

The following is a translation from Estonian. In case of disputes, the Estonian text shall prevail.

## Conditions and Procedure for Proof-of-Concept Grants

### Chapter 1 GENERAL PROVISIONS

#### 1. Scope of Application

- 1.1. This directive establishes the conditions and procedure for applying for, evaluating, awarding, allocating, and reporting on proof-of-concept grants.
- 1.2. The Estonian Research Council (hereinafter *Council*) is entitled to make well-considered decisions and consult experts where necessary in relation to matters not covered by this directive.

#### 2. Goal

- 2.1. The aim of the proof-of-concept grant (hereinafter also *grant*) is to enhance technology transfer, the application of research outcomes in entrepreneurship as well as in the society at large, and increase the societal and economic impact of research through supporting experimental development projects.
- 2.2. A proof-of-concept grant is awarded for the implementation of an independent experimental development project based on previous or ongoing research at an Estonian R&D institution, which has been positively evaluated in at least one research field, and its purpose is not funding other self-financed research projects.
- 2.3. In the call of 2023, the priority is the development of the key areas of the Estonian Green Policy.

#### 3. Experimental Development Project

**Experimental development** is systematic work, drawing on knowledge gained from research and practical experience and producing additional knowledge, which is directed to producing new products or processes or to improving existing products or processes. According to the OECD's Frascati Manual 2015, the development of new products or processes qualifies as experimental development if it meets the criteria for identifying R&D activity<sup>1</sup>.

**An experimental development project** (hereinafter also *project*) is a description of a scientific study with a clearly defined research problem and a plan for conducting experimental development activities with the aim of testing and/or creating the premises for the commercialisation of research outcomes or for implementing the outcomes for social benefit.

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<sup>1</sup> <https://www.oecd.org/sti/inno/frascati-manual.htm>

The key areas of the Estonian Green Policy are areas pointed out in the report<sup>2</sup> compiled by the Green Policy Expert Group. These areas are energetics, knowledge-intensive and internationally competitive green economy, transport and mobility, sustainable food system, circular economy and waste, spatial planning and buildings, biodiversity, land use and valorisation of bioresources, and adaptation to climate change.

#### 4. Processing Grant Applications and Reports

- 4.1. The period of the call for applications is established and announced by the Council.
- 4.2. The application process takes place in the Estonian Research Information System (hereinafter *ETIS*). The submission of applications and correspondence with the applicants is conducted via ETIS. The decisions made during the stages of the application process, incl. the decision to approve or not to approve the application, will be announced via ETIS. The applicant is required to monitor the messages sent via ETIS regularly and keep the contact information up to date.
- 4.3. The Council is responsible for processing grant applications and reports.

### Chapter 2

#### CONDITIONS FOR APPLYING FOR A GRANT

#### 5. Applicant of a Grant

- 5.1. A person (hereinafter *applicant*) can apply for funding upon receiving consent from a positively evaluated Estonian R&D institution (hereinafter *institution*). The institution will give the consent for submitting the application and for fulfilling the obligations of the institution by confirming the application.
- 5.2. An applicant can simultaneously apply for one proof-of-concept grant. The applicant cannot simultaneously be listed as a member of the senior research staff in another proof-of-concept grant application.
- 5.3. A person cannot apply for the grant if
  - 5.3.1. during three years before applying for the grant he/she has failed to submit the report on a previous project funded by the Council by the deadline without a valid reason or the report has not been accepted by the Council;
  - 5.3.2. a serious breach of contract, intentional false information, plagiarism, or fraudulent activities have become evident in the previous project led by him/her which was funded by the Council and if less than three years have passed since the discovery of the breach of contract by 1 January of

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<sup>2</sup>The Green Policy Expert Group was appointed on 18 October 2021 by the Estonian Government. The task of the Expert Group is to make propositions to the Government regarding the socially responsible implementation of climate policy. The Expert group analysed the know-how related to environmentally friendly economy that has already emerged in Estonia, as well as the goals and basic principles related to green policy, mapped the current and prepared measures, activities and resources, obstacles and shortcomings, and proposed ways to successfully overcome difficulties and effectively measure progress. Throughout the work process, the Expert Group exchanged information with the public and private sectors, as well as with organizations and experts outside the commission. The final report was completed at the beginning of April 2022: <https://valitsus.ee/media/4870/download>

the year of the call.

