

## II

(Non-legislative acts)

## INTERNATIONAL AGREEMENTS

## AGREEMENT

**between the European Union and the State of Israel on the participation of the State of Israel in the Union programme 'Horizon 2020 — the Framework Programme for Research and Innovation (2014-2020)'**

THE EUROPEAN COMMISSION, hereinafter referred to as 'the Commission', on behalf of the European Union,

of the one part, and

THE GOVERNMENT OF THE STATE OF ISRAEL, hereinafter referred to as Israel,

of the other part, hereinafter referred to as the 'Parties',

Whereas:

- (1) The Protocol <sup>(1)</sup> to the Euro-Mediterranean Agreement <sup>(2)</sup> between the European Communities and their Member States, of the one part, and the State of Israel, of the other part on a Framework Agreement between the European Community and the State of Israel on the general principles governing the State of Israel's participation in Community Programmes, hereinafter referred to as the 'Protocol', establishes the general principles for the participation of Israel in Union programmes, leaving the Commission and the competent authorities of Israel to determine the specific terms and conditions, including financial contributions, with regard to such participation in each particular programme.
- (2) The Horizon 2020 Programme was established by Regulation (EU) No 1291/2013 of the European Parliament and of the Council <sup>(3)</sup>.
- (3) Horizon 2020 should contribute to achieving the European Research Area.
- (4) Pursuant to Article 7 of Regulation (EU) No 1291/2013, specific terms and conditions regarding the participation of associated countries in Horizon 2020, including the financial contribution, based on the gross domestic product of the associated country shall be determined by an international agreement between the Union and the associated country,

HAVE AGREED AS FOLLOWS:

*Article 1*

**Scope**

Israel shall participate in 'Horizon 2020 — the Framework Programme for Research and Innovation (2014-2020)', (hereinafter referred to as the 'Programme'), in accordance with the conditions laid down in the Protocol, and under the terms and conditions set forth in this Agreement.

<sup>(1)</sup> OJ L 129, 17.5.2008, p. 40.

<sup>(2)</sup> OJ L 147, 21.6.2000, p. 3.

<sup>(3)</sup> Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 — the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC (OJ L 347, 20.12.2013, p. 104).

*Article 2***Terms and conditions of participation in the Programme**

1. Israel shall participate in the activities of the Programme in conformity with the objectives, criteria and procedures defined in Regulation (EU) No 1291/2013, Regulation (EU) No 1290/2013 of the European Parliament and of the Council <sup>(1)</sup>, including delegated acts and any other subsequent rules, Council Decision 2013/743/EU <sup>(2)</sup> and any other rule pertaining to the implementation of the Programme.

The Regulation (EC) No 294/2008 of the European Parliament and of the Council <sup>(3)</sup> as amended by the Regulation (EU) No 1292/2013 of the European Parliament and of the Council <sup>(4)</sup> shall apply to participation of Israeli legal entities in Knowledge and Innovation Communities.

In case the Union makes provisions for the implementation of Article 185 and 187 of the Treaty on the Functioning of the European Union, Israel shall be allowed to participate in the legal structures created under these provisions, in conformity with the decisions and regulations that have been or will be adopted for the establishment of these legal structures.

2. Eligible Israeli entities shall participate in direct actions of the Joint Research Centre and in indirect actions of the Programme under the same conditions as those applicable to legal entities of Member States of the European Union.

3. In relation to eligible Israeli entities the terms and conditions applicable for the evaluation of proposals and those for the conclusion of grant agreements and the notification of grant decisions shall be the same as those applicable for grant agreements and grant decisions in respect of research entities in the Union.

4. One of the official languages of the Union, in this case English, shall be used for the procedures related to requests, grant agreements and reports, as well as for other legal and administrative aspects of the Programme.

5. Representatives of Israel shall be allowed to take part, as observers in the committees responsible for monitoring the measures of the Programme to which Israel contributes financially, and in respect of agenda points concerning measures in which Israel participates.

