



Innovation and Technology Commission

Guide to Filling in the Application Form for “Public Sector Trial Scheme for the Prevention and Control of Coronavirus Disease 2019 (COVID-19) in Hong Kong”

This Guide provides details on preparing funding applications for the “Public Sector Trial Scheme for the Prevention and Control of Coronavirus Disease 2019 (COVID-19) in Hong Kong” (PSTS-COVID-19).

2. Unless stated otherwise in this Guide, applicants should follow the general rules set out in this Guide, and supplementary information and guidelines issued by the Innovation and Technology Commission (ITC) from time to time. Please check the website of the Innovation and Technology Fund (ITF) (www.itf.gov.hk) for any latest update before submission.

3. Applications are open from 9 March 2020 to 10 April 2020.

4. If you have any question on this Guide and the application form, please contact

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PSTS-COVID-19 Secretariat
Innovation and Technology Commission
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General

Objective

To tackle the public health crisis caused by the COVID-19, we launch this special PSTS-COVID-19 to support product development or application of technologies for trial in combatting the epidemic in Hong Kong. The scheme covers production of prototypes/samples **and/or** conducting of trials in the local public sector involving R&D outcomes which are ready immediately for trial to help combat the COVID-19 epidemic in Hong Kong.

Eligibility

2. The applicant should be –
 - (a) an **R&D Centre** (i.e. the Automotive Platforms and Application Systems R&D Centre; Hong Kong Research Institute of Textiles and Apparel; Hong Kong Applied Science and Technology Research Institute, designated as the R&D Centre for Information and Communications Technologies; Logistics and Supply Chain MultiTech R&D Centre; and Nano and Advanced Materials Institute);
 - (b) a **designated local public research institute** (i.e. local universities (including all University Grants Committee (UGC)-funded institutions), self-financing degree-awarding institutions registered under the Post-Secondary Colleges Ordinance (Cap. 320), the Hong Kong Productivity Council, the Vocational Training Council, the Clothing Industry Training Authority and the Hong Kong Institute of Biotechnology; or
 - (c) a **technology company** incorporated in Hong Kong under the Companies Ordinance (Cap. 622) or registered in Hong Kong under the Business Registration Ordinance (Cap. 310) which is conducting R&D activities (see definition in paragraphs 5-6 below) in Hong Kong. The technology company must not be a government subvented organisation or a subsidiary of any government subvented organisation¹.

¹ A government subvented organisation means an organisation that receives grant from the government on a recurrent basis. The grant contributes towards the organisation's operational expenses, in exchange of its service to the public. The recurrent grant may account for the bulk of the organisation's income or may just be a token contribution/sponsorship forming a small percentage of the organisation's total income.

ITC reserves at all times the right to determine whether an entity is eligible to apply for funding under PSTS-COVID-19.

3. The R&D outcomes for trial need to be owned by the applicant and developed by the applicant primarily in Hong Kong. They must be immediately ready for trial to help combat the COVID-19 epidemic in Hong Kong, including those relating to detection/diagnosis/surveillance of the virus/disease, reduction of the risk of infection and spread of the virus, etc. The production of prototypes/samples and/or conducting of trials under the PSTS-COVID-19 (the project) should aim to facilitate the development of new products not already available in the market, and should employ R&D results/deliverables owned and developed by the applicant itself.

4. The applicant is required to nominate the public sector organisation(s) which it considers suitable for participating in the trial project concerned. ITC will forward the application form and relevant supporting documents to the nominated party(ies) for consideration as to whether it(they) would be willing to participate in the trial project and the post-project user's evaluation to be arranged by the applicant. As and when necessary, the applicant should communicate directly with the nominated organisation(s) to provide additional information/explanation. The participating public sector organisation(s) should note that ITC holds no responsibility with the prototypes/samples to be produced and/or the trials to be conducted by the applicant, and that ITC is not involved in the implementation and administration of the original R&D project.

5. For the purpose of the PSTS-COVID-19 where the applicant is a technology company, an R&D activity is –

- (a) an activity in the fields of natural or applied science to extend knowledge;
- (b) an original and planned investigation carried on with the prospect of gaining new scientific or technical knowledge and understanding; or
- (c) the application of research findings or other knowledge to a plan or design for producing or introducing new or substantially improved materials, devices, products, processes, systems or services before they are commercially produced or used.