- 5.4. The applicant must be the Principal Investigator (hereinafter also *PI*) of the project for which the grant is applied for.

## **6. Principal Investigator of an Experimental Development Project**

- 6.1. The PI of an experimental development project may be an applicant who:
  - 6.1.1. has been awarded a doctoral degree or has equivalent qualification;
  - 6.1.2. has to be employed full-time at the institution and have a place of work in Estonia at the time of implementing the project. In exceptional cases, the Evaluation Committee may consider eligible the PI who is not employed full-time at the institution if this does not jeopardise the successful realisation of the project.
- 6.2. In justified cases, it is possible to request the replacement of the PI during the grant period (e.g., in case of pregnancy, maternity and/or parental leave, suspension of the employment contract, long-term incapacity to work, relocation to another country, or death). The Evaluation Committee shall consider the qualifications and abilities of the proposed new PI to continue implementing the project.
- 6.3. The decision to approve or not to approve the application requesting the replacement of the PI is concluded by a directive of the Board of the Council based on the evaluations given by the Evaluation Committee. If the Board of the Council does not approve the application requesting the replacement of the PI, the grant contract shall be terminated prematurely pursuant to clause 19.

## **7. Participants of an Experimental Development Project**

- 7.1. In addition to the PI, the following people may participate in the implementation of the project:
  - 7.1.1. members of the senior research staff who are employed at the institution or at a different institution or at an enterprise which is instrumental in the implementation of the project during the implementation of the project and who have the necessary qualification for carrying out the research tasks foreseen in the project;
  - 7.1.2. other members of the research staff, i.e., students, whose work is related to the topic of the project.

## **8. Amount of a Proof-of-Concept Grant**

- 8.1. A proof-of-concept grant contains costs directly related to the implementation of the project and overhead costs. Direct costs consist of staff costs and research costs:
  - 8.1.1. Staff costs consist of the salary for the PI, members of the research staff, and scholarships for students, along with any and all state taxes, contributions, and compensations arising from law, that are directly related to fulfilling the tasks necessary for the implementation of the project;
  - 8.1.2. Research costs are travel costs, acquisition costs of fixed assets directly related to the implementation of the project (in accordance with the definition established by the institution), subcontracting costs as well as engineering and design solutions, costs related to the publication and popularisation of the R&D results obtained during the implementation of the project, costs related to the protection of intellectual property, and other direct costs that are necessary for

conducting research and stem from the characteristics of the project.

- 8.2. Overhead costs are ongoing operational costs incurred by the institution that are related to the management of the grant by the institution and are aimed at providing a high-quality research environment for the participants of the project. Overhead costs account for 25% of the amount of direct costs.
- 8.3. The budget for the proof-of-concept grant shall be drawn up for the entire period of the project. The amount of the proof-of-concept grant for the applications submitted in 2023 is up to 150,000 euros (incl. overhead costs).

	Direct costs	Overhead costs	Grant amount
Proof-of-concept grant	120,000	30,000	<b>150,000</b>

## 9. Funding Period of a Proof-of-Concept Grant

- 9.1. The grant period of a proof-of-concept grant is up to one year. The period of the grant begins and ends on the dates agreed upon in the contract, but the project must start 1.12.2023 at the latest.
- 9.2. In justified cases stipulated in clause 15, it is possible to extend the period of the grant for up to six months. The amount of the grant will not change.
- 9.3. It is not possible to temporarily suspend the period of the grant.

## Chapter 3

### APPLICATION, ITS EVALUATION, AND AWARD OF GRANTS

## 10. Checking the Technical Details of the Applications

- 10.1. The Council is responsible for checking the technical details of the applications.
- 10.2. When checking the technical details of the applications, it will be determined if the application, the applicant, and the institution meet the necessary requirements.
- 10.3. The content of the applications will not be evaluated.
- 10.4. In case formal inaccuracies which can be corrected without changing the content of the application are present, the Council will set a deadline of up to ten working days for correcting the mistakes.
- 10.5. The Council will reject the application without processing it if:
  - 10.5.1. the applicant, the institution, the application, or the grant amount applied for does not meet the requirements and it has been impossible to correct the inaccuracies stipulated in clause 10.4;
  - 10.5.2. the institution and the applicant did not correct the inaccuracies within the time limit established by the Council;
  - 10.5.3. the institution and the applicant have made changes in the application that are unrelated to the correction of formal inaccuracies specified by the Council.

