



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 17.07.1998
COM(1998) 457 final

98/ 0241 (CNS)

Proposal for a

COUNCIL DECISION

concluding the Agreement for scientific and technical cooperation between the European
and the State of Israel

(presented by the Commission)

EXPLANATORY MEMORANDUM

Subject : **Proposal for a Council Decision concluding the Agreement for scientific and technical cooperation between the European Community and the State of Israel**

1. On 25 March 1996 the European Community and Israel signed an agreement for scientific and technical cooperation, which entered into force on 6 August 1996 and which associated Israel to all the (non-nuclear) specific programmes of the Fourth Framework Programme.
2. Cooperation under this agreement has been very satisfactory for both sides and has prompted them to make use of its provisions for renewal under mutually agreed conditions (Article 12, paragraph 4 of the present agreement).
3. In February 1996 the Commission requested a negotiating mandate from the Council. On 18 May 1998, the Council authorized the Commission to negotiate the renewal of the Agreement for scientific and technical cooperation between the European Community and the State of Israel for the duration of the Fifth Framework Programme.
4. The negotiations resulted in the attached draft agreement and its three annexes, initialled on 19.06.1998. The draft agreement is in conformity with the negotiating directives as adopted by the Council on 18 May 1998. During the negotiations the Commission has been assisted by the special Committee appointed by the Council, in accordance with Article 228 (1) of the EC Treaty.
5. In the light of the above-mentioned considerations, the Commission proposes that the Council :
 - decide that the Agreement be signed on behalf of the Community and authorize the President of the Council to appoint the persons duly empowered to sign on behalf of the Community;
 - approve, after consultation of the European Parliament, the attached Agreement for scientific and technical cooperation between the European Community and the State of Israel;
 - give notification to the Israeli authorities that the procedures necessary for the entry into force of the Agreement have been completed on the part of the European Community.

Proposal for a

COUNCIL DECISION

concluding the Agreement for scientific and technical cooperation between the European Community and the State of Israel

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 130m, in conjunction with Article 228(2), first sentence, and the first subparagraph of Article 228(3) thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the Opinion of the European Parliament ⁽²⁾,

WHEREAS the European Community and Israel are pursuing specific research programmes in areas of common interest;

WHEREAS the State of Israel, on the one hand, and the European Community and its Member-States, on the other hand, have signed a Euromediterranean association agreement providing for the negotiation of a cooperation agreement in the field of science and technology;

WHEREAS the European Community and the State of Israel have concluded an agreement for scientific and technical cooperation for the duration of the Fourth Framework Programme for RTD;

WHEREAS by its Decision of 18 May 1998, the Council authorized the Commission to negotiate the renewal of the agreement for scientific and technical cooperation between the European Community and the State of Israel for the duration of the Fifth Framework Programme;

WHEREAS the Agreement for scientific and technical cooperation between the EC and the State of Israel should be approved and signed on behalf of the Community;

HAS DECIDED AS FOLLOWS :

Article 1

The Agreement for scientific and technical cooperation between the European Community and the State of Israel is hereby approved. The text of the Agreement is attached to this Decision.

¹ O.J. N°

² O.J. N°

Article 2

Pursuant to Article 13 of the Agreement, the President of the Council shall give notification that the procedures necessary for the entry into force of the Agreement have been completed on the part of the European Community.

Done at

For the Council

The President

AGREEMENT
ON SCIENTIFIC AND TECHNICAL COOPERATION
BETWEEN THE EUROPEAN COMMUNITY
AND THE STATE OF ISRAEL

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THE COUNCIL OF THE EUROPEAN UNION, acting on behalf of the European Community
(hereinafter "the Community"),

of the one part, and

THE GOVERNMENT OF THE STATE OF ISRAEL, acting on behalf of the State of Israel
(hereinafter "Israel"),

of the other part,

hereinafter referred to as the "Parties",

CONSIDERING the importance of scientific and technical research for Israel and the Community
and their mutual interest in cooperating in this matter in order to make better use of resources
and avoid unnecessary duplication;

WHEREAS Israel and the Community are currently implementing research programmes in fields
of common interest;

WHEREAS Israel and the Community have an interest in cooperating on these programmes to
their mutual benefit;

