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POSITION OF THE EUROPEAN PARLIAMENT

adopted at first reading on 27 February 2024 with a view to the adoption of Decision (EU) 2024/... of the European Parliament and of the Council amending Decision (EU) 2017/1324 as regards the continuation of the Union's participation in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA) under Horizon Europe (EP-PE_TC1-COD(2023)0207)

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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 Committee¹,

Acting in accordance with the ordinary legislative procedure²,

¹ *OJ C, C/2023/863, 8.12.2023, ELI: <http://data.europa.eu/eli/C/2023/863/oj>.*

² Position of the European Parliament of 27 February 2024.

Whereas:

- (1) Decision (EU) 2017/1324 of the European Parliament and of the Council³ *on the participation of the Union in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA)*, was adopted under *Regulation (EU) No 1291/2013 of the European Parliament and of the Council⁴ (Horizon 2020)* for a period up to 31 December 2028.
- (2) In accordance with *Decision (EU) 2017/1324*, the final calls for proposals under the PRIMA annual work programme will be launched in 2024 and all indirect *research and innovation (R&I)* actions will be finalised by 2028.
- (3) The Member States participating in PRIMA have declared their intention to continue in their joint initiative beyond 2024 and have called for the continuing participation of the Union in the same institutional framework of Article 185 *of the Treaty on the Functioning of the European Union*.

³ Decision (EU) 2017/1324 of the European Parliament and of the Council of 4 July 2017 on the participation of the Union in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA) jointly undertaken by several Member States (OJ L 185, 18.7.2017, p. 1).

⁴ *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) *PRIMA is a successful tool for the purpose of advancing R&I, in particular with regard to the R&I systems of the participating countries that are of strategic relevance for the interests of the Union. In line with the Commission communication of 18 May 2021 entitled 'on the Global Approach to Research and Innovation - Europe's strategy for international cooperation in a changing world' and the joint communication of the Commission and the High Representative of 1 December 2021 entitled 'The Global Gateway', the Commission committed itself to strengthening the Union's leading role in supporting multilateral R&I partnerships to deliver new solutions to green, digital, health, social and innovation challenges, and has identified the urgent need for projects of a sustainable and high-quality design that are implemented in a manner to ensure a high level of transparency and standards.*

- (5) *In its communication of 7 June 2016 entitled ‘on establishing a new Partnership Framework with third countries under the European Agenda on Migration’, which remains relevant in the current context surrounding PRIMA, the Commission emphasised the need for all policies, including R&I, to address the root causes of migration through a new cooperation model that involves private investors, including a focus on small and medium-sized enterprises (SMEs), and sustainable infrastructure. In particular, science and technology play an increasingly important role in the geopolitical landscape and can support diplomatic efforts in many ways, including with regard to the promotion and defence of European values, such as academic freedom, research ethics, integrity and gender equality. PRIMA serves as a regional model for science diplomacy and fosters relationships with non-participating Mediterranean countries.*

- (6) *The thematic scope of PRIMA, namely support for agri-food systems, integrated water provision and water management in the Mediterranean area, is becoming increasingly topical. Research shows that water scarcity is an important contributor to the rise in global migration. Climate change and associated natural disasters have a devastating impact on agricultural production. Further, according to the contribution of Working Group II to the Sixth Assessment Report of the United Nations' Intergovernmental Panel on Climate Change, Mediterranean ecosystems are expected to be among those most affected by the consequences of progressing climate change. PRIMA contributes to supporting the Mediterranean area in becoming a leader in climate-resilient solutions. Preventive and adaptation measures, such as desalination technologies and plant tolerance, are essential for coping with climate change.*
- (7) *PRIMA should actively seek and promote synergies and complementarities with other regional, European and international partnerships, and with other collaborative R&I programmes with corresponding objectives and activities.*

