

Cybersecurity Accelerator Program Procedure

1. The aim of the program and the scope of the program procedure

1.1. The aim of the program is to support cybersecurity start-up companies registered in Estonia, increasing the competitiveness of the Estonian cybersecurity sector and supporting innovation in the field by implementing an accelerator program and providing subsidies. The result of implementing the program is the creation of new products and services that protect companies from cyber threats associated with implementing new technologies and digitalization.

1.2. The cybersecurity accelerator programme is co-financed from the funds of the European Union's Digital Europe Programme under the agreement concluded between the Information System Authority (RIA), the Estonian Business and Innovation Agency, the Tallinn Science Park Tehnopol Foundation and the European Commission for the implementation of Project No 101226928 "Cybersecurity Community Building and Sustainable Impact of the Estonian National Coordination Centre Activities (NCCEE2)".

1.3. The preparation of this procedure is based on the conditions set out in the document announcing the call for proposals for the establishment of national coordination centres, "DIGITAL-ECCC-2024-DEPLOY-NCC-06-MS-COORDINATION – Deploying the Network of National Coordination Centres", published by the European Commission on 28 November 2024 under the Digital Europe Programme.

1.4. The program procedure stipulates the conditions of admission to the accelerator program, incl. application requirements for the subsidy granted for product and business development activities, requirements for applicants, conditions for the application selection process and for terms for granting subsidies.

1.5. Issues not regulated by the procedure are subject to the Administrative Procedure Act and awarding subsidies that constitute state aid are subject to corresponding legal acts of the European Union.

1.6. The support provided under this procedure constitutes *de minimis* aid within the meaning of Commission Regulation (EU) No 2023/2831 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (OJ L, 13.12.2023, pp. 1–12) (hereinafter the *De Minimis* Regulation), and is subject to the provisions of the *De Minimis* Regulation and § 33 of the Competition Act.

1.7. The *de minimis* aid grants shall take into account the limit provided in Article 3(2) of the *de minimis* aid regulation, the cumulation rules for *de minimis* aid granted for different purposes set out in Article 5 and other conditions stipulated in the *de minimis* aid regulation. When granting *de minimis* aid, enterprises that have any of the relationships with each other, as stipulated in Article 2(2) of the *de minimis* aid regulation, are considered to be a single undertaking.

2. Terms used in the program procedure

2.1. **Eligible expenditure** is expenditure that supports the implementation of the activities agreed in the subsidy agreement and the achievement of the objectives set in the project and is justified, reasonable and directly necessary for the implementation of the project. Eligible expenditure must have been incurred during the project implementation period and incurred in accordance with the conditions of eligibility of expenditure.

- 2.2. **Cybersecurity** means technical, physical, and organizational security measures that protect networks and information systems, their users, and other persons from cyber threats.
- 2.3. **An entrepreneur operating in the field of cybersecurity** is an entrepreneur who develops products and/or services aimed at increasing cybersecurity and whose field of activity is related to the development of cybersecurity.
- 2.4. **The program implementer** is Tallinn Science Park Tehnopol Foundation.
- 2.5. **A project plan** is a document that covers all aspects of project implementation, including the project's problem statement and description, project's objective(s), team description, action plan, budget, financing plan, the expected results of the project and its implementation.
- 2.6. **A project** is an activity, or a set of activities limited in time and space aimed at achieving a specific goal, for the implementation of which a subsidy is applied for or used.
- 2.7. **An application** is a formal application and the documents attached to it (including the project plan with the action plan and budget) for applying for a subsidy.
- 2.8. **An applicant** is a person who has submitted an application for a subsidy.
- 2.9. **A beneficiary** is a person with whom the program implementer has signed a subsidy agreement.
- 2.10. **A subsidy agreement** is an agreement concluded between the beneficiary and the program implementer which regulates the use of the granted subsidy on the basis of the program procedure.
- 2.11. **An early-stage entrepreneur** is a start-up entrepreneur engaged in the development of a scalable technological business idea.
- 2.12. **A small and medium-sized enterprise (SME)** is an enterprise that meets the criteria set out in Annex I of the General Block Exemption Regulation¹. According to Article 2(1) and 2(2) of Annex I to the General Block Exemption Regulation, a medium-sized enterprise employs fewer than 250 persons and has an annual turnover not exceeding 50 million euros and/or an annual balance sheet total not exceeding 43 million euros, and a small enterprise employs fewer than 50 persons and has an annual turnover and/or annual balance sheet not exceeding 10 million euros. When calculating said indicators, the conditions set out in Article 3 of Annex I of the General Block Exemption Regulation must also be taken into account.