These committees shall meet without the presence of the representatives of Israel at the time of voting. Israel will be informed of the result.

Participation as referred to in this paragraph shall take the same form, including procedures for receipt of information and documentation, as that applicable to representatives from Member States of the European Union.

6. Representatives of Israel shall participate as observers in the Board of Governors of the Joint Research Centre. Participation as referred to in this paragraph shall take the same form, including procedures for receipt of information and documentation, as that applicable to representatives from Member States of the European Union.

7. Travel costs and subsistence costs incurred by representatives and experts of Israel for the purposes of taking part as observers in the work of the committee referred to in Article 10(1) of Decision 2013/743/EU establishing the Specific Programme Implementing Horizon 2020, or other meetings related to the implementation of the Programme, shall be reimbursed by the Commission on the same basis as and in accordance with the procedures currently in force for representatives of the Member States of the European Union.

*Article 3***Financial contribution**

To participate in the Programme, Israel shall every year pay a financial contribution to the General Budget of the European Union in accordance with Annex I of this Agreement.

<sup>(1)</sup> Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in 'Horizon 2020 — the Framework Programme for Research and Innovation (2014-2020)' and repealing Regulation (EC) No 1906/2006 (OJ L 347, 20.12.2013, p. 81).

<sup>(2)</sup> Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 — the Framework Programme for Research and Innovation (2014-2020) and repealing Decisions 2006/971/EC, 2006/972/EC, 2006/973/EC, 2006/974/EC and 2006/975/EC (OJ L 347, 20.12.2013, p. 965).

<sup>(3)</sup> Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 establishing the European Institute of Innovation and Technology (OJ L 97, 9.4.2008, p. 1).

<sup>(4)</sup> Regulation (EU) No 1292/2013 of the European Parliament and of the Council of 11 December 2013 amending Regulation (EC) No 294/2008 establishing the European Institute of Innovation and Technology (OJ L 347, 20.12.2013, p. 174).

The financial contribution of Israel in respect of its participation and implementation of the Programme shall be added to the annual allocation in the General Budget of the European Union for commitment appropriations to meet the financial obligations arising out of different forms of measures necessary for the execution, management and operation of the Programme.

#### *Article 4*

### **Reporting and evaluation**

The rules governing the reporting and evaluations concerning the participation of Israel in the Programme are set out in Annex II of this Agreement.

#### *Article 5*

### **Joint EU-Israel Committee**

1. The Joint EU-Israel Committee composed of the representatives of the European Commission and Israel is hereby established.
2. The Committee's functions shall include the following:
  - (a) To ensure, evaluate and review the implementation of this Agreement.
  - (b) To ensure and facilitate the timely and continuous provision of information concerning the implementation of activities under the Horizon 2020 Programme.
3. The Committee's work shall be complementary to and consistent with the work of the relevant bodies of bilateral dialogue and cooperation established by the EU-Israel Association Council.
4. The Committee shall meet upon the request of one of the Parties. The Committee will work on an on-going basis through exchange of documents, e-mails and other means of communication. The Committee shall adopt its rules of procedure.

#### *Article 6*

### **Final provisions**

1. In accordance with EU policy, this agreement shall not apply to the geographic areas that came under the administration of the State of Israel after 5 June 1967. This position should not be construed as prejudicing Israel's principled position on this matter. Accordingly, the Parties agree that the application of this agreement is without prejudice to the status of those areas.
2. This Agreement enters into force on the date when the Parties notified each other of the completion of their internal procedures to that purpose. It becomes applicable from 1 January 2014. Israel's participation in the subsequent multi-annual research programme of the Union, if Israel so requests, may be subject to a new Agreement to be agreed between the Parties.
3. This Agreement can be terminated by the Parties at any time during the duration of the Programme by a written notice informing of the intent to terminate participation in the Programme.

Notwithstanding the preceding sentence, should the Protocol to the Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the State of Israel of the other part, on a Framework Agreement between the European Community and the State of Israel on the general principles governing the State of Israel's participation in Community programmes cease to apply, this Agreement shall cease to apply on the same day without any prior written notice needed to this purpose.