- (8) The Commission's Report of 31 May 2023 to the European Parliament and the Council of its Interim Evaluation of PRIMA (Commission's Interim Evaluation) found *that Southern Mediterranean Participating States had received 28 % of the total funds allocated by PRIMA until March 2022. It is imperative that PRIMA supports a range of R&I activities in order to foster the building of longer lasting communities and increase cooperation among Southern Mediterranean Participating States and their participation rate.*
- (9) *Pursuant to Article 4(1), point (b), of Decision (EU) 2017/1324, the PRIMA-implementation structure (PRIMA-IS) was established in 2017 as a dedicated entity, responsible for the direct management of the Union financial contribution to PRIMA. PRIMA-IS was established in Barcelona and has ensured the smooth, efficient and transparent rollout of PRIMA, supported through its secretariat and governing bodies.*

- (10) Since PRIMA's initial rationale and objectives remain valid, *in particular in light of Russia's unprovoked and unjustified war of aggression against Ukraine, which has further destabilised fragile Southern Mediterranean agriculture markets, making the transition to sustainable food systems an even more urgent priority for Mediterranean societies*, and the *Commission's Interim Evaluation* concluded that PRIMA is a successful instrument with an added value for the Union, the Union should continue to provide financial support to allow PRIMA to fund **R&I** actions under the same thematic scope until 2027, and to synchronise PRIMA with the Union's multiannual financial framework (MFF) and MFF-aligned programming cycles of R&I programmes. Moreover, PRIMA's overall duration should be extended until 2031 to allow for the full implementation of those **R&I** actions.

- (11) *PRIMA should retain its ambition and resources which make it an essential instrument for international cooperation and scientific diplomacy in the Mediterranean area. Future revisions of PRIMA's strategic research and innovation agenda should cover the potential extension of the scope of the objectives laid down in Article 2 of Decision (EU) 2017/1324, including energy and climate-related R&I, and take into account the impact of new portfolios on other primary resources, namely water, land, and agriculture. Such a potential extension of the scope of those objectives would create opportunities to develop R&I areas that are not currently addressed by PRIMA and would promote applications in a range of sectors. In particular, a new Water-Energy-Food nexus approach could help decision makers understand complex energy systems and could integrate resources planning with sound technical expertise and governance.*

- (12) The continued Union financial support to PRIMA should come from the general budget of the Union allocated to the Specific Programme implementing Horizon Europe, established by Council Decision (EU) 2021/764⁵, *specifically* from Pillar II ‘Global challenges and European Industrial Competitiveness’, and the relevant thematic cluster (vi) ‘Food, Bioeconomy, Natural Resources, Agriculture and Environment’.
- (13) *The Commission’s Interim Evaluation revealed that the low success rates of applicants for funding could discourage potential applicants in the future. PRIMA-IS and the States participating in PRIMA (Participating States) need to make additional efforts to improve the efficiency of their activities by simplifying the complexity caused by different national funding schemes, reducing the time to grant and enhancing accessibility to funding for R&I.*

⁵ Council Decision (EU) 2021/764 of 10 May 2021 establishing the Specific Programme implementing Horizon Europe – the Framework Programme for Research and Innovation, and repealing Decision 2013/743/EU (OJ L 167 I, 12.5.2021, p. 1).

- (14) PRIMA is funded under Horizon 2020. For the purpose of continuing PRIMA from 2025⁶, PRIMA should be funded and operated under Regulation (EU) 2021/695 of the European Parliament and of the Council⁶ (Horizon Europe). Decision (EU) 2017/1324 should therefore be aligned with Regulation (EU) 2021/695 as well as with Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council⁷.

⁶ Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (OJ L 170, 12.5.2021, p. 1).

⁷ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

- (15) Decision (EU) 2017/1324 should be aligned with the objectives and the ***R&I*** priorities of Horizon Europe and with the general principles and conditions laid down in Article 10 ***of*** and ***Annexes*** III and **■** VI ***to*** Regulation (EU) 2021/695. Therefore, it is necessary that at least 40 % of Member States participate in the extended PRIMA. Moreover, PRIMA should operate in one of the priority areas for institutionalised European partnerships, and all Participating States should express their long-term financial commitment. Those conditions are already met as the current Member State participation rate is 41 %, PRIMA fits in the priority area Partnership Area 5: ‘Sustainable, inclusive and circular bio-based solutions’ of Annex VI to Regulation (EU) 2021/695, and the Participating States have declared their long-term financial commitments to PRIMA.