## 11. Application

- 11.1. The application is to be written in Estonian. The application can be submitted in English if the

applicant and/or the member(s) of the research team have no knowledge of Estonian.

11.2. The application shall specify the following:

- 11.2.1. the applicant;
- 11.2.2. the title of the project in Estonian and in English;
- 11.2.3. a summary of the project in a popular science format in Estonian and in English;
- 11.2.4. the requested grant period;
- 11.2.5. co-financing of company or public sector institution interested in the project if applicable;
- 11.2.6. the scientific background of the project, incl. the outcomes of the research on which the idea for the project is based on, and the identification of the TRL of these outcomes in accordance with the guidelines provided by the Council;
- 11.2.7. a description of how the outcomes of the project will be innovative and distinctive compared to the previous research on which the idea is based on, incl. the main objectives, methods, work plan, possible risks together with risk reduction measures, and methods and criteria for assessing the effectiveness of the project;
- 11.2.8. competitive position, market research and go-to-market strategy (if applicable);
- 11.2.9. the expected outcomes, incl. their estimated TRL, and the innovation and applicability potential along the entire value chain;
- 11.2.10. potential impact, incl. the expected effect or benefits of the outcomes of the project for Estonian economy, society, public policy and/or services, and the potential ways of achieving this impact or benefit;
- 11.2.11. contribution of the project to the development of the key areas of the Estonian Green Policy (if applicable);
- 11.2.12. an explanation about how the outcomes of the project will be disseminated to the wider public;
- 11.2.13. an explanation about how the compliance with ethical issues will be secured during the implementation of the project and a comment on whether the project requires a licence from a specific ethics committee or the licence has already been obtained, and if the project necessitates compliance with the Nagoya Protocol, an explanation about which genetic resources will be used and whether the project requires the due diligence declaration or the due diligence declaration has already been submitted;
- 11.2.14. an explanation about which data will be generated during the implementation of the project and how the data will be managed;
- 11.2.15. an explanation about how intellectual property and knowledge transfer issues will be managed;
- 11.2.16. a justification of the requested grant amount, incl. the distribution of direct costs and co-funding instruments provided by an enterprise or by a public sector institution interested in the project (if present);
- 11.2.17. national and/or international cooperation envisaged to achieve the objectives of the project, incl. the involvement of (entrepreneurial) partners and experts, and the availability of the infrastructure necessary for achieving the objectives of the project;

- 11.2.18. the member(s) of the (senior) research staff, incl. their role and the distribution of their tasks;
  - 11.2.19. if necessary, additional documents, incl. a confirmation letter detailing that the institution and/or the Estonian R&D institution will enter into an employment contract with the applicant and/or the member(s) of the senior research staff for implementing the project if such a contractual relationship does not already exist at the time of submitting the application, and in case of the involvement of an enterprise or a public sector institution in the project, a letter of confirmation from the enterprise or institution, etc.;
  - 11.2.20. a confirmation that the principles of research ethics and good research practice will be adhered to during the conception and implementation of the project.
- 11.3. The Council is entitled to demand additional information and documents from the applicant and the institution.

## **12. Evaluation of Full Applications**

- 12.1. The applications are evaluated based on the evaluation guidelines.
- 12.2. The Council may set thresholds in the evaluation guidelines for evaluating the applications. The grant will not be awarded if the application does not pass the threshold in at least one evaluation criterion.
- 12.3. A After the technical details of the applications have been checked, the applications will be processed by Expert Panel established by the directive of the Board. Each application will be appointed an expert from among the members of the Expert Panel, who will be responsible for suggesting the reviewers and for compiling the combined evaluation.
- 12.4. Each application will be given justified evaluations and scores by at least two independent reviewers one of whom is the expert responsible for compiling the combined evaluation.
- 12.5. Although non-binding, the Expert Panel shall rely on the evaluations and scores given by the reviewers when approving a combined evaluation for each application.
- 12.6. The Council will make the evaluations and scores stipulated in clause 12.4 as well as the position of the applicant in the non-field-specific ranking list of the applications known to the applicant and to the institution.
- 12.7. The applicant and the institution are entitled to submit a written joint opinion and make objections regarding the reviews and the preliminary scores within the time limit established by the Council (hearing). At the hearing, attention will primarily be paid to the assessment of the adherence to procedural rules and to the correction of possible factual errors. The evaluation given by the reviewers or by the Expert Panel will not be re-evaluated.
- 12.8. The Evaluation Committee is responsible for giving each application its final evaluation and score. Although non-binding in justified cases, the Evaluation Committee shall rely on the combined evaluations given by the Expert Panel, and on the outcomes of the hearing (if applicable). In the final evaluation, the Evaluation Committee may prescribe certain conditions that the PI and the institution are required to fulfil upon receiving the grant.
- 12.9. The Evaluation Committee will also approve the non-field-specific ranking list of the applications