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CONSIDERING the interest of both Parties in encouraging the mutual access of their research entities to research and development activities in Israel on the one hand, and to the Community's framework programmes for research and technological development on the other;

WHEREAS the State of Israel, on the one hand, and the European Community and its Member States, on the other hand, have signed an agreement, according to which the Parties undertake to intensify scientific and technological cooperation and agree to set out the arrangements for the implementation of this objective in separate agreements to be concluded for this purpose;

WHEREAS, the Community and Israel have concluded an Agreement on Scientific and Technical Cooperation for the duration of the Fourth Framework Programme, which provides for its renewal under mutually agreed conditions;

WHEREAS, by Decision No.../98/EC, the European Parliament and the Council of the European Union adopted a Framework Programme of European Community activities in the field of research and technological development and demonstration (1998 - 2002), hereinafter called the "Fifth Framework Programme";

WHEREAS, without prejudice to the relevant provisions of the Treaty instituting the European Community, this Agreement and any activities entered into under it will in no way affect the powers vested in the Member States to undertake bilateral activities with Israel in the fields of science, technology, research and development, and to conclude, where appropriate, agreements to that end,

HAVE AGREED AS FOLLOWS:

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ARTICLE 1

1. Research entities established in Israel may participate in all the specific programmes of the Fifth Framework Programme.
2. Israeli scientists or research entities may participate in the activities of the Joint Research Centre.
3. Research entities established in the Community may participate in research programmes and projects in Israel in themes equivalent to those of the programmes of the Fifth Framework Programme.
4. "Research entities" as referred to in this Agreement, shall include inter alia: universities, research organizations, industrial companies, including small and medium-sized enterprises, or individuals.

ARTICLE 2

Cooperation may take the following forms:

- participation of research entities established in Israel in the implementation of all specific programmes adopted under the Fifth Framework Programme, in accordance with the terms and conditions laid down in the "rules for the participation of undertakings, research centres and universities in research, technological development and demonstration activities of the European Community",

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- financial contribution by Israel to the budgets of the programmes adopted for the implementation of the Fifth Framework Programme on the basis of the ratio of Israel's GDP to that of the Member States of the European Union together with that of Israel,
- participation of research entities established in the Community in Israeli research projects and their results, in accordance with the terms and conditions applying in Israel in every case; research entities established in the Community participating in Israeli research projects within research and development programmes shall cover their own costs, including their relative share of the project's general management and administrative costs,
- regular discussions on the orientations and priorities of research policies and planning in Israel and the Community,
- discussions on cooperation prospects and development,
- timely provision of information concerning the implementation of RTD programmes in Israel and the Community, and concerning the results of work undertaken within the framework of cooperation.

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ARTICLE 3

Cooperation may be achieved by the following means:

- participation in Community programmes or subprogrammes or joint research activities, and notably in shared cost research contracts, concerted actions, coordination activities, including thematic networks, education and training activities, studies and assessments,
- joint meetings,
- visits and exchanges of research workers, engineers and technicians,
- regular, sustained contacts between programme or project managers,
- participation of experts in seminars, symposia and workshops.

ARTICLE 4

Cooperation may be adapted and developed at any time by mutual agreement between the Parties.

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ARTICLE 5

Research entities established in Israel, participating in Community research programmes, shall, as regards ownership, exploitation and dissemination of information and intellectual property arising from such participation, have the same rights and obligations as those of research entities established in the Community, subject to Annex A.

Research entities established in the Community, taking part in Israeli research projects within research and development programmes, shall, as regards ownership, exploitation and dissemination of information and intellectual property arising from such participation, have the same rights and obligations as those of Israeli research entities in the project in question, subject to Annex C.

ARTICLE 6

A joint committee shall be established, to be called the "EC-Israel Research Committee", whose functions shall include:

- reviewing and evaluating the implementation of this Agreement,
- examining any measure of a nature to improve and develop cooperation,

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- regularly discussing the future orientations and priorities of research policies and research planning in Israel and the Community, and the prospects for future cooperation,
- ensuring the proper implementation of this Agreement.

The committee, which shall be composed of representatives of the Commission and of Israel, shall adopt its rules of procedure.

It shall meet, at the request of the Parties, at least once a year. Extraordinary meetings shall be held at the request of one or the other of the Parties.

