments will continue until 2025.

³ European Commission, Directorate-General for Research and Innovation, Shaton, M., Pando, E., Vicini, I. et al., *Interim evaluation of the Eurostars-2 Joint Programme*, Publications Office, 2017, <https://data.europa.eu/doi/10.2777/357102>

⁴ European Commission, Directorate-General for Research and Innovation, *Eurostars-2 final evaluation – Evaluation study of the European Framework Programmes for Research and Innovation for an innovative Europe*, Publications Office of the European Union, 2023, <https://data.europa.eu/doi/10.2777/333838>

⁵ COM(2015)479 - Final evaluation of the Eurostars Joint Programme (2008-2013)

⁶ [Home - Eureka \(eurekanetwork.org\)](https://eureka-network.org/)

- the preparation of the annual budget of the calls and their central organisation (e.g., eligibility check, evaluation and ranking of applications),
- the collection of information from National Funding Bodies (“NFBs”) for the transfer of the Union contribution,
- promotional activities,
- the reporting to the Eurostars-2 High-Level Group⁷ and the Commission on the Eurostars-2 programme.

The interim evaluation of Eurostars-2 performed in 2017 informed the impact assessment of its successor initiative “European Partnership on Innovative SMEs” supported under Horizon Europe. It highlighted that the major benefits of the Eurostars rest in the niche features of the programme, such as its bottom-up approach, its strong trans-national focus, the division of work between the central structure and the decentralised structures of national funding bodies. It also enables beneficiaries to introduce new products within two years of projects’ completion and allows SMEs to obtain funds without any prior experience in transnational R&I collaboration.

On the other hand, the interim evaluation pointed out that, due to the decentralised structure, times to grant have shown a high level of heterogeneity and the lack of synchronisation of procedures often hampered the smooth implementation of the programme. The low number of active participating States and the uneven concentration⁸ of beneficiaries in them limited the impact of the programme. A certain level of uncertainty had manifested in terms of getting funding for selected projects when the contribution of participating States had been exhausted by other projects.

3. FINAL EVALUATION FINDINGS AND OBSERVATIONS

3.1 Evaluation methodology and limitations

The final evaluation of Eurostars-2 builds on the findings of the external study which incorporates two case studies, using data collected through surveys and approximately 30 interviews with programme participants and a wider variety of stakeholders (including beneficiaries, national funding bodies, the Eureka Secretariat and Commission services), complemented with statistical information about the Eurostars-2 Programme provided by the Eureka Secretariat. The call for evidence published in September 2022 gathered replies from 62 entities from nine different countries and largely confirmed the conclusions that were drawn from the interviews conducted with stakeholders.

The monitoring data collected includes data, among others, on the number of applications for each cut-off, the countries of origin of the applicants, the number of funded projects for each cut-off, the total projects budget for each cut-off, the consortium composition for the 2014-2020 funding period, all approved Eurostars-2 projects, the committed budget for each participating state and partner country for each cut-off and the committed EU contribution,

⁷ The Eurostars-2 High Level Group is the body in charge of supervising the implementation of the Eurostars-2 Joint Programme, and in particular for the approval of the operational procedures for running the Eurostars-2 Joint Programme, the approval of the call planning and call budget, and the approval of the ranking list of Eurostars-2 projects to be funded.

⁸ 9 participating countries concentrate more than half of all participating R&D SMEs: Germany, The Netherlands, United Kingdom, France, Spain, Denmark, Switzerland, Sweden and Norway.

the time-to-contract per country for cut-offs 1-15, as well as the Annual Reports of the Eurostars-2 programme from 2014-2021.

As around half of the Eurostars-2 projects were still running at the time of the evaluation, insights from final reports are mainly projected from cut-offs 1-5, that are completed.

Due to a lack of more detailed information and data on final project results and impacts of Eurostars-2 projects, mainly insights from interviews and desk research are integrated into this final evaluation giving only limited information on the actual results and impacts. Although the Eureka Secretariat has changed its monitoring system in response to the Interim Evaluation (2017), which noted the insufficient accuracy and lack of up-to-date information in the Eureka Secretariat database, it was not yet possible to assess at the time of the final evaluation (2022) if the new monitoring has improved data timeliness and availability, in particular due to the ongoing changes in the IT system of the Eureka Secretariat.