3. Subsidized activities

- 3.1. Support is granted to projects whose activities contribute to achieving the objectives set out in point 1.1 and which result in the introduction of innovative cybersecurity products and services to the market. Preference is given to projects focusing on one of the following fields: cybersecurity automation, the use of artificial intelligence in ensuring cybersecurity, prevention of social engineering, tools and strategies for the transition to quantum-resistant cryptographic algorithms, and cybersecurity of space technologies.
- 3.2. Subsidies are provided for the implementation of the following activities:
- 3.2.1. Product development activities of an enterprise operating in the field of cybersecurity, including, but not limited to, solution development and piloting, software development, hardware configuration and acquisition, and the implementation of activities that are directly necessary for the creation of the solution developed within the project.
- 3.2.2. Business development activities of an entrepreneur operating in the field of cybersecurity, including, but not limited to, developing a business strategy, solving issues related to the

¹ European Commission Regulation (EU) No 651/2014, declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, (OJ L 187, 26.06.2014, p. 1–78), (amended by Commission Regulation (EU) 2017/1084 (OJ L 156, 20.06.2017, p. 1–18 and Commission Regulation (EU) 2023/1315 (OJ L 167, 30.6.2023, p. 1–90))

protection of intellectual property of the solution developed within the project, conducting a risk analysis of the company's internal and external environment related to bringing the product or service to the market, and implementing activities that are directly necessary within the project to market the developed solution.

4. Requirements for the Beneficiary

4.1. The beneficiary must be a company registered in the Estonian Business Register.

4.2. The beneficiary must be an early-stage SME operating in the field of cybersecurity.

4.3. A company that has already received support under the current or 2023–2024 cybersecurity accelerator programme procedure is not eligible to be a beneficiary.

4.4. The beneficiary's tax and payment arrears, including interest, must not exceed 100 euros, or their payment must be deferred. In the case of deferred payment, the arrears must be settled according to the agreed schedule.

4.5. The beneficiary or a member of their administrative, management or supervisory body, a procurator or other person authorized to represent the beneficiary, make decisions on their behalf or control them, must not have been convicted of tax offenses, participation in a criminal organization, breach of duty to maintain integrity, an act of corruption, fraud, committing, inciting or facilitating a terrorist act or other crime related to terrorist activity or attempting to do so, money laundering offense or terrorist financing.

4.6. There cannot be any liquidation or bankruptcy proceedings initiated or bankruptcy orders issued with respect to the beneficiary or a person having dominant influence over them. The beneficiary's business activities cannot be suspended, and the applicant cannot be in a situation similar to the above;

4.7. The beneficiary's activities must not be directly or indirectly influenced or controlled by a state located outside the Member States of the European Union (including overseas countries and territories) and the countries of the European Economic Area (Norway, Iceland, Liechtenstein).

4.8. The program implementer has the right to specify the requirements for the applicant on its website.

5. Applying for a subsidy

5.1. Within the framework of the accelerator programme, three application rounds will be conducted.

5.2. The opening of the application round and the deadline for submission of applications is announced by the program implementer on its website.

5.3. The applicant submits an application to join the cybersecurity accelerator program and to receive a subsidy, including the project plan, by the deadlines indicated on the program implementer's website and on the required application form.

5.4. The program implementer checks the applicant's compliance with the requirements and presents the applications that meet the requirements to the evaluation committee for evaluation.

5.5. The program implementer informs applicants who do not meet the requirements of their non-compliance and of the fact that their application will not be submitted to the evaluation committee for evaluation.

