



## **Innovation and Technology Commission**

### **Innovation and Technology Fund Partnership Research Programme Guide to Filling in the Application Form**

This Guide explains how to complete the application form for the Partnership Research Programme (PRP) under the Innovation and Technology Fund (ITF).

2. Details of the ITF and the PRP are available at <http://www.itf.gov.hk>. In addition to the information in this Guide and the application form, the Innovation and Technology Commission (ITC) may issue supplementary information and guidelines from time to time. Please check the above website to see if there is any update before submission.

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

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ITF Secretariat  
Innovation and Technology Commission  
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## **General**

1. Sample of a completed application form is at [Appendix I](#).
2. The PRP provides funding support for collaborative applied research and development (R&D) projects undertaken by an R&D Centre<sup>1</sup> or a designated local public research institute<sup>2</sup> (i.e. the lead applicant) in partnership with a company (i.e. the industry co-applicant). Please use PRP Form 1.1 when completing the application.
3. The industry co-applicant should contribute, in the form of industry sponsorship (excluding other sources of financial contribution), at least 50% of the total project cost within the project period. For projects undertaken by an R&D Centre, exceptional approval needs to be sought from ITC if the contribution from the industry co-applicant amounts to at least 30% but less than 50% of the total project cost.
4. The industry co-applicant should generally not be owned more than 50% by the lead applicant except for project where the lead applicant is a local university. Also, the directors/shareholders/management team members/staff of the industry co-applicant should neither be employed as the project team members nor serve as the project steering committee members representing the lead applicant.
5. The intellectual property (IP) rights generated may be owned by the industry co-applicant if it has contributed, in the form of industry sponsorship (excluding other sources of financial contribution), at least 50% of the total project cost within the project period. The IP rights should be vested with the lead applicant otherwise. As regards IP benefit sharing and related arrangements, it will be subject to negotiation among the parties concerned and must be agreed before the commencement of the project and set out in the project agreement.

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<sup>1</sup> R&D Centres refer to –

- (a) Automotive Platforms and Application Systems R&D Centre ([www.apas.hk](http://www.apas.hk));
- (b) Hong Kong Research Institute of Textiles and Apparel ([www.hkrita.com](http://www.hkrita.com));
- (c) Hong Kong Applied Science and Technology Research Institute, designated as the R&D Centre for Information and Communications Technologies ([www.astri.org](http://www.astri.org));
- (d) Logistics and Supply Chain MultiTech R&D Centre ([www.lscm.hk](http://www.lscm.hk)); and
- (e) Nano and Advanced Materials Institute ([www.nami.org.hk](http://www.nami.org.hk)).

<sup>2</sup> Designated local public research institute refers to 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.

6. Where the ITF funding for a project exceeds HK\$50 million, approval from the Finance Committee of the Legislative Council is required.
7. Applications must be submitted to the ITF Secretariat electronically through the Innovation and Technology Commission Funding Administrative System (<https://itcfas.itf.gov.hk/>).
8. ITC reserves the right to require the lead applicant to produce the originals of the supporting documents for verification and seek additional information where necessary. Unless on request of the ITF Secretariat, supplementary information provided after submission of application will NOT be accepted and will NOT form part of the application. Supplementary information which is not specifically referred to in the application form will NOT be considered and will NOT form part of the application.
9. Upon receipt of an application, the ITF Secretariat will conduct a preliminary screening. Where necessary, individual application may be subject to external review. Where the application is recommended for funding support, the lead applicant may be required to provide clarifications or supplementary information. If the lead applicant fails to respond/submit the revised project proposal as appropriate within 3 months, the proposal will be considered to be withdrawn with immediate effect.
10. The lead applicant will be notified of the result of its application in writing. Withdrawal of an application should be made by the lead applicant in writing to the ITF Secretariat before the project agreement is signed.

## ***Part A The Applicant***

### **I. Information on Lead Applicant**

1. The lead applicant must be an organisation and be either -
  - (a) an R&D Centre<sup>1</sup>; or
  - (b) a designated local public research institute<sup>2</sup>.
2. The lead applicant should obtain prior consent of parties concerned if they are referred to in the application form.
3. Where an application is successful, the lead applicant and industry co-applicant will enter into a project agreement with the Government and is required to comply with the terms and conditions therein, including monitoring project progress and expenditure, submission of reports and audited accounts, etc.