- (16) *PRIMA needs to operate in a simple, agile, open and transparent way. PRIMA-IS needs to make dedicated efforts to strengthen dialogue with society, encourage active participation and ensure that the wider public is sufficiently informed about its activities in a timely manner. To that end, PRIMA-IS needs to strengthen its communication strategy to facilitate the exchange of information, best practices and research outcomes, with the involvement of academic, scientific and knowledge networks, social and economic partners, the media, industry SMEs and other stakeholders.*
- (17) The Union's financial contribution to PRIMA should be subject to a formal commitment by the Participating States to make a financial contribution at least at the level of the Union financial contribution. For that reason, compliance with the formal financial commitments should be closely monitored by ■ PRIMA-IS ■ on a regular basis.

- (18) For the purpose of achieving PRIMA's objectives, the aggregate contribution of the Participating States should be at least equal to the Union financial contribution. The Participating States should therefore match the Union contribution under Horizon Europe in accordance with the principle set out in Annex III to Regulation (EU) 2021/695. In order to ensure that that principle is properly safeguarded, only contributions from Participating States made after 31 December 2024 should be taken into account.
- (19) In order to ensure their continued commitment to PRIMA's objectives funded under Horizon Europe and to their new obligations pursuant to **Regulations** (EU) 2021/695 and **Decision** (EU, Euratom) 2018/1046, Algeria, Egypt, Jordan, Lebanon and Morocco should formally accept the new terms and conditions stemming from this **Decision** by concluding agreements with the Union in the form of an exchange of letters, amending and supplementing the existing international agreements for scientific and technological cooperation concluded with them. This should not affect their participation in PRIMA's activities funded under Horizon 2020.

- (20) The overall Union financial contribution to PRIMA should be set as a maximum amount. It should be possible, in accordance with Article 16(5) of Regulation (EU) 2021/695, to increase the Union financial contribution to PRIMA from Horizon Europe by such contributions from third countries associated to Horizon Europe. This should be subject to the total amount by which the Union financial contribution is increased, being at least matched by the contribution from the Participating States.
- (21) Taking into account PRIMA's objectives, entities established in third countries which are not Participating States should be eligible to apply for funding in specific call topics provided for in the PRIMA annual work programme. All appropriate measures, including contractual measures, should be taken to protect the financial interests of the Union. To that end, science and technology agreements should be concluded with third countries in which such entities are established.

- (22) While *ex post* audits of expenditure on indirect action funded under Horizon 2020 should continue to be performed in accordance with Regulation (EU) No 1291/2013, indirect actions funded under Horizon Europe should be audited in accordance with Regulation (EU) 2021/695.
- (23) Horizon Europe places an increased focus on access to the results and other action related information by the Commission for the purpose of developing, implementing and monitoring Union policies or programmes in the case of institutionalised European partnerships. Therefore, PRIMA-IS should ensure that the Commission has access to all information related to the indirect actions that it funds, including contributions and results of beneficiaries participating in indirect actions. To uphold their interests, the Participating States should also have access to information relating to proposals which include applicants established in their territories. Such access rights should comply with applicable confidentiality rules.

