

LEGAL ALERT

CORONA-AID PORTUGAL

R&D AND INVESTMENT SUBSIDIES FOR COMBAT OF COVID-19

Portugal has introduced subsidy schemes for **R&D and investments in testing and upscaling (T&U) infrastructures** and for **investments in production** related to **products relevant for the combat of COVID-19** and specified them in **calls for project proposals (Avisos)**.

They provide for subsidies, in the form of **non-repayable grants**, of up to **80-100%** (R&D&I), **75%** (T&U Infrastructures) and **80%** (Production), **of eligible costs** (these rates can be increased by up to 15pp under certain circumstances).

Whether and how much subsidies are granted for a given project depends on its **merits** (*i.e.*, quality of project and its impact on competitiveness of beneficiary), as evaluated by the granting authorities based on the project proposal.

The subsidy schemes target **undertakings of all legal forms, sizes and economic sectors** that are interested in creating new or additional resources or in rededicating all or part of their existing resources for eligible projects.

As can be taken from the **table below**, the **scope of eligibility of projects** and of the term ‘products relevant for the combat of COVID-19’ is **relatively wide**.

Even if a **project** has been **started already** it is or may still be **eligible for subsidies** under the schemes, as the **incentive effect** is presumed for projects that started on or after 1 February 2020 and can be shown for projects that started earlier if subsidy accelerates implementation or enlarges scope of project.

The schemes foresee a **lean and quick submission and decision procedure** with subsidy requests and supporting documents being submitted through the *Balcão 2020* and decisions being issued in principle within 10 working days after submission and notified to the beneficiary within 3 working days from its issue.

The **initial budget** of the two *Avisos* is EUR 69 million (EUR 46 million for production, EUR 23 million for R&D and T&U infrastructures). The *Avisos* are **currently open** for project proposals **until 29 May 2020**.¹

In order for a **project** to be **eligible** under the schemes and *Avisos*, it must consist in **all or part of the activities** defined in the table below:

Project	Description
R&D	Fundamental, industrial or experimental development activities regarding the creation of new, or introduction of improvements in existing, products, processes or systems, relevant in the context of COVID-19, including: <ul style="list-style-type: none"> ▪ vaccine research; ▪ medicines and treatments; ▪ medical and hospital devices and equipment; ▪ disinfectants; ▪ protective clothing and equipment; ▪ processes and products.
T&U Infrastructures	Construction of new, or modernization of existing, infrastructures necessary for the testing and upscaling, up to the first industrial deployment prior to mass production, of products relevant in the context of combating COVID-19.
Production	Creation of new or additional (expansion) production capacity, improvement of existing production capacity, introduction of new, or improvement of existing, production, logistics, distribution, organizational and/or marketing processes, relating to products relevant in the context of combating COVID-19, including: <ul style="list-style-type: none"> ▪ relevant drugs and treatments (including vaccines), their intermediates, active pharmaceutical ingredients and raw materials; ▪ medical devices and medical and hospital equipment (including ventilators, protective clothing and equipment, as well as diagnostic instruments) and the necessary raw materials; ▪ disinfectants and their intermediates and basic chemicals necessary for their production; ▪ data collection and processing tools.

¹ However, since the [Commission approval](#) covers subsidies granted until 31 December 2020 and up to EUR 140 million (EUR 90 million for productive investment and EUR 50 million for R&D&I and testing and upscaling infrastructures), the Portuguese authorities still have significant room to increase the budget and/or extend the deadline for submission of subsidy requests.

The **main requirements and criteria** of the subsidy schemes and *Avisos* are indicated in the summary overviews contained in **Annexes I and II** below.