### **II. Information on Industry Co-Applicant**

1. The industry co-applicant can be either –
  - (a) a company incorporated in Hong Kong under the Companies Ordinance (Cap. 622) and unless the lead applicant is a local university, should generally not be owned more than 50% by the lead applicant; or
  - (b) an industry support organisation, a trade and industry association or professional body which has the legal capacity to enter into contracts.
2. In general, the industry co-applicant should be the user of the deliverables.

### **III. Information on Supporting Party(ies)**

1. There is no limit on the number of supporting parties. It is necessary that supporting documents are enclosed in the application with the company/organisation chop(s).

## ***Part B The Project***

### **I. Key Project Details**

#### ***(A) Total Project Cost***

1. The total project cost is the sum of all estimated expenditure to be incurred (including items to be covered by in-kind contribution, if any) and the administrative overheads as appropriate. Applicants are required to provide details of the project cost items under the 'Financial Considerations' section in Part C of the application form.

#### ***(B) Payment Schedule***

1. The industry co-applicant should contribute, in the form of industry sponsorship (excluding other sources of financial contribution), at least 50% of the total project cost (or at least 30% but less than 50% in the case of R&D Centre projects with exceptional approval from ITC) within the project period. The ITF funding is released on a matching basis, i.e. the contribution from the industry co-applicant should be made first and the disbursement from ITF will follow.
2. ITF funding will normally be disbursed on an annual basis, subject to satisfactory project progress against agreed milestones and due payment of the industry sponsorship and other sources of financial contribution.

#### ***(C) Schedule of the Project Period***

1. The duration of the project period should not exceed 36 months in general. There is however no minimum time requirement.

#### ***(D) Industry Sponsorship and Other Sources of Financial Contribution***

1. Industry sponsorship refers to sponsorship from the industry co-applicant. The directors/shareholders/management team members/staff of the industry co-applicant should neither be employed as the project team members nor serve as the project steering committee members representing the lead applicant.

Moreover, to avoid conflict of interests, the industry co-applicant should not be the equipment/service suppliers of the project.

2. Other sources of financial contribution refer to contribution to the project obtained from various parties, including contribution in cash or in-kind from the lead applicant and supporting parties, e.g. charitable organisations, individuals, etc. It can also include personal contribution by project team members. They shall exclude industry sponsorship as mentioned above and project income.
3. Total financial contribution refers to the summation of industry sponsorship and other sources of financial contribution.
4. Industry sponsorship and other sources of financial contribution can either be in cash or in-kind or a combination of both. In-kind sponsorship/contribution should only be in the form of equipment or consumables and would only be accepted if:
  - (a) the in-kind sponsorship/contribution is essential to the project and is contributed specifically for the project; and
  - (b) documentary proof of the value of sponsorship/contribution has been provided to facilitate a fair assessment of the value of contribution, e.g. details of the valuation for new and used equipment and consumables. In general, the lead applicant should provide two independent quotations for each item of in-kind sponsorship/contribution. Under special circumstances such as the sponsor/contributor being the sole supplier of the item or the item is unique in terms of IP ownership or technology, in which case there is genuine difficulties in obtaining a second independent quotation, other form of documentary evidence from the sponsor/contributor may be accepted.

Manpower contribution from the industry co-applicant will be counted as other sources of financial contribution but not industry sponsorship.

**(E) Related Information**

1. The provision of information on previous research work done (including ITF-funded projects and earlier applications for funding support from sources other than ITF) is to enable ITC to have a comprehensive understanding of the project proposal, especially where the relevant work was funded by UGC/Research Grants Council (RGC) (e.g. Areas of Excellence Scheme, Theme-based Research Scheme and Collaborative Research Fund, etc.).

## **II. Brief Description of Project Proposal**

### **(A) Location of R&D Work**

1. The majority of the R&D work under a PRP project should be conducted within the territory of Hong Kong. However, given the close ties between Hong Kong and the Mainland, up to 50% of the R&D work of the project can be conducted (and relevant expenditure incurred) in the Mainland.
2. Where certain R&D tasks need to be conducted outside Hong Kong (other than the Mainland), prior approval from ITC must be sought with justifications (e.g. countries/provinces/cities/overseas research institutes which have entered into technology collaboration agreements/Memorandum of Understanding with the Government or local universities/R&D Centres).

### **(B) Project Milestones**

1. The project will be monitored against the agreed project milestones. The lead applicant is required to submit progress report(s)/final report until project completion.