6. In general, an R&D activity takes place when a project seeks to achieve an advance in science or technology. Any activity which does not directly contribute to

achieving this advance in science or technology through the resolution of scientific or technological uncertainty is not an R&D activity. The following activities are NOT considered to be R&D activities for the purpose of the PSTS-COVID-19 -

- (a) any efficiency survey, feasibility study, management study, market research or sales promotion;
- (b) the application of any publicly available research findings or other knowledge to a plan or design, with an anticipated outcome and without any scientific or technological uncertainty;
- (c) an activity that does not seek to directly contribute to achieving an advance in science or technology by resolving scientific or technological uncertainty;
- (d) any work to develop the non-scientific or non-technological aspect of a new or substantially improved material, device, product, process, system or service;
- (e) quality control;
- (f) routine testing of materials, devices, products, processes, systems or services;
- (g) routine data collection;
- (h) routine, cosmetic or stylistic modifications or changes to materials, devices, products, processes, systems or services;
- (i) market survey for the purpose of ascertaining the needs of customers where no systematic, investigative or experimental activity is involved; and
- (j) production and distribution of goods and services.

The list above is by no means exhaustive.

Funding Support

7. The maximum ITF grant would be \$2,000,000 for each application. Exceptional approval for a higher funding ceiling may be granted if fully justified. There will be an initial payment of 25% of the approved project funding upon project commencement. In general, the remaining funding amount will be disbursed to the applicant after project completion. The applicant may apply for partial disbursement of the approved project funding 6 months after project commencement in accordance with the actual progress of the project. An applicant applying for interim funding disbursement is required to submit a mid-term progress report for the trial project to the

ITC for consideration. Interim funding will only be disbursed if the ITC is satisfied with the progress of the trial project. The applicant should ensure that the funding approved under the PSTS-COVID-19 will be used strictly for the project concerned. Otherwise, prior approval by ITC would be required.

8. Local public sector under this scheme refers to Government bureaux and departments, local statutory bodies and/or HKSAR Government-subsidised non-governmental bodies in the welfare sector.

9. The project in general cannot be conducted outside Hong Kong. The applicant is required to provide justifications to demonstrate the needs or the reasons if part of the project is to be conducted outside Hong Kong for ITC's consideration and approval. The cost so incurred (i.e. expenditure incurred in the trials and the cost of the relevant prototypes/samples used outside Hong Kong) should not exceed 50% of the funding approved by ITC under this scheme for the trial project.

10. The production of prototypes/samples and the conducting of trials should not have received and will not receive subsidy from any other Hong Kong public funding.

Submission of Applications

11. Please complete and submit the application form by email (specialpsts@itc.gov.hk) to the PSTS-COVID-19 Secretariat. In case of difficulties, please contact the PSTS-COVID-19 Secretariat.

12. Applicants are required to provide all necessary information with the consent of relevant parties concerned, including supporting organisations involved (e.g. universities, individual companies, etc.).

13. ITC reserves the right to seek additional information where necessary. If the applicant fails to respond/submit the revised project proposal and/or clarifications, information and documents requested by the ITC as appropriate within 2 weeks, the application will be considered as withdrawn with immediate effect.

14. The ITC will consider the application and the applicant will be notified of the result of its application in writing. Withdrawal of an application should be made by the applicant in writing to the PSTS-COVID-19 Secretariat as soon as possible and in any case before the project agreement is signed.

Insurance and Indemnity

15. If the project involves using background intellectual property (IP) of a third party, the applicant should indicate in the application form whether the consent/ licence for use of such IP has been obtained. The applicant shall indemnify and keep indemnified the Government (similar to the requirement for other ITF projects) from and against any claims, actions, loss, investigations, demands and all liabilities from carrying out the PSTS-COVID-19 project and the use and retention of any materials deployed in the project. This includes the procurement of necessary insurance policies by the applicant or any other measures which the applicant considers appropriate.

16. ITC holds no responsibility with the prototypes/samples to be produced and/or the trials to be conducted by the applicant, and that ITC is not involved in the implementation and administration of the original R&D project. The applicant should ensure that the scope of the project is within the ambit of the PSTS-COVID-19 and the implementation is in compliance with the relevant requirements in this Guide.

Part A The Applicant

Upon funding approval, the applicant will enter into a project agreement with the Government and is required to comply with the terms and conditions therein, including monitoring the project progress and expenditure, submission of report and audited accounts, etc. Applicants are responsible for drawing up and entering into separate agreements with other concerned parties involved as deemed necessary.

