



European Partnership on Innovative SMEs / Eurostars eligibility guidelines

This document provides applicants with an explanation of the eligibility criteria imposed on projects by European Partnership on Innovative SMEs / Eurostars and the method of calculation.

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HISTORY OF CHANGES		
Version	Publication date	Changes
Version 1	August 2021	Eligibility excluding non-HE countries.
Version 2.1	December 2021	Eligibility considering the parallel call.
Version 4	March 2022	Eligibility excluding non-HE countries.
Version 4.1	June 2022	p. 3, updated note 1 with the addition of the United Kingdom and deleted 'IEP' in note 3. p. 7, updated eligibility criterion 3, second paragraph updated with UK and second example of an eligible consortium updated with Portugal. p. 9, update eligibility criterion 7.
Version 4.2	July 2022	Note 3 has been deleted: "A list of countries that are, or are currently treated as Associated to Horizon Europe can be found here: https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/list-3rd-country-participation_horizon-atom_en.pdf "
Version 5	July 2022	The following paragraph was added on page 3: "Please note: At least one participant in the application must receive public funding, otherwise the application cannot be approved as a European Partnership on Innovative SMEs / Eurostars project. An application in which all participants are self-financed is not allowed. Before you apply, check funding rules in your country to verify whether your organisation is eligible for receiving funding."


¹ Due to a typo, the versioning of the guidelines misses number 3.

Why are there eligibility criteria?

European Partnership on Innovative SMEs / Eurostars supports innovative SMEs and their partners (large companies, academic institutions, research institutes and any other types of organisations) by funding international collaborative R&D and innovation projects. Projects should result in the creation of new products, processes and services that can be rapidly commercialised in European and global markets.

We have eligibility criteria to ensure that project applications support this ambition. **To apply, you must fulfil seven eligibility criteria:**

1. The project consortium is led by an innovative SME from a European Partnership on Innovative SMEs / Eurostars² country.
2. The project consortium is composed by at least two entities that are independent of one another.
3. The project consortium is composed by entities from at least two European Partnership on Innovative SMEs / Eurostars countries, with at least one organisation coming from an EU or Horizon Europe Associated Country.
4. The budget of the SMEs from a European Partnership on Innovative SMEs / Eurostars country, excluding subcontracting, is 50% or more of the total project cost.
5. No single participant or country is responsible for more than 70% of the budget of the project.
6. The project duration is 36 months or fewer³.
7. The project has an exclusive focus on civil applications.

 **Please note: At least one participant in the application must receive public funding, otherwise the application cannot be approved as a European Partnership on Innovative SMEs / Eurostars project. An application in which all participants are self-financed is not allowed. Before you apply, check funding rules in your country to verify whether your organisation is eligible for receiving funding.**

How are the criteria assessed?


Your European Partnership on Innovative SMEs / Eurostars project application must meet all eligibility criteria, or it will be rejected.

We check the eligibility of your project application within one week of the application deadline. If your project application is ineligible, you will be disqualified from the process. If your project application is eligible, it will be evaluated.

² **European Partnership on Innovative SMEs / Eurostars countries:** Austria, Belgium, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, South Africa, Republic of Korea, Spain, Sweden, Switzerland, Turkey, and the United Kingdom.

European Partnership on Innovative SMEs / Eurostars countries which are not an EU Member State or a Horizon Europe Associated Country: Canada, Republic of Korea, Singapore, South Africa, Switzerland, and United Kingdom.

³ Possible extensions are allowed if duly justified and approved by the ESE and the NFB after the project has started.



We are obliged to review your project application's eligibility if we receive or discover new information in the next evaluation stages. For example, if the legal and financial viability check reveals that the main project partner is not an SME (see first criterion), or at least two entities are not independent of one another (see second criterion), your project application is no longer eligible and will be disqualified.

If my situation changes, will it affect my eligibility?

Yes. **Your project application must comply with all eligibility criteria from when you submit until you sign your consortium agreement** (approximately five to six months later).