ARTICLE 7

1. Israel's financial contribution deriving from participation in the implementation of the specific programmes shall be established in proportion to, and in addition to, the amount available each year in the general budget of the Communities for commitment appropriations to meet the Commission's financial obligations stemming from work to be carried out in the forms necessary for the implementation, management and operation of these programmes.

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2. The proportionality factor governing Israel's contribution shall be obtained by establishing the ratio between Israel's gross domestic product, at market prices, and the sum of gross domestic products, at market prices, of the Member States of the European Union together with that of Israel. This ratio shall be calculated on the basis of the latest statistical data from the International Bank for Reconstruction and Development, available at the time of publication of the preliminary draft budget of the European Communities.

3. The rules for financial participation by the Community are set out in Annex IV of Decision No..../98/EC of the European Parliament and of the Council, of ...

4. The rules governing Israel's financial contribution are set out in Annex B.

ARTICLE 8

1. Israeli representatives will participate in the programme management committees of the Fifth Framework Programme. These committees shall meet without the presence of Israeli representatives at the time of voting and otherwise only in special circumstances. Israel will be informed.

2. Participation as referred to in paragraph 1 of this Article shall take the same form, including procedures for receipt of information and documentation, as that applicable to participants from Member States.

A.L. OB

ARTICLE 9

1. Without prejudice to the provisions of Article 5, research entities established in Israel participating in the Fifth Framework Programme shall have the same contractual rights and obligations as entities established in the Community, taking into account the mutual interests of the Community and Israel.
2. For Israeli research entities, the terms and conditions applicable for the submission and evaluation of proposals and those for the granting and conclusion of contracts under Community programmes shall be the same as those applicable for contracts concluded under the same programmes with research entities in the Community, taking into account the mutual interests of the Community and Israel.
3. Israeli experts shall be taken into consideration, alongside Community experts, in the selection of evaluators or referees. Israeli experts may serve as members of the advisory groups and other consultative bodies which assist the Commission in the implementation of the Fifth Framework Programme.
4. An Israeli research entity may be coordinator of a project under the same terms and conditions applicable to entities established in the Community. In conformity with the Community's Financial Regulations, contractual arrangements concluded with, or by, Israeli research entities shall provide for controls and audits to be carried out by, or under the authority of, the Commission and the Court of Auditors. As far as financial audits are concerned, they may be carried out with the purpose of controlling such entities' income and expenditures, related to the contractual obligations towards the Community. In a spirit of cooperation and mutual interest, the relevant Israeli authorities shall provide any reasonable and feasible assistance as may be necessary or helpful under the circumstances to perform such controls and audits.
5. Without prejudice to the provisions of Article 5, research entities established in the Community participating in Israeli research projects within research and development programmes shall have the same contractual rights and obligations as Israeli entities, subject to Annex C, taking into account the mutual interests of the Community and Israel.

A. C. OB

6. For research entities from the Community, the terms and conditions applicable for the submission and evaluation of proposals and those for the granting and conclusion of contracts for projects within Israeli research and development programmes shall be equivalent to those applicable for contracts concluded under the same research and development programmes with research entities in Israel, subject to Annex C, taking into account the mutual interests of the Community and Israel.

ARTICLE 10

Each Party undertakes, in accordance with its own rules and regulations, to facilitate the movement and residence of research workers participating, in Israel and in the Community, in the activities covered by this Agreement.

ARTICLE 11

Annexes A, B and C form an integral part of this Agreement.

ARTICLE 12

1. This Agreement is hereby concluded for the duration of the Fifth Framework Programme.

A.L. OB

2. Subject to paragraph 1, either of the Contracting Parties may terminate this Agreement at any time upon twelve months' notice. Projects and activities in progress at the time of termination and/or expiry of this Agreement shall continue until their completion under the conditions laid down in this Agreement.

3. Should the Community decide to revise one or more Community programmes, this Agreement may be terminated under mutually agreed conditions. Israel shall be notified of the exact content of the revised programmes within one week of their adoption by the Community. The Parties shall notify one another, within one month after the adoption of the Community decision, of any intention to terminate this Agreement.