2. The Project Co-ordinator shall:

- (a) oversee the carrying out of the project and ensure that all the terms and conditions of the project agreement and all the requirements relating to the project as may from time to time be prescribed by the Commissioner for Innovation and Technology (CIT) in writing are complied with;
- (b) monitor the prudent, efficient and proper use of the project funding to ensure that the project funding is expended in accordance with the budget of the project proposal as approved by ITC;
- (c) exercise economy in the use of the project funding and ensure that the project funding is spent in the most cost-effective manner;
- (d) liaise with ITC on matters relating to the project; and
- (e) attend monitoring visit(s) of the project as may be convened by ITC from time to time.

3. Within a period of 2 months after project completion, the applicant is required to submit an evaluation report on how the project facilitates the realisation and commercialisation of the R&D results, in particular the wider benefits to the community to be brought about by putting the R&D results into application in terms of combatting the COVID-19 epidemic in Hong Kong, using a proforma provided by ITC.

4. The applicant shall observe the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and shall advise its employees, sub-contractors, agents and other personnel who are in any way involved in the project that they are not allowed to offer to or solicit or accept from any person any money, gifts or advantages as defined in the Prevention of Bribery Ordinance in the conduct of or in relation to the project.

I. Purpose

The applicant must provide details of the R&D outcomes, the proposed trial plan, how the production of prototypes/samples and/or conducting of trials can enhance the prospects for the R&D results to be applied (e.g. enhancing the chance of adoption in the public sector, technology transfer to industry or product development), and the wider benefits to the community to be brought about by putting the R&D results into application in terms of combatting the COVID-19 epidemic in Hong Kong. **The R&D outcomes for trial must be owned by the applicant and developed by the applicant primarily in Hong Kong.**

2. The applicant should explain the follow-up on the trial results (e.g. how to make use of the trial results/report from public sector users to promote commercialisation of the R&D results for anti-epidemic purposes, further R&D collaboration, etc.).
3. During the project period, the prototypes/samples produced or equipment purchased for conducting the trials (hereafter collectively known as “materials for trials”) should not be used other than for the original purposes as approved by ITC. In any case where proceeds are generated from the materials for trials (regardless whether they have been used or not) during the project period, the applicant should inform ITC as soon as possible and return the proceeds to the Government.
4. As regards the disposal of materials for trials after project completion, the applicant must set out in the application form the proposed disposal arrangement. Generally speaking, they should be used and retained by the participating public sector organisation(s). The use and retention of the materials for trials by the applicant within two years after project completion are subject to the rules set out in paragraph 5 below.
5. For an applicant intending to retain and use the materials for trials within two years after project completion, it should explain in its application to ITC how, where and for what purposes such materials will be used or retained. It should also provide justifications for retaining and using the materials for trials (e.g. why is this the best way to help commercialise such a technology or R&D result or to bring the best benefit to

the community at large, and set out the relevant arrangement to keep the equipment in safe custody for the said purpose, etc.), together with the documentary proof of consent of the participating public sector organisation(s) once available. Where necessary, ITC reserves the right to require the applicant to transfer any prototypes/samples to a designated party (e.g. a public sector organisation) after project completion.

6. All proceeds obtained by an applicant from the use or disposal of materials for trials within two years after project completion ought to be returned to the Government. It remains the responsibility of the applicant to report to ITC, as soon as possible, any proceeds so received or any deviation from the originally proposed disposal arrangement regarding the materials for trials. ITC reserves the right to seek information from the applicant to confirm the actual disposal of the materials for trials.

7. The project should in general be completed within 12 months. Priority would be given to those projects that can be completed within a shorter time frame in order to bring anti-epidemic benefits to the community in the near future.

II. Budget

Project Expenditure

The total project cost is the sum of all estimated expenditure to be incurred during the project period.

2. Unless otherwise agreed by ITC, the project funding could only cover costs incurred exclusively for the production of prototypes/samples (including the cost to customise the project deliverables) and conducting of trials. Internal administrative charges and overheads (except insurance costs) incurred by the applicant, the organisation(s) in which the trials are conducted or any other parties are not allowed.