- (24) *The Commission should, on a regular basis, assess the fulfilment of the commitments undertaken by the Participating States and, following such assessments, may involve Participating States and PRIMA-IS as necessary and should be able to take appropriate measures.*

- (25) The extension of PRIMA requires monitoring and evaluation in accordance with Horizon Europe-related provisions. The Commission should carry out an interim evaluation of PRIMA by 31 December 2025 and a final evaluation by 31 December 2031. Those evaluations should feed into the overall interim and final evaluations of Horizon Europe. The evaluations should assess PRIMA's quality and efficiency and the progress made towards achieving its objectives ***throughout its entire life cycle, including its implementation under both Horizon 2020 and Horizon Europe***. The Commission should publish and disseminate the results and conclusions of those evaluations. In accordance with Article 10(2), point (c), of Regulation (EU) 2021/695, PRIMA should have a clear life-cycle approach, be limited in time and include the conditions for phasing-out the funding under Horizon Europe.
- (26) Decision (EU) 2017/1324 should therefore be amended accordingly,

HAVE ADOPTED THIS DECISION:

Article 1

Decision (EU) 2017/1324 is amended as follows:

- (1) Article 1 is replaced by the following:

‘Article 1

Participation in PRIMA

1. The Union shall participate in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA), an institutionalised European partnership as referred to in Article 10(1), point (c), of Regulation (EU) 2021/695 of the European Parliament and of the Council* (Horizon Europe), jointly undertaken by **Bulgaria**, 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 and upon notification of their participation in the activities of PRIMA by signing a letter of commitment.

2. Algeria, Egypt, Jordan, Lebanon and Morocco shall continue to be Participating States for the purposes of the activities of PRIMA funded under Article 3(1), point (a) For the purpose of their participation in activities of PRIMA funded under Article 3(1), point (b), they shall be considered to be Participating States only upon the conclusion of an agreement, in the form of exchange of letters, amending and supplementing the existing international agreements for scientific and technological cooperation with the Union and setting out the new terms and conditions of their participation in PRIMA.

3. Any Member State and any third country associated to Horizon 2020 or Horizon Europe, other than those listed in paragraph 1 of this Article, may participate in PRIMA, provided that they fulfil the condition laid down in Article 4(1), point (c) and comply, in particular, with Article 11(5). They shall sign a letter of commitment confirming the terms and conditions of their participation in PRIMA with regard to Horizon 2020 or Horizon Europe as applicable.

Member States and third countries associated to Horizon 2020 or Horizon Europe 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 or Horizon Europe, other than those listed in paragraph 2 of this Article, may participate in PRIMA provided that:
- (a) it fulfils the condition laid down in Article 4(1), point (c) 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 towards 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.

* Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (OJ L 170, 12.5.2021, p. 1).’;

(2) in Article 2, paragraph 1 is replaced by the following:

- ‘1. PRIMA shall contribute to the general and specific objectives of Regulation (EU) 2021/695, and in particular Article 3 thereof, and shall deliver on the general objectives of building research and innovation capacities and developing knowledge and common innovative solutions for agro-food systems, making them sustainable, and for integrated water provision and management in the Mediterranean area, in order to make them, their management and their provision more climate resilient, efficient, cost-effective and environmentally and socially sustainable, and to enhance their contribution to solving water scarcity, food security, nutrition, health, well-being and migration problems upstream.’;

(3) in Article 3, paragraphs 1 and 2 are replaced by the following:

‘1. The Union financial contribution to PRIMA, including EEA appropriations, shall be equal to the Participating States’ contributions. The Union financial contribution shall be up to EUR 325 000 000 and shall be distributed as follows:

(a) up to EUR 220 000 000 from Horizon 2020;

(b) up to EUR 105 000 000 from Horizon Europe.

The amount of the Union financial contribution from Horizon Europe may be increased by contributions from third countries associated to Horizon Europe in accordance with Article 16(5) of Regulation (EU) 2021/695, provided that the total increase in the Union financial contribution is at least matched by the contribution from the Participating States referred to in Article 1(1) of this Decision.

2. The Union financial contribution referred to in paragraph 1, point (a), 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, and in particular from Part II ‘Industrial leadership’ and Part III ‘Societal challenges’, in accordance with Article 57 of Regulation (EU) 2021/695 and Article 62(1), point (c)(vii), of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council*.