## ***Part C Assessments***

1. The assessment framework comprises 7 components. Their weightings are as follows -
  - (a) Innovation and Technology Component (20%);
  - (b) Technical Capability (20%);
  - (c) Financial Considerations (16%);
  - (d) Existence of a Holistic Plan to Realisation/Commercialisation (16%);
  - (e) Relevance with Government Policies or in Overall Interest of the Community (12%);
  - (f) IP Rights and Benefit Sharing (8%); and
  - (g) Management Capability (8%).
2. In general, the framework aims to achieve the following -
  - (a) encouraging and selecting projects with greater prospect of realisation/commercialisation;
  - (b) facilitating the trial of R&D outcomes (especially in the public sector), so that researchers and industry can gain actual experience to fine-tune the outcomes, build up 'reference' for subsequent marketing, and bring about wider economic and social benefits to the community;
  - (c) motivating the private sector to invest more in R&D activities in Hong Kong; and
  - (d) enhancing cooperation among Government, industry, academia and research institutes (官產學研).



3. The scope of funding of ITF also covers downstream activities, including development engineering/system integration, large scale process optimisation, compliance testing and clinical trials, licensing of third-party IP and industrial design, etc. In assessing such projects, the following considerations will also be taken into account -
- (a) Reasonableness – downstream activities should be justified based on their individual merits, including innovation and technology content and/or potential impact to the community. Mass production activities would generally not be supported;
  - (b) Proportionality – the project is expected to comprise a balanced mix of midstream and downstream R&D activities; and
  - (c) Relevance – the project activities should be relevant to the industry or its potential market and/or bring upon positive impact to the community and supported by detailed plans for realisation and commercialisation.

## **I. Innovation and Technology Component**

1. The ITF is set up to finance primarily applied R&D projects that contribute to innovation or technology upgrading in industry. The innovation and technology component is hence crucial. The project should focus primarily on deliverables having a reasonable chance for application in due course.
2. Upstream or theoretical research will not be accorded priority since it is primarily within the ambit of RGC funding. However, if funding by the RGC has taken a project from the stage of foundation research to the stage of applied research, for instance in the Areas of Excellence Scheme, consideration may be given for further funding under the ITF. This will provide continued support to the R&D activity as well as establishing better interface between the two key funding sources. The lead applicant should provide supporting documents from the UGC/RGC Secretariat as appropriate.

### **(A) Nature of the project**

1. On whether a project will give rise to new technologies or projects, consideration will be given in the overall sense if the R&D can bring benefits to Hong Kong.
2. On whether a project will enhance the quality of existing products (e.g. capacity, reliability, speed, etc.), the lead applicant should set out the type and extent of such improvements.
3. On whether a project will render production or application cost more competitive, the lead applicant should explain the basis of such improvements and provide an estimate on the percentage in terms of cost savings.

## **II. Technical Capability**

### **(A) Viability and quality of technical proposal**

1. The viability of the technical proposal refers to whether, at the current point in time, the technical proposal is reasonably achievable.
2. While the majority of R&D work under a PRP project should be done locally, there will be some flexibility and it is acceptable that the R&D team obtains a reasonable proportion of component(s) of technology/product through collaboration with non-local universities or research institutions, or contracts out certain component(s) of the research work. It is imperative on the lead applicant and the project coordinator to ensure that all necessary IP licensing and authorisation arrangements are in order before the relevant external IPs are used in their R&D work. Whilst there is no need to ‘re-invent the wheel’, one must consider the nature and extent of any proposed technical improvement and whether such improvement merits IP protection.
3. In assessing the quality of the funding application, factors such as technical approach to the problem, accuracy of technical data, reasonableness of assumptions, etc. will be considered.
4. If the project will involve clinical study, the applicant should submit appropriate clinical study approval document(s) issued by relevant authority(ies) together with the application form, including “Certificate for Clinical Trial/Medicinal Test” for conducting clinical trial of pharmaceutical products in Hong Kong; or appropriate document(s) to prove that prior approval by the relevant authority(ies) is not required to conduct the proposed clinical research.

### **(B) Competence of technical team**

1. This refers to the technical ability of the project coordinator and the research team to deliver the proposed project fully (e.g. background and experience of the research team and feasibility of the R&D work plan).
2. In assessing the research team, apart from studying the qualifications and experience of individual members, ITC will consider whether the overall size of the team, the mix of staff at various levels, role of key members/involving parties in implementing the project, etc. are appropriate. Proven track record in applied R&D work will be favourably considered.

3. The lead applicant is welcome to provide all relevant information (including that of the industry co-applicant) to support the application, e.g. industry and academic awards won in the past, endorsement of outstanding experts in the field, etc.