6. Requirements for the application and the project

6.1. The objective of the innovative technology or service developed by the applicant during the project must be to ensure or enhance cybersecurity. Priority is given to projects focusing on cybersecurity automation, the use of artificial intelligence in ensuring cybersecurity, prevention of social engineering, tools and strategies for the transition to quantum-resistant cryptographic algorithms, or the cybersecurity of space technologies.

6.2. In the application, the applicant describes the cybersecurity solution to be developed during the project, including an overview of:

- 6.2.1. the problem being solved in the field of cybersecurity;
- 6.2.2. the necessity and area of use of the solution;
- 6.2.3. the planned goals of the project;
- 6.2.4. the time plan and action plan of the project;
- 6.2.5. the project budget and planned costs;
- 6.2.6. the applicant's preparations for launching the project, including an overview of the competence of the involved team members and the resources used by the applicant, incl. financial capacity;
- 6.3. The program implementer has the right to ask the applicant for clarifications regarding the submitted project plan and to request amendments.
- 6.4. The program implementer has the right to specify the application's requirements and application forms on its website.

7. Evaluation of applications

- 7.1. To evaluate the applications, the program implementer forms an evaluation committee of at least 5 members in cooperation with RIA.
- 7.2. The tasks of the evaluation committee are:
 - 7.2.1. making a proposal to the program implementer to finance the application, conclude a subsidy agreement and accept the entrepreneur into the accelerator program;
 - 7.2.2. making a proposal to the program implementer not to finance the application, not to conclude a subsidy agreement and not to accept the entrepreneur into the accelerator program.

8. Evaluation criteria for applications

- 8.1. The evaluation committee evaluates the applications on the basis of the following selection criteria, with percentages of the total score as follows:
 - 8.1.1. The project's impact on achieving the objectives of the programme set out in points 1.1 and 3.1, including the project's level of innovation and potential in the field of cybersecurity, and the technology readiness level of the product or service – 35% of the total score;
 - 8.1.2. The competence and capability of the team implementing the project – 30% of the total score;
 - 8.1.3. The quality of project preparation (including the realism of the expected results, justification of activities, and novelty of the solution) – 20% of the total score;
 - 8.1.4. The business idea of the project – 15% of the total score.
- 8.2. Applications are assessed individually by each member of the evaluation committee based on the selection criteria specified in clause 8.1 on a scale of zero to five points.
- 8.3. The overall grade of the application is formed from the weighted average of the grades given by the members of the evaluation committee, taking into account the grades given on the basis of the selection criteria listed in clause 8.1.
- 8.4. The applications are ranked in a preliminary ranking based on the aggregate scores of the applications, starting with the application with the highest aggregate score.
- 8.5. After forming the initial ranking, the evaluation committee holds a joint discussion, and the experts have the right to change their scores based on the discussion. During the discussion, the evaluation committee has the right to ask clarifying questions from applicants if it is necessary to clarify possible contradictions in the application. The final overall grade given to the application and the ranking of the applications will be confirmed after the evaluation committee's discussion. In the case of applications with an equal overall score, the application with a higher score regarding selection criteria specified in clause 8.1.1 will be ranked higher.
- 8.6. Based on the final ranking, the evaluation committee makes proposals specified in clauses 7.2.1 and 7.2.2 to the program implementer, taking into consideration that a proposal to finance an application, conclude a subsidy agreement and accept the entrepreneur into the accelerator

program can only be made for an applicant whose application has an average score of at least 3.2 points.

9. Approving an application

9.1. In each round, a grant agreement will be signed with the companies accepted into the accelerator programme, and up to 7 companies will be included in the accelerator programme based on the ranking approved by the evaluation committee, taking into account the threshold set out in point 8.6.

9.2. Based on the evaluation committee's proposal, the program implementer makes a decision:

9.2.1. to finance the project by concluding a subsidy agreement with the applicant and to accept the entrepreneur into the accelerator program;

9.2.2. not to conclude a subsidy agreement with the applicant and not to accept the applicant into the accelerator program.

