

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

Conditions of and Procedure for Proof-of-Concept Grant Applications

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 research project at an Estonian R&D institution, which has been regularly positively evaluated in at least one research field, and its purpose is not funding other self-financed research projects.
- 2.3. In awarding the grants, the Council is entitled to prioritise R&D fields for each year.

3. Proof-of-Concept 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.

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.

4. Applicant of a Proof-of-Concept Grant

- 4.1. A person (hereinafter *applicant*) can apply for funding upon receiving consent from a positively evaluated Estonian R&D institution (hereinafter *host institution*). The host institution will give the consent for submitting the application and for fulfilling the obligations of the host institution by confirming the application.

- 4.2. An applicant can simultaneously apply for one proof-of-concept grant.
- 4.3. A person cannot apply for the grant if he/she has, during three years before applying for the grant, 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.
- 4.4. The applicant must be the Principal Investigator of the project for which the grant is applied for.

5. Processing Grant Applications

The Council is responsible for processing grant applications.

Chapter 2

CONDITIONS FOR APPLYING FOR A GRANT

6. Applying for a Proof-of-Concept Grant

- 6.1. The period of the annual call for applications is established and announced by the Council.
- 6.2. The application process will take place in the Estonian Research Information System (hereinafter *ETIS*) and follows a two-stage evaluation scheme. Based on the preliminary applications submitted during the first stage, it will be decided who are eligible to submit a full application. During the second stage of the application process, the decision to approve or not to approve the application will be made.
- 6.3. The applications are evaluated on the basis of the Regulation No. 74 “The Procedure for the Formation and the Rules of Procedure of the Evaluation Committee of the Estonian Research Council” issued by the Minister of Education and Research on 27 December 2011 and on the “Guidelines for Evaluating Proof-of-Concept Grant Applications” (hereinafter *evaluation guidelines*) approved by the Council.
- 6.4. The Council may set thresholds when evaluating the applications. The grant will not be awarded if the application does not pass the threshold in at least one evaluation criterion.
- 6.5. The initial evaluation of the applications is carried out by an Expert Panel that has been convened by the Evaluation Committee and is specialising in evaluating proof-of-concept grant applications (hereinafter *Expert Panel*).

7. Principal Investigator of a Proof-of-Concept Project

- 7.1. The Principal Investigator of a proof-of-concept project may be an applicant who:
 - 7.1.1. has been awarded a doctoral degree or has equivalent qualification;
 - 7.1.2. is employed at the host institution and has a place of work in Estonia at the time of implementing the project.
- 7.2. In justified cases, it is possible to request the replacement of the Principal Investigator during the grant period (e.g., in case of her pregnancy, maternity and/or his/her parental leave, the suspension of the employment contract, long-term incapacity to work, relocation to another country, or death). The Evaluation Committee shall consider the justification for this request as

well as the qualifications and abilities of the proposed new Principal Investigator to continue implementing the project, and shall make a proposal to the Board of the Council:

7.2.1. to approve the application requesting the replacement of the Principal Investigator;

7.2.2. not to approve the application requesting the replacement of the Principal Investigator.

7.3. The decision to approve or not to approve the application requesting the replacement of the Principal Investigator is concluded by a directive of the Board of the Council. If the Board of the Council does not approve the application requesting the replacement of the Principal Investigator, the grant contract shall be terminated prematurely pursuant to clause 22. In case of the suspension or termination of the grant contract with the host institution, the rights and obligations of the Principal Investigator will not be transferred to the other members of the project.

8. Participants of a Proof-of-Concept Project

8.1. In addition to the Principal Investigator, the following people may participate in the implementation of the project:

8.1.1. members of the research staff who are employed at the host 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;

8.1.2. students, whose work is related to the topic of the project.

9. Amount of a Proof-of-Concept Grant

9.1. 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:

9.1.1. Staff costs consist of the salary along with any and all state taxes, contributions, benefits, compensation arising from law, and scholarships for students;

9.1.2. 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 host 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.

9.2. Overhead costs are ongoing operational costs incurred by the host 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.

9.3. Each year, the Council establishes maximum amounts for the proof-of-concept grants in the "Guidelines for Budgeting Personal Research Funding Applications". The Council may also establish the maximum amounts for various types of costs.

10. Funding Period of a Proof-of-Concept Grant

- 10.1. The grant period of a proof-of-concept grant is up to one year.
- 10.2. In justified cases stipulated in clause 18, it is possible to extend the period of the proof-of-concept grant for up to six months. The amount of the grant will not change.
- 10.3. It is not possible to temporarily suspend the period of the proof-of-concept grant.