- You must inform us of any new information that may affect your eligibility.
- We are obliged to review the eligibility of your project application if we receive or discover new information.

An eligible project application could be removed from the evaluation process at a later stage if it is no longer eligible.


Will I be informed about the result?

Yes. We will confirm your project application status (eligible or ineligible) within one week of the application deadline. If your project application is eligible, it will progress to the next evaluation stage.

My project is eligible. Does that mean that all participants and project costs can be funded?

No. The eligibility criteria are meant to ensure that your project is in line with the objectives of European Partnership on Innovative SMEs / Eurostars. However, the level of public funding that each participant or project activity may receive does not depend on the project's fulfilment of the eligibility criteria.

In European Partnership on Innovative SMEs / Eurostars, the provision of funding to European Partnership on Innovative SMEs / Eurostars participants is managed at national level by the National Funding Bodies (NFBs). If a project is successful, each participant in a consortium would receive European Partnership on Innovative SMEs / Eurostars funding from their own NFB and based on rules specific to their **country**. National rules establish which types of organisations can receive funds, the level of funding available, and which project activities can be funded. Rules



differ from country to country. This means that, for example, the same type of organisation may receive different public support depending on whether it is based in country A or country B.⁴

That is why it is important that each project partner is aware of funding rules in their own country **before applying to European Partnership on Innovative SMEs / Eurostars**. Each participant should consult the [EUREKA's website](#) and contact their own National Project Coordinator (NPC) for information. NPCs can be contacted via the contact form on EUREKA's website.

My project is ineligible. Is the result final?

You can request redress on procedural grounds with clear evidence for the reasons for your complaint. Find more information in our [redress request guidelines](#).

Some definitions

SME

SME stands for small and medium-sized enterprise as defined in European Union law ([EU recommendation 2003/361](#)). The main factors that determine whether a company is an SME are:

- economic activity,
- number of employees and
- revenue or balance sheet total.

To be an SME, your company must fit the [EC definition of an SME](#).

Innovative SME

In European Partnership on Innovative SMEs / Eurostars, we consider as “innovative” any SMEs with the ambition to collaborate on R&D⁵ and innovation⁶ with international partners, to develop new products, processes, and services for

European and global markets. To be innovative, SMEs do not need a proven track record of R&D activities.

⁴ All EU member states and associated states have to apply the EU state aid rules (Framework for State aid for research and development and innovation (2014/C 198/01)) and Block Exemption Regulations for State aid (COMMISSION REGULATIONS (EU) No 651/2014 of 17 June 2014 and 2020/972 of 2 July 2020).

⁵ Based on the definition of R&D provided by the OECD Frascati Manual 2015, on page 44, “Research and experimental development (R&D) comprise creative and systematic work undertaken in order to increase the stock of knowledge – including knowledge of humankind, culture and society – and to devise new applications of available knowledge.

⁶ The OECD Oslo Manual 2018, on page 20, defines innovation as “a new or improved product or process (or combination thereof) that differs significantly from the unit’s previous products or processes and that has been made available to potential users (product) or brought into use by the unit (process).”

European Partnership on Innovative SMEs / Eurostars countries

European Partnership on Innovative SMEs / Eurostars has 37 countries: Austria, Belgium, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Republic of Korea, Romania, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, and the United Kingdom.

Organisations in any other country may participate if the project application meets all eligibility criteria.

What are the eligibility criteria?

1: YOUR CONSORTIUM IS LED BY AN INNOVATIVE SME FROM A EUROPEAN PARTNERSHIP ON INNOVATIVE SMES / EUROSTARS COUNTRY

To be eligible, the main partner in your consortium must meet the requirements for being a small and medium-sized enterprise (SME) and must be legally and operationally based in a European Partnership on Innovative SMEs / Eurostars country.

SMEs are defined in the [EU recommendation 2003/361](#). The main factors determining whether an enterprise is an SME are staff headcount and either turnover or balance sheet total.