- 2a. The Union financial contribution referred to in paragraph 1, point (b), 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 Europe, established by Council Decision (EU) 2021/764**, *specifically* from Pillar II ‘Global challenges and European Industrial Competitiveness’, cluster (vi) ‘Food, Bioeconomy, Natural Resources, Agriculture and Environment’, in accordance with Article 62(1), point (c)(vii), of Regulation (EU, Euratom) 2018/1046.

* Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

** Council Decision (EU) 2021/764 of 10 May 2021 establishing the Specific Programme implementing Horizon Europe – the Framework Programme for Research and Innovation, and repealing Decision 2013/743/EU (OJ L 167 I, 12.5.2021, p. 1).’;

(4) Article 4 is amended as follows:

(a) in paragraph 1, points (b), (c) and (d) are replaced by the following:

‘(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 Article 62(1), point (c)(vii), of Regulation (EU, Euratom) 2018/1046, 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 *the* Participating *States* to contribute to the financing of PRIMA with a contribution from national resources relevant to the objectives of PRIMA that is at least equal to the Union financial contribution;
- (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 62 and 154 of Regulation (EU, Euratom) 2018/1046;’;

- (b) in paragraph 2, point (c) is replaced by the following:
- ‘(c) the compliance by PRIMA-IS with the reporting requirements set out in Article 155 of Regulation (EU, Euratom) 2018/1046;’;
- (c) paragraph 3 is replaced by the following:
- ‘3. The Commission shall assess, on an ongoing basis, the fulfilment of commitments undertaken by the Participating States and, *following that assessment, may involve Participating States and PRIMA-IS as necessary and* take appropriate measures ■ including those *provided for* in Article 9.’;

(5) Article 5 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘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 325 000 000 from 7 August 2017 until 31 December 2031.’;

(b) paragraph 6 is replaced by the following:

‘6. The Participating States’ contributions referred to in paragraph 2 of this Article shall be made after the adoption of the annual work programme. Where the annual work programme is adopted during the reference year referred to in Article 6(2), the contributions referred to in paragraph 2, point (c), of this Article that count as contributions from Participating States included in the annual work programme may include contributions made from 1 January of that year. However, the contributions referred to in paragraph 2, point (c), of this Article that count as contributions from Participating States included in the first annual work programme may include contributions made after 7 August 2017.’;

(6) Article 6 is replaced by the following:

‘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 programme, by means of:
 - (a) indirect actions within the meaning of Regulations (EU) No 1290/2013 and (EU) 2021/695 funded by PRIMA-IS in accordance with Article 7 of this Decision, mainly in the form of grants following transnational open, transparent 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 impact;

- (b) activities funded by the Participating States without the Union financial contribution referred to in Article 3(1) that contribute to the objectives of PRIMA or that are directly linked to the uptake of results from projects under PRIMA and that consist of:
 - (i) activities selected following transnational open, transparent 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 programmes covering activities to be undertaken from 1 January to 31 December in a given year (reference year). PRIMA-IS shall adopt the annual work programmes by 31 March of the reference year, after obtaining approval from the Commission. In adopting the annual work programmes, both PRIMA-IS and the Commission shall act without undue delay. PRIMA-IS shall make the annual work programme publicly available.
3. Activities referred to in paragraph 1, points (a) and (b), may be launched only in the reference year and only after the adoption of the annual work programme for that year.

4. If the annual work programme 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 programme concerned. However, the Union financial contribution referred to in Article 3(1) may reimburse the administrative costs of PRIMA-IS as incurred from 7 August 2017 in line with the first annual work programme.
5. Activities may be funded under PRIMA only if they are set out in the annual work programme. The annual work programme shall distinguish between the activities referred to in paragraph 1, point (a), of this Article, the activities referred to in paragraph 1, point (b), 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 programme shall also include the estimated value of the Participating States' in-kind contributions referred to in Article 5(2), point (b).

