

Methodology for assessing applications containing product development or applied research (small projects with support up to 150 000 euros)

1. Evaluation process of applications

- 1.1. The applications submitted on product development and applied research submitted and accepted according to the action Support for Industrial Research and Experimental Development Following on from Industrial Research (hereinafter referred to as the Action) of the Regulation on Industrial Research by Entrepreneurs will be assessed under the assessment criteria given in the regulation and described in this assessment methodology.
- 1.2. Any data found in the proposal as well as any data found in public databases will be taken into account during the assessment process.
- 1.3. Every proposal is assessed by at least two independent experts, at least one of whom is an independent expert outside the applied research programme.
- 1.4. The experts will assess the applications on the basis of the selection criteria given in the regulation and in accordance with the selection criteria and their sub-criteria specified in Annex 1 to this assessment methodology by filling in an assessment report for each proposal.
- 1.5. The score for every assessment criterion is formed from the weighted average of its sub criteria.
- 1.6. The overall score of a proposal is the weighted average of four selection criteria. The overall score and the scores of the selection criteria will be calculated to the accuracy of two decimal places.
- 1.7. The applications will be assessed according to the sub-criteria on a scale of 0-4, in steps of 0.5 points. The selection criterion Impact of the Project on the Achievement of the Sustainable Development Goals will be assessed on a scale of 0; 2 and 4. The sustainable development goals on which the project's impact will be assessed are:
 - 1.7.1. Goal 7 – Sustainable Energy
 - 1.7.2. Goal 12 – Responsible Consumption and Production
 - 1.7.3. Goal 13 – Climate Action¹.
- 1.8. The scores for the selection criteria of applications are the arithmetic mean of the scores given by the experts. If the scores of the experts differ by 2.0 points or more in terms of the sub-criteria, a third expert will also be involved in the assessment of the proposal.
- 1.9. Applications declared eligible within the budget of the call for proposals will be considered for funding if they have obtained an overall score of at least 2.50 for the selection criteria and at least 2.00 for selection criteria 1 and 3 and at least 2.5 for selection criterion 2.
- 1.10. The experts assessing the proposal will have the possibility to propose, if necessary, the reclassification of the proposal or part of it from industrial research to product development and vice versa. The experts who assessed the proposal can also give their opinion on whether the proposal is a research and development project and propose partial, conditional or phased funding.

2. Compiling a financing proposal

- 2.1. In the case of an ongoing application, all proposals submitted and exceeding the thresholds set out in point 1.9 will be funded within the budget of the call.

Annex 1. Assessment criteria

1. The impact of the project on the achievement of the objectives and expected results of the support (the impact of the project on the increase of R&D investments of Estonian enterprises, the impact and relevance of the project as a pan-European project, the impact of the project on the sectoral development of the applicant and the project in international comparison and the value chains related to the project, the impact of the project on cross-sectoral cooperation, the impact of the project on the fulfilment of the objectives of the TAIE focal areas): **20% of the overall score;**

1.1. Growing research and development investments and capabilities (50% of the selection criterion)

¹ For a more detailed description of the sustainable development goals, please see <https://riigikantselei.ee/valitsuse-too-planeerimine-ja-organisa-tion/government-support/sustainable-development#item-7>

Score	Explanation
4	The project involves a significant investment in the company's research and development activities, which is significantly higher than previous investments, and the project will also result in the company's future need to increase its R&D investments. The project requires the involvement of many R&D employees. As an outcome of the project, the competency of development employees, engineers and other engineering employees or designers improves considerably.
3	The project involves an investment into the company's R&D, however this investment is only slightly larger than the company's usual investment. As a result of the project, it is unclear whether there is a further need to increase R&D investments. The project requires the involvement of R&D employees. As an outcome of the project, the competency of development employees, engineers and other engineering employees or designers improves.
2	The project involves a modest investment into the company's R&D. As a result of the project, it is unclear whether there is a further need to increase R&D investments. The project requires the involvement of R&D employees to a certain extent. As an outcome of the project, the competency of development employees, engineers and other engineering employees or designers improves somewhat.
1	The project involves a small investment in R&D, it is obvious that there is no further need for increasing R&D investments. The project requires the involvement of R&D employees to a small extent. As an outcome of the project, the competency of development employees, engineers and other engineering employees or designers improves to a small extent.
0	The project does not involve any investment in R&D, it is obvious that there is no further need for increasing R&D investments. The project does not require the involvement of R&D employees. As an outcome of the project, the competency of development employees, engineers and other engineering employees or designers does not improve.