based on the final evaluations. The financing proposals will be made in the order the applications, that meet the requirements, appear in the non-field-specific ranking list and until the depletion of the funds allocated for the application call. The applications of equal standing will be ranked according to the principles described in the evaluation guidelines.

12.10. The Council is entitled to reject the application if intentional false information, plagiarism, or fraudulent activities become evident.

### **13. Award of a Proof-of-Concept Grant**

- 13.1. Considering the position of the applicant in the ranking list of proof-of-concept grant applications, the Evaluation Committee will submit a justified and impartial proposal to the Board of the Council:
  - 13.1.1. to approve the application and award the grant;
  - 13.1.2. not to approve the application.
- 13.2. The decision to approve the application and award the grant or not to approve the application is concluded by a directive of the Board of the Council.
- 13.3. If an applicant whose application was to be approved by the Council based on the proposal made by the Evaluation Committee or who has been awarded a proof-of-concept grant by the Board of the Council waives the grant, then the grant will be awarded to the next applicant in the ranking list of the proof-of-concept grants.

## **Chapter 5**

### **ALLOCATION OF GRANTS AND EXTENSION OF THE GRANT PERIOD**

#### **14. Allocation of the Grant**

- 14.1. The grant is allocated to the institution based on a tripartite contract (hereinafter *grant contract*) entered into by the Council, the institution, and the PI that is signed via ETIS. The grant contract entails the rights, obligations, and responsibilities of the parties as well as the grant amount and the division of direct costs.
- 14.2. The grant contract shall be entered into no later than one month before the beginning of the project.
- 14.3. The institution shall enter into an employment contract with the PI, if such a contractual relationship did not already exist at the time of awarding the grant, within one month after signing the grant contract.

#### **15. Extension of the Grant Period**

- 15.1. In order to extend the grant period, the PI and the institution shall submit a justified application to the Council specifying the new end date of the grant period applied for no later than one month before the end date of the grant period. The maximum extension period is six months.
- 15.2. Based on the application specified in clause 15.1, the Board of the Council will make a proposal established by a directive:
  - 15.2.1. to extend the grant period for the period applied for;

- 15.2.2. not to extend the grant period.
- 15.3. In the case specified in clause 15.2.2, the applicant and the institution are entitled to submit a written joint opinion and make objections regarding the proposal before the decision will be made within the time limit established by the Council.

## **Chapter 6**

### **TERMINATION OF A PROJECT**

#### **16. Termination of the Project**

- 16.1. The project will end on the end date of the grant period.
- 16.2. All the costs of the activities financed with the grant money must be paid by the end date of the project, with the exception of carrying out public outreach activities, which is allowed until the submission of the final report.
- 16.3. The institution is required to refund the unused grant money along with a proportional fee of overhead costs to the Council's bank account no later than seven calendar days upon receiving the corresponding claim for refund from the Council. The PI and the institution are required to submit the final report of the project pursuant to clause 17.