4. Subject to the provisions hereunder, termination shall take effect three calendar months after the date at which the written notice reaches its addressee.

The expiry and/or termination and/or cessation of application of this Agreement shall not affect:

- (a) Any projects or activities in progress,
- (b) The implementation of any contractual arrangements applying to these projects and activities as set forth in paragraph 4(a) above.

5. If this Agreement is terminated or ceases to apply:
  - (a) For the year during which the Agreement ceases to apply, Israel shall pay the financial contribution proportionally to the number of months of its participation in the Programme during that year. For the purpose of calculating such a contribution, the month that has commenced at the time of receipt of the notification pursuant to the first sentence of paragraph 3 or when the Agreement ceases to apply pursuant to the second sentence of paragraph 3 shall be counted as a full month.
  - (b) The Union shall reimburse to Israel the part of its contribution, already paid to the general budget of the European Union that will not be spent because of the termination and/or cessation of application of this Agreement.
6. The Annexes form an integral part of this Agreement.
7. This Agreement may only be amended in writing by common consent of the Parties. Any such amendment shall enter into force in accordance with the procedure set forth in paragraph (2) of this Article.

Done in Jerusalem on the 8th of June in the year two thousand and fourteen, which corresponds to the 10th day of Sivan in the year five thousand, seven hundred and seventy four in the Hebrew calendar in two originals, in English and Hebrew, each of those texts being equally authentic.

*For the Government of Israel*

Yaakov PERRY

*For the Commission,*

*On behalf of the European Union,*

Lars FAABORG-ANDERSEN

---

## ANNEX I

**RULES GOVERNING THE FINANCIAL CONTRIBUTION OF ISRAEL TO 'HORIZON 2020 — THE FRAMEWORK PROGRAMME FOR RESEARCH AND INNOVATION (2014-2020)'****I. Calculation of Israel's financial contribution**

1. The financial contribution of Israel to the Programme shall be established on a yearly basis in proportion to, and in addition to, the amount available each year in the general budget of the European Union for commitment appropriations needed for the implementation, management and operation of the Programme.
2. The proportionality factor governing the contribution of Israel shall be obtained by establishing the ratio between the gross domestic product of Israel, at market prices, and the sum of gross domestic products, at market prices, of the Member States of the European Union. This ratio shall be calculated on the basis of the latest statistical data pertaining to the same year from the International Bank for Reconstruction and Development, available at the time of publication of the draft budget of the European Union.
3. The Commission shall communicate to Israel, as soon as possible, and at the latest on 1 September of the year before each financial year, the following information together with relevant background material:
  - the amounts in commitment appropriations, in the statement of expenditure of the draft budget of the European Union corresponding to the Programme,
  - the estimated amount of the contributions derived from the draft budget, corresponding to the participation of Israel in the Programme according to paragraphs 1, 2 and 3.

Once the general budget has been finally adopted, the Commission shall communicate to Israel, in the statement of expenditure corresponding to Israel's participation, the final amounts referred to in the first subparagraph.

4. In the fourth year after this Agreement becomes applicable, the Parties shall review the proportionality factor governing the financial contribution of Israel, on the basis of the data concerning participation of Israeli legal entities in indirect and direct actions under the Programme in the years 2014-2016.

**II. Payment of Israel's financial contribution**

1. The Commission shall issue, at the latest in January and June of each financial year, a call for funds to Israel corresponding to its contribution under this Agreement. These calls for funds shall provide, respectively, for the payment of six-twelfths of Israel's contribution not later than 90 days after receipt of the calls for funds. However, the six-twelfths to be paid not later than 90 days after receipt of the call issued in January shall be calculated on the basis of the amount set out in the statement of revenue of the draft budget: the regularisation of the amount thus paid shall occur with the payment of the six-twelfths not later than 90 days after receipt of the call for funds issued at the latest in June.

