



Proof of Concept - Call II

The call wants to reinforce especially businesses with high potential for further growth (including businesses in the early stages of development and startups) that need to test the validity of new technologies and bring unique products to the market.

TIMETABLE

Receipt of grant applications:

- 24.04.2024 - 10.09.2024

SUPPORTED ACTIVITIES

- Preparation of a feasibility study
 - Activities related to verifying the technical feasibility and commercial potential of a planned research and development project, with the aim of introducing a new product/technology/service to the market.
- Activities aimed at bringing a research and development activity¹ to the final stage and preparing for its commercialization.
 - Activities such as testing and verification of new or improved products, procedures or services in real operating conditions, performance verification, demonstration activities, pilot projects and other activities aimed at improving and finalizing a prototype and introducing the new product/technology/service onto the market.
 - Expert services related to validation tests, certification processes, cost reduction and other activities aimed at increasing market readiness before full production and introduction onto the market (so-called post-prototyping).

¹ The project is at least in TRL 5.

THE APPLICANT

- is an SME as defined in Annex I to the GBER or a small mid-cap company² ;
- fulfils obligations under Act No 563/1991 Coll., on accounting, in particular the obligation to disclose financial statements in the relevant register in accordance with Act No 304/2013 Coll., on public registers of legal entities and natural persons and on the registration of trust funds. This paragraph applies only to those entities that have such obligations imposed by law. The MA will check compliance with this obligation for the last 2 closed accounting periods, or 1 closed accounting period for applicants with less than 2 closed accounting periods; entities that do not have this obligation established by law for this entire period will have their compliance checked for the period for which they have this obligation established;
- does not have the form of a limited liability company where a capital contribution certificate is issued for the share(s) of the partner(s) in accordance with Section 137 of Act No 90/2012 Coll., on commercial companies and cooperatives (Act on Commercial Corporations);
- The decision will not be issued if:
 - - the applicant is a company in difficulty within the meaning of Article 2(18) GBER,
 - - the applicant is in conflict of interest according to Section 4c of Act No 159/2006 Coll., on conflict of interest,³
 - - the applicant is subject to sanction regulations issued in connection with Russia's illegal activity against Ukraine,
 - - the applicant's property is subject to bankruptcy proceedings (a solution for insolvency). If, in the event of insolvency, the court permits reorganization and it is carried out by the company, the company is not regarded as a company in difficulty and the condition for providing the grant is met⁴,
 - - where the applicant is a legal entity, a final sentence has been imposed on it of a ban on the receipt of grants and subsidies;
 - - a recovery order was issued to the applicant following a decision of the European Commission on unlawful aid and its incompatibility with the internal market, which has not yet been repaid,

TERRITORIAL ELIGIBILITY

- Target territory: The territory of the Czech Republic, except NUTS 2 Prague
- The territorial eligibility is not assessed based on the registered office of the applicant (beneficiary) but based on the actual place of project implementation, i.e. the territory where the physical implementation takes place and the project expenses are incurred.

MAIN CONDITIONS OF THE CALL

- The project must not violate horizontal EU policies and their basic principles; in particular it must comply:
 - with principles of non-discrimination (primarily non-discrimination based on race, gender, religion, ethnic origin, disability, age or sexual orientation),
 - with the principles of sustainable development,
 - with the Charter of Fundamental Rights of the European Union.

² These are entities that have **no more than 499 employees** and are not small or medium-sized enterprises. See Regulation of the European Parliament and of the Council (EU) 2015/1017 of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 — the European Fund for Strategic Investments.

³ Does not apply to a partner with financial contribution

⁴ Before the Decision is issued, the applicant solemnly declares that its property is not subject to bankruptcy proceedings on the date of signing the sworn statement, nor in the previous three (3) years.

- The project objectives shall be in line with the objectives of the operational programme and the Call;
- For projects whose total eligible expenditure is equal to/higher than CZK 5 million, the score obtained in the simplified economic assessment, which expresses the financial health of the applicant, must not be lower than 4 points for applicants who have run their business for less than 2 closed accounting periods (must have at least 1 closed accounting period), and lower than 5 points for applicants running their business for longer than 2 closed accounting periods;
- The project does not significantly harm the environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council;
- Grant applications of applicants who have already submitted a similar active project (in any PP status up to PP37 including) under OP TAC will not be approved in the phase of appraisal of formal requirements and eligibility, unless the applicant has withdrawn from the project. A similar project is a project that has the same place of implementation (up to the level of the municipality), similar activities and a similar amount of budget and its structure. The aim of the above-mentioned measure is to prevent the blocking of budget funds by the fact that the still unfinished projects are submitted again in an identical wording, or slightly modified.