Nevertheless, changes in IT systems, staff replacement and clearer guidance in the project agreement are expected to lead to an improved situation in the successor programme of Eurostars-2, which is subject to reporting obligations related to co-funded partnerships under Horizon Europe, with an increased focus on impact.

A Staff Working Document accompanying this report⁹ provides further details on the evaluation.

3.2 Final evaluation findings

Based on the limited data available, key findings from the final evaluation of Eurostars-2 according to the Better Regulation evaluation criteria¹⁰ are the following:

Efficiency of implementation

Between 2014 and end 2021, 15 joint calls took place (at least twice per year), attracting 5891 projects' proposals. The number of funded projects amounted to 1546. The main beneficiaries of the Eurostars-2 programme were R&D-performing SMEs (66%)¹¹, 30% of which had no prior experience in international collaboration before having participated in the Eurostars-2 programme. It was an attractive funding programme with a high success rate (27%) for SMEs, many of them applying for the first time for EU funding rather than from national or regional funding programmes.

Eurostars-2 has been **running efficiently** and there were no delays in the implementation of the Annual Work Plans and calls. The uniqueness of the programme rests on the funding of transnational collaborative projects led by R&D performing SMEs. Compared to the Eurostars-1 programme, national funding rules have been further harmonized and administrative processes were sped up. For instance, the time-to-contract decreased significantly during the implementation phase of the Eurostars-2 programme and reached an average duration of 6,6 months. Nevertheless, significant differences between participating countries still exist. Consortium members for a given project faced different rules for

⁹ SWD(2024)470

¹⁰ https://commission.europa.eu/law/law-making-process/planning-and-proposing-law/better-regulation/better-regulation-guidelines-and-toolbox/better-regulation-toolbox_en

¹¹ With the rest of the funding going to other stakeholders, such as research and technology organisations.

application depending on their country of origin and the provision of grants was subject to the availability of national funding. Also, even if the centralised **evaluation process** of applications is regarded as well structured, it is also sometimes criticised for being non-transparent by applicants. Complicated application processes may require the services of external firms helping with the application process and writing the actual project application according to interviewees.

With regards to the **budget committed** in the 2014-2020 period, the Eurostars-2 programme had a total committed public budget of EUR 1.14 billion coming from the Annual Work Plans. While the EU committed EUR 287 million (33.3%) to the financing of the projects, the remaining EUR 856 million (66.6%) has been committed by the Eurostars-2 participating countries through national funding resources. However, funds were not fully utilised as the evaluation results could not match the available national funding per call. Based on the limited available data, there is a considerable discrepancy between the pre-committed budget and the actual funding provided. This was somewhat mitigated by the introduction of an additional “Covid” call using unused funds. Following this additional call, the Union underspending alone was EUR 31,4 million over the lifetime of the programme, representing 10.9% of the EU commitment.

The committed grant amounts by the 33 participating countries and the four additional non-EU partner countries differed significantly for each country. While the highest grant amounts have been committed by Germany (EUR 112 million), the Netherlands (EUR 102 million) and France (EUR 74 million), no grants have been committed by Greece. Five countries (Germany, Netherlands, France, Sweden and Norway) and four non-EU partner countries¹² committed almost half of the total committed national budgets (around 49%). As outlined in the case study on varying participation, due to the design of the programme there is a strong correlation between budget allocation and participation at the national level. Also, while some participating countries offered support services and promotional activities that increased the visibility of the Eurostars-2 programme on the national level, other national funding bodies did not have the financial and human resources to promote the programme on the national level, which resulted in an unequal level of visibility of the Eurostars-2 programme in all participating states. Also, the uncertainty to get funding for selected projects when the contribution of participating countries has been exhausted by higher ranked projects was a key weakness identified in the Interim Evaluation. Due to the lack of information and data provided for the final evaluation this aspect could not be fully examined. However, since the selection process for the partnership did not change since the interim evaluation, it cannot be excluded that this issue persisted throughout Eurostars-2.

The external evaluation points to the role of the **Eureka Secretariat** for the successful implementation of the programme because of its broad, international network and expert database with broad knowledge in different technological fields. The Eureka Secretariat did, however, by the time of the evaluation, not provide more detailed monitoring and reporting information on project results allowing to fully assess the effects of the programme nor the efficiency of its implementation.

