

### III.

Ministry of Education, Youth and Sports of the Czech Republic

Managing Authority of the OP RDI

## CALL NO. 6.3 FOR SUBMISSION OF PROJECTS IN PA 3 OF THE OP RDI

### Support for pre-seed activities

Call identification	Support for pre-seed activities
Priority axis	3 – R&D Commercialization and Popularization
Support area	3.1 – Commercialization of Results of Research Institutions and Protection of Their Intellectual Property Rights
Call number	6.3 – Support for pre-seed activities
System of collecting applications	Round calls
Date of announcement of the 1st round of the call	January 2012
Date of end of the 1st round of the call	16 April 2012
Receipt of project applications in 1st round of the call	1 March 2012 – 16 April 2012 at the address of the announcer and support provider
Planned allocation for the 1st round of the call <sup>1</sup>	CZK 380 million

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<sup>1</sup> MC OP RDI approved the 1st round of the call in allocation of CZK 380 mil. and recommends to preserve the total allocation for the 6.3 call in amount of CZK 1 bil. The parameters for the next call rounds will be specified at the MC OP RDI meeting in spring 2012.

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## 1 Main stipulations

The call is announced and the support will be provided by the MA of the Operational Programme Research and Development for Innovations – Ministry of Youth, Education and sports (MEYS, [www.msmt.cz](http://www.msmt.cz)). Support for pre-seed activities is based on Government Resolution No. 295/2010.

## 2 Objectives of the call

### 2.1 Main objective of the call

The main objective of the call is the support for commercialization of promising technologies and inventions with a high application potential that are created at universities and research institutions.

### 2.2 Specific objectives of the call

Specific objectives of the call focus on areas needed for the commercialization of research results. Commercialization of research results is a demanding process that contains many preparatory phases. When compiling the application, the applicant accounts for the phase of commercialization activities and sets real and specific objectives including the form of results to be reached. Specific objectives contain in particular:

- Market survey of applicability of research results.
- Integration of research results:
  - completion of scientific and technical aspects;
  - protection of intellectual property;
  - preparation of a business plan and commercialization method;
  - selecting and approaching commercial partners.
- Preparation of commercialization by means of (only preparatory works are covered):
  - contractual research activities with an commercial entity;
  - licensing of research results to a commercial entity;
  - establishing a startup or spin-off company.
- Building capacities for technology transfer:
  - twinning with foreign as well as advanced domestic organizations;
  - implementation teams with actual experience with technology transfer;
  - stabilization or development of an infrastructural system for the support of commercialization and technology transfer;
  - creating mechanisms for using income from commercial activities for further development of pre-seed activities and research institutions involved in commercialization.

### 2.3 Form of expected results

The realization activities will be performed and evaluated in two main phases:

#### A. Proof of concept

**B. Preparation of commercialization** – all activities leading to commercialization; not commercial activities as such (contractual cooperation, license sale, operation of a new company, etc.).

The input for achieving project results is information from the **preliminary market research and conditions of marketability** as contained in the project application. These are processed in the

implementation part of the project and are a part of the expected results. The applicant must have an initial idea about the commercialization when submitting the application. It can, however, change during project implementation, also based on verifying the project concept. The preliminary research contains, among other things:

- mapping the market potential (companies operating on the market, competing products, technologies or services, etc.) as an input for planning product or commercialized activities, or both (depending on the initial condition of the applicant);
- preliminary marketing proposal;
- plan of activities of the Proof of concept phase;
- preliminary proposal of commercialization method, in particular:
  - a. contractual research;
  - b. license;
  - c. establishing a startup or spin-off company;
- preliminary proposal of intellectual property protection (patent, utility/industrial design, license, cooperation agreement with conditions governing the ownership of results, etc.).