4. Where the Community adopts a new multi-annual framework programme for research and development, this Agreement may be renegotiated or renewed under mutually agreed conditions.

ARTICLE 13

This Agreement shall be approved by the Parties in accordance with their existing procedures.

It shall enter into force on the date on which the Parties shall notify each other of the completion of the procedures necessary for this purpose.

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ARTICLE 14

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territory of the State of Israel.

ARTICLE 15

This Agreement is drawn up in duplicate in the Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish, Swedish and Hebrew languages, each of these texts being equally authentic.

For the Government
of the State of Israel

For the Council
of the European Union

A. C. OB

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PRINCIPLES ON THE ALLOCATION OF INTELLECTUAL PROPERTY RIGHTS

I. Ownership, allocation and exercise of rights

1. The contractual arrangements agreed on by the participants under the rules set out to implement Article 130j of the Treaty establishing the European Community, shall address, in particular, the ownership and use, including publication, of information and intellectual property (IP) to be created in the course of joint research, taking into account the aims of the joint research, the relative contributions of the participants, the advantages and disadvantages of licensing by territory or for fields of use, requirements imposed by applicable laws, dispute settlement procedures, and other factors deemed appropriate by the participants. The rights and obligations concerning the research generated by visiting researchers, if any, in respect of IP shall also be addressed in the said arrangements.

2. In the implementation of this Agreement, as regards participation in the Fifth Framework Programme, information and IP shall be exploited in conformity with the mutual interests of the Community and Israel, and the contractual arrangements shall provide accordingly.

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3. Information or IP created in the course of joint research and not addressed in the contractual arrangements shall be allocated, according to the principles set out in the contractual arrangements, including dispute settlement. Where no binding decision is reached by the agreed dispute resolution technique chosen by participants, such information or IP shall be owned jointly by all the participants involved in the joint research from which the information or IP results. Failing agreement on exploitation, each participant to whom this provision applies, shall have the right to use such information or IP for his own commercial exploitation with no geographical limitation.

4. Each Party shall ensure that the other Party and its participants may have the rights to IP allocated in accordance with the principles set out in Section I of this Annex

5. While maintaining the conditions of competition in areas affected by the Agreement, each Party shall endeavour to ensure that rights acquired pursuant to this Agreement and arrangements made under it are exercised in such a way as to encourage in particular:

(i) the dissemination and use of information created, disclosed, or otherwise made available, under the Agreement; and

(ii) the adoption and implementation of international standards.

II. International conventions

IP belonging to the Parties or to their participants shall be accorded treatment consistent with the relevant international conventions, including the TRIPS Agreement of the GATT-WTO, the Berne Convention (Paris Act 1971), and the Paris Convention (Stockholm Act 1967).

A. L. OB

FINANCIAL RULES GOVERNING THE FINANCIAL CONTRIBUTION
OF ISRAEL REFERRED TO IN ARTICLE 7 OF THIS AGREEMENT

1. Determination of the financial participation

1.1. The Commission of the European Communities shall communicate to Israel, and shall inform the EC-Israel Research Committee, together with relevant background material, as soon as possible, and at the latest on 1 September, of each financial year:

- (a) the amounts in commitment appropriations, in the statement of expenditure of the preliminary draft budget of the European Communities corresponding to the Fifth Framework Programme;
- (b) the estimated amount of the contributions derived from the preliminary draft budget, corresponding to the participation of Israel in the Fifth Framework Programme.

Nonetheless, in order to facilitate internal budgetary procedures, the Commission services shall provide corresponding indicative figures at the latest on 30 May of each year.

1.2. As soon as the general budget has been finally adopted the Commission shall communicate to Israel the above amounts in the statement of expenditure corresponding to the participation of Israel.

A. C. OB

2. Payment procedures

2.1. The Commission shall issue, at the latest on 1 January and 15 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 20 January,
- and six-twelfths of its contribution not later than 15 July.

However, the six-twelfths, to be paid not later than 20 January are calculated on the basis of the amount set out in the statement of revenue of the preliminary draft budget: the regularization of the amount thus paid shall occur with the payment of the six-twelfths not later than 15 July.

2.2. 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 contribution within 30 days, calculated on the basis of the amount set out in the statement of the revenue of the budget.