ANNEX I

Objective	R&D	T&U Infrastructures	Production
Total Budget ('000 €)	23,000 (divided into NUTS II and Interior/Other)		46,000 (divided into NUTS II and SME/non-SME)
Personal scope	Undertakings of all legal forms and size (SME and large) For R&D&I: also entities of the National Research and Innovation System		
Geographic scope	Projects implemented in mainland (continental) Portugal		
Eligible projects	Projects that have started on 1 February 2020 or later (projects that have started earlier only eligible, if subsidy leads to acceleration and/or enlargement; only invest for acceleration and/or enlargement eligible)		
Project conclusion	Until February 2021	Within 6 months from granting decision	
Eligible invest	See Annex II below	See Annex II below Costs for which beneficiary has already been granted other investment subsidies ineligible	
Min. eligible invest ('000 €)	–		25
Max eligible invest ('000 €)	500 (or higher, if authorised by Managing Authority)	4,000 (or higher, if authorised by CIC Portugal 2020)	
Subsidy intensity (% of eligible invest)	Fundamental R&D (≤ TRL 3): 100%	75%	≤ 80%
	Industrial & experimental R&D (≥ TRL 4): 80%; +15pp: if cross-border collaboration or financing by ≥ 2 EU Member States	+ 15pp: if project concluded within 2 months from subsidy granting decision: If, for reasons attributable to beneficiary, project not concluded within 6 months from subsidy granting decision: reimbursement of 25% of subsidy for each month of delay, within up to 5 years, in annual instalments, without interest	
Conclusion of project	Later of (i) date on which results of project are made available (R&D&I, Infrastructure) or on which the new or improved capacity or process is operational (Production) or (ii) date of last invoice attributable to project		
Subsidy type	Non-repayable grant		
Conditions	Implementation of project must comply with all regulatory requirements, beneficiary must be in possession of (or timely obtain) all necessary licences		
	Non-exclusive licence(s) to 3 rd parties in EEA on non-discriminatory market conditions	Access to infrastructure to 3 rd parties in EEA on non-discriminatory market conditions	–

ANNEX II

Objective	Eligible costs
R&D	<p>The following costs are eligible for the duration of the project, if and insofar as they directly relate to, and are necessary for the R&D&I project, and the subsequent IPR protection, clinical trials and regulatory procedures:</p> <ul style="list-style-type: none"> ▪ costs of highly qualified personnel; ▪ costs of scientific and technological (including IT and digital) equipment, diagnostic instruments and data collection / processing tools; ▪ costs for the purchase of medical devices, hospital and medical equipment, disinfectants, and personal protective equipment; ▪ costs of acquisition, from 3rd parties, of specialised technical, scientific and consulting services, including costs of obtaining conformity assessments, tests, laboratory trials, certificates and/or commercialisation authorisations, including pre-clinical and clinical trials (phases I-IV; phase-IV: as long as trial allows further scientific or technological advance); ▪ costs of registration, in Portugal and abroad, of patents and other IPR; ▪ raw materials, laboratory consumables, components for tests and prototypes ▪ costs of demonstration, promotion and publication of project results, in line with national open access policies; ▪ indirect costs, calculated at fixed rate of 25% of direct eligible costs, excluding sub-contraction.
T&U Infrastructures	<p>The eligible costs are the investment costs directly related to, and necessary for the implementation of the project, including, for example:</p> <ul style="list-style-type: none"> ▪ costs of construction or modernisation of the testing and upscaling infrastructure(s) concerned, including costs of acquisition of machinery and equipment, specialised technical, scientific and consulting services, necessary for the development of the capacities of the infrastructure; ▪ costs for the purchase of medical devices, hospital and medical equipment, including ventilators and protective clothing and equipment, as well as diagnostic tools and the necessary raw materials; ▪ costs related to data collection/processing tools.
Production	<p>The eligible costs are the investment costs directly related to, and necessary for, the creation of the respective production capacities, and the costs of trial runs of the new production facilities, including, for example:</p> <ul style="list-style-type: none"> ▪ costs of purchasing, transporting and installing machinery and equipment (including computers and necessary software), costs of adapting equipment and reorganizing production lines; ▪ cost of construction of buildings, remodelling works and other constructions, up to a maximum of 50% of total eligible costs; ▪ costs of acquisition of national and international patent rights, licences, “know-how” or unpatented technical knowledge, and software; ▪ costs of certified accountants or statutory auditors necessary for validating the eligible expenditure for the investment project, up to EUR 5,000; ▪ costs of studies, diagnostics, audits, technical-scientific consulting, marketing plans and architectural and engineering projects associated with the investment project; ▪ laboratory tests, trials, certifications, conformity assessments, raw materials necessary for trials essential for the development of the investment project.