9.3. The program implementer informs applicants of the decision specified in clauses 9.2.1 and 9.2.2. The project implementer shall provide applicants who receive a decision specified in clause 9.2.2 with information about their application's evaluation given by the evaluation committee and their ranking.

9.4. The subsidy agreement shall confirm the project plan, incl. the exact terms of participation in the accelerator program, the project implementation period, the deadlines for submitting reports, the conditions for funding and other important conditions for the use of the subsidy.

10. Eligible costs

10.1. Eligible costs must have occurred during the project implementation period and support the implementation of the activities agreed in the subsidy agreement and the achievement of the goals set in the project.

10.2. Eligible costs are:

10.2.1. Labour costs of employees participating in the project and related statutory taxes and contributions, fees paid under contracts governed by the law of obligations and taxed similarly to wages, along with applicable national taxes;

10.2.2. Costs of involving external expertise;

10.2.3. Costs of studies, analyses, and development activities purchased on market terms;

10.2.4. Costs related to the purchase, setup, and use of hardware, including:

- Setup costs necessary to bring the hardware into working condition;

- Usage costs under a rental or lease agreement;

- Costs are eligible in proportion to the actual use of the hardware within the project and during the eligibility period.

If the hardware is accounted for as tangible fixed assets in the company's accounting and is not used in the project for its entire useful life, only the depreciation costs for the period of project use will be considered eligible, calculated in accordance with the principles of good accounting practice. software costs, cost of purchasing licenses;

10.2.5. Costs of acquiring software and licences, including usage fees for the duration of the project;

10.2.6. other necessary and justified expenses to achieve the project's goals.

10.3. Value added tax is only eligible if the beneficiary is not liable for value added tax.

10.4. The costs given in clause 10.2.1 are compensated in proportion to the time worked on the project. In the event that the beneficiary involves persons working part-time on the project, the beneficiary shall provide the program implementer with declarations of their working hours. In the event that the beneficiary involves persons working full time on the project, the beneficiary

shall provide the program implementer with documentary evidence proving the workload of the respective employees.

10.5. The following expenses are not supported under the program procedure:

10.5.1. costs of acquiring real estate;

10.5.2. bank guarantee;

10.5.3. financial and banking costs;

10.5.4. holiday pay and sickness benefits;

10.5.5. expenses related to the use of a personal car and fuel;

10.5.6. expenses paid in cash;

10.5.7. other expenses that are not related to the subsidized activities or are unjustified and irrelevant to the project implementation

11. Amount of the subsidy

11.1. The maximum amount of support is up to EUR 60,000, allocated as follows:

- EUR 5,000 for individual consultations with expert group mentors;
- EUR 10,000 for activities related to market validation (including costs associated with network building, market validation, and participation in startup events/conferences);
- EUR 45,000 for other expenses related to product development and implementation (including labour costs). The beneficiary is not required to contribute, the subsidy is given with a percentage of 100%.

11.2. The subsidy is provided only to cover eligible costs. The final amount of the subsidy depends on the amount of eligible costs approved by the program implementer.

11.3. The beneficiary may not simultaneously cover the costs incurred within the project at the expense of other non-refundable subsidies granted by the state, local governments or other institutions or funds of the European Union.

12. Project implementation period

12.1. The project implementation period is the time period specified in the subsidy agreement during which the project activities start and end and the costs necessary for the project implementation are incurred. Costs are considered incurred when their invoices have been submitted and paid and the work is done, the goods are received, or the service is provided during the project implementation period.

12.2. The maximum project implementation period is 7 months.

12.3. The project implementation period begins on the date specified in the subsidy agreement and ends on the date specified in the subsidy agreement.

13. Payment of the subsidy

13.1. The subsidy is paid to the recipient in accordance with the conditions and deadlines stipulated in the subsidy agreement.

13.2. The subsidy is paid out in two parts:

13.2.1. 70% (seventy percent) of the subsidy (advance payment) will be transferred to the recipient's bank account within 14 days after signing the subsidy agreement;

13.2.2. 30% (thirty percent) of the subsidy will be transferred to the recipient's bank account after the program implementer has checked and approved the final project report and the eligibility of costs.

