

**Innovation and Technology Fund for Better Living**  
**( “FBL” )**

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**Application Guide**

FBL Secretariat  
Innovation and Technology Commission  
September 2022

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## **Objective**

1. The FBL is a scheme for funding innovation and technology (“I&T”) projects which will make people’s daily living more convenient, comfortable and safer, or address the needs of specific community groups.
2. Projects<sup>1</sup> must fulfil the following requirements –
  - (a) The Project should be able to benefit the public at large or specific groups (such as the elderly or disabled), and should be in line with government policies;
  - (b) The Project should involve the innovative application of technologies, and the application should include a concrete plan for developing the Project;
  - (c) The Project should not be profit-making during the funded period, i.e. the total amount of funding sought plus other funding sources must not exceed the eligible costs of the project, which include the total expenses for developing and running of the Project and administrative overheads as approved by the Assessment Panel (the “Eligible Costs of the Project”). Any income generated during the funded period should be ploughed back into the Project;
  - (d) An Applicant<sup>2</sup> has to develop and roll out the Project deliverable within 12 months and immediately run the Project for at least two consecutive years after its roll-out (except for Projects which are one-off in nature);
  - (e) The Project deliverable can be in the form of mobile app, product (e.g. device, equipment, tool, etc.), service, software or any other forms agreeable to the Assessment Panel; and
  - (f) The Project should be developed primarily within Hong Kong.
3. The FBL is a fund fully owned and operated by the Government. The Innovation and Technology Commission (“ITC”) administers the FBL and provides secretariat support to the Assessment Panel<sup>3</sup>.

## **General**

1. This Application Guide explains how to complete the Application Form<sup>4</sup> of the FBL.

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<sup>1</sup> means the proposed project as set out in the Application Form.

<sup>2</sup> means the party which has submitted an application for funding under the FBL.

<sup>3</sup> Membership of the Assessment Panel is available at the ITC website (<https://fbl.itc.gov.hk/>).

<sup>4</sup> means “FBL – Application Form” together with all the schedules, appendices, annexes and other supporting documents attached thereto.

2. Applications and relevant supporting documents must be submitted either –
  - (a) through the Administrative System of the Innovation and Technology Commission  
- Fund for Better Living (ASITC-FBL); or
  - (b) by post or in person, with (i) a duly completed Application Form together with all the required documents; and (ii) a soft copy of the application (preferably in MS Word format and sent by email to [fbl@itc.gov.hk](mailto:fbl@itc.gov.hk).) The application should be addressed or brought to the FBL Secretariat on Units 509-518, 5/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.

Applicants are encouraged to submit applications through the ASITC-FBL as far as practicable.

3. A complete application should contain the following documents –
  - (a) Applicant’s Certificate of Incorporation. The Memorandum of Association or the Articles of Association may be required to provide upon request;
  - (b) audited financial statements of the latest financial year of the Applicant;
  - (c) supporting information of the estimated valuation of in-kind contribution, if applicable, by the Applicant;
  - (d) supporting documents, if any, of past project(s) carried out by the Applicant; and
  - (e) Curriculum Vitae (“CV”) and other reference documents of the Project Team.
4. The FBL Secretariat will send an acknowledgement to the Applicant upon receipt of an application.
5. The FBL is open to application all year round.
6. The FBL Secretariat reserves the right to seek additional information whenever necessary. The Applicant shall also provide all clarifications, information and documents requested by the FBL Secretariat from time to time for processing the application. Unless with the agreement of the FBL Secretariat, supplementary information provided after submission of the Application Form will not be accepted and will not form part of the application.
7. The Application Form and other supporting documents will be submitted to the Assessment Panel for assessment and approval. Applicants may be required to attend assessment meeting to answer questions from the Assessment Panel.

8. The decision of the Assessment Panel is final and there is no appeal mechanism. However, an applicant may submit a fresh application taking into account the comments made by the Assessment Panel or FBL Secretariat on its original application.
9. If the Project is recommended for funding support, the Assessment Panel may require the Applicant to address any queries and comments raised by the Assessment Panel in relation to its application (including but not limited to scope, budget and milestones, etc. of the proposed Project) and submit a revised Application Form together with all necessary documents as requested by the FBL Secretariat. Should the Applicant fail to reply to any queries and comments raised by the Assessment Panel or submit the revised Application Form within the prescribed period, the application would be considered as being withdrawn and the FBL Secretariat will cease processing the application further.
10. An approved Project will receive a grant up to 90% of the total Eligible Costs or HK\$5 million, whichever is the less.
11. For questions regarding this Application Guide and the Application Form, please contact –

FBL Secretariat  
Units 509-518, 5/F, Shui On Centre, 6-8 Harbour  
Road, Wan Chai, Hong Kong

Tel: 3855 7686 / 3855 7685

E-mail: [fblenq@itc.gov.hk](mailto:fblenq@itc.gov.hk)

## *Part A The Applicant*

1. An eligible Applicant for the FBL shall be –
  - (a) a subvented non-governmental organisation<sup>5</sup>;
  - (b) a public body<sup>6</sup>;
  - (c) a professional body;
  - (d) a trade association; or
  - (e) a social service organisation exempted from tax under section 88 of the Inland Revenue Ordinance (Cap. 112)

Applications from parties other than the above categories may only be considered in warranted cases. Ineligible applicants may however partner with the eligible Applicants in the capacity of a joint Applicant. Individuals and private companies are not accepted as the lead Applicant.