#### **17. Submission of the Final Report**

- 17.1. The PI shall prepare the final report of the project in Estonian. The final report (except the summary in Estonian stipulated in clause 17.2.1) can be submitted in English if the applicant and/or the member(s) of the research team have no knowledge of Estonian. The final report, after having been approved by the institution, has to be submitted to the Council via ETIS no later than two months after the end date of the project.
- 17.2. The final report shall include the following:
- 17.2.1. the outcomes, incl. the main outcomes of the project in the form of a popular science summary both in Estonian and in English;
  - 17.2.2. the TRL of the achieved outcomes and their potential applicability, and importance for Estonian economy, society, politics and/or public services as well as possible directions for future research;
  - 17.2.3. a report on the usage of the grant in accordance with the accounting records of the institution;
  - 17.2.4. the fulfilment of the conditions stipulated in clause 12.8;
  - 17.2.5. if the project necessitated compliance with the Nagoya Protocol, the due diligence declaration;
  - 17.2.6. the full texts of the articles that have been published as a result of implementing the project and also contain a reference to the grant as well as the industrial property items in accordance with the objectives set in the application. Pursuant to clause 18.1, publications that do not contain a reference to the grant must not be included in the final report;
  - 17.2.7. future activities resulting directly from the project;



- 17.2.8. overview about data management activities;
  - 17.2.9. additional information directly related to the project that the PI and the institution deem relevant;
  - 17.2.10. other materials necessary for introducing the project requested by the Council in the ETIS form.
- 17.3. If the PI fails to submit the final report by the deadline, the final report shall be prepared and submitted by the institution.
- 17.4. Based on the final report, the Expert Panel will assess the implementation of the project. The Council will either approve or not approve the final report. The Council will not approve the report if the report does not meet the requirements established by this directive and the inaccuracies have not been corrected within the time limit established by the Council. Neither will the final report be approved if the requirements for the use of the grant have been violated, especially if the circumstances described in clauses 19.1.3, 19.1.4, or 19.1.5 have occurred. The decision and its justification will be made available to the PI and to the institution via ETIS.

## **18. Making the Outcomes of the Project Public**

- 18.1. Upon the publication of the outcomes of the project, a reference to the grant that was used for funding the project must be included.
- 18.2. The full texts of the articles that have been published as a result of implementing the project and also contain a reference to the grant will be made freely available by the institution via ETIS, unless limited by publishing restrictions, copyright, or intellectual property laws.
- 18.3. If a publishing house restricts access to the articles temporarily, the institution will make the full texts of the articles published as a result of implementing the project freely available via ETIS once the restriction has expired.
- 18.4. The main outcomes of the project in the form of a popular science summary both in Estonian and in English will be made available to the public by the Council via ETIS.
- 18.5. In collaboration with the Council, the PI shall prepare the materials for introducing the outcomes of the project to the general public during three months after the end date of the project.

## **Chapter 7**

### **PREMATURE TERMINATION OF THE GRANT CONTRACT AND RECLAMATION OF A GRANT**

## **19. Premature Termination of the Grant Contract**

- 19.1. The Council is entitled to revoke the decision of awarding the grant or the decision to continue funding and terminate the grant contract if:
- 19.1.1. the PI or the institution have submitted a request to terminate the grant contract;
  - 19.1.2. the PI does not meet the requirements stipulated in clause 6.1, or is unable to continue with the project (the death of the PI, serious illness, transitioning to other employment, moving to another country, or other substantial and justified circumstances) and the PI of the project will not be replaced;

- 19.1.3. the PI, the participant(s) of the project, or the institution have fundamentally violated the requirements stipulated in this directive or by the legislation;
  - 19.1.4. the licence from a specific ethics committee has not been submitted prior to the beginning of human or animal experiments or it has become evident the due diligence declaration stemming from the Nagoya Protocol has been disregarded;
  - 19.1.5. the PI or the institution have intentionally presented false information, or plagiarism or fraudulent activities have become evident in the project-related activities;
  - 19.1.6. there are other adverse and justified circumstances.
- 19.2. After the revocation of the decision to award the grant or to continue funding the project and after the premature termination of the grant contract, the institution is required to refund the unused grant money along with a proportional fee of overhead costs to the Council's bank account no later than seven calendar days upon receiving the corresponding claim for refund from the Council. The PI and the institution are required to submit the final report pursuant to clause 17.
- 19.3. If the decision of awarding the grant or the decision to continue funding is repealed retrospectively, the Council may reclaim the grant from the institution.

## **20. Audit and Reclamation of the Grant**

- 20.1. The institution is required to allow the Council or a person authorised by the Council to audit the use of the grant and provide necessary assistance, including allowing access to the premises and the territory of the institution and submitting all the requested documents for the purpose of verifying the correctness of the information provided.
- 20.2. A grant not used for the intended purpose may be reclaimed by the Council from the institution along with a proportional fee of overhead costs.