2.3. The contributions of Israel shall be expressed and paid in Euros.

2.4. Israel shall pay its contribution under this Agreement according to the schedule in paragraph 2.1 and 2.2 above. Any delay in payment shall give rise to the payment of interest at a rate equal to the one-month interbank offered rate (IBOR) in Euros as quoted by the International Swap Dealers' Association on the page ISDA of Reuters. This rate shall be increased by 1,5% for each month of delay. The increased rate shall be applied to the entire period of delay. However, the interest shall be due only if the contribution is paid more than thirty days after the scheduled payment dates mentioned in paragraph 2.1 and 2.2 above.

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2.5. Travel costs incurred by Israeli representatives and experts for the purposes of taking part in the work of the committees referred to in Articles 8 and 9 of this Agreement and those involved in the implementation of the Fifth Framework Programme shall be reimbursed by the Commission on the same basis as and in accordance with the procedures currently in force for the representatives and experts of the Member States of the European Union.

3. Conditions for the implementation

3.1. The financial contribution of Israel to the Fifth Framework Programme in accordance with Article 7 of the Agreement shall normally remain unchanged for the financial year in question.

3.2. The Commission, at the time of the closure of the accounts relating to each financial year (n), within the framework of the establishment of the revenue and expenditure account, shall proceed to the regularization of the accounts with respect to the participation of Israel, taking into consideration modifications which have taken place, either by transfer, cancellations, carry-overs, decommitments, or by supplementary and amending budgets during the financial year. This regularization shall occur at the time of the second payment for the year n+1. Further regularizations shall occur every year until July 2006.

Payments by Israel shall be credited to the Community programmes as budget receipts allocated to the appropriate budget heading in the statement of revenue of the general budget of the European Communities.

A. L. OB

The financial regulation applicable to the general budget of the European Communities shall apply to the management of the appropriations.

4. Information

At the latest on 31 May of each financial year (n+1), the statement of appropriations for the Fifth Framework Programme related to the previous financial year (n), shall be prepared and transmitted to Israel for information, according to the format of the Commission's revenue and expenditure account.

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1. The participation of research entities established in the Community in projects of Israeli research and development programmes shall require the joint participation of at least one Israeli research entity. Proposals for such participation shall be submitted jointly with the Israeli research entity/ies.
2. The rights and obligations of research entities established in the Community participating in Israeli research projects within research and development programmes, and the terms and conditions applicable for the submission and evaluation of proposals and for the granting and conclusion of contracts in such projects, shall be subject to Israeli laws, regulations and government directives governing the operation of research and development programmes, as well as national security constraints where applicable, as applicable to Israeli participants and assuring equitable treatment, taking into account the nature of the cooperation between Israel and the Community in this field.
3. Depending on the nature of the project, proposals may be submitted to:
 - (i) The Office of the Chief Scientist in the Ministry of Industry and Trade for joint industrial research and development projects with Israeli companies. There are no predefined fields in this research and development programme. Joint project proposals may be submitted in any field of industrial research and development. In addition, within the Magnet programme, proposals may be submitted by Israeli companies for cooperation with research entities established in the Community. Such cooperation will require the agreement of the relevant consortium and the Magnet management;

A.L. OB

- (ii) The Ministry of Science, for strategic research in the fields of Electro-optics, Micro-electronics, Biotechnology, Information Technology, Advanced Materials, Environment and Water;
- (iii) The Office of the Chief Scientist in the Ministry of Agriculture – The Fund for the Encouragement of Agricultural Research;
- (iv) The Office of the Chief Scientist in the Ministry of National Infrastructures in the fields of Energy Infrastructure Development and Earth Sciences;
- (v) The Office of the Chief Scientist in the Ministry of Health in the field of Medical Research.

Israel shall regularly inform the Community and Israeli research entities of current Israeli programmes and participation opportunities for research entities established in the Community.

4. Any contractual arrangements between research entities established in the Community and Israeli entities, and/or between research entities established in the Community and Israeli government bodies shall take account of the provisions of this Annex.

A.L. GB

JOINT DECLARATION

"On the occasion of the signing of the Agreement on scientific and technical cooperation the European Community and the State of Israel hereby confirm that the reference in Annex A, point I,1 to "the rules set out to implement Article 130j of the Treaty establishing the European Community" makes the possible access by Israeli or Community entities to results emanating from projects pursuant to other international agreements to which either the Community or Israel are a party, contingent upon agreement of the other party or parties to such other international agreements".