2. A joint application is allowed, but the lead Applicant, which must be an eligible organisation, needs to be identified and be responsible for matters relating to the application. If the application is approved, the lead Applicant will sign a Fund Agreement<sup>7</sup> with the Government and is responsible solely for all obligations under the Fund Agreement.
3. Notwithstanding paragraph 1, an Applicant (the lead Applicant in case of a joint application,) shall either be (a) a company incorporated under the Companies Ordinance (Cap. 622) or the former Companies Ordinance (Cap. 32); or (b) a statutory corporation established under any Ordinance in Hong Kong.
4. An Applicant shall submit one Application Form for each Project. An Applicant can submit more than one application at the same time. It should however be noted that the Assessment Panel will avoid approving undue funding to a single organisation.
5. For each Project, the Applicant (and in the case of a joint application, the lead Applicant) must appoint a Project coordinator from its organisation, who shall be

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<sup>5</sup> Subvented non-governmental organisations are those receiving subvention from the Social Welfare Department of the Hong Kong Special Administrative Region Government.

<sup>6</sup> Public Bodies are those defined under Section 2 of the Prevention of Bribery Ordinance (Cap. 201). For the purpose of the FBL, Government Bureaux/Departments, the Executive Council and the Legislative Council are not eligible to apply.

<sup>7</sup> “Fund Agreement” means the agreement to be entered into by the Government and a successful Applicant.

responsible for overseeing the implementation of the Project, monitoring the proper use of the FBL grant, liaising with the FBL Secretariat, and reporting progress of the Project.

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

### **Project Schedule**

1. The development of the Project should be completed for roll-out within 12 months, and the Project should run for at least two consecutive years, except for Project which is one-off in nature (in such cases the two-year consecutive running period requirement is not applicable). All approved Projects will be monitored against the Project milestones stated in *Part C* of the Application Form. The Project milestones should be quantifiable and realistic.
2. A successful Applicant is required to submit Progress Reports<sup>8</sup> every 4 months in the first year during the Project development stage; and in the 6<sup>th</sup>, 15<sup>th</sup> and 24<sup>th</sup> months in the second and third years during the Project running stage (except for Project which is one-off in nature). Spot checks or inspections shall be conducted by the FBL Secretariat at any time to verify whether the progress of the Project is on the right track. The FBL Secretariat reserves the right to suspend funding or cease a Project in case of unsatisfactory Project progress or contravention of the Fund Agreement.

## ***Part C Justifications***

1. Applicants and their Projects will be assessed in accordance with the following criteria –
  - (a) Benefits Brought to the Public or Specific Community Group(s) (30%);
  - (b) Innovation and Technology Content (20%);
  - (c) Feasibility and Sustainability (20%);
  - (d) Financial Considerations (15%); and
  - (e) Technical and Management Capability of the Applicant (15%).

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<sup>8</sup> The template of progress reports in respect of the Project shall be provided by the FBL Secretariat.

## **I. Benefits Brought to the Public or Specific Community Group(s) (30%)**

1. The Project will be assessed on its ability of bringing the expected benefits to improve the quality of life of the public at large or specific community group(s) through the innovative application of technologies.
2. The practicability and effectiveness of arranging the Project deliverable to reach the target beneficiary group(s) will be assessed.
3. Since the FBL encourages local innovation and application and aims to benefit the people of Hong Kong, the Project should primarily be developed within Hong Kong. In general, at least 50% of the total Project cost should be incurred within Hong Kong.

## **II. Innovation and Technology Content (20%)**

1. Application of I&T is an important feature of this funding scheme. It is important for the Applicant to provide information on the kind and degree of innovative application of technologies for consideration by the Assessment Panel.
2. The acquisition of deliverables which are off the shelf or readily available in the market for distribution will not be accepted.

## **III. Feasibility and Sustainability (20%)**

1. The Applicant should clearly explain the technical aspects and the viability of the Project for delivering the intended outcome.
2. The sustainability of the Project refers to the ability of the Project to sustain its operations, services and benefits during and beyond the funded period.

## **IV. Financial Considerations (15%)**

The Applicant should ensure that all necessary financial information provided and the basis of calculation are reasonable. The Project will also be assessed on its cost-effectiveness.

## **Project Expenditure**

1. The total Project expenditure is the sum of all estimated expenses to be incurred for the development and running of the proposed Project deliverable and the administrative overheads as appropriate. Upon approval by the Assessment Panel, the Project expenditure will be the Eