

Operation Guide for Research Matching Grant Scheme

Introduction

The Government has accepted the recommendation of the Task Force on Review of Research Policy and Funding to diversify and strengthen financial support for research and development (R&D) by joining hands with the private sector. In this connection, the Government has proposed in the 2018 Policy Address to launch a Research Matching Grant Scheme (the Scheme).

2. R&D expenditure and donations from the non-government/non-public sector and philanthropists secured by individual institutions for research-related purposes will be matched by the Government according to the matching formula and priority as detailed below. Expenditure and donations for R&D can be specifically allocated to any individual institution/project of any discipline. A total of \$3 billion will be provided in three years for application by local degree-awarding institutions (including self-financing institutions). This Operation Guide sets out the implementation principles and detailed guidelines of the Scheme applicable to the University Grants Committee (UGC)-funded universities (universities) and local self-financing degree-awarding institutions (institutions) listed at **Enclosure A**.

Objectives

3. The Scheme is launched by the Government with the following objectives –

- (i) to incentivise the private sector to strengthen financial support for R&D;
- (ii) to diversify research funding sources of the higher education sector;
- (iii) to encourage collaboration between the industries and the higher education sector in R&D; and
- (iv) to increase the social impact of the research conducted by the higher education sector.

Timeframe and Coverage

4. The Government has earmarked \$3 billion as government matching grants under the Scheme. The operation period of the Scheme is proposed to be a period of three years from 1 August 2019 to 31 July 2022. The Scheme will cover the eight UGC-funded universities (including their self-financing arms/ units¹) and 13 local self-financing degree-awarding institutions as listed at **Enclosure A**. The UGC may revise the list of institutions to cover any newly recognised degree-awarding institutions. The Scheme will have no restriction on any academic discipline, while it only applies to research-related purposes.

Eligibility and Uses

5. Only donations and research grants/research contracts from non-government/non-public sectors to the universities/institutions during the three-year period will be eligible for matching. Research grants/research contracts from non-government/non-public sectors refer to R&D initiatives commissioned/supported by a non-government/non-public funding source, including but not limited to that from local charities/foundations, industry, as well as other local and non-local funding sources. There should be no "double matching" or "double subsidies". In other words, projects having secured various public/government funds from local²/non-local authorities³, and donations/research grants/research contracts already matched with public funds within Hong Kong under other matching schemes (e.g. the Eighth Matching Grant Scheme) will not be eligible for any matching grants under the Scheme.

6. In gist, donations/research funding from non-government/non-public sectors (regardless whether they are from Hong Kong or non-local funding sources) will be eligible for matching grants. On the other hand, government funding/public funding and donations/research grants/research contracts already matched with public funds (regardless whether they are from Hong Kong or non-local funding sources) will not be eligible for any matching grants under the Scheme. Universities/institutions should declare there is no "double matching" or "double subsidies" by completing an undertaking

¹ Research/research-related activities coming under the non-local extension arms of UGC-funded universities/local self-financing degree-awarding institutions are not eligible for matching under the Scheme.

² For example, the Innovation and Technology Fund, research grants from the UGC and RGC, funding from the Hong Kong Jockey Club, funding from the MTR Corporation Limited.

³ For example, cross-boundary Mainland public funding, government/public funds from regions outside Mainland.

proforma which should be submitted together with their applications. The UGC Secretariat reserves the final right to decide if a donation/research grant/research contract is eligible for matching.

7. Donations/research grants/research contracts received and matching grants provided under the Scheme should be designated solely for research-related expenditure/purpose. Examples of such expenditure/purpose include but are not limited to:

- (i) purchase of major research equipment;
- (ii) purchase of research-related/technology licence;
- (iii) expenses for application for patent (research purpose);
- (iv) staff costs of research personnel charged solely for the research initiative/project/activity under the Scheme⁴;
- (v) costs of setting up research facilities (including rental, operation and maintenance expenses, while government matching grants are not applicable to capital works for UGC-funded universities⁵);
- (vi) provision of support for researchers'/students' research activities monitored by universities/institutions⁶; and
- (vii) provision of research fellowship or research award.

8. Since the Scheme aims at facilitating research collaboration between the industries and the higher education sector, the matching grants should be used to support research directly, rather than for setting/topping up any endowment fund by a university/institution. A list of broad categories of research-related purpose is provided in the application form at **Enclosure B(ii)** for reference. The UGC Secretariat reserves the final right to define research-related purpose.

Matching Formula and Priority

9. Over the three-year operation period of the Scheme, a minimum amount (i.e. a "floor" at \$50 million) will be set aside for guaranteed matching

⁴ Any indirect costs (i.e. "on-costs") arising from R&D projects/activities will not be eligible for matching.

⁵ Matching grants from the Government can be used by local self-financing degree-awarding institutions to support capital works on campus in Hong Kong, while this is not applicable for UGC-funded universities as there are established capital works programmes for them to apply for.

⁶ Including research scholarship, students visiting overseas institutions for research-related work, visit for research collaboration with overseas institutions, attending academic conferences, etc.

by each participating university/institution (i.e. \$1.05 billion in total will be ring-fenced for guaranteed matching by all of the 21 participating universities/institutions). To prevent a single university/institution with strong fund-raising ability from capturing a dominating share of the matching grants at the expense of other universities/institutions, there will be an upper limit (i.e. a "ceiling" at \$500 million) applicable to the aggregate amount of government matching grants received by each university/institution during the three-year period. By the last quarter of the three-year period, funding under the "floor" which has yet to be matched by the university/institution concerned together with any unmatched balance will be opened up for allocation to match donations/research grants/research contracts of other universities/institutions on a first-come-first-served basis until the \$3-billion matching commitment is fully exhausted, or until the end of the three-year period is reached.

10. In respect of the non-government/non-public research funding/donations/research grants/research contracts received, the matching grants will be disbursed on: –

- (i) a dollar-for-dollar matching basis (i.e. a \$1 to \$1 matching ratio) up to the "floor" (\$50 million) for matching by each university/institution;
- (ii) a \$1 for \$2 matching basis (i.e. \$1 government grant for every \$2 donations secured) for the level above the "floor" (\$50 million) and not exceeding the "ceiling" (\$500 million);
- (iii) no matching of government grant will be made above the "ceiling" (\$500 million); and
- (iv) any matching request from universities/institutions over and above the "floor" (\$50 million) will be considered on a first-come-first-served basis.

11. When applications have exceeded the "floor" of the universities/institutions, priority for matching within the processing cycle (normally calendar quarter) concerned will be determined on a first-come-first-served basis with reference solely to the receipt dates of the donations or payment dates of research grants/research contracts. For cash donations, this would be the date as recorded in the bank statement. For shares and bonds, this would be the date when the ownership is completely transferred to the universities/ institutions⁷,

⁷ The shares (or bonds) should be valued at the last bid price at the close of the day when ownership is transferred to the university/institution.

where the universities/institutions inherit full discretion to dispose the shares and bonds at all times after the transfer, as supported by the documentary proof issued by the relevant registration/custodian agencies. For in-kind donations in the form of equipment, or in the form of service including consultation/advice/expertise offered from non-government/non-public sectors, this would be the date of official delivery/receipt. For research grants/research contracts from non-government/non-public sectors, this would be the date of payment as recorded (in the bank statement).

12. If available funds are insufficient to satisfy all applications with the same priority (i.e. receipt on the same date), the available funds will be distributed on a pro-rata basis. During the three-year period of the Scheme, a waiting list of outstanding applications will be established on the above basis if funds are insufficient to meet requests at that moment. The list will be referred to if and when there are funds released from the amount set aside for the "floor" grants by the last quarter of the three-year period.

13. It is the responsibility of the universities/institutions to notify the UGC Secretariat of any "matched donations/research grants/research contracts" (or any part of them) that subsequently turn out to become ineligible for matching e.g. as a result of a mistake or omission leading to an overstatement of the donation/research grant/research contract amount, change of the designated purpose of the donation/research grant/research contract, etc. The universities/institutions shall return the respective government grants for these ineligible donations/research grants/research contracts to the UGC Secretariat immediately.

14. For the avoidance of doubt, the application of the matching ratio, the "floor" and the "ceiling" in respect of remaining eligible donations/research grants/research contracts will not be adjusted to the benefit of a university/institution as a result of any refund of government matching grants by the university/institution arising from:

- (i) the rectification of an omission or a mistake that has led to an overstatement of eligible donations/research grants/research contracts by the university/institution; or
- (ii) change of the designated purpose of the donations/research grants/research contracts.

Application Procedures

15. Application procedures are set out below: –

- (i) The Scheme will be open for application starting from 1 August 2019, with 31 July 2022 ending the period for receiving eligible donations/research grants/research contracts.
- (ii) Universities/institutions should complete their applications with details of donations/research grants/research contracts in format as shown at **Enclosures B(i) and B(ii)**. Applications should be submitted in both hard and soft copies. The Microsoft Word and Excel soft copy templates are provided on the UGC website.
- (iii) Universities/institutions should confirm in their applications that the donors are aware of, and have no objection to, their donations/research grants/research contracts being matched. Universities/institutions should declare there is no "double matching" or "double subsidies" in their applications as at **Enclosure B(i)**.
- (iv) For cash donations, the receipt date should be the date as recorded in the bank statement. For shares and bonds, the receipt date should be the date when the ownership is completely transferred to the universities/institutions, where the universities/institutions inherit full discretion to dispose the shares and bonds at all times after the transfer, as supported by the documentary proof issued by the relevant registration/custodian agencies. For in-kind donations in the form of equipment, or in the form of service including consultation/advice/expertise offered from non-government/non-public sectors, this would be the date of official delivery/receipt. For research grants/research contracts from non-government/non-public sectors, the receipt date should be the date of payment as recorded (in the bank statement).
- (v) For individual donations within the same processing cycle (calendar quarter) which are less than \$1,000,000 and with the other information required being identical, universities/institutions may group them together in their applications

without the need to separately supply the names of the donors and the amounts of the donations. Nevertheless, universities/institutions must maintain sufficient audit trails in their books and records to facilitate their auditors' checking.

- (vi) For an individual cash donation of \$100,000 or above, universities/institutions should enclose the supporting bank statement/record showing the bank-in date of the donation. For an individual eligible donation of shares and bonds of \$100,000 or above, universities/institutions should enclose the supporting record showing the date ownership is completely transferred. For in-kind donations in the form of service, including consultation/advice/expertise offered from non-government/non-public sectors or research grants/research contracts from non-government/non-public sectors of \$100,000 or above, universities/institutions should enclose supporting documents showing the agreement/sponsorship concerned as well as the banking transaction. For in-kind donations in the form of equipment, universities/institutions should enclose supporting documents showing the official delivery/receipt as well as documentary proof of the value of sponsorship (e.g. quotations for new research equipment or details of valuation for used equipment/industry infrastructure concerned). Matching grant will be provided for in-kind donations with value substantiated. For an individual donation below \$100,000, universities/institutions should keep proper records for checking by the UGC Secretariat on request.
- (vii) Application will be open throughout the three-year period, with processing cycles on a quarterly basis covering all the eligible donations/research grants/research contracts received in the preceding quarter (except the first cycle from 1 August to 30 September 2019, and the last cycle from 1 April to 31 July 2022). Applications within each quarter should be submitted to the UGC Secretariat by 5:00 p.m. on the 7th day of the first month of next quarter (e.g. applications within the fourth quarter of 2019 should be submitted to the UGC Secretariat by 5:00 p.m. on 7 January 2020), or by 12:00 noon of the next working day should the 7th day of the first month of next quarter (i.e. 7 January, 7 April, 7 July or

7 October) be a Saturday, Sunday or a public holiday. Applications in the first processing cycle should be submitted to the UGC Secretariat **by 12:00 noon on 8 October 2019**. Applications in the last processing cycle should be submitted to the UGC Secretariat **by 12:00 noon on 8 August 2022**, late application will not be entertained.

- (viii) Any omission or understatement of the donation/research grant/research contract amount in a quarterly return may only be reinstated in a subsequent return as if the understated amount were raised on the first day of the quarter for which the subsequent return is submitted.

16. Upon receipt of the applications, the UGC Secretariat will work out and inform the universities/institutions of the allocations of matching grants based on the information submitted, normally by the second month of the quarter concerned (i.e. February, May, August or November).

Other Operational Considerations

Disclosure of Information and Audit Assurance

17. To ensure the accountability and transparency of the operation of the Scheme, the UGC Secretariat will coordinate all participating universities'/ institutions' disclosure of donations/research grants/research contracts and the intended use of both the donations and the government matching grants received. The UGC Secretariat will call annual reporting from the universities/institutions on the actual use of the donations and of the matching grants and any intended use of the unspent funds. Universities/institutions will need to ensure that all donations/research grants/research contracts received and government matching grants disbursed under the Scheme are used solely for research-related expenditure (while government matching grants are not applicable to capital works for UGC-funded universities), and spent in a cost-effective manner. In addition to displaying a list of approved matching grants on UGC's website, the UGC Secretariat may, in response to enquiries received, disclose information provided by the universities/institutions in their applications and reports submitted (except for the name of a donor where the UGC Secretariat would as far as possible, provide the information in a summary form and shall respect the

wish of the donor where a request for non-disclosure has been made).