### III. Financial Considerations

The lead applicant should ensure that all the necessary financial information has been provided in this section and the basis of calculation is reasonable.

#### (A) Project Expenditure

1. The lead applicant should provide a breakdown of the estimated project expenditure to be incurred during the project period.

##### (a) Manpower

- (i) Project funding can generally be used to cover the salary of project staff, including employer's mandatory contribution to the Mandatory Provident Fund (MPF), contract gratuities, annual salary adjustment (excluding increments and promotion) and general fringe benefits (e.g. medical) in accordance with the established mechanism of the relevant R&D Centres and designated local public research institutes.
- (ii) Except for (iii) below, ITF in general will not fund the emolument to a person who is on the payroll of the lead applicant or the industry co-applicant unless this is a deployment absolutely necessary and essential for the project and ITC's prior approval has been obtained. This principle should apply irrespective of whether the relevant service/work is carried out within or outside normal working hours of the person concerned.
- (iii) In order to assist local universities and industry to conduct projects in the natural science or engineering fields that respond to industrial needs and with good development potential in the longer term, funding can be provided to engage a distinguished university researcher as the chairholder<sup>3</sup> to lead a particular project for a finite duration. Salary of the chairholder is allowed to be charged under manpower expenditure. The chairholder is expected to accept a light teaching load and devote no less than 90% of his/her working time to conduct the R&D work of the project during the project period.

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<sup>3</sup> The salary of the chairholder should generally not be more than his/her current salary.

- (iv) Funding for studentship will also be provided for the industry co-applicant to engage graduate students to undertake research on a specific issue. The student researcher(s) must have already registered for a higher degree in a local university and the university will provide teaching guidance for the student(s) in handling the project. The maximum contribution from the ITF to the monthly studentship for each graduate student amounts to \$7,500.
- (v) The lead applicant is required to seek prior consent from ITC for any change in key project staff, e.g. the project coordinator.

(b) Equipment

- (i) The applicants should critically examine how the equipment required for the project can be obtained in the most economical manner -
  - the applicants should first make use of existing equipment;
  - the applicants should proceed to rent if it is more economical than to purchase; or
  - new equipment can be procured if it is genuinely necessary, but the applicants should supply information on the expected usage rate of the equipment, e.g. usage time against down time and the plan or alternative use after project completion or disposal.

ITC will take into account expected usage rate, mode of acquisition (purchase vs. rental), future use/divestment (e.g. for teaching/research purposes at one or more university) to ensure the greatest possible cost-effectiveness. For project undertaken by R&D Centre where the industry sponsorship is less than 50% of the total project cost, if considered necessary, ITC will require the relevant Centre to transfer the equipment whose acquisition cost is HK\$500,000 or above to the Government or another party (e.g. the Hong Kong Science and Technology Parks Corporation) within a period of two years after project completion.

- (ii) The lead applicant and the industry co-applicant are encouraged to share the use of existing equipment within their organisations or with other organisations where possible (e.g. local universities and the Hong Kong Science and Technology Parks Corporation).

- (iii) Individual equipment or parts that will eventually form part of the project deliverables (e.g. the prototype) are regarded as consumables and the relevant cost should be grouped under 'other direct costs'.
- (iv) The lead applicant is required to seek prior consent from ITC for any subsequent change in any equipment with an estimated cost of HK\$500,000 or above per item.
- (v) Project funding cannot be used to cover –
  - 1. charges/time cost for use of existing equipment already owned by the lead applicant or industry co-applicant;
  - 2. depreciation/amortisation or provisions not representing actual expenses incurred; and
  - 3. general office and IT equipment.
- (vi) The lead applicant should ensure that all procurement for goods and services is carried out in an unbiased and fair manner and should generally comply with the following procedures -

Aggregated value of each procurement	Requirement
HK\$50,000 and below	Quotations from at least two suppliers
Above HK\$50,000 to HK\$1,400,000	Quotations from at least five suppliers
Above HK\$1,400,000	Open tender

In case the lead applicant intends to procure goods or services from one company/organisation/individual, it has to provide details, justifications and its relationship with the company/organisation/individual in the application form for not following the procurement process set out above. If the application is approved, subsequent approval from ITC will not be required.

(c) Other Direct Costs

(i) Project funding can be used to cover –

1. external consultancy;
2. purchase of consumables and technology licences;
3. patent registration fee up to HK\$250,000 per project; and
4. external audit fees as required by the ITF project agreement. (The maximum provision allowed for an annual/final audited account of a project costing less than HK\$1 million, between HK\$1 million and HK\$5 million and more than HK\$5 million should not exceed HK\$8,000, HK\$14,000 and HK\$20,000 respectively.)