For the European Community

For the Government of Israel

A.L. OB

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FINANCIAL STATEMENT

1. Title of operation

Proposal for a Council Decision concluding the Agreement for scientific and technical cooperation between the European Community and the State of Israel

2. Budget heading concerned

Participation in direct and indirect RTD actions and the travelling expenses of European experts and of EC officials on mission will be charged to the specific budget headings of the programmes of the European Community RTD framework programme.

Israel's participation:

Chapter 60 (revenue), Articles B6-451 and B6-551 (expenditure)

Israel's contribution to the framework programme will be proportionate to its GDP *vis-à-vis* that of the Union together with that of Israel (see point 7.1.1).

3. Legal basis

Article 130 m and Article 228 of the EC Treaty

4. Description of operation

4.1 Specific objectives

The essential aim is to stimulate RTD cooperation between the EC and Israel at the level of framework programme research programmes.

4.2 Period covered

1998-2002. Renewal arrangements are laid down in Article 12 of the Agreement.

5. Classification of expenditure

5.1 Non-compulsory expenditure

5.2 Differentiated appropriations

5.3 Type of revenue involved: participation by a non-member country in the specific programmes of the framework programme in question.

6. Type of expenditure or revenue

- Expenditure

Participation in direct RTD actions, indirect actions (shared-cost actions, training fellowships, support for networks, concerted actions, accompanying measures).

100% financing

(Missions in Israel by Commission officials and European experts; organization of workshops, seminars and meetings in Europe and Israel.)

- Revenue

Participation by a non-member country in the specific programmes of the framework programme in question.

7. Financial impact

7.1 Method of calculating total cost of operation (estimate)

7.1.1 Israel's contribution to the EC budget (estimate)

GDP Israel (1995)¹ = US\$ 91.965 billion
GDP EUR15 (1995)¹ = US\$ 8 395.165 billion
% ratio GDP Israel/GDP (Eur 15 + Israel) = 1.08 %

EC budget 5th F.P. (estimate): 1998-2002 (5 years): Euro 14.833 billion²
per year
1998 = P.M.
1999 = Euro 3.113 billion
2000 = Euro 3.571 billion
2001 = Euro 3.964 billion
2002 = Euro 4.185 billion

1.08 % of which = Euro 160.2 million (1998-2002)

7.1.2 Expenditure on management of the Agreement (estimate)

- (a) Travel expenses per year
EC experts' missions to Israel
within the framework of the specific programmes covering the four activities:

¹ GDP figures per country provided by the International Bank for Reconstruction and Development.

² COM(97)0439 final - COD(97)0119, and COM(98)305.

- 100 EUR experts-monitors (for 200 projects) x 7 nights = 100 experts x 7 nights		
- <u>prices per mission:</u>		
1 return journey (around Euro 640)		Euro 640
hotel expenses (Euro 100 x 7)		Euro 700
Euro 250 per diem x 7		<u>Euro 1 750</u>
	Total	Euro 3 090
- <u>total cost for 100 missions</u>	Total	Euro 309 000
		+ 10% margin
	=	Euro 339 900

(b) EU officials' missions to Israel (DGs III, VI, VII, XII, XIII, XIV, XVII, JRC)

16 missions per year (management of the agreement as a whole)
(2 per DG)
+ 16 missions per year (specific programmes)

total: 32 missions per year

- return journey Brussels-Tel Aviv		
cost economy class Oct. 97: BF 25 790 = Euro 640* x 32		Euro 20 480
(* rate in Oct. 97: Euro 1 = BF 40.56)		
- nights in hotel: <u>3 nights</u> (Euro 100/night) = Euro 300 x 32		Euro 9 600
	Total	Euro 30 080
		+ 10% margin
	=	Euro 33 100

Total	2a + 2b =	Euro 339 900
	+	Euro 33 100
	Total	Euro 373 000

(c) Workshops/seminars

2/year (estimate)		BF 300 000: 40.56 = 6 580 + 10% margin = Euro 7 238
Total	2(a)(b)	Euro 373 000
	(c)	Euro 7 238

Euro 380 238 or Euro 0.38 million/year

Overview:

<u>1999 budget</u> (Euro million - constant Euros 1997)	<u>2000</u>	<u>2001</u>	<u>2002</u>
Expenditure:	0.380	idem	idem
Experts' missions	0.340		
EC officials' missions	0.033		
Workshops	<u>0.007</u>		
<u>TOTAL</u>	0.380 or Euro 0.38 million/year		

7.2 Itemized breakdown of cost

Israel's financial contribution will be allocated to the various specific programmes of the framework programme in proportion to their budgets .