6. Amended annual work programmes for a reference year and annual work programmes 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 paragraph 1, point (b) that could not be adequately funded.
7. The final activities to be funded, including the final calls for proposals under the relevant annual work programmes shall be launched by 31 December 2027. In duly justified cases, they may be launched by 31 December 2028.
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 programme 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 programme that are funded by the Participating States in accordance with paragraph 1, point (b), of this Article 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 VIII of Regulation (EU, Euratom) 2018/1046 and in Chapter II of Regulation (EU) 2021/695. 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 paragraph 1, point (b)(i), 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 a minimum participation of at least three independent legal entities, which are established in three different countries that are 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 or Horizon Europe, as applicable, 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 by at least three independent experts, on the basis of the following award criteria: excellence, impact, and quality and efficiency of implementation;
- (c) the proposals shall be ranked according to the results of the evaluation referred to in point (b), the selection shall be made by PRIMA-IS and follow that ranking, and the Participating States shall agree on an adequate funding mode that allows for maximising 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.

With regard to the ranking referred to in point (c), 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 annually to the Commission on the implementation of all activities included in the annual work programme.
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, the national funding bodies of a Participating State, or participants in an activity, shall be labelled or co-labelled as follows: '[name of the activity] is part of ■ PRIMA ■ co-funded by the European Union.';

(7) Article 7 is replaced by the following:

‘Article 7

Rules for participation and dissemination

1. PRIMA-IS shall be considered to be a funding body as defined in Article 2, point (11), of Regulation (EU) No 1290/2013 and in Article 2, point (14), of Regulation (EU) 2021/695, as applicable, and shall provide financial support to indirect actions referred to in Article 6(1), point (a), of this Decision in accordance with the rules set out in the relevant Regulations and subject to the derogations set out in this Article.

2. In accordance with Article 17(2) of Regulation (EU) 2021/695 and by way of derogation from Article 9(1), point (b), of Regulation (EU) No 1290/2013, and from Article 22(2) of Regulation (EU) 2021/695, the minimum number of participants shall be three legal entities established in three different countries considered to be Participating States by the submission deadline under the relevant call for proposals, of which at least one is established:
 - (a) in a Member State or in a third country associated to Horizon 2020 or Horizon Europe, as applicable, which does not fall under point (b) of this Article;
 - (b) 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 and from Article 22(2) of Regulation (EU) 2021/695, in duly justified cases provided for in the annual work programme, the minimum condition shall be the participation of one legal entity established in a Participating State 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 and from Article 23(1) and (2) of Regulation (EU) 2021/695, the following participants shall be eligible for funding by PRIMA-IS:
- (a) any legal entity established in a Participating State or created pursuant to Union law;
 - (b) any international European interest organisation, as defined in Article 2(1), point (12), of Regulation (EU) No 1290/2013 for activities of PRIMA funded under Article 3(1), point (a), of this Decision or any international European research organisation, as defined in Article 2, point (15), of Regulation (EU) 2021/695 for activities of PRIMA funded under Article 3(1), point (b), of this Decision.

5. In the case of a participating international organisation or of a participating legal entity established in a country that 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 of the international organisation or legal entity concerned is deemed to be essential by PRIMA-IS for implementing the action;
 - (b) participation of such entities is foreseen in the annual work programme and the possibility of such funding is provided for under a bilateral scientific and technological agreement or under any other arrangement that ensures the protection of the financial interests of the Union, which is concluded between the Union and the international organisation or, for an entity established in a country that is not a Participating State, the country in which that legal entity is established.

