



## Proof of Concept – Call I

The objective of the Proof of Concept Call is to support activities that will help ensure the development of technology and knowledge transfer between research organisations and enterprises that are able to apply the research results in practice.

### SCHEDULE

#### Receipt of aid applications:

- 1 September 2022 – 30 November 2022

### AIDED ACTIVITIES

- Activities related to verifying the technical feasibility and commercial potential of R&D with a view to introducing a new product/technology/service to the market. The output of the project will be a feasibility study that will serve as a supporting document for the implementation of the next possible phase of the research project and for the preparation of research activities. A feasibility study means an assessment and analysis of the potential of a project in order to support the decision-making process by objectively and rationally identifying a project's strengths, weaknesses, opportunities and threats and determining the resources needed for its implementation and its chances of success.

The preparation of a feasibility study must include activities that will provide evidence as to whether the project is technically feasible and has a documented commercial potential. In addition, the preparation of a feasibility study may also include activities related to analysing risks, searching for and identifying partners, handling intellectual property, developing an innovation strategy and other activities that provide a clear idea of the implementation of the research project with a high innovation potential.

The starting point for a Proof of Concept project may be an idea or a research in progress in an early stage of technological readiness<sup>1</sup> for which a new direction has been found for possible future application and commercialisation<sup>2</sup>.

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<sup>1</sup> The project is at least at TRL 3 and at most at TRL 5. In the plan, the applicant will describe the technical risks related to the further research part of the project, which imply the necessity to prepare a feasibility study for the next R&D phase. Significant risks must also persist for a project at TRL 5 (i.e. risks related to e.g. performance improvement, the use of technology in a real operational environment, etc.).

<sup>2</sup> A Proof of Concept project under supported activity 4.1(a) cannot build on R&D results in which the applicant (SME) participated as a co-beneficiary within a project fully or partially financed from public sources.

The preparation of a feasibility study is possible:

- for projects of business entities that aim to verify the application potential of new R&D results developed by research organisations prior to their possible application in practice,
  - or the feasibility study is prepared for research projects requiring cooperation between a business entity and a research organisation, either in the form of effective cooperation, contract research or the planned purchase of intellectual property rights by the business.
- Activities aimed at completing the research and development to the final stage and preparing its commercialisation. For the implementation of a project at this stage, the aid applicant (hereinafter the “applicant”) must provide – as part of the business plan – an assessment of the project’s technical feasibility, including its commercial potential.

Aid is provided for activities such as the testing and verification of new or improved products, processes or services in real operating conditions, performance verifications, demonstration activities, pilot projects and other activities aimed at improving and refining a prototype and deploying a new product/technology/service on the market. In addition to the result of experimental development, the project outputs will also include a detailed commercialisation plan (including IPR treatment and a plan for obtaining financial resources) that will verify the specific barriers and opportunities leading to increased project profitability.

## APPLICANT

- The applicant is a **natural person** or a **legal person** that conducts business, has been **assigned a Czech ID number** and is **authorised to conduct business**<sup>3</sup>.
- The applicant is authorised to conduct business activities that correspond to the **economic activity**<sup>4</sup> in which the project is implemented, no later than the date of submission of the last request for payment.
- The applicant has provided **information to the extent required under Section 14(3)(e) of Act No. 218/2000 Sb.**, on budgetary rules and amending some related acts (hereinafter the Budgetary Rules Act), as amended:
  - The applicant has entered information in IS KP 21+ identifying the persons acting on behalf of the applicant, indicating whether they are acting as its statutory body or whether they are acting under a power of attorney.
  - The applicant has its beneficial owners of a legal person registered pursuant to Act No. 37/2021 Sb., on the registration of beneficial owners (compliance with this condition will be verified by the IB).
  - The applicant has entered information in IS KP 21+ identifying the entities in which it has a holding and the amount of such a holding.
- According to the applicant’s sworn statement, the applicant **is not in liquidation**.
- According to the applicant’s sworn statement, the applicant has been registered as an income-tax payer in the Czech Republic for an uninterrupted period of no less than one tax period<sup>5</sup> preceding the date of the submission of the aid application.

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<sup>3</sup> This means a trade license or an authorisation to conduct business under other legal regulations (unless otherwise specified in the Rules for applicants and beneficiaries of the OP TAC – special part).

<sup>4</sup> In the application in IS KP21+, the applicant indicated the CZ- NACE in which the project is implemented and which corresponds to the activity registered in public registers. The registered CZ-NACE must not be listed in the Annex to the Call entitled “Unaided CZ-NACE”.

<sup>5</sup> This means a tax period according to Section 16b (for natural persons) / Section 21a (for legal persons) of Act No. 586/1992 Sb., on income taxes.

## TERRITORIAL DIMENSION

- Target territory: The territory of the Czech Republic, except for NUTS 2 Prague.
- The decisive factor for assessing local acceptability is not the registered office of the applicant (beneficiary), but rather the actual place where the project is to be implemented, i.e. the territory where the physical implementation takes place and where the project expenditure is incurred.

