

COVID-19 Temporary State Aid Framework for RD&I

Background

On the 3rd April 2020 the European Commission issued an “Amendment to the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak” which included specific reference to Research Development & Innovation activity.

Section 3.6 Aid for COVID-19 relevant research and development and Section 3.8 Investment aid for the production of COVID-19 relevant products

Conditions that apply to both elements

- The aid must be granted by 31st December 2020.
- For projects started as of 1st February 2020 the aid is deemed to have an incentive effect.
- Aid may not be granted to undertakings that were already in difficulty on 31st December 2019. An Undertaking in difficulty assessment and self-declaration is included in the application process.
- The maximum level of aid that a company may receive is €800 000 (€120,000 per undertaking active in the fishery and aquaculture sector or €100,000 per undertaking active in the primary production of agricultural products). This is across all UK measures under the terms of the European Commission’s Temporary Framework. A self-declaration is included in the application process.

Section 3.6 Aid for COVID-19 relevant research and development

Eligible project costs may refer to all the costs necessary for the R&D project during its duration, including;

- Personnel costs costs for digital and computing equipment, for diagnostic tools, for data collection and processing tools, for R&D services, for pre-clinical and clinical trials (trial phases I-IV), for obtaining, validating and defending patents and other intangible assets, for obtaining the conformity assessments and/or authorisations necessary for the marketing of new and improved vaccines and medicinal products, medical devices, hospital and medical equipment, disinfectants, and personal protective equipment; phase-IV trials are eligible as long as they allow further scientific or technological advance;
- The aid intensity for each beneficiary may cover 100% of eligible costs for fundamental research and shall not exceed 80% of eligible costs for industrial research and experimental development;
- The aid beneficiary shall commit to grant non-exclusive licences under non-discriminatory market conditions to third parties in the EEA

Note: This condition explained: The grant recipient shall commit, if approached by any third party from the European Economic Area, to negotiate a licence at normal market rates for the intellectual property rights generated during the project and can't be selective in who or where they award licences within the EEA. These licences can only be granted on a non-exclusive basis to third parties, ensuring the licensor is able to grant other licensees non-exclusive licences to exploit the same IPRs.

Section 3.8 Investment aid for the production of COVID-19 relevant products

- The investment aid is granted for the production of COVID-19 relevant products, such as medicinal products (including vaccines) and treatments, their intermediates, active pharmaceutical ingredients and raw materials; medical devices, hospital and medical equipment (including ventilators, protective clothing and equipment as well as diagnostic tools) and necessary raw materials; disinfectants and their intermediary products and raw chemical materials necessary for their production; data collection/processing tools;
- The project is completed within six months after the date of granting the aid. Where the six-month deadline is not met, per month of delay, 25% of the amount of aid awarded in form of direct grants or tax advantages is to be reimbursed, unless the delay is due to factors outside the control of the aid beneficiary;
- Eligible costs relate to all investment costs necessary for the production of the products and to the costs of trial runs of the new production facilities.