6. Without prejudice to Regulation (EU, Euratom) 2018/1046, the applicable model grant agreement may lay down that legal entities established in countries which are not Participating States and which receive funding from PRIMA-IS shall also provide appropriate financial guarantees.
 7. The Union shall conclude agreements with third countries that provide for the protection of the financial interests of the Union.’;
- (8) Article 8 is amended as follows:
- (a) paragraph 1 is replaced by the following:
 - ‘1. Subject to a positive *ex ante* assessment of PRIMA-IS in accordance with Article 154(3) of Regulation (EU, Euratom) 2018/1046 and the provision of adequate financial guarantees in accordance with Article 62(1), point (c)(vi), of that Regulation, the Commission, on behalf of the Union, shall conclude a Financial Framework Partnership agreement and contribution agreements with PRIMA-IS.’;

(b) in paragraph 2, the introductory wording is replaced by the following:

‘2. The Financial Framework Partnership agreement referred to in paragraph 1 of this Article shall be concluded in accordance with Article 130 of Regulation (EU, Euratom) 2018/1046. It shall also set out, inter alia, the following:’;

(9) in Article 9, the following paragraph is added:

‘3. The Commission’s decision to terminate, proportionally reduce or suspend the Union financial contribution shall not hinder the reimbursement of eligible costs already incurred by the Participating States before the decision is notified to PRIMA-IS.’;

(10) in Article 10, paragraph 1 is replaced by the following:

‘1. PRIMA-IS shall carry out *ex post* audits of expenditure on indirect action under Regulation (EU) No 1291/2013 in accordance with Article 29 of that Regulation.

1a. PRIMA-IS shall carry out audits of expenditure on indirect actions under Regulation (EU) 2021/695 in accordance with Article 53 of Regulation (EU) 2021/695 as part of the Horizon Europe programme indirect actions, in particular in accordance with the audit strategy referred to in Article 53(2) of that Regulation.’;

(11) Article 11 is amended as follows:

(a) the following paragraph is inserted:

‘3a. The European Public Prosecutor’s Office (EPPO) is empowered, in accordance with Council Regulation (EU) 2017/1939*, to investigate and prosecute criminal offences affecting the financial interests of the Union as set out in Article 4 of that Regulation.

* Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor’s Office (‘the EPPO’) (OJ L 283, 31.10.2017, p. 1).’;

(b) paragraphs 4 and 5 are replaced by the following:

- ‘4. Without prejudice to paragraphs 1 to 3a, 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, the EPPO 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, EPPO and OLAF.

- 4a. PRIMA-IS shall grant each Participating States' national court of auditors, on their request, access to all the information related to the national contributions of the relevant Participating State, including information in electronic format, needed in order to conduct their audits.
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) 2018/1046.';

(12) the following article is inserted:

‘Article 11a

Access to results and information on proposals

1. ***PRIMA-IS*** shall provide the Commission ***and, where applicable, the authorities of the Participating States with*** access to all information related to the indirect actions it funds. Such information shall include contributions and results of beneficiaries participating in indirect actions, or any other information deemed necessary for developing, implementing, monitoring and evaluating Union or where applicable Participating States’ policies or programmes. ***Such access rights shall be limited to non-commercial and non-competitive use and shall comply with applicable confidentiality rules.***

2. For the purpose of developing, implementing, monitoring and evaluating Union policies or programmes, PRIMA-IS shall provide the Commission with the information included in submitted proposals. That requirement shall apply *mutatis mutandis* to Participating States regarding proposals which include applicants established in their respective territories.’;

(13) in Article 12, paragraphs 2 to 5 are replaced by the following:

- ‘2. PRIMA-IS shall be governed by a Board of Trustees. All Participating States shall be represented on the Board of Trustees. The Board of Trustees shall be the decision-making body of PRIMA-IS.

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

- (a) PRIMA's annual work programme;
- (b) the common principles referred to in Article 6(9);
- (c) the requirements for Participating States to report to PRIMA-IS.

The Board of Trustees shall verify that the conditions set out in Article 1(3) and Article 4(1), point (c), 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 or Horizon Europe other than those listed in Article 1(2), after examining the relevance of that third country's 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 its discussions. To that end, 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. The Board of Trustees shall appoint the members of the Steering Committee. The Steering Committee shall monitor the work of the director and shall 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 programme.

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 programme;
- (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* by means of advocacy and communication;

- (f) liaise with the Commission in accordance with the financial framework partnership agreement referred to in Article 8;
- (g) ensure the transparency of PRIMA's 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 49 of Regulation (EU) 2021/695.