13.3. When certifying eligible costs, only expenses paid by bank transfer and on the basis of original accounting documents (expense documents) and documents proving the eligibility of other expenses (basic documents) are taken into account. When checking the eligibility of costs,

the program implementer has the right to ask for additional information and documents in order to find out the eligibility of the costs, if necessary.

13.4. The beneficiary will not be paid the last part of the subsidy until the final report and costs are checked for eligibility and approved, or before all the obligations regarding the use of the subsidy stipulated in the subsidy agreement have been properly fulfilled by the beneficiary.

14. Reporting

14.1. The beneficiary shall submit the final report to the program implementer no later than 2 weeks after the end of the project implementation period. The final report must contain a description of the main activities of the entire project, information on the achievement of the project's goals and results, and an overview of the costs incurred at the expense of the subsidy, together with expense documents and other documents proving the eligibility of costs.

14.2. The beneficiary shall submit an interim report to the program implementer by the deadline specified in the subsidy agreement. The interim report must contain a description of the project's main activities and information on the achievement of the project's goals and results as of the period on which the interim report is based, as well as an overview of the costs incurred at the expense of the subsidy, together with cost documents and other documents proving the eligibility of costs.

14.3. The program implementer shall check the data in the final report and evaluate the appropriateness of the use of the subsidy within 30 days from the beneficiary's submission of the final report.

14.4. The program implementer shall check the data in the interim report and evaluate the appropriateness of the use of the subsidy in accordance with the procedure stipulated in the subsidy agreement.

15. Disclosure obligations

15.1. The program implementer shall publish the names of the entrepreneurs receiving subsidies, the names of the projects, the amount of the subsidies and the dates of granting the subsidies.

15.2. The program implementer has the right to use the information related to the project to carry out communication and marketing activities of the program in industry-specific channels, incl. communication channels.

15.3. The beneficiary undertakes to provide the program implementer with information necessary for the implementation of activities specified in clause 15.2 and to cooperate with the program implementer in the communication and marketing activities of the project.

15.4. More detailed requirements related to disclosure are stipulated in the subsidy agreement.

16. Rights and obligations of the beneficiary

16.1. The beneficiary has the right to:

16.1.1. receive a subsidy in accordance with the subsidy agreement and the program procedure;

16.1.2. use the subsidy for activities and eligible costs agreed to in the subsidy agreement in accordance with the conditions stipulated in the subsidy agreement;

16.1.3. in accordance with the stipulations of the subsidy agreement, participate in the accelerator program of the program implementer during the project implementation period, incl. receiving advice from expert mentors and key mentors and participating in the training program.

16.2. The beneficiary has the obligation to:

16.2.1. use the subsidy for intended purposes to achieve the goals of the project agreed to in the subsidy agreement and for eligible costs only;

- 16.2.2. adhere to the deadlines stipulated in the program procedure and in the subsidy agreement, incl. submitting interim and final reports in accordance with the deadlines stipulated in the subsidy agreement;
- 16.2.3. inform the program implementer on the need to change project's activities, budget, and deadlines;
- 16.2.4. inform the program implementer of all circumstances that may affect the implementation of the project and the achievement of its results;
- 16.2.5. at the program implementer's request, provide information about the implementation of the project and the results achieved by the deadline specified in the request of the program implementer, incl. answering questions about the beneficiary and the implementation of the project;
- 16.2.6. avoid a conflict of interest when using the subsidy and performing subsidized activities, i.e., taking all measures to avoid situations where the impartial use of the subsidy may be jeopardized due to aspects of family, emotional, political, or national affiliation, economic interests or other direct or indirect interest;
- 16.2.7. ensure the existence of an audit trail to prove the eligibility of activities and costs;
- 16.2.8. keep all cost documents and other documents certifying the eligibility of costs for the costs incurred during the project for 10 fiscal years starting from the conclusion of the subsidy agreement;
- 16.2.9. ensure that the costs of the subsidized project and related cost and payment documents are clearly distinguishable in the accounts of the beneficiary from other costs and cost and payment documents;
- 16.2.10. contribute to the performance of audits and checks by the program implementer or third parties engaged by the program implementer, including allowing the auditing and checking employees of the program implementer or third parties access to the information and documents necessary for the audit, and to provide assistance in conducting audits and checks, including allowing access to the premises and territory of the beneficiary for audits and checks;
- 16.2.11. pay back the subsidy reclaimed by the program implementer in the specified amount and by the due date;
- 16.2.12. To refer to the origin of the funding both in speech and in writing by indicating that the project is co-financed by the European Union, and by using the European Union emblem together with the statement "Co-funded by the European Union" on all items and materials intended for the public. Additionally, the emblem of the European Cybersecurity Competence Centre (ECCC) must be used along with the statement "Supported by the European Cybersecurity Competence Centre and its members". These references and emblems must continue to be used for 3 years following participation in the programme.
- 16.2.13. fulfil other obligations arising from the subsidy agreement and the program procedure.

