

Programme «Development of Internationally Competitive Innovative Products and Services by STARTUPS (SEED)» – Call for Proposals SEED/0525

Frequently Asked Questions

1. Who is the Programme aimed at?

The SEED Programme targets enterprises based in Cyprus with the capacity to develop innovative products or services with the potential to penetrate international markets. Specifically, the Programme addresses Startups that have already been active for a short period, and whose innovative product or service is at a more mature stage but has not yet entered the market.

2. Is there any limitation regarding the maturity of the product/service?

In the cases where the new product or service is based on new technology, it is expected that the technology falls within a high technological readiness level (at least TRL - Technology Readiness Levels ≥ 6 , according to the relevant definitions adopted by the EUA), having already been validated in laboratory and relevant environment and is at least being demonstrate at relevant environment. This will also apply to non-technological innovations, accordingly.

3. Which other organisations may participate in the Programme? Are there any limitations regarding their participation?

Within the framework of the Call for Proposals innovative startups can collaborate with Research Organizations, other Enterprises, and Other Private Sector Organisations. These organisations may participate in the projects as Partner Organizations to carry out Experimental Development activities, including Prototype construction, Demonstration, Pilot operation, Testing, and Validation of new or improved products, processes, or services in environments that simulate real-world operating conditions. Only Experimental Development activities are allowed for Partner Organisations. The experimental development activities should relate to technology readiness level (TRL ≥ 6). The total costs of the Partner Organizations should not exceed 30% of the total project budget.

4. What is the definition of a startup?

A Start-up is any small enterprise not listed in the stock exchange up to five years after its registration that fulfils the following cumulative conditions: (a) has not taken over the activity of another enterprise, unless the turnover of the overtaken activity accounts for less than 10 % of the turnover of the eligible undertaking in the financial year preceding the take-over, (b) has still not distributed profits, and (c) has not acquired another undertaking or has not been formed through a merger, unless the turnover of the acquired undertaking accounts for less than 10 % of the turnover of the eligible undertaking in the financial year preceding the acquisition or the turnover of the undertaking formed through a merger is less than 10% higher than the combined turnover that the merging undertakings had in the financial year preceding the merger.

5. Can an individual or a group of individuals submit a proposal without the company being registered?

No. Applicant startups should be officially registered before the proposal is submitted on IRIS portal.

6. Can foreign startups participate in the Programme?

All participating organisations should be legally established and active in territories under the control of the Republic of Cyprus. The activity of the entities is documented by the existence of facilities and other equipment in territories under the control of the Republic of Cyprus and, indicatively and not

restrictively, by audited financial statements, the tax return of the entity in the Republic of Cyprus, etc. For the participating startups the activity must be confirmed during the implementation of the project, with the existence of facilities and other equipment in territories under the control of the Republic of Cyprus. RIF may also request additional information to justify the activity of the entities.

7. What types of activities can be supported by the Programme?

Generally, the Programme support research activities for developing or finalizing the prototype of the innovative product/service, feasibility studies, participation in trade fairs, hiring of highly specialized personnel, acquisition, validation and protection of patents/industrial designs and other intangible assets, promotional and advertising activities for the products/services, support and advisory services, promotional activities as well as activities to strengthen business investment readiness.

8. What activities are not covered by the Programme?

The following are not eligible:

- (a) Acquisition, validation, and protection of patents/industrial designs and other intangible assets,
- (b) Consulting services on technology and know-how transfer, and
- (c) Consulting services for the preparation of Feasibility Study /Business Plan.

For these activities, Programme beneficiaries automatically become eligible for services and tools offered by the Research and Innovation Foundation (RIF) through the Central Knowledge Transfer Office (KTO) and the Innovation Factory initiative.

9. What types of expenses are covered by the Programmes?

Covered expenses include Personnel Salaries, Equipment, External Services, Travel Abroad, Consumables, Other specific costs and Overheads.

10. What kinds of expenses are eligible under “External Services”?

Indicative eligible expenses under this category include:

- Market Research,
- Technical consulting services and training relating to the prototype development (incl. Testing and certification, quality labelling, access to research infrastructures, libraries and databases),
- Innovation advisory services, assistance and training in the fields relating to the use of standards and regulations embedding them,
- Purchase of patents, as well as licensing patent rights from external sources,
- Logo Design,
- Accounting services related to payroll and tax issues, bookkeeping and office automation (costs for auditing are excluded - covered by the Cost Category «Overheads»), or
- Legal services in issues related to registration of business name / logo, shareholders capital structure (incl. employees' stock ownership plan, shareholders agreements etc), mergers and acquisitions contracts, bank transactions, data protection and privacy, employment conditions.