A. **Proof of concept** – is derived from the market conditions and marketability; a preparation phase for reaching the market potential of research results. During Proof of concept activities, which include answers to „how“ questions, the market research is updated, containing the answers to „why“ questions. Proof of concept involves completion of technology and preparatory commercialization activities as given by the market research and the state of research results of the applicant. The outputs of the Proof of concept phase are mainly:

- Verification of technical feasibility:
  - prototype or functional sample that fulfils the requirements of the subsequent commercialization whose technical completion can continue during the phase of commercialization preparation purely for time reasons;
  - verification of the prototype, functional sample or research results by testing;
  - updated commercialization plan.
- Verifying the commercial aspects, including in particular:
  - updated commercialization plan;
  - updated and motivated proposal of intellectual property protection (utility/industrial design, license, cooperation agreement with conditions governing the ownership of results, patent, etc.) and its preparation, expected output is at least a patent application, if the result is patentable and the patent application is appropriate;
  - preparatory commercialization activities and their preliminary outputs and proposals in the area of commercialization, such as:
    - a) contractual research – identifying a suitable partner, preparing conditions for the cooperation, preparing a contractual relationship, Memorandum of Understanding (MoU), Letter of Intent (LoI);
    - b) license – proposal of license conditions, payments, license agreement proposal, declared interest by the industrial partner (MoU, LoI);

- c) establishing a startup or spin-off company – proposal of documents and contracts, proposal of the way of transferring intellectual property, etc.

**B. Phase “Preparation of commercialization”** – it elaborates selected individual activities from the Proof of concept phase so that commercial activities of the selected type can start. Commercial activities need not commence right upon finishing the project, but they are expected in the sustainability period. During the Preparation of commercialization phase, similar activities are performed like in the Proof of concept phase. The expected result consists in particular of completed activities related to the preparation of commercialization:

- final commercialization plan;
- elaborated method of intellectual property protection (utility/industrial design, license, cooperation agreement with conditions governing the ownership of results, etc.) and its preparation;
- concluded commercialization activities and their outputs in the area of selected commercialization, such as:
  - a) contractual research – identifying a suitable partner, preparing conditions for the cooperation (contractual relationship, Memorandum of Understanding (MoU), Letter of Intent (LoI), etc.)
  - b) license – elaboration of license conditions, payments, license agreement, declared interest by the industrial partner (MoU, LoI);
  - c) establishing a startup or spin-off company – the required documents and contracts, the relationship with the research organization, proposal of the way of transferring intellectual property, and other documents.

Depending on the type of expected results, the applicant can also use the optional monitoring indicator – number of registered results of the applied research (according to the RIV methodology):

- P – patent;
- Z – semi-operation, established technology;
- F – results with legal protection, utility design, industrial design;
- G – technically implementable results – prototype, functional sample;
- N – certified methodologies and processes including specialized maps with expert contents;
- R – software.

### **3 Supported activities:**

- a) Creation and development of implementation teams for commercialization of promising technologies and inventions for each individual activity. The teams are composed of specialists in technical implementation as well as in technology transfer.
- b) Consulting, legal and financial services (coaching, training of employees using foreign know-how, studies, market research, protection of intellectual property, registration of

patent or industrial/utility design, preparation of the business plan, work with potential investors, preparation of contracts) necessary for commercialization.

- c) Activities leading to proof of concept and commercialization, in particular:
- Verification of technical feasibility:
    - development of the prototype or functional sample, its components, acquisition of software, the required licenses or access to databases of technology transfer;
    - testing in laboratories including rental of unique facilities and technologies.
  - Verification of the commercial aspect:
    - detailed market survey and business plan;
    - treatment of intellectual property issues.
  - Preparing commercialization, in particular:
    - research cooperation – searching and identifying the commercial partner, specification of its share in the expenses and revenues and of the form of cooperation;
    - licensing;
    - preparing the establishment of a startup or spin-off company – only initial expenses for establishment are eligible, while operational costs are not.
- d) Stabilization or development of the system and organization culture conducive to commercialization of research and development (R&D) results and to the protection of intellectual property. Securing a fast and efficient process of technology transfer by clearly defined rules and setting up processes for contractual research inside research organizations. The objective is to make the cooperation with R&D teams in research institutions more attractive for the application sector.
- e) If applicable, other activities necessary for the fulfillment of the call objectives.