## MAIN CONDITIONS OF THE CALL

- The project must not violate the EU horizontal policies and their basic principles. In particular, it is necessary to ensure compliance with:
  - the principles of non-discrimination (in particular non-discrimination on the grounds of race, gender, religion, ethnic origin, disability, age or sexual orientation),
  - the principles of sustainable development,
  - the Charter of Fundamental Rights of the European Union.
- The project's objectives must be in compliance with the objectives of the operational programme and of the Call.
- For projects whose total eligible expenditure is equal to / greater than CZK 5 million, the score received in a simplified economic assessment that represents the applicant's financial health must not be less than 4 points in the case of applicants that have been in business for a period shorter than 2 closed accounting periods (however, with a minimum of 1 closed accounting period), less than 5 points in the case of applicants that have been in business for a period longer than 2 closed accounting periods.
- According to the form of the declaration on the application of the DNSH ("do no significant harm") principle, the project does no significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council.
- At the stage of assessing formal requirements and acceptability, aid applications where the applicant has submitted a similar active project (any PP status) in the OP EIC will not be approved, unless the applicant has withdrawn from the project. A similar project means a project that has an identical place of implementation (down to the level of the municipality), similar activities and a similar budget size and structure. The aim of this measure is to prevent budget funds from being blocked by unfinished projects under the OP EIC that are resubmitted in identical or slightly modified form under the OP TAC. The applicant must choose whether it can realistically complete the project under the OP EIC or whether it will terminate the administration of that project and submit the project under the OP TAC.

## ELIGIBLE EXPENDITURE

- **Eligible expenditures for activity 4.1(a):**
  - Costs directly related to the development of a feasibility study in accordance with Article 25 of the GBER; the following categories of costs may be included:
    - personnel costs: salaries and insurance for researchers, technicians and other auxiliary personnel to the extent necessary for the purposes of the project;
    - costs for instruments, devices and equipment in the form of depreciation of tangible and intangible fixed assets, to the extent and for the duration they are used for the purposes of the project;
    - costs for consulting and external professional services used exclusively for the purposes of the project; non-investment costs of licences purchased or acquired from third parties under normal market conditions for the purposes of the project;
    - additional overheads and other operating costs;
    - costs for material.

• **Eligible expenditures for activity 4.1(b)**

- Costs for this activity are only eligible if the project or the supported part of the project falls entirely within the category of experimental development in accordance with Article 25 of the GBER; the following categories of costs may be included:
  - personnel costs: salaries and insurance for development personnel, technicians and other auxiliary personnel to the extent necessary for the purposes of the project;
  - costs for instruments, devices and equipment in the form of depreciation of tangible and intangible fixed assets, to the extent and for the duration they are used for the purposes of the project;
  - costs for consulting and external professional services used exclusively for the purposes of the project; non-investment costs for licences purchased or acquired from third parties under normal market conditions for the purposes of the project;
  - additional overheads and other operating costs;
  - costs for material.
- Costs under Article 28 of the GBER:
  - costs for secondment of highly qualified personnel from a research and knowledge-dissemination organization or a large enterprise, working on research, development and innovation activities in a newly created function within the beneficiary and not replacing other personnel;
  - costs for obtaining and validating patents and other intangible assets;
  - costs for innovation advisory and support services.

**FORM AND AMOUNT OF AID**

| Sources of funding (percentages of documented eligible expenditure) |          |
|---|----------|
| Type of entity  | EU share |
| Activity 4.1(a)   |          |
| Small enterprise  | 70%      |
| Medium-sized enterprise   | 60%      |
| Activity 4.1(b)   |          |
| Small enterprise  | 45%      |
| Medium-sized enterprise   | 35%      |
| Activity 4.1(b) – costs pursuant to Article 28                      |          |
| Small enterprise  | 50%      |
| Medium-sized enterprise   | 50%      |

- The subsidy for a project is provided in an amount of no less than CZK 500 000<sup>6</sup> and no more than CZK 5 million for activity 4.1(a) and no more than CZK 20 million for activity 4.1 (b).
- Projects requesting less than the minimum subsidy amount, according to the aid intensity, are not acceptable and will not be accepted to the evaluation process. The maximum subsidy amount cannot be exceeded.
- The aid will be paid in accordance with the “Co-financing rules for the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund, the European Maritime, Fisheries

<sup>6</sup> Applies at the stage of approval by the selection committee.

and Aquaculture Fund, the Asylum, Migration and Integration Fund, Internal Security Fund and the Instrument for Financial Support for Border Management and Visa for the programming period 2021–2027<sup>7</sup>” and will be reimbursed **retroactively upon completion of the project** or its phase (if the project is phased in accordance with the Rules for applicants and beneficiaries of the OP TAC – general part), provided that the conditions of the Decision are met.

- The beneficiary must secure financing of the expenditure for project implementation including VAT.
- The subsidy must not be granted to a beneficiary that has any outstanding liability arising under a recovery order that has been issued following a previous decision by the Commission declaring the aid received from a provider from the Czech Republic illegal and incompatible with the internal market.
- Aid must not be granted for the same project expenditure for which other aid has been or will be granted from public sources, including aid from Union funds that are managed centrally by EU bodies, agencies, joint undertakings and other entities and that are neither directly nor indirectly controlled by member states.

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<sup>7</sup> A Document by the Ministry of Finance approved by the Government of the Czech Republic through Resolution No. 354 of 12 April 2021.