1.2. Link to the Estonian economy and impact on sectoral development (50% of selection criteria)

Score	Explanation
4	The impact of the project on the sectoral development of the applicant and the project is remarkable and the project contributes significantly to cross-sectoral cooperation.
3	The applicant and partners have the capacity to raise Estonia's profile in this field. The project has an impact on the sectoral development of the applicant and the project, and there is cross-sectoral cooperation.
2	The applicant and partners have the potential to influence the development of the sector in Estonia. The project has a limited impact on the sectoral development of the applicant and the project and on cross-sectoral cooperation.
1	The potential and capacity of the applicant and partners to influence developments in the sector within Estonia is very low. The project has a small impact on the sectoral development of the applicant and the project and on cross-sectoral cooperation.
0	The applicant and partners have no potential or capacity to influence developments in the sector within Estonia. The project has no impact on the sectoral development of the applicant and the project and on cross-sectoral cooperation.

2. The economic impact of the project on the company and its ability to commercially implement the results of the project (including an assessment of the impact of the project on the increase in the added value of the company, the economic necessity and justification of the project for the applicant and the partners, the economic benefits of the project, the change in the applicant's business model and the future economic benefits, the relevance of the business plan, the ability of the applicant and the partners to implement the business plan and commercially implement the results of the project and the ability of the applicant to finance the implementation of the results of the project): **45% of the overall score;**

2.1. Compliance of the business plan with the applicant's (partner's) needs, relevance of the business plan (50% of the selection criterion)

Score	Explanation
4	The need for the project is very well justified, the problem, bottleneck or untapped development opportunity has been articulated. The project is innovative and its implementation will create a competitive advantage. The business objectives of the project are specifically defined and the action plan to achieve them is detailed. The financial projections are very clear, realistic and ambitious, and are very likely to be achieved by