(ii) Project funding cannot be used to cover other costs like –

1. building facilities (including office, laboratory, accommodation) – rates, rental, renovation, and operation, repair and maintenance expenses;
2. costs of setting up office or forming association/consortium;
3. utilities – charges for electricity, gas, water, telephone and fax;
4. transport – shuttle bus services and home to workplace travelling expenses;
5. general administration and office expenses;
6. staff-related costs – provident fund handling charges, staff training and development costs and staff facilities;
7. entertainment expenses, and any prizes, either in the form of cash or other types of souvenirs;
8. advertisement (except for staff recruitment);
9. organisation of trade missions and participation fees at study/trade missions for individuals/companies;
10. charges for non-R&D services (e.g. accounting, personnel, procurement, library, security, cleansing, legal, and central and departmental administrative support) provided by the lead applicant/industry co-applicant or their contractors/agents; and



11. capital financing expenses (e.g. mortgage and interest on loans/overdrafts).

(d) Administrative Overheads

- (i) Administrative overheads up to 15% of the approved project cost (net of overheads) can be included in the project budget. The industry co-applicant is required to pay its share of administrative overheads (in the form of cash) proportional to its contribution to the project. For example, if the industry co-applicant contributes 50% of the project cost, it will be required to contribute 50% of the administrative overheads while ITF contributes the remaining.
- (ii) The administrative overheads should be included as part of the project expenditure in the financial information to be provided by the lead applicant.

(B) Industry Sponsorship/Other Sources of Financial Contribution

1. The minimum industry sponsorship is 50% of the total project cost (or at least 30% but less than 50% of the total project cost in case of R&D Centre projects with exceptional approval from ITC). As a general observation, it is noted that the higher the degree of contribution, the stronger the industry has demonstrated its interest in the project and hence the greater the potential for commercialisation. Therefore a project with a higher level of industry sponsorship will be considered more favorably in the process of vetting.
2. Apart from sponsorship by the industry, we also accept other sources of financial contribution provided by the lead applicant or supporting parties including charitable organisations, or even private individuals such as project team members.
3. The lead applicant is required to provide details and supporting documents on industry sponsorship and other sources of financial contribution (if any).
4. The Research & Development Cash Rebate Scheme (CRS) provides cash rebate to industry sponsorship/other sources of financial contribution contributed by eligible companies towards an ITF project. Further information on the CRS is available at <https://www.itf.gov.hk/en/funding-programmes/supporting-research/crs/index.html>.

**(C) Project Income and Residual Funds**

1. All ITF funding, industry sponsorship, other sources of financial contribution and project income received during the project period should be credited to the project account and ought to be used for offsetting actual project expenditure. After completion (or termination, as the case may be) of the project, the lead applicant shall return to the Government all unspent funding contributed by the Government, project income, interest income, and any other income under IP rights benefit sharing (if any) in accordance with the percentage specified in the project agreement.

#### **IV. Existence of a Holistic Plan to Realisation/Commercialisation**

1. In the context of PRP, 'realisation' includes cases where the R&D product(s) is(are) being used in the public sector as there may not be a 'commercial' market (e.g. specialist equipment for law enforcement agencies); whereas 'commercialisation' refers to the R&D product(s) being launched/sold commercially. It may not always be necessary to 'prove' that the product will reach the consumer market. Facilitating the process of commercialisation may also be acceptable.
2. To enhance the chance of realisation/commercialisation, the lead applicant should provide information such as -
  - (a) the stage at which the R&D project is positioned (e.g. concept, optimisation for scaling, commercialisation, etc.);
  - (b) future positioning of the technology/product in the market vis-a-vis existing products;
  - (c) the exact deliverables/milestones (both qualitative and quantitative) and the expected time frame;
  - (d) whether ITF funding will be required for a further phase of research work;
  - (e) whether there are associated/complementary technology development projects which will add to the chance of realisation, e.g. through the clustered-projects<sup>4</sup> approach; and
  - (f) an analysis of the strengths/weaknesses/opportunities/threats of competing products (i.e. SWOT analysis).
3. The lead applicant should where appropriate supply supporting document(s) -
  - (a) from company(ies) interested in taking out a licence of the project deliverables for further development;
  - (b) from manufacturer(s) interested in manufacturing the product in a commercial scale; or
  - (c) from Government departments or public bodies supporting the project.