17. Rights and obligations of the program implementer

- 17.1. The program implementer has the right to:
 - 17.1.1. carry out audits and monitoring activities regarding the use of the subsidy;
 - 17.1.2. demand additional data and documents regarding the costs incurred within the project and the duration, activities and goals of the project agreed to in the subsidy agreement, which prove the purposeful implementation of the project and the proper fulfilment of the obligations of the beneficiary;

17.1.3. suspend the payment of the subsidy until violations are eliminated or refuse the payment of the subsidy if the beneficiary violates the conditions stipulated in the program or otherwise deviates from the provisions of the subsidy agreement;

17.1.4. withdraw the subsidy on the basis of clause 18 and the subsidy agreement;

17.1.5. demand the beneficiary to fulfil other obligations stipulated in the subsidy agreement and the program procedure.

17.2. The program implementer undertakes to keep confidential the information that has become known to the program implementer during the processing of the application, with the exception of the information specified in clause 15 of the program procedure and unless the disclosure of information is required from the program implementer under applicable law.

18. Withdrawal of the subsidy

18.1. The program implementer has the right to terminate the subsidy agreement and demand the repayment of the already received subsidy in whole or in part from the beneficiary, if:

18.1.1. the beneficiary has not used the subsidy purposefully or in accordance with the provisions of the subsidy agreement;

18.1.2. as a result of the payment of the subsidy, the permissible limit of the beneficiary's *de minimis* aid is exceeded;

18.1.3. the beneficiary submits intentional misinformation to the program implementer, incl. concealing of the actual content and / or purpose of the purchased goods or services or crew member contract from the program implementer;

18.1.4. the beneficiary has violated the rules of sustainable and expedient use of the subsidy, i.e., in case of deliberate division of procurement into parts or failure to receive three comparable tenders in a situation where it should be done or in case of apparent acceptance of tenders, incl. accepting tenders from two or more related companies or acting in a situation of conflict of interest;

18.1.5. in case of doubt, the beneficiary is unable to provide documentary evidence for taking comparable tenders specified in clause 18.1.4 or selecting the most economically advantageous tender, or the beneficiary has established unreasonably discriminatory selection criteria for choosing the best tenderer;

18.1.6. the beneficiary does not provide the program implementer with documentary evidence proving that eligible costs have incurred, or prevents the program implementer from conducting an audit or otherwise prevents the inspection of the intended use of the subsidy, including failing to properly submit the project's interim and/or final report;

18.1.7. the beneficiary requests payment of the subsidy to cover costs incurred after the end of the project implementation period.

18.2. The recovered part of the subsidy must be returned to the program implementer within 14 days of receiving the corresponding notification. In case of delay in return, the program implementer has the right to demand a default interest at a rate specified in the subsidy agreement.

19. Program procedure's entry into force

19.1. This program procedure is applied retroactively from 01.04.2025.

The original version of the Program procedure is construed in Estonian. In case of discrepancies between the Estonian and English versions, the Estonian version will prevail.