For the first year of implementation of this Agreement, the Commission shall issue a first call for funds within 30 days of its entry into force. Should this call be issued after 15 June, it shall provide for the payment of twelve-twelfths of Israel's contribution within 90 days, calculated on the basis of the amount set out in the statement of revenue of the budget.

2. The contribution of Israel shall be expressed and paid in euro. Payment by Israel shall be credited to the Union programmes as budgetary revenue allocated to the appropriate budget heading in the statement of revenue of the general budget of the European Union. Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council <sup>(1)</sup> hereinafter referred to as the 'Financial Regulation' applicable to the general budget of the European Union shall apply to the management of the appropriations.
3. Israel shall pay its contribution under this Agreement according to the schedule in paragraph 1. Any delay in the payment of the contribution shall give rise to the payment of default interest by Israel on the outstanding amount from the due date. The interest rate shall be the rate applied by the European Central Bank to its main refinancing operations in euro on the due date, increased by 1,5 percentage points.

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

In case the delay in the payment of the contribution is such that it may significantly jeopardise the implementation and management of the Programme, participation in the Programme of Israel for the concerned financial year will be suspended by the Commission following the absence of payment 20 working days after a formal letter of reminder sent to Israel, without prejudice to the Union's obligations according to grant agreements and/or contracts already concluded pertaining to the implementation of selected indirect actions.

4. At the latest on 30 June of the year following a financial year, the statement of appropriations for the Programme that financial year shall be prepared and transmitted to Israel for information, according to the format of the Commission's revenue and expenditure account.
  5. The Commission, at the time of the closure of the accounts relating to each financial year, within the framework of the establishment of the revenue and expenditure account, shall proceed to the regularisation of the accounts with respect to the participation of Israel. This regularisation shall take into consideration modifications which have taken place, either by transfer, cancellations, carryovers, de-commitments, or by supplementary and amending budgets during the financial year. This regularisation shall occur at the time of the second payment for the next financial year, and for the last financial year in July 2021. Further regularisation shall occur every year until July 2023.
-

## ANNEX II

**FINANCIAL CONTROL OF ISRAELI PARTICIPANTS IN THE PROGRAMMES COVERED BY THIS AGREEMENT****I. Direct Communication**

The Commission shall communicate directly with the participants in the Programme established in Israel and with their subcontractors. They may submit directly to the Commission all relevant information and documentation which they are required to submit on the basis of the instruments referred to in this Agreement and of the grant agreements and/or contracts concluded to implement them.

**II. Audits**

1. In accordance with Regulation (EU, Euratom) No 966/2012 (hereinafter referred to as the 'Financial Regulation') and to Commission Delegated Regulation (EU) No 1268/2012 <sup>(1)</sup> (hereinafter referred to as the 'Rules of Application') and with the other rules referred to in this Agreement, the grant agreements and/or contracts concluded with participants in the Programme established in Israel may provide for scientific, financial, technological or other audits to be conducted at any time on the premises of the participants and of their subcontractors by Commission agents or by other persons mandated by the Commission.
2. Commission agents, the European Court of Auditors and other persons mandated by the Commission shall have appropriate access to sites, works and documents (both electronic and paper versions) and to all the information required in order to carry out such audits on the spot subject to the inclusion of this right of access that shall be stated explicitly in the grant agreements and/or contracts concluded to implement the instruments referred to in this Agreement with participants from Israel. The non-provision of such rights would be regarded as a failure to substantiate costs and, consequently, as a potential breach of the grant agreements.
3. The audits may be conducted after the Programme or this Agreement expire, on the terms laid down in the grant agreements and/or contracts in question. Any audit performed after the expiration of either the Programme or this Agreement shall be conducted in accordance with the terms set forth in this Annex II.

**III. On-The-Spot Checks by OLAF**

1. Within the framework of this Agreement, the Commission (OLAF) shall be authorised to carry out on-the-spot checks and inspections in the premises of participants and their subcontractors from Israel, in accordance with the terms and conditions laid down in Council Regulation (Euratom, EC) No 2185/96 <sup>(2)</sup>.
2. On-the-spot checks and inspections shall be prepared and conducted by the Commission in close collaboration with the competent Israeli authority designated by the Israeli government.