Effectiveness and impact

The programme followed a bottom-up approach without a predetermined thematic or technological focus. This resulted in different technological areas being covered by the

¹² Switzerland, South Korea, Canada and South Africa.

supported projects. A strong focus has been on biological sciences and technologies (35% of the projects), followed by electronics, IT and telecoms technologies (22% of the projects).

According to available information, the Eurostars-2 programme seems to have had a positive impact. As around half of the projects were still running at the time of the evaluation, and the monitoring and reporting system did not allow for a proper tracking of results, it is **not possible to draw detailed conclusions on final project results and their impact**. Overall, beneficiary SMEs have reported that they have been successful in developing new patents, and prototypes and received private investments after the project completion. Most commercialised results were products (53%) followed by services (28%) and processes (19%). Project results were mainly commercialised in Europe followed by North America and Asia.

Relevance and coherence

Based on the available information and the contributions of a few beneficiaries and stakeholders for the external evaluation, Eurostars-2 is regarded as a **relevant** support programme for SMEs within the European Research Area allowing different types of organisations to collaborate with international partners based on national funding provided by their National Funding Bodies, as national contact institutions. For SMEs, the Eurostars-2 programme was an important entry possibility for a first international cooperation. The Eurostars-2 programme offered the opportunity to strengthen the relationship with the consortium partners as well as to discover and reach out to new international markets and contacts. SMEs that have only limited R&I resources had the possibility through the programme to collaborate with other companies and develop new intellectual property and leverage skills that they do not have in their home countries.

The Eurostars-2 programme was perceived by interviewed stakeholders as a relevant support programme to tackle existing market failures of SMEs lacking innovation capacities due to the degree of risk-taking and resources needed. In this context, the Eurostars-2 support was relevant for SMEs to further develop their innovative products, processes and/or services through transnational knowledge sharing. The programme offered the possibility to initiate a cooperative learning process with successful international partners that would not have been available on the regional or national level. Interviewed beneficiaries emphasized that the amount of the grants was also generally higher than at the national or regional level for similar activities.

4. CONCLUSIONS

Target group and scope of the programme

Based on the data available, the Eurostars-2 programme is regarded as a relevant support programme for SMEs to develop new and innovative products, processes, and services giving SMEs unfamiliar in the field of international funding a first experience in collaboration with partners outside their own country. The technological openness and the bottom-up approach are perceived as one of the major benefits of the programme. The geographical openness and the possibility to collaborate with partner organisations from a broad range of the 33 participating countries and four additional non-EU partner countries is one of the added values of the Eurostars-2 programme compared to regional or national funding programmes which often have also lower funding rates. The increasing number of applications throughout the 15 cut-offs indicates the existing relevance of the programme for the target groups.

Governance and management

There are strong differences in application and participation rates among participating states and partner countries. Five countries and four non-EU partner countries committed almost half of the total committed national budgets. This is largely explained by the design of the programme, which means that the budget allocated at the national level is a strong determinant of the number of projects funded with beneficiaries from a given country. The countries that provide the strongest input have the most participants. Despite the high success rate of 27%, funds were not fully utilised as the evaluation results could not match the available national funding per call, and an additional call was launched to use these funds. Overall, findings from the final evaluation indicate that the governance of the Eurostars-2 by the Eureka Secretariat is a complex but adequate governance structure together with the National Funding Bodies, adapted to the needs of the Eurostars-2 programme.

Outputs and results of Eurostars-2 projects

Due to lack of more detailed information on final results and impacts of Eurostars-2 projects at the time of the final evaluation, only insights from interviews, desk research and a limited number of market impact reports are integrated into the final evaluation. Changes in IT systems, staff replacement and clearer guidance in the project agreement are expected to lead to an improved situation in the successor programme of Eurostars-2, which is subject to reporting obligations related to co-fund partnerships under Horizon Europe, with an increased focus on impact. With regards to the project implementation and results, a limited number of interviews with beneficiaries indicate that participants to Eurostars-2 projects seem to be successful in developing new processes, products or services and receiving private investments after the project completion.