	<p>the end of the project, given the applicant's capacity and project preparation. The market introduction of a new, innovative product and/or service is very clearly described and realistic. Projects ending up to TRL 5 specify clearly and realistically how customers will be reached (specific customers need not be shown). Projects ending TRL 6 or 7 have identified specific customers and proven their interest. The market analysis is relevant and provides a good overview of the market situation. Competitor analysis identifies direct and indirect competitors, their advantages and disadvantages. The pricing model is relevant and takes into account market conditions and the level of technological readiness. The project creates a significant increase in added value. The projected increase in the company's added value, as set out in the project plan, is certainly achievable, very ambitious and realistic within the timeframe given.</p>
3	<p>The need for the project is justified, the problem, bottleneck or untapped development opportunity is broadly identified, but not very clearly. The business objectives of the project have been defined and the action plan to achieve them is given in detail, but there are inconsistencies between the objectives and the action plan.</p> <p>Financial projections are provided but their realism requires further explanation or the financial projection is not ambitious and its achievement by the end of the project, taking into account the applicant's capacity and project preparation, requires further explanation. Projects ending up to and including TRL 5 specify how customers will be reached (specific customers need not be shown), but it needs to be improved. Projects ending TRL 6 or 7 have identified specific customers, but the proof of their interest requires further explanations.</p> <p>The introduction of a new product and/or service to the market has been described, but its realistic nature requires further explanations. A market analysis is provided but does not give a very good opportunity to clearly assess the position of the product and/or service. Competitor analysis only identifies a few direct competitors and their advantages and disadvantages are broadly described. The pricing model is generally straightforward and based on the level of technological readiness, but could be improved. The implementation of the project will lead to an increase in the added value created. The projected growth in the company's added value is achievable, ambitious and realistic within the timeframe given.</p>
2	<p>The necessity of the project is indirectly justified, the nature of the problem has not been explained, the bottleneck or the untapped development opportunity has been given indirectly and does not allow for an accurate assessment of their adequacy. The business objectives of the project are too general and unclear and the action plan to achieve them is fragmented and too general. The financial forecasts are presented in a very general manner and do not allow for an assessment of the realistic nature of the project, and their achievement by the end of the project is unclear, given the capacity of the applicant and the preparation of the project. The market entry of a new product and/or service is described at a level that is too general, which does not allow for a clear understanding of whether market entry is realistic.</p> <p>Projects ending up to and including TRL 5 specify how customers will be reached (specific customers need not be shown), but it too general.</p> <p>Projects ending TRL 6 or 7 have identified specific customers, but the proof of their interest is not convincing. The market analysis is too general and does not give a true picture of the market. The analysis of competitors is too general, direct competitors have not been identified, their advantages and disadvantages have not been assessed. The pricing model is provided and is generally based on the level of technological readiness, but it may not work in the market as such. The added value created by the project is modest. The projected growth in the company's added value is modest and not ambitious and its implementation within the timeframe given is questionable.</p>
1	<p>The need for the project has not been justified, the problem has not been described, the bottlenecks or the untapped development opportunity have not been identified. The business objectives of the project are not defined and there is no detailed action plan to achieve them. Financial projections are not provided or are unrealistic and unlikely to be achieved by the end of the project, given the applicant's capacity and project preparation. The introduction of a new product and/or service to the market has not been described. A market analysis has not been submitted, or is too vague to give a proper overview of the market situation. A competitor analysis has not been submitted, or is not relevant. A pricing model has not been submitted or is not adequate. The added value of the project is low. The projected growth in the company's added value given in the project plan is unrealistic, unambitious and unrealistic within the timeframe given.</p>

0	The project does not meet the needs of the applicant and, if any, the partner, the business plan is not relevant. The project does not bring any added value.
---	---

2.2. Capacity of the applicant and, if any, the partner to carry out the project (50% of the selection criteria)

Score	Explanation
4	The applicant and its partners have a very good potential and capacity to commercially carry out the project. The team of the applicant and the partners has all the necessary competences to manage the project and, if necessary, to control the quality of the outsourcing. The application clearly identifies the contribution and responsibility of the applicant and the partners for the successful joint implementation of the project. The financial capacity of the project applicant and partners to sustainably implement the project and achieve its objectives and results is excellent. If additional activities are necessary to produce the project results/achieve the project objectives at the end of the project, the applicant has also described these activities and is able to carry them out.
3	The applicant and their partners have the potential and capability to commercially carry out the project. The team of the applicant and the partners are largely competent to manage the project and, if necessary, to control the quality of outsourcing. The proposal must at least set out the applicants and the contribution and responsibility of its partners, if any, for the successful joint implementation of the project, and the applicant's and, where applicable, the partners' financial capacity is sufficient for the sustainable implementation of the project and the achievement of its objectives and results.
2	The applicant and the partners, if any, have limited potential and capacity to commercialise the project. There is a lack of representation of the necessary competences in the team of the applicant and the partners, which could jeopardise the management of the project and, if necessary, the quality control of outsourcing. The proposal does not adequately describe the contribution and responsibility of the applicant and the partners, if any, for the successful joint implementation of the project, and the financial capacity of the applicant and, where applicable, the partners to implement the project in a sustainable manner and to achieve the objectives and results of the project.
1	There is very little potential and capacity for the applicant and the partners, if any, to commercialise the project. The team of the applicant and the partners does not have the necessary competences to manage the project and control the quality of outsourcing. It is not clear what the applicant and the partners, if any, will contribute and who will be responsible for the successful joint implementation of the project. The financial capacity of the project applicant and partners, if any, to sustainably implement the project and achieve its objectives and results is not clearly explained.
0	The applicant and the partners do not have the potential and capacity to implement the project.