## 4 Grant beneficiary

### 4.1 Definition

- **entities that fulfill the definition of a research organization** pursuant to Community Framework for State Aid for Research and Development and Innovation (Framework);
- other entities engaged in specialized activities specified for each Support Area 3.1 **fully owned by entities fulfilling the definition of a research organization** according to the Framework.

### 4.2 The main objective of the beneficiary

- a) Perform basic research, applied research or experimental development;

or<sup>2</sup>

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<sup>2</sup> To exclude doubts, the main objective of the beneficiary shall be any of the activities listed as a) or b), or any combination thereof.

- b) spread results of activities listed under a) through education, publishing or technology transfer.

#### **4.3 Other requirements for the beneficiary**

- a) All profit from activities listed in Section 4.2 shall be reinvested in these activities;
- b) Companies (as entities performing commercial activities) that can influence such an entity, e.g. in the capacity of shareholders or members, do not have any preferential access to the research capacities of the entity or the results of the research for the purpose of their commercial activities and paid from the OP RDI funds or other public funds.<sup>3</sup>
- c) Commercial and non-commercial activities are recorded in separated books, and commercial activities are not financed from non-commercial ones (including the obligation to use profit from non-commercial activities exclusively for them).<sup>4</sup>

A binding way of proving that these conditions have been fulfilled will be stipulated in the OP RDI Guide for Applicants.

Participation of partners (entities having a share in eligible project expenses) must fulfill conditions stipulated in the OP RDI Guide for Applicants.

#### **4.4 The project must be executed outside the territory of the Capital City of Prague.**

**The beneficiary as well as the partner must fulfill one of the following conditions related to the regional impact of the project:**

- a) its headquarters is in the eligible region;
- b) the headquarters of its organizational unit, to which the project relates, is in the eligible region (i.e. the dean's office, institute management or a branch of the institution), and it has an established infrastructure in the region.<sup>5</sup>
- c) it is an entity that has a share in eligible project expenses or in projects evaluated as successful in the OP RDI calls 1.1, 1.2 or 2.2 and that declared that it fulfilled the conditions for moving out of Prague (see Article 2.5 of the OP RDI Guide for Applicants – Priority Axes 1 and 2). The condition is that the eligible expenses of this entity in the project(s) of priority axes 1 and 2 are meant for building infrastructure for the entity in the eligible region(s).

### **5 Form and amount of support**

Priority axis 3, support area 3.1 will be fully financed from public funds as follows: 85% from the European Regional Development Fund and 15% from the state budget. The project will consist of two parts:

- A. **Proof of concept phase**, which will be obligatorily evaluated by the beneficiary at the project level no later than after twelve months. A successful individual activity is an activity for which the technical feasibility and commercial aspects were verified.

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<sup>3</sup> Commercial activities mean offering goods and services on the market (i.e. in R&D particularly contractual research – see Section 3.2.1 of the Framework).

<sup>4</sup> Non-commercial activities in R&D are in particular activities listed in Section 3.1.1 of the Framework.

<sup>5</sup> When evaluating the project, only the relevant unit is considered.

Successful activities are also those which were verified but are not suitable for commercialization. Activities for which it was determined that they are not suitable for commercialization do not qualify for the Preparation of Commercialization phase.

- B. Preparation of Commercialization phase**, for which the beneficiary selects successful individual activities that went through the Proof of concept phase with a recommendation to continue issued by the beneficiary at its sole discretion. Recommendation to continue the activity is issued at the project level. It does not mean that all successful activities that are potentially suitable for commercialization are automatically accepted. Project expenses for the Preparation of commercialization phase should be planned with regard to the reduction of the number of individual activities. The excluded individual activities will be stopped or financed from other resources outside the OP RDI. The beneficiary informs the MA OP RDI about the individual activities it wants to pursue.