Chapter 3 PRELIMINARY APPLICATION AND ITS EVALUATION

11. Preliminary Application

- 11.1. The applicant is to submit the preliminary application, which has been approved by the host institution, to the Council via ETIS.
- 11.2. The application must be written in English.
- 11.3. The application shall specify the following:
 - 11.3.1. the applicant;
 - 11.3.2. the title of the project in Estonian and in English;
 - 11.3.3. a summary of the project in a popular science format in Estonian and in English;
 - 11.3.4. a short description of the idea for the project, incl. the expected results across the entire value chain, their estimated technology readiness level (hereinafter *TRL*) by the end of the project in accordance with the guidelines provided by the Council, and possible directions for future developments;
 - 11.3.5. research outcomes on which the idea for the project is based on, incl. the identification of their TRL. The preliminary applications in which the TRL is evaluated as being less than 4 by the Expert Panel are not eligible for the second stage of the evaluation process;
 - 11.3.6. potential impact, incl. the expected effect or benefits of the outcomes of the project for Estonian economy, society, public policy and/or services, and a suitable outline of how the commercialisation or the generation of the listed benefits will be achieved.
 - 11.3.7. the requested amount and period of the grant, incl. co-funding instruments provided by an enterprise interested in the project or by a public sector institution (if present).
- 11.4. The Council is entitled to demand additional information and documents from the applicant and the host institution.

12. Evaluation of Preliminary Applications

- 12.1. The evaluation of preliminary applications is carried out by the Expert Panel, who will give their justified evaluation to each application.
- 12.2. The Expert Panel will submit their evaluations to the Evaluation Committee.
- 12.3. Although non-binding, the Evaluation Committee shall rely on the evaluations of the Expert Panel when forming their own evaluation.
- 12.4. The Evaluation Committee will decide if the preliminary application
 - 12.4.1. meets the requirements for applying for a proof-of-concept grant;

- 12.4.2. does not meet the requirements for applying for a proof-of-concept grant.
- 12.5. The Council will make the decision stipulated in clause 12.4. known to the applicant and to the host institution.
- 12.6. The applicant and the host institution are entitled to submit a written joint opinion and make objections regarding the proposal 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 scientific evaluation given by the Expert Panel or by the Evaluation Committee will not be re-evaluated.

Chapter 4

FULL APPLICATION, ITS EVALUATION, AND AWARD OF GRANTS

13. Full Application

- 13.1. The applicant who has achieved the result stipulated in clause 12.4.1. is entitled to submit the full application, which has been approved by the host institution, via ETIS within the time limit established by the Council.
- 13.2. The application must be written in English.
- 13.3. The application has to be based on the preliminary application and may not differ from what was described in the preliminary application.
- 13.4. The application shall specify the following:
- 13.4.1. the applicant;
 - 13.4.2. the title of the project in Estonian and in English;
 - 13.4.3. a summary of the project in a popular science format in Estonian and in English;
 - 13.4.4. the requested grant period;
 - 13.4.5. the scientific background of the project, incl. the results of the research on which the idea for the project is based on, incl. the identification of the TRL of these results in accordance with the guidelines provided by the Council. The applications in which the TRL is evaluated as being less than 4 by the Expert Panel do not qualify for funding;
 - 13.4.6. the main objectives of the project, methods, and the work plan, possible risks, and the methods for achievement assessment and risk reduction;
 - 13.4.7. the expected results of the project, incl. the expected results across the entire value chain as well as the estimated TRL of the outcomes;
 - 13.4.8. potential impact, incl. the expected effect or benefits of the outcomes of the project for Estonian economy, society, public policy and/or services, and a suitable outline of how the commercialisation or the generation of the listed benefits will be achieved;
 - 13.4.9. an explanation about how the results of the project will be disseminated to the public;
 - 13.4.10. 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;
- 13.4.11. an explanation about which data will be generated during the implementation of the project and how the data will be managed;
 - 13.4.12. an explanation about whether the participants of the project have agreed on the issues related to intellectual property rights and obligations;
 - 13.4.13. justification for the requested grant amount, incl. the distribution of direct costs and co-funding instruments provided by an enterprise interested in the project or by a public sector institution (if present);
 - 13.4.14. national and/or international cooperation envisaged to achieve the objectives of the project, incl. the involvement of (business) partners and experts, and the availability of the infrastructure necessary for achieving the objectives of the project;
 - 13.4.15. the member(s) of the research staff, incl. their role and the distribution of their tasks;
 - 13.4.16. if necessary, additional documents, incl. a confirmation letter detailing that the host institution and/or the Estonian R&D institution will enter into an employment contract with the applicant and/or the member(s) of the 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.;
 - 13.4.17. a confirmation that the principles of research ethics and good research practice will be adhered to during the conception and implementation of the project.
- 13.5. The Council is entitled to demand additional information and documents from the applicant and the host institution.