3. The technological justification and feasibility of the project (including assessment of the innovation and technological advantages of the product, service, technology or process compared to equivalent products, the technological level of the development plan, including the appropriateness of the description and timing of the activities to be carried out, the methodology and feasibility of the project, the knowledge, skills and previous experience of the team carrying out the study in carrying out applied research and product development, the availability of the necessary infrastructure to carry out the project and the justification of the project budget): **35% of the overall score;**

3.1. Scientific quality and methodology of the development plan (30% of the selection criteria)

Score	Explanation
4	The developmental purpose of the project is well founded – there is a clearly defined problem, bottleneck or untapped development opportunity. The project is well suited to the five key characteristics of R&D: novelty, creativity, unpredictability, systemic nature and repeatability. The methods outlined in the development plan are relevant and modern. The technological level of the development plan is outstanding, and the implementation of the development plan will result in a significantly novel product/service/technology or process. The development plan is comprehensively thought through, fully meets the needs of the contracting authority, and its objectives and the methods for achieving them are realistic and achievable, taking into account the applicant's capacity and project preparation. The result of the project can be turned into a product and actually produced/created. The project or activities preceding the project have been recognised at international level (e.g. Horizon 2020, Innovation Award, etc.).
3	The development objectives of the project and the methods to achieve them are realistic but sometimes unclear. In general, the project meets the five key characteristics of R&D: novelty, creativity, unpredictability,

	systemic nature and repeatability. However, it needs additional explanation. The technological level of the development plan is good and the implementation of the development plan will result in a new product/service/technology or process for the company. The development plan's objectives and methods of achievement are generally realistic and likely to be achievable given the applicant's capacity and project preparation. The outcome of a project can probably be turned into a product and produced/created, but this will require the establishment of preconditions.
2	The development objectives of the project and the methods to achieve them are sometimes unrealistic and unclear. In general, the project meets the five key characteristics of R&D: novelty, creativity, unpredictability, systemic nature and repeatability. However, it needs additional explanation. The technological level of the development plan is intermediate and the implementation of the development plan will lead to the renewal of an existing product/service/technology or process of the company. The goals and methods for reaching these goals are generally realistic, but are not likely to be reached, considering the preparations of the project and the applicant's competency. Turning the outcome of the project into a product and its production/creation is not clear or requires too large an investment compared to the economic results of the project.
1	The development objectives of the project and the methods to achieve them are largely unrealistic and unclear. The project fails to meet one of the five key characteristics of R&D: novelty, creativity, unpredictability, systemic nature and repeatability. The technological level of the development plan cannot be considered innovative for the applicant; as a result of the development plan, an existing product/service/technology or process is somewhat renewed. The goals and methods for reaching these goals are unclear, but are not likely to be reached, considering the preparations of the project and the applicant's competency. Turning the outcome of the project into a product and its production/creation is not realistic or requires investments that are unreasonable compared to the potential economic results of the project.
0	The development objectives of the project and the methods to achieve them are unrealistic. The project fails to meet the five key characteristics of R&D: novelty, creativity, unpredictability, systemic nature and repeatability. The technological level of the development plan does not involve innovation and is a normal activity developing an existing product/service/technology or process, which does not require the involvement of specific expertise. The development plan does not meet the needs of the contracting authority and its objectives are unlikely to be achieved by the end of the project, taking into account the applicant's capacity and project preparation. The outcome of the project cannot be turned into a product, produced/created.