3. As a general rule, manpower costs related to the project should not exceed 50% of the total project cost. Project funding could not cover the emolument to the existing staff of an organisation/a company participating in/undertaking the project unless ITC's prior consent has been obtained.

4. For projects undertaken by R&D Centres and designated local public research institutes, administrative overheads up to 15% of the ITF funding requested (i.e. net of overheads) can be included in the project budget.
5. The maximum funding support allowed for a final audited accounts of a project costing less than \$1 million, between \$1 million and \$5 million and more than \$5 million should not be more than \$8,000, \$14,000 and \$20,000 respectively.
6. Project funding **cannot** be used to cover costs like –
 - (a) building facilities (including office, laboratory, accommodation) – rates, rental, renovation, and operation, repair and maintenance expenses;
 - (b) costs of setting up office or forming association/consortium;
 - (c) utilities – charges for electricity, gas, water, telephone and fax;
 - (d) transport – shuttle bus services and home to workplace travelling expenses;
 - (e) general administration and office expenses;
 - (f) staff-related costs – provident fund handling charges, staff training and development costs and staff facilities;
 - (g) entertainment expenses, and any prizes, either in the form of cash or other types of souvenirs;
 - (h) advertisement (except for disseminating project deliverables, or staff recruitment);
 - (i) organisation of trade missions and participation fees at study/trade missions for individuals/companies; and
 - (j) capital financing expenses (e.g. mortgage and interest on loans/overdrafts).
7. The list of unallowable cost items set out above is NOT exhaustive. The applicant should consult the PSTS-COVID-19 Secretariat if it has any doubts about whether an item could be funded under PSTS-COVID-19.

8. Applicants are encouraged to use their own money to make extra samples to be given to their own potential clients for trial to enhance the chance of commercialisation.

Fund Disbursement

9. There will be an initial payment of 25% of the approved project funding upon project commencement.

10. An applicant may apply for partial funding disbursement 6 months after the project commencement in accordance with the actual progress of the trial project. For this purpose, the applicant is required to submit a mid-term progress report for the trial project to the ITC for consideration. Interim disbursement will only be approved if the ITC is satisfied with the progress of the trial project.

11. Within two months after completion of the project, the applicant should submit the following documents to ITC for disbursement of the remaining approved project funding:

- (a) an application for disbursement of the remaining approved project funding;
- (b) a project evaluation report; and
- (c) an audited accounts for the project from an independent auditor.

III. Key Details

Production of Prototypes/Samples

The applicant should set out the basis for determining the amount of prototypes or samples, source of procurement/production (including quotation where applicable) and the cost involved. Generally speaking, the applicant should ensure that all procurement of goods and services is carried out in an unbiased and fair manner and must comply with the following procedures and relevant ITF guidelines in handling procurement of goods/services. Any deviations should be fully justified and would require prior approval from ITC.

Aggregated value of each procurement (HKD)	Requirement
\$50,000 and below	Written quotations from at least two suppliers
Above \$50,000 to \$1,400,000	Written quotations from at least five suppliers
Above \$1,400,000	Open tender

2. The applicant should make reference to the guidelines of the Independent Commission Against Corruption (ICAC)² and Competition Commission (CC)³ in preparing the quotation/tender invitation document. In particular, the applicant should

² The ICAC has published a booklet "Strengthening Integrity and Accountability – Government Funding Schemes Grantee's Guidebook" providing applicants with a practical set of guidelines in utilising the funds, including sample probity clauses and anti-collusion clauses. Softcopy of the Guidebook is available on ICAC's website (http://www.icac.org.hk/filemanager/en/Content_1031/GranteeBPC.pdf). Applicants are advised to make reference to the best practices in the Guidebook in utilizing government funds and contact the Corruption Prevention Advisory Service of ICAC (Tel: 2526 6363) for any questions concerning the Guidebook or if they need any corruption prevention advice.

³ The CC has published the "Getting the most from your tender" brochure providing enterprises with a practical set of guidelines in ensuring an open and effective tendering process by preventing and detecting possible bid-rigging cartels. Softcopy of the brochure is available on CC's website (https://www.compcomm.hk/en/media/reports_publications/files/Competition%20Com_E_PamphletPart%202.pdf). Applicants are advised to contact the CC (Tel: 3462 2118) for any questions concerning the brochure. CC has also published model non-collusion clauses and model non-collusive tendering certificate for reference, which are available at https://www.compcomm.hk/en/media/press/files/Model_Non_Collusion_Clauses_and_Non_Collusive_Tendering_Certificate_Eng.pdf

(i) ensure that a probity clause, an anti-collusion and anti-bid-rigging clause are included in the quotation/tender invitation document; and (ii) request each bidder/tenderer to sign a probity and non-collusive quotation/tending certificate as part of their quotation or tender submission to the applicant.