18. The use of government matching grants and the donations/research grants/research contracts matched must be subject to audit. Auditors of the universities/institutions are required to report to the UGC Secretariat the actual use of the donations/grants. If there are unspent donations/grants or ongoing research contracts at the end of the funding period, the universities/institutions should continue reporting the actual use of the donations/grants or actual expenditure arising from the ongoing research contracts beyond the funding period, as well as the intended use and date of use for the unspent donations/grants or the estimated completion date of the research contracts, until the donations/grants are completely expended for the research projects/initiatives/activities concerned or the research contracts concerned are completed. Auditors should report the actual use of the previously unspent donations/grants or the actual expenditure arising from the ongoing research contracts in subsequent report(s). Auditors are also required to cover in their annual assurance reports to the UGC Secretariat that the terms and conditions for matching have been complied with and the donations and the matching grants have been used in accordance with this Operation Guide.

In the books and records

19. Universities/institutions should keep separate accounts for funds secured under UGC-funded and those secured under self-financing operations. In respect of UGC-funded and self-financing operations, universities/institutions should keep usage of donations/research grants/research contracts and matching grants under separate accounts so that funding sources of individual projects can be traced.

In the audited financial statements

20. Universities/institutions should disclose for the UGC-funded and self-financing operations (template for reference will be provided on the UGC website) in the Notes to Financial Statements of their published audited financial statements separately in respect of the matched donations/research grants/research contracts and of the matching grants on the following: –

- (i) the aggregate amount of donations/research grants/research contracts/matching grants received and interest income generated;
- (ii) the total amount of expenditure from the donations/research grants/research contracts/matching grants broken down into broad categories of research-related purpose; and
- (iii) balances of unspent funds at the end of the financial year to be carried forward to the next financial year.

21. Universities/institutions are required to submit published audited financial statements to the UGC Secretariat within 4 months after the end of financial year.

Copyright and Intellectual Property

22. The Government, UGC and RGC will not claim copyright or other intellectual property right of the output/work produced involving the government matching grants of the Scheme. Except for licence copyrights or copyright requirement imposed by publisher or journal or governmental body, the arrangements on all copyrights to, and royalties from books, journal articles, and other copyrightable materials produced by the researcher concerned shall follow the relevant and prevailing guidelines and policies of the university/institution concerned.

23. Except for licence rights or ownership requirement imposed by publisher or journal or governmental body, the arrangements on all intellectual property arising out of any work undertaken under this Scheme by a researcher employed by the university/institution concerned shall follow the relevant and prevailing guidelines and policies of the university/institution concerned. The Government, UGC and RGC will not claim any title or right to all inventions and possible resulting patents arising from the university's/institution's sponsored research.

Recurrent Consequences

24. The fact that universities/institutions have secured matching grants for their projects does not in any way commit the Government to providing recurrent grants or further matching grants to the universities/institutions for the projects. Recurrent consequences of all projects undertaken by the universities /institutions with funding secured under this Scheme will have to be met by the universities/institutions from their own available resources.

25. The matching grants received by universities/institutions and any interest income arising from the grants are additional to the Government's recurrent grants provided to the universities/institutions.

26. The matching grants and donations/research grants/research contracts of UGC-funded operations will be excluded from the calculation of the student unit cost for the purpose of future assessment of recurrent funding and tuition fees.

Probity Considerations for Acceptance of Donations

27. The circumstances leading to the acceptance of donations/ sponsorships with which the university/institution will apply for matching grant must be fully documented. In considering the acceptance of donations/ sponsorships:

- (i) The university/institution should observe good practices and corruption prevention measures in accepting donations/ sponsorships, and avoid any actual or perceived conflicts of interest, or declare as and when it arises with the establishment of clear procedures;
- (ii) The acceptance of a donation/sponsorship and subsequent matching grant from the Government should not in any way give or be perceived to give the donor/sponsor an unfair commercial advantage over others in the same trade, industry or profession;

- (iii) The university/institution should not accept donation/ financial sponsorship from tobacco companies (or organisations/foundations funded solely by tobacco companies, including the "Foundation for a Smoke-Free World") for initiatives under the Scheme;
- (iv) Without prior agreement of the university/institution, the donor/sponsor must not solicit donations or contributions from sources other than its own to meet the financial commitment towards the research activity/project;
- (v) The donor/sponsor should not be allowed to generate any direct financial gain solely as a result of donating for/ sponsoring a research activity/project; and
- (vi) Donation/sponsorship should be commensurate with the nature and purpose of the research project/initiative/activity concerned.