Company category	Staff headcount	Turnover	OR	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

A firm that is part of a larger group may need to include staff headcount/turnover/balance sheet data from that group too.

To understand the definition of SME we strongly recommend you read the [User guide to the SME definition](#). If you have doubts on your company's SME status, you should contact your NPC via the contact form on EUREKA's website.

To be considered as innovative, the leading SME must have the ambition to collaborate in an R&D&I project with international partners, to develop a new product, process or service that can be rapidly commercialised. The leading SME does not need a proven track record of R&D activities.

2: YOUR CONSORTIUM INCLUDES AT LEAST TWO ENTITIES THAT ARE INDEPENDENT OF ONE ANOTHER

Your consortium must include at least two legal entities independent of each other, meaning that neither is under the direct or indirect control of the other or under the same direct or indirect control as the other.



Control may, in particular, take either of the following forms:

- (a) the direct or indirect holding of more than 50% of the nominal value of the issued share capital in the legal entity concerned, or of a majority of the voting rights of the shareholders or associates of that entity;
- (b) the direct or indirect holding, in fact or in law, of decision-making powers in the legal entity concerned.

The following relationships between legal entities shall not in themselves be deemed to constitute controlling relationships:

- (a) the same public investment corporation, institutional investor or venture-capital company has a direct or indirect holding of more than 50% of the nominal value of the issued share capital or a majority of voting rights of the shareholders or associates;
- (b) the legal entities concerned are owned or supervised by the same public body.

3: THE PROJECT CONSORTIUM IS COMPOSED BY ENTITIES FROM AT LEAST TWO PARTICIPATING COUNTRIES, WITH AT LEAST ONE ORGANISATION COMING FROM AN EU OR HORIZON EUROPE ASSOCIATED COUNTRY.

The consortium must include at least two legal entities based in different European Partnership on Innovative SMEs / Eurostars countries. At least one of the two European Partnership on Innovative SMEs / Eurostars countries must be an EU Member State or a Horizon Europe Associated country.

Currently, except for Canada, Republic of Korea, Singapore, South Africa, Switzerland, and the United Kingdom, all European Partnership on Innovative SMEs / Eurostars countries are either an EU Member State or a Horizon Europe Associated Country.

An example of an eligible consortium is one made up of entities A and B:

- A is based in Turkey and B is based in South Africa.
- A and B are legally independent from each other.
- The consortium is eligible because it includes at least two independent entities and two different European Partnership on Innovative SMEs / Eurostars countries (both Turkey and South Africa are European Partnership on Innovative SMEs / Eurostars countries), where at least one European Partnership on Innovative SMEs / Eurostars country (Turkey) is also associated to Horizon Europe.

A second example of an eligible consortium is a consortium made up of entities A, B and C:

- A is based in Portugal, B is based in the Republic of Korea, and C is based in the USA.
- B and C are not independent from each other, but they are independent from A.
- Criterion 3 is fulfilled because the consortium includes at least two independent entities (entity A with entity B-C) and it involves at least two European Partnership on Innovative SMEs / Eurostars countries (Portugal and the Republic of Korea), of which at least one (Portugal) is an EU Member State.

A third example of an eligible consortium is one made up of A, B and C:

- A is based in Sweden and B is based in Norway. A and B are linked.
- C is based in Sweden and is independent from A and B.

- Criterion 3 is fulfilled because there are at least two independent entities (entity A- B with entity C) and at least two different European Partnership on Innovative SMEs / Eurostars countries involved. Moreover, Sweden is an EU Member State and Norway is associated to Horizon Europe.

An example of an ineligible consortium is one made up of entities A and B:

- A is based in Canada and B is based in the Republic of Korea.
- A and B are independent from each other.
- The consortium is not eligible because, although it includes at least two independent entities and at least two European Partnership on Innovative SMEs / Eurostars country, not one of the countries is an EU Member State or a Horizon Europe Associated Country.