7.3 Indicative schedule of appropriations (see 7.1.2)
(Amounts expressed in constant Euro million 1997)

		Payment appropriations				TOTAL
		1999	2000	2001	2002	
Commitment appropriations						
1999	0.38	0.38				0.38
2000	0.38		0.38			0.38
2001	0.38			0.38		0.38
2002	0.38				0.38	0.38
TOTAL	1.520	0.38	0.38	0.38	0.38	1.520

8. Fraud prevention measures

There are many administrative and financial controls at each stage of the signature and implementation of research contracts. Among these controls are the following :

At the stage prior to the conclusion

- Initial selection of proposals based on the scientific merit of the project and on the realism of research costs relative to the content, duration of the project and its potential implications.
- Analysis of financial details submitted by the proposers in the contract negotiation form.

After signature of the contract

- Examination of expenditure at a number of levels (financial officer, scientific officer) before payment.
- Internal audit performed by the Financial Controller.
- On-site audit, which should allow the detection of errors and other irregularities by examination of supporting documents. In order to improve the efficiency of these controls, the Commission services have established an audit unit which coordinates all controls taking place. These controls are carried out either by members of this audit unit or by audit firms with which the Commission has concluded a contract, under the supervision of personnel from this audit unit.
- On the spot inspections made by the Financial Controller of the Commission and by the Court of Auditors of the European Union.

9. Elements of cost-effectiveness analysis

9.1 **Specific objectives, target population**

- **Specific objectives:**
The Agreement should enable Israel and the Community to derive mutual benefit from the scientific and technical progress achieved through their reciprocal research programmes, with participation by the Israeli scientific community and industry in Community research programmes and independent and non-subsidized participation in Israeli research activity by bodies established in the Community.
- Beneficiaries in the EU and Israel will be the scientific communities, industry and the population generally, thanks to the direct and indirect impact of cooperation.

9.2 **Grounds for the operation**

- Community funding is indispensable as the planned cooperation forms part of the implementation of the framework programme, including the budget section: participation by Israel in the specific programmes and administrative expenditure by the European side (missions by experts and EU officials; organization of seminars in the EC and Israel).
- Budgetary arrangements will be based on the type of cooperation proposed (association of a non-member country in specific programmes of Community research).
- one general element of uncertainty is the extent to which Israel will actually take part in the specific programmes and how this will affect the budget.

9.3 Monitoring and evaluation of the operation

The cooperation Agreement will be regularly evaluated by the relevant Commission departments and will be subject to one joint Community-Israel evaluation each year. Evaluation will cover:

- (a) Performance indicators:
 - number of proposals put forward by Israel per specific programme compared with the number of proposals selected for funding under the programme;
 - number of proposals put forward by Israel compared with the number of proposals selected for funding under the framework programme;
 - number of proposals put forward under the specific programmes of the framework programme compared with the relative share (1%) of Israel's participation in those programmes;
 - number of Israeli proposals selected for funding in the specific programmes of the framework programme compared with its relative participation in those programmes.

- (b) Gathering information:

On the basis of data on the specific programmes of the framework programme.

- (c) Overall evaluation:

At the end of the 5th framework programme the Commission will evaluate all cooperation activities covered by the Agreement.

- (d) Corrections:

Through information to the relevant partners on both sides on practical arrangements for taking part in the specific programmes of the framework programme. The information will be passed on in accordance with the recommendations of the Joint Cooperation Committee.

10. Impact on administrative expenditure

- The Commission is not requesting any additional posts for the management of the Agreement.
- No officials are being specifically assigned to manage the Agreement. It will be managed by the staff authorized for the fifth framework programme.

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