Interpretation and Disputes

28. The Government reserves the right to interpret this Operation Guide.

29. In case of disputes relating to the Scheme, the decision of the Government shall be final and binding.

**List of universities/institutions covered
by the Research Matching Grant Scheme**

UGC-funded universities (including their self-financing arms/units)

1. City University of Hong Kong
2. Hong Kong Baptist University
3. Lingnan University
4. The Chinese University of Hong Kong
5. The Education University of Hong Kong
6. The Hong Kong Polytechnic University
7. The Hong Kong University of Science and Technology
8. The University of Hong Kong

Local self-financing degree-awarding institutions

9. Caritas Institute of Higher Education
10. Centennial College
11. Chu Hai College of Higher Education
12. Gratia Christian College
13. HKCT Institute of Higher Education
14. Hong Kong Nang Yan College of Higher Education

15. Hong Kong Shue Yan University
16. Technological and Higher Education Institute of Hong Kong
17. The Hang Seng University of Hong Kong
18. The Open University of Hong Kong
19. Tung Wah College
20. UOW College Hong Kong
21. Yew Chung College of Early Childhood Education

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Enclosure B(i)

To: Secretary-General, UGC

Application for Research Matching Grant

I would like to apply for matching of donation(s)/research grant(s)/research contract(s) of \$_____ for [name of university/institution] in chronological order of receipt for the period from ___[month]___ to ___[month]___ of year _____ with details as listed in the attached sheet(s).

I confirm that the donation(s)/research grant(s)/research contract(s) is/are eligible for matching in accordance with the terms and conditions set out in the Operation Guide and other relevant UGC guidelines. I further confirm that the donation(s) and matching grant(s) will be used, reported and subject to audit assurance in accordance with the said Operation Guide and relevant UGC guidelines.

I hereby undertake that, the donation(s)/research grant(s)/research contract(s) covered in this application will not render "double matching" or "double subsidies" as illustrated in the said Operation Guide. If the donation(s)/research grant(s)/research contract(s) concerned receive(s) matching grant under the Eighth Matching Grant Scheme, the donation(s)/research grant(s)/research contract(s) concerned will not receive matching grant under the Research Matching Grant Scheme.

Donors are aware of and have no objection to this application for matching under the Research Matching Grant Scheme.

Signature:

Name:

Post Title:

(Authorised person of the university/
institution, including its extension arm(s))

Application for Research Matching Grant

To: Secretary-General, UGC

Name of University/Institution: _____

Date of Submission: _____

Period of Receipt: _____ **to** _____

Note:

For an individual cash donation item of **\$100,000 or above**, the supporting bank statement/record showing the bank-in date of the donation should be enclosed. For an individual eligible donation of shares and bonds of **\$100,000 or above**, the supporting record showing the date ownership is completely transferred should be enclosed. For in-kind donations in the form of service, including consultation/advice/expertise offered from non-government/non-public sectors or research grants/research contracts from non-government/non-public sectors of **\$100,000 or above**, supporting documents showing the agreement/sponsorship concerned as well as the payment (in banking statement) should be enclosed. For in-kind donations in the form of equipment, supporting documents showing the official delivery/receipt as well as documentary proof of the value of sponsorship (e.g. quotations for new research equipment or details of valuation for used equipment/industry infrastructure concerned) should be enclosed. For an individual donation item below \$100,000, universities/institutions should keep proper records for UGC's checking on a request basis. If applicable, please indicate the enclosure reference of the supporting bank statement/record.

Categories of Research-related Purpose:

- P** – Research project (covering equipment, staff costs, etc.)
- E** – Procurement of research equipment (not research project-specific)
- L** – Procurement of research-related software licence/technology licence (not research project-specific)
- F** – Setting up of research facilities (including rental, operation and maintenance expenses, while government matching grants are not applicable to capital works for UGC-funded universities)
- S** – Research activities for students
- O** – Others (please specify)

Donations/Research grants/Research contracts eligible for Research Matching Grant application are listed in chronological order of receipt for the period:

	<u>Date received</u> DD/MM/YYYY	Objection from donor for disclosure of his/her name on the UGC website Y or N	<u>Name of Donor(s)/ Funding Provider(s)</u>	<u>Nature</u> C – Cash S – Shares/ bonds R – Research grants/ contracts O – Other forms (please specify)	<u>Amount (HK\$)</u>	Applied for matching grant under the Eighth Matching Grant Scheme Y (please specify month of application) or N	<u>Category of Research-related Purpose</u> (please refer to previous page)	<u>Title of Research Project/Initiative/Activity OR Brief Description of the Usage of Expenditure</u> (please elaborate the social impact arisen, if applicable, on separate sheet(s))	<u>Operation</u> U – UGC-funded SF – Self-financing
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