ELIGIBLE EXPENDITURE

- **Eligible expenditure for activity 4.1 a):**
 - Costs directly related to drawing up a feasibility study in accordance with Article 25 GBER; the following categories of costs may be involved:
 - personnel costs: salaries and insurance premiums of researchers, technicians and other support staff to the extent necessary for the purposes of the project;
 - costs of contract research, consulting and external professional services used exclusively for the purposes of the project; costs of licenses purchased or acquired from third parties at arm's length for the purposes of the project;
 - depreciation – the cost of tools and equipment to the extent and for the time that they are used for the purposes of the project;
 - additional overhead and other operating costs including costs of material at 20% of the above costs.
- **Eligible expenditure for activity 4.1 b)**
 - The costs for this activity are eligible only under the condition that the project or its supported part falls entirely into the category of experimental development according to Article 25 GBER; this may involve the following categories of costs:
 - personnel costs: salaries and insurance premiums of development workers, technicians and other support staff to the extent necessary for the purposes of the project;
 - costs of contract research, consulting and external professional services used exclusively for the purposes of the project; costs of licenses purchased or acquired from third parties at arm's length for the purposes of the project;
 - depreciation – the cost of tools and equipment to the extent and for the time that they are used for the purposes of the project;
 - additional overhead and other operating costs including costs of material at 20% of the above costs.
 - Costs according to Article 28 GBER (innovation support):
 - the cost of sending highly qualified staff from a research and knowledge dissemination organization to work on research, development and innovation activities at the beneficiary in a newly created capacity/function, but not replacing other staff;
 - fees related to national patent granting proceedings, an international application under the PCT or the granting of a European patent under the EPC, including the costs of patent lawyer services;

- costs of consulting and support services in the field of innovation.
- Costs according to de minimis:
 - Investments in intangible and tangible assets (machinery and equipment, tools, HW and networks, SW and data usable for development, testing and experimentation).

FORM AND AMOUNT OF AID

Funding sources (% shares of documented eligible expenditure)		Bonuses (cannot be combined)
Type of entity	EU share	
Activity 4.1 a) – costs according to Article 25		
Small enterprise	70%	
Medium-sized enterprise	60%	
Small midcap	50%	
Activity 4.1 b) - costs according to Article 25 and de minimis		
Small enterprise	45%	+ 15% for a project in a supported region meeting the conditions of Article 107(3)(a) TFEU ⁵ + 5% for a project in a supported region meeting the conditions of Article 107(3)(c) TFEU ⁶ + 15% for a project implemented in effective collaboration ⁷
Medium-sized enterprise	35%	
Small midcap	25%	
Activity 4.1 b) – costs according to Article 28		
Small enterprise	50%	
Medium-sized enterprise	50%	

If the project does not constitute State aid, the aid is provided in accordance with the Framework, namely for entities that meet the definition of a research and knowledge dissemination organization.

Aktivita 4.1b)	Aid not constituting State aid
	Research organization
Experimental development	85%

⁵ NUTS2 regions Northwest, Northeast, Central Moravia and Moravian-Silesia

⁶ NUTS 2 regions Central Bohemia, Southwest and Southeast

⁷ According to GBER, the effective collaboration must be (i) between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70% of the eligible costs, or (ii) between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10% of the eligible costs and have the right to publish their own research results.

- The total eligible expenditure (TEE) of the project must be at least CZK 1 million⁸ and no more than CZK 10 million for activity 4.1a) and no more than CZK 50 million for activity 4.1b).
- Projects with TEE lower than the minimum are ineligible and will not be accepted into the appraisal process. The maximum TEE level is unsurpassable.
- The aid will be paid in accordance with the "Rules for the co-financing of the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund, the European Maritime, Fisheries and Aquaculture Fund, the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for financial support for border management and visas for the 2021-2027 programming period⁹" and will be reimbursed **retrospectively after the end of the project** or its stage (if the project is staged in accordance with the Rules for applicants and beneficiaries of OP TAC - general part) provided that the conditions of the Decision are met.
- The beneficiary is obliged to ensure the financing of expenses for the implementation of the project, including VAT.
- The aid may not be provided for the same project expenses for which other aid from public sources has already been or will be provided, including an aid from Union funds that are centrally managed by bodies, agencies, joint ventures and other Union entities and that are not directly or indirectly under control of member states.
- The aid may not be provided to a beneficiary who has an unpaid obligation arising from a recovery order issued after a previous decision of the Commission declaring that the aid received from a provider from the Czech Republic is illegal and incompatible with the internal market.

⁸ Valid at the stage of approval by the selection committee.

⁹ Document of the Ministry of Finance approved by the Government of the Czech Republic in Resolution No 354 of 12 April 2021.