**The obligation to exclude a certain minimum amount of individual activities by the beneficiary:**

- 1) The beneficiary first eliminates all unsuccessful individual activities of the Proof of concept phase. Evaluation of success of individual activities after the Proof of concept phase will be evaluated by external specialists of the MA OP RDI.
- 2) After the Proof of concept phase, the beneficiary will define successful individual activities, which it recommends for the Preparation of Commercialization phase. In the selection, they will reflect the disposable funds for this phase of implementation. At most 50% of successful activities after the Proof of concept phase can be funded from OP RDI (computed from the volume of funds planned for activities in the Preparation of commercialization phase). In practice, an activity suitable for commercialization can be excluded due to the reduction of funds. 20% to 50% of the eligible project expenses must be earmarked after the Preparation of Commercialization phase.

The support is provided as a grant. In line with the Framework, the support provided this way to research institutions (direct support) does not constitute public support within the meaning of Article 107 of Treaty on the Functioning of the European Union. The funds will be earmarked for eligible project expenses.

The objective of the call is to prepare large projects focused on priorities with a large commercial potential. The project contains the organizational structure connected to the structure that the applicant uses for activities for support of commercialization. These projects will consist of several individual activities with their own organizational structure that fall within one priority of applied research, development and innovations. (Biological and Environmental Aspects of Sustainable Development, Molecular Biology and Biotechnology, Energy Sources, Material Research, Competitive Engineering, Information Society, Security and Protection)<sup>6</sup> Individual activities will be included in this summary project due to an economic use of funds. The project application will have a public part (project + annotation of individual activities) and a non-public part (description of individual activities) for the purpose of objective evaluation and protection of trade secret. The Grant Award Decision (Decision) will only mention the public part.

The minimum amount of eligible project expenses for one individual activity is CZK 1 million, and the maximum amount is CZK 20 million. The minimum amount of eligible project expenses and its activities is CZK 3 million, and the maximum amount is CZK 60 million. The total project expenses must not exceed CZK 1.1 billion. **Double funding of an expense** from another public source (national or EU) is inadmissible.

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<sup>6</sup> National Policy of Research, Development and Innovation of the CR for 2009–2015



## **6 Implementation period and expense eligibility**

Eligible project expenses can occur before the issuance of the Decision. Expenses occurring before the Decision must be directly related to the project preparation. These expenses are eligible only for projects which obtained a Decision and which were created no earlier than 1 January 2011. The nature of preparation activities will be specified in Rules of expense eligibility for call 6.3, support area 3.1 of priority axis 3 OP RDI (see attachment B to the call). Expenses related to the implementation of the project will only be eligible after the issuance of the Decision. Projects in the call must be completed not later than by 30 June 2015.

## **7 Application for support and its submission**

The applicant submits a written application for support to the MA of the OP RDI. An exact specification of the application will be stipulated in the Handbook for applicants.

## **8 Other stipulation**

No one has a legal title to receiving the grant.

Detailed information for the elaboration of the project application and conditions not mentioned herein will be available in the Guide for Applicants available on the OP RDI website (<http://www.msmt.cz/strukturalni-fondy/prirucka-pro-zadatele-op-vavpi-2007-2013-po-3>).

The MA OP RDI presupposes the activity of an external advisor who will monitor the projects. The Managing Authority of the OP RDI is entitled to prolong, discontinue or cancel the call.

## **9 Address of the announcer and support provider**

Ministry of Education, Youth and Sports of CR  
CORSO IIa  
Křižíkova 34/148  
Prague 8 – Karlín  
186 00

## **10 Annexes (prepared)**

- A) Selection criteria for call 6.3 – Support for pre-seed activities
- B) Rules for expense eligibility for call 6.3 – Support for pre-seed activities
- C) Monitoring indicators for call 6.3 – Support for pre-seed activities