3.2. Level and experience of the persons conducting the research (40% of the selection criterion)

Score	Explanation
4	The persons carrying out the R&D are highly capable, motivated and have the skills to ensure that the objectives of the development plan are fully realised and sustainable. The persons carrying out the R&D have carried out similar R&D activities in the same field as the project, including significant activities at international level. The leader of this project's R&D has previous experience in promoting cooperation between entrepreneurs and/or other organisations. The team compiled to carry out the project is capable and competent. The applicant or the provider of R&D services has the necessary infrastructure to carry out the development plan, as well as the capability to invest in it.
3	The persons carrying out the R&D activities are capable and motivated, but do not have all the skills to ensure that the project's objectives are met and sustainable. The persons carrying out the R&D have carried out R&D activities in the same field. The team compiled for the implementation of the project may entail risks in some fields. The applicant or the R&D service provider owns or has the capacity to invest in a substantial part of the infrastructure needed to carry out the development plan.
2	The capacity of the persons carrying out the R&D is not sufficient to ensure the realisation of the project's objectives and sustainability. The persons carrying out the R&D have limited experience in R&D activities in the field. The team compiled may pose risks in some areas of the project, it may be necessary to involve additional competencies. The capacity to carry out the project with the compiled team is not fully certain. The applicant or the R&D service provider has part of the infrastructure needed to carry out the development plan, but has limited further investment capacity.
1	The capacity, motivation and skills of the persons carrying out the R&D to ensure the achievement of project objectives and sustainability are very low. The persons carrying out the R&D lack experience in

	carrying out R&D activities in the same field, the team set up is inadequate and/or the knowledge and skills of the project team are insufficient to carry out the projects. The applicant or the R&D service provider lacks a substantial part of the infrastructure needed to carry out the project and has little capacity to invest in it.
0	The persons carrying out the R&D activities do not have the capacity, motivation or skills to ensure that the project's objectives are achieved and sustained. The persons carrying out the R&D lack experience in carrying out R&D activities in the same field, the team set up is inadequate and/or the knowledge and skills of the project team are insufficient to carry out the projects. The applicant or the R&D service provider does not have the infrastructure required for the implementation of the project and the capacity to invest in it.
3.3. Description of the activities to be carried out and timetable and justification of the project budget for the planned activities (30% of the selection criteria)	
Score	Explanation
4	All activities described in the action plan form a coherent whole, appear necessary, are justified and ensure that the project's goals are met. The timely completion of the project is extremely likely. The project budget includes all expenses necessary to carry out the project, these expenses have been justified and the budget is transparent and cost effective. The budget forms a coherent whole for the implementation of the project.
3	The action plan includes the necessary quantity of activities, these activities are linked. The relevancy and justification of some activities in terms of achieving the goals of the project are questionable or activities are missing. The achievement of the project's goals and the timely implementation of the project are likely. The project budget is reasonable, but is not transparent or cost effective. Some important activities from the project have not been budgeted.
2	The action plan contains activities of a scale that may not be sufficient, with little connection between the activities. The relevancy and justification of many activities as they pertain to the project's goals is questionable or many activities are missing. The achievement of the project's goals and the timely implementation of the project are not very likely. The project budget is in large part unjustified. It is unclear if the project budget will allow for the project to be carried out in full.
1	The activities found in the action plan are not sufficient to achieve the project's objectives. Some of the activities are redundant, i.e. not necessary to achieve the objectives of the project, or are missing. It is unlikely that the project can be carried out on time. The costs planned for project activities are mostly inefficient and do not allow to achieve the results of the project.
0	The actions in the action plan do not allow for the objectives to be achieved. It is not possible to implement the project in time. The costs planned for project activities are not cost-effective and do not allow to achieve the results of the project.
4. Impact of the project on the achievement of sustainable development goals: 10% of the overall score;	
4	The project is linked to and has a significant positive impact on the following sustainable development goals: affordable and clean energy; responsible consumption and production; and climate action.
2	The project is linked to and has a significant positive impact on at least one the following sustainable development goals: affordable and clean energy; responsible consumption and production; and climate action.
0	The project is not linked to and has no positive impact on any of the following sustainable development goals: affordable and clean energy; responsible consumption and production; and climate action.