11. Do team members have to reside/work in Cyprus?

According to the RESTART 2016-2020 Programmes, a person is considered an “employee” of an organisation, if: (i) the employee-employer relationship can be proven (employment contract, job control, supervision and work approval, provision of work-related materials and so forth), (ii) such

person is included in the organisation's official payroll on a regular basis, and (iii) all the employer's obligations pursuant to the law are fulfilled.

Other individuals offering any type of services (see Question 7 above) may participate as subcontractors under the External Services Category.

12. What is the process for participating in the Programme?

Proposals are submitted via the IRIS portal (<https://iris.research.org.cy>) of the Research and Innovation Foundation. Submission is handled by the Project Coordinator on behalf of the enterprise. The coordinator, the enterprise acting as Host Organisation, and the Partner Organizations must all be registered on IRIS in advance.

13. Can a company submit more than one proposal?

A company may submit only one proposal as Host Organisation.

14. Can entities previously funded through other Calls submit a proposal?

Start-ups that have been funded by the Foundation as Host Organisation under previous Calls for Proposals of the SEED, INNOVATE and DISRUPT Programmes are not eligible for funding as Host Organisation.

15. How is confidentiality ensured during the evaluation process?

The entire evaluation process is confidential. Evaluators are bound by a "Confidentiality Statement" obligating them to maintain strict confidentiality regarding all data, documents, personal information, or any other materials they access during the project evaluation.

16. What is the maximum funding? Will RIF funding cover the full expenses of the beneficiaries?

The maximum funding available under the SEED Programme is €500,000.

For the Host Organisation, the RIF may cover up to 85% (aid intensity) of the total eligible costs. The rest 15% of eligible costs should be covered by participants own resources.

17. What expenses are included under Overheads?

Overheads are indirect operating costs arising either from the employment of personnel at the organisation's facilities (e.g. utility bills for power, water, telephone, administrative support, Financial Contact Point fees, auditing) or the maintenance of durable equipment. Overhead costs are defined at a rate of up to 20% of the direct costs, with the exception of costs for the external services.

18. How is the funding disbursed in case the project is selected for funding?

In case the project is selected for funding the disbursement is made as follows:

- 40% as an advance payment,
- 40% during project implementation, upon completion of a mid-term review, and
- 20% (or the remaining amount based on eligible expenses) upon project completion.

19. Are there obligations before signing the contract?

At least one person from the Host Organisation participating in the project team, before the signing of the Project Contract, must attend two mandatory training seminars organised by the Foundation on the subjects of (i) Regulations and financial management of projects, and (ii) Project Implementation and Monitoring. In case of non-compliance, within a specified period, the Contract preparation process may be terminated.

20. Are there any restrictions regarding the participation of the Project Coordinator?

The Project Coordinator (PC) must be employed by the HO starting from the Project start date and throughout the Project implementation period and must participate in the work and coordinate Consortium activities. It is clarified that the PC's responsibilities may not be assigned to another member of the Consortium or subcontracted to a third party.

21. In case the project is selected for funding are there any obligations during project implementation?

During the implementation of the project and until the submission of the Interim Project Progress Report, at least one person from the Host Organisation participating in the project team must attend two mandatory training seminars organised by the Foundation on the topics of (i) New Product Development, and (ii) Sales. The certificates of attendance of the seminars will be deliverables that should be submitted with the Interim Project Progress Report.

Additionally, funded projects will have to create an active website presenting the activities of the enterprise, which will be a mandatory deliverable of the project.

22. Are there any consequences if the Project teams deviates from the original Project plan or the original budget?

Project Coordinators (PC) could proceed with minor project changes during the Project implementation, without prior approval from the RIF. These may be changes to the project team members (with the exception of the PC) and minor modifications that will not have major impact on the course of the Project. Major changes such as project extension, consortium composition, major project activity amendments require prior approval by the RIF. The main condition for the acceptance of request for a project change by the RIF is that it will not decrease the scientific quality of the project, affect the exploitation and dissemination capability of the results and cause significant deviation from the objectives of the Call of Proposals under which the project is being funded.

Regarding deviations from the original budget, the PC is entitled to revise the Budget without prior approval from the RIF, if this pertains to: (i) an amendment in the amount of a Cost category not exceeding the amount mentioned in the initial budget by more than $\pm 40\%$ with a maximum of €15,000, or (ii) a transfer to a Cost category with zero budget that does not exceed €2,000. In cases where the budget revision exceeds the limits mentioned above or there is a need to transfer funding from one consortium member to another, the PC must submit a relevant request and obtain approval from the RIF.