14. Checking the Technical Details of the Applications

- 14.1. The Council is responsible for checking the technical details of the applications.
- 14.2. When checking the technical details of the applications, it will be determined if the application, the applicant, and the host institution meet all the necessary requirements.
- 14.3. The content of the applications will not be evaluated.
- 14.4. 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.
- 14.5. If the applicant, the host institution, or the application does not meet the necessary requirements and it has been impossible to correct the inaccuracies stipulated in clause 14.4., the Council will reject the application without processing it.

15. Evaluation of Full Applications

- 15.1. Each application will be given justified evaluations and scores by at least two independent reviewers.

- 15.2. Although non-binding, the Expert Panel shall rely on the evaluations and scores of the reviewers when forming their own evaluations and scores.
- 15.3. The Expert Panel will submit the combined evaluations given to each application to the Evaluation Committee.
- 15.4. The Evaluation Committee is responsible for giving each application its final evaluation and score. Although non-binding, the Evaluation Committee shall rely on the combined evaluations given by the Expert Panel when forming the consolidated evaluation.
- 15.5. Based on the final evaluations and scores, the Evaluation Committee will compile a ranking list for all proof-of-concept applications. The applications of equal standing will be ranked by the Evaluation Committee according to the principles described in the evaluation guidelines.
- 15.6. In the final evaluation, the Evaluation Committee may prescribe certain conditions that the Principal Investigator and the host institution are required to fulfil upon receiving the grant.
- 15.7. The Council will make the evaluations and scores stipulated in clauses 15.1. and 15.4., incl. the initial financing proposal (hereinafter *proposal*) of the Evaluation Committee, and the position of the applicant in the ranking list of proof-of-concept grant applications known to the applicant and to the host institution.
- 15.8. The applicant and the host institution are entitled to submit a written joint opinion and make objections regarding the proposal 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 scientific evaluation given by the reviewers, the Expert Panel, or by the Evaluation Committee will not be re-evaluated. If the Evaluation Committee has prescribed certain conditions in the final evaluation that must be fulfilled in order to receive the grant, the applicant and the host institution have to submit a consent to secure the compliance with these conditions.
- 15.9. The Council is entitled to reject the application if intentional false information, plagiarism, or fraudulent activities become evident.

16. Award of a Proof-of-Concept Grant

- 16.1. Considering the final evaluation, the results of the hearing, and the position of the applicant in the ranking list of proof-of-concept grants, the Evaluation Committee will submit a justified and impartial proposal the Board of the Council:
 - 16.1.1. to approve the application and award the grant;
 - 16.1.2. not to approve the application.
- 16.2. The decision to approve or not to approve the application is concluded by a directive of the Board of the Council. In case of approval, the directive shall indicate the period and the amount of the grant.
- 16.3. 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 proof-of-concept grants.

Chapter 5

ALLOCATION OF GRANTS AND EXTENSION OF THE GRANT PERIOD

17. Allocation of a Proof-of-Concept Grant

- 17.1. The grant is allocated to the host institution based on a tripartite contract (hereinafter *grant contract*) entered into by the Council, the host institution, and the Principal Investigator that is signed in ETIS. The grant contract entails the rights, obligations, and responsibilities of the parties.
- 17.2. The grant contract shall be entered into for the entire grant period and no later than one month after the decision stipulated in clause 16.2. has been made.
- 17.3. The host institution shall enter into an employment contract with the Principal Investigator, if such a contractual relationship did not already exist at the time of awarding the grant, within one month after signing the grant contract.

18. Extending the Grant Period

- 18.1. In order to extend the grant period, the Principal Investigator and the host institution shall submit a justified application 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.
- 18.2. Based on the application specified in clause 18.1. and on the evaluation given by the Expert Panel, the Evaluation Committee will submit a justified proposal to the Board of the Council:
 - 18.2.1. to extend the grant period for the period applied for;
 - 18.2.2. not to extend the grant period.
- 18.3. In the case specified in clause 18.2.2., the applicant and the host institution are entitled to submit a written joint opinion and make objections regarding the proposal within the time limit established by the Council.
- 18.4. The decision to extend or not to extend the grant period is concluded by a directive of the Board of the Council. If the grant period will be extended, the directive shall indicate the new end date of the grant period.