Another example of an ineligible consortium is one made up of entities A and B:

- A is based in Sweden and is linked with B, which is based in Turkey.
- Criterion 3 is fulfilled but criterion 2 is not because, although there are two European Partnership on Innovative SMEs / Eurostars countries involved, the two entities are not independent from each other.

A third example of an ineligible consortium is one made up of entities A, B and C:

- All three organisations are independent of each other.
- A is based in Canada, B is based in Singapore, and C is based in Albania.
- Criterion 2 is fulfilled but criterion 3 is not because, although there are two European Partnership on Innovative SMEs / Eurostars countries involved (Canada and Singapore), neither of them is an EU Member State or a Horizon Europe Associated Country (Albania is a Horizon Europe Associated Country but it is not a European Partnership on Innovative SMEs / Eurostars country).

See the full list of European Partnership on Innovative SMEs / Eurostars countries above.

4: THE BUDGET OF THE SME(S) FROM A EUROPEAN PARTNERSHIP ON INNOVATIVE SMES / EUROSTARS COUNTRY, EXCLUDING SUBCONTRACTING, IS 50% OR MORE OF THE TOTAL PROJECT COST.

If there is one SME in your consortium, its budget (minus subtracting costs) must equal at least 50% of the total project budget. If there are multiple SMEs in your consortium, their combined budget (minus subcontracting costs) must equal at least 50% of the total project budget.

This 50% budget threshold must be met by SME(s) based in European Partnership on Innovative SMEs / Eurostars countries.

Calculation:

$$\frac{(\text{Eurostars}) \text{ SME(s) budget} - (\text{Eurostars}) \text{ SME(s) subcontracting costs}}{\text{Total project budget}} \times 100$$

Please note: The calculation must subtract the accumulated cost of the subcontracting by the SME(s) based in European Partnership on Innovative SMEs / Eurostars countries from their



combined budgets. The accumulated subcontracting cost is not subtracted from the total project budget.

 **Remember: Subcontracting amongst project partners is not allowed. This rule is valid for all project partners, irrespective of the type of organisation.**

5: NO SINGLE ENTITY OR COUNTRY IS RESPONSIBLE FOR MORE THAN 70% OF THE PROJECT BUDGET

Your project budget must be shared across the international partners.

- No single entity may be responsible for more than 70% of the total project budget.

Calculation: the individual budget (including subcontracting costs) of each project partner is divided by the total project budget; the result is multiplied by 100. For organisations that are not independent from one another, the sum of their individual budgets (including subcontracting costs) must be divided by the total project budget; the result is multiplied by 100.

- Entity(ies) from a single country cannot be responsible for more than 70% of the total project budget.

Calculation: combine the budgets of the entities based in the same country (including any subcontracting costs) and divide the sum by the total project budget; the result is multiplied by 100.

6: THE PROJECT DURATION IS 36 MONTHS OR FEWER

Your project must be completed in 36 months or fewer.

7: THE PROJECT HAS AN EXCLUSIVELY CIVILIAN PURPOSE

Your project can address any technology area, but it must have a civilian purpose and be aimed at the development of a new product, process, or service.

European Partnership on Innovative SMEs / Eurostars only funds projects with an exclusively civilian purpose. This does not rule out the participation of military partners or the development of project results that may meet the needs of both civil and military end-users (known as 'dual-use' goods or technologies⁷), provided that the project itself has a clear focus on civil applications.

Please note: the check on this criterion is performed automatically based on the applicants' answer to question 13 of the application form. If the result of the automatic check is negative, the application is disqualified as ineligible. For applications that pass the eligibility check, a further check on the civilian purpose is performed by the ethics panel.

⁷ Article 2 of [Council Regulation \(EC\) No 428/2009](#) defines “dual-use items” as items, including software and technology, which can be used for both civil and military purposes, and shall include all goods which can be used for both nonexplosive uses and assisting in any way in the manufacture of nuclear weapons or other nuclear explosive devices. The list of dual-use items can be found in Annex I of the same regulation.