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<sup>4</sup> In general, ITF projects are approved on an 'individual' basis. Clustered-projects refer to applications that address different technological challenges but share a common theme or purpose. To engender synergy, collaboration and greater impact of individual projects, ITC takes a more holistic consideration under the 'clustered-projects approach'.

## **V. Relevance with Government Policies or in Overall Interest of the Community**

1. Apart from serving the industry, ITC encourages R&D in technologies that will dovetail with relevant Government policies, or bring benefit to the community at large, for example -
  - (a) support important Government initiatives, e.g. environmental protection and healthcare;
  - (b) bring significant social benefit, e.g. creating devices to help track unattended Alzheimer patients to minimise accidents;
  - (c) contribute to the upgrading of the industry, e.g. a cleaner method of production;
  - (d) provide opportunities for training of local engineering and scientific personnel;
  - (e) foster closer collaboration among key stakeholders (官產學研); and
  - (f) enhance the image of Hong Kong internationally.
2. For projects that will involve activities/expenditure outside Hong Kong, the lead applicant should provide details to demonstrate the ‘Hong Kong angle’, namely benefits that will be enjoyed by the Hong Kong community.
3. The Government is keen to train up local engineering and scientific personnel. While the R&D team should mainly comprise local staff, non-local expertise could be engaged, provided that it is within a reasonable limit.

## **VI. IP Rights and Benefit Sharing**

1. The lead applicant will be required to provide information on-
  - (a) whether and if so the plan to have the R&D result patented or protected by other means;
  - (b) whether there are any plans for spin-offs in due course and if so, the details;
  - (c) the proposed formula of IP benefit sharing among all parties concerned (e.g. licence fees and royalties); and
  - (d) whether unrestricted use of the technology would be allowed for relevant Government departments/public bodies.

Applicants should refer to the ‘Guide on Intellectual Property Arrangements for Research and Development Projects funded under the Innovation and Technology Fund’ as promulgated by ITC (<https://www.itf.gov.hk/en/publication/intellectual-property-guide/index.html>) for details on the general policy and arrangements pertaining to IP rights and related matters for R&D projects funded under the PRP.

2. The industry co-applicant having contributed at least 50% of the project cost (excluding other sources of financial contribution) will be entitled to the ownership of the project IP unless otherwise agreed between the lead applicant and the industry co-applicant. The industry co-applicant may indicate whether consent will be given for unrestricted use of the R&D results under the project in the public sector (including Government and public bodies) in Hong Kong or for promulgating or publishing the R&D result for non-commercial purposes (e.g. academic journals) in future.
3. For R&D Centre projects in which the industry co-applicant’s contribution is less than 50% of the total project cost, the IP generated should be vested with the R&D Centre. For such projects, if the majority of the R&D work is carried out by a local university, the R&D Centre has the flexibility to negotiate with the latter to decide on the appropriate IP ownership and commercialisation arrangements.

*Benefit Sharing*

4. The arrangements for IP benefit sharing must be agreed among parties concerned (e.g. R&D Centres/research institutes and industry co-applicants) in writing before the commencement of the project. In general, supporting parties making other sources of financial contribution are not entitled to benefit sharing.

*Indemnity*

5. If the project involves using IPs of a third party, the lead applicant should indicate in the application form whether the consent/licence for use of such IPs has been obtained. The applicants shall indemnify and keep indemnified the Government against any and all claims, actions, investigations, demands and all liabilities arising from the use of such IPs on the term set out in the project agreement.

## **VII. Management Capability**

1. Management capability is more than technical capability. It pertains to whether the applicants and their R&D teams and other supporting members have demonstrated and can demonstrate the ability to bring the project to fruition. For example, apart from the research team, whether there are other facilities such as a technology transfer office of a university which will devote the effort to bring the project to realisation, or whether the R&D team has the support of companies already well-established in the market.
2. The capacity of the project team(s) will be considered having regard to its commitments in other areas including on-going ITF projects.
3. Where appropriate, the track record of the lead applicant and the project team in managing previous ITF projects (including management of project schedule and compliance with reporting/monitoring requirements) will also be reviewed. In particular, project teams with a poor track record of complying with reporting requirements (e.g. timeliness and quality) may be considered as lacking the necessary management capability to carry out ITF projects. Accordingly, project coordinators must have all outstanding reports and/or audited accounts of all ITF-funded R&D projects under their purview submitted before they could commence new PRP projects.