Chapter 6

TERMINATION OF A PROJECT

19. Termination of a Proof-of-Concept Project

- 19.1. The project will end on the end date of the grant period.
- 19.2. All the activities financed with the grant money must be carried out by the end date of the project.
- 19.3. The host 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 Principal Investigator and the host

institution are required to submit the final report of the project pursuant to clause 20.

20. Submission of the Final Report

- 20.1. The Principal Investigator shall prepare the final report of the project either in Estonian or in English. The final report, after having been approved by the host institution, has to be submitted to the Council via ETIS no later than three months after the end date of the project.
- 20.2. The final report shall include the following:
 - 20.2.1. the results, incl. the main results of the project in the form of a popular science summary both in Estonian and in English;
 - 20.2.2. the TRL of the achieved results and their potential applicability, importance for Estonian economy, society, public policy and/or services as well as possible directions for future developments;
 - 20.2.3. a report on the usage of the grant in accordance with the accounting data of the host institution;
 - 20.2.4. the fulfilment of the conditions stipulated in clause 15.6. in case such conditions were prescribed;
 - 20.2.5. if the project necessitated compliance with the Nagoya Protocol, the due diligence declaration;
 - 20.2.6. 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 rights in accordance with the objectives set in the application. Pursuant to clause 21.1., publications that do not contain a reference to the grant must not be included in the final report;
 - 20.2.7. possible future activities which stem from the project;
 - 20.2.8. an overview of the activities undertaken in relation to data management issues;
 - 20.2.9. additional information directly related to the project that the Principal Investigator and the host institution deem relevant.
- 20.3. The Principal Investigator and the Council shall prepare the materials introducing the results of the project to the general public during three months after the end date of the grant.
- 20.4. If the Principal Investigator fails to submit the final report by the deadline, the final report shall be prepared and submitted by the host institution.
- 20.5. Based on the final report, the Expert Panel will assess the implementation of the project and approve the reports that meet the requirements. The Council will make the assessment available to the Principal Investigator and to the host institution via ETIS.

21. Making the Results of the Proof-of-Concept Project Public

- 21.1. Upon the publication of the results of the project, a reference to the grant that was used for funding the project must be included.
- 21.2. 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 host institution via ETIS,

unless limited by publishing restrictions, copyright, or intellectual property laws.

- 21.3. If a publishing house restricts access to the articles temporarily, the host 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.
- 21.4. The main results of the project in the form of a popular science summary both in Estonian and in English will be made freely available by the Council via ETIS.

Chapter 7

PREMATURE TERMINATION OF THE GRANT CONTRACT AND RECLAMATION OF A GRANT

22. Premature Termination of the Grant Contract

- 22.1. The Council is entitled to revoke the decision of awarding the grant or the decision to continue funding and terminate the grant contract if:
 - 22.1.1. the host institution or the Principal Investigator have submitted a request to terminate the grant contract;
 - 22.1.2. the Principal Investigator does not meet the requirements stipulated in clause 7.1., or is unable to continue with the project (the death of the Principal Investigator, serious illness, transitioning to other employment, moving to another country, or other substantial and justified circumstances) and the replacement of the Principal Investigator has not been requested;
 - 22.1.3. the Principal Investigator, the participant(s) of the project, or the host institution have fundamentally violated the requirements stipulated in this directive or by the legislation;
 - 22.1.4. 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;
 - 22.1.5. the Principal Investigator or the host institution have intentionally presented false information, or plagiarism or fraudulent activities have become evident in the project-related activities;
 - 22.1.6. there are other adverse and justified circumstances.
- 22.2. After the revocation of the decision to award the grant and the premature termination of the grant contract, the host 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 Principal Investigator and the host institution are required to submit the final report pursuant to clause 20.
- 22.3. If the decision of awarding the grant is repealed retrospectively, the Council may reclaim the grant from the host institution.

23. Audit and Reclamation of a Grant

- 23.1. The host 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 host institution and submitting all the requested documents for the purpose of verifying the correctness of the information provided.

- 23.2. A grant not used for the intended purpose may be reclaimed by the Council from the host institution along with a proportional fee of overhead costs.