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 programme 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.’;***

(14) Article 14 is replaced by the following:

‘Article 14

Monitoring and Evaluation

1. The activities of PRIMA, ***including their efficiency and transparency, as well as their success rates***, shall be continuously monitored and subject to periodic reviews to ensure the highest impact, scientific excellence and the most effective and efficient use of resources. The outcome of the monitoring and of the periodic reviews shall feed into the monitoring of European partnerships as part of the Horizon Europe evaluations pursuant to Articles 50 and 52 of Regulation (EU) 2021/695.
2. PRIMA-IS shall organise the continuous monitoring and reporting of the management and the implementation of their activities and the periodic reviews of the outputs, results and impact of the funded indirect actions implemented in accordance with Article 50 of Regulation (EU) 2021/695 and Annex III to that Regulation.

3. The Commission shall carry out an interim evaluation of PRIMA **by 31 December 2025** and a final evaluation **by 31 December 2031** in the framework of the Horizon Europe evaluations pursuant to Article 52 of Regulation (EU) 2021/695, with the assistance of external independent experts selected on the basis of an open and transparent process. ***The Commission shall prepare reports on the basis of those evaluations, which shall include conclusions of the evaluations and the Commission's observations. The Commission shall submit its report on the final evaluation to the European Parliament and to the Council by 30 June 2032.***

4. The interim and final evaluations referred to in paragraph 3 shall examine ***the success rates and the participation rates, including of the Southern Mediterranean Participating States, and*** PRIMA's fulfilment of its mission and objectives, and shall cover all its activities and evaluate its European added value, effectiveness, efficiency, including its openness and transparency, the relevance of the activities pursued, including in industry and by SMEs, ***non-governmental organisations and in civil society***, and their consistency and complementarity with relevant regional, national and Union policies, including synergies with other parts of Horizon Europe, such as other partnerships, missions, clusters and thematic or specific programmes. The evaluations shall take into account the views ***of a wide range*** of stakeholders, at Union and national level. They shall include, where relevant, an assessment of the most effective policy intervention mode for any future action, as well as the relevance and coherence of any possible renewal of PRIMA, given the overall policy priorities and the research and innovation support landscape, including the positioning against other initiatives supported through Horizon Europe.

When carrying out those evaluations, the Commission shall fully consider and seek to reduce the administrative impact on PRIMA and shall ensure that the evaluation process is kept simple and fully transparent.

5. The Commission shall publish and disseminate the results and conclusions of the evaluations referred to in paragraph 3.

Article 14a

Confidentiality

Without prejudice to Article 11a, PRIMA-IS shall ensure the protection of confidential information, the disclosure of which beyond the Union institutions, bodies, offices or agencies, has the potential to damage the interests of PRIMA-IS, its members or of the participants in the activities of PRIMA. Such confidential information shall include personal, commercial, sensitive non-classified and classified information.

Article 14b

Conflicts of interest

1. PRIMA-IS, its bodies, members and staff shall avoid any conflict of interest in carrying out their activities.
2. PRIMA-IS shall adopt rules for the prevention, avoidance and management of conflicts of interest in respect of its staff, the members and other persons serving in any of its bodies or groups of PRIMA-IS, in accordance with Article 61 of Regulation (EU, Euratom) 2018/1046.
3. PRIMA-IS shall establish a code of conduct for the members of its bodies, which shall include the publication of declarations of professional activities, financial interests and conflicts of interest in accordance with data protection rules.

Article 14c

Ongoing actions, activities and commitments

Actions or activities of PRIMA-IS or commitments by the Participating States referred to in this Decision initiated or undertaken under Regulation (EU) No 1291/2013 shall continue to be governed by that Regulation except where otherwise provided for in this Decision.’.

Article 2

Entry into force

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

Article 3

Addressees

This Decision is addressed to the Member States.

Done at ...,

For the European Parliament

The President

For the Council

The President