3. The applicant should not engage a service provider/supplier the owners, shareholders or management of which are the owners, shareholders or management of the applicant or their relatives. In addition, service providers/suppliers may not provide loans to applicants for carrying out PSTS-COVID-19 projects. The applicant or any person/ staff authorised by the applicant to handle the procurement exercises should also be required to declare that they have no conflict of interest, or otherwise should not participate in the procurement process. The applicant is required to report cases of conflict of interest, including actions taken, to ITC in writing.

4. In the selection of service providers/suppliers, the applicant should take into account the company's technical capability and track record in similar projects. Upon request of ITC, the applicant shall provide full justifications for shortlisted or selected service providers/suppliers, including but not limited to company profile, year founded, number of staff, core business, area of specialty and job references. ITC reserves the right to eliminate any service providers/suppliers and request the applicant to conduct the procurement exercise again should there be any doubts regarding their technical capability and/or track record in similar projects or if ITC considers that the procurement for any goods or services is not carried out in an open, fair and competitive manner.

5. In case the applicant needs to procure goods or services from one company/organisation/individual without a competitive process, it can provide details, justifications and its relationship with the company/organisation/individual in the application form for ITC's prior approval.

Conducting and Location of Trials

6. Where trials will be conducted, applicants should work out, in consultation with the public sector organisation(s), the location of trials to be conducted, timeframe, milestones and expected results, etc.

7. In order to evaluate the project progress, monitoring visit(s) to the applicant would be arranged by ITC on a need basis.

Changes to Approved Project

8. An approved project is required to be carried out strictly in accordance with the final proposal appended to the project agreement. Any modification, amendment or addition to the project, including change of the project commencement or completion date⁴, project coordinator, key equipment, scope, methodology or budget, will require prior approval by ITC. The project coordinator should inform ITC well in advance by submitting a change request in writing.

9. Where the cumulative deviation of expenditure for a category does not exceed 30% of the original approved budget and does not result in any increase in the total approved project cost and the total amount of ITF grant approved, prior approval from ITC is not required. However, any virement as a result and the underlying reasons should be reported in the project evaluation report. If the deviation exceeds 30% of the original approved budget, prior approval from ITC is required and such request should be made in writing.

⁴ The commencement and completion dates are specified in the project agreement.

Part C Assessment

The applicant should comply with this funding guide in preparing funding applications for PSTS-COVID-19. All information and supporting documents provided by the applicant will be considered in assessing an application. Upon receipt of an application, ITC will check the applicant's eligibility. Ineligible applications will not be further processed and will be returned to the applicant. ITC may seek clarification or supplementary document/information from the applicant if necessary.

2. Subject to the receipt of all required information and supporting documents, the ITC will conduct assessment on the application. The applicant may be required to provide clarifications or supplementary information and if the applicant fails to respond/submit the revised project proposal as appropriate within 2 weeks, the application will be considered as withdrawn with immediate effect. ITC reserves at all times the right to determine whether an application is approved under PSTS-COVID-19 at its sole discretion.

3. All applications would be vetted based on their individual merits. The major vetting criteria for PSTS-COVID-19 applications include but are not limited to the following –

- (a) the anti-epidemic relevance and the innovation and technology elements of the R&D outcomes for trial;
- (b) the readiness of the R&D outcomes for trial, which must be owned by the applicant and developed by the applicant primarily in Hong Kong;
- (c) the proposed trial plan, whether it can enhance the chance of realisation/commercialisation of the R&D outcomes, the proposed follow-up actions on trial results, and whether the application of R&D outcomes can bring wider benefits to the community in terms of combatting the COVID-19 epidemic in Hong Kong;
- (d) if the applicant is a technology company, the technical and management capabilities and business background of the applicant company, including any adverse record of the applicant company in previous ITF project(s);
- (e) the support of the public sector organisation(s) participating in the project;
- (f) the plan for the disposal of materials for trials; and
- (g) the project should have a reasonable budget with itemised cost breakdown and detailed justifications of costs and expenses.