For the purposes of this paragraph of this Annex II, in civil or administrative issues the designated Israeli Authority shall be the Office of the Chief Scientist of the Ministry of Economy. However, request for the performance of investigative acts, inspections and the obtaining of documents in connection with a criminal matter or investigation, shall be carried out in accordance with the provisions of the International Legal Assistance Law 5758-1998. With respect to issues relating to such requests, the designated Israeli Authority shall be the Department of International Affairs of the Office of the State's Attorney in the Israeli Ministry of Justice. The designated authority shall be notified a reasonable time in advance of the object, purpose and legal basis of the checks and inspections, so that they can provide assistance. To that end, the officials of the competent Israeli authorities may participate in the on-the-spot checks and inspections.

3. If the Israeli authorities concerned so wish, the on-the-spot checks and inspections may be carried out jointly by the Commission and them.
4. Where the participants in the Programme resist an on-the-spot check or inspection, the Israeli authorities, acting in accordance with national rules and regulations, shall assist the Commission inspectors, to a reasonable extent as needed to allow them to fulfil their duty in carrying out an on-the-spot check or inspection.

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

<sup>(2)</sup> Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

5. The Commission shall report as soon as possible to the competent Israeli authority any fact or suspicion relating to an irregularity which has come to its notice in the course of the on-the-spot check or inspection. In any case the Commission shall be required to inform the abovementioned authority of the result of such checks and inspections.

#### IV. Information and Consultation

1. For the purposes of proper implementation of this Annex, the competent Israeli and Union authorities shall regularly exchange information, unless forbidden or unauthorized by national rules and regulations and, at the request of one of the Parties, shall conduct consultations.
2. The competent Israeli authorities shall inform the Commission within reasonable time of any fact or suspicion which has come to their notice relating to an irregularity in connection with the conclusion and implementation of the grant agreements and/or contracts concluded in application of the instruments referred to in this Agreement.

#### V. Confidentiality

Information communicated or acquired in any form under this Annex shall be covered by professional secrecy and protected in the same way as similar information is protected by Israeli law and by the corresponding provisions applicable to the Union's institutions. Such information may not be communicated to persons other than those within the Union's institutions or in the Member States or Israel whose functions legally require them to know it, nor may it be used for purposes other than to ensure effective protection of the Parties' financial interests <sup>(1)</sup>.

#### VI. Administrative Measures and Penalties

Without prejudice to application of Israeli criminal law, administrative measures and penalties may be imposed by the Commission in accordance with Regulation (EU, Euratom) No 966/2012, Delegated Regulation (EU) No 1268/2012 and Council Regulation (EC, Euratom) No 2988/95 <sup>(2)</sup>.

#### VII. Recovery and Enforcement

Decisions taken by the Commission under the Programmes covered by this Agreement which impose a pecuniary obligation on persons other than States shall be enforceable in Israel. If so requested by the Commission, the authority designated by the Government of the State of Israel shall commence proceedings for the enforcement of the decision on behalf of the Commission. In this case, the decision of the Commission shall be submitted to the Israeli Court, without other formality than verification of the authenticity of the decision, by the authority designated for this purpose by the Government of the State of Israel, which shall inform the Commission thereof. Enforcement shall take place in accordance with the Israeli law and rules of procedure. The relevant enforcement provisions shall be incorporated in the grant agreements and/or contracts with participants from Israel. The Court of Justice of the European Union shall have jurisdiction to review the legality of the decision of the Commission and suspend its enforcement. Moreover, the courts of Israel shall have jurisdiction over complaints that enforcement is being carried out in an irregular manner.

---

<sup>(1)</sup> OJ L 312, 23.12.1995, p. 1.

<sup>(2)</sup> Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests (OJ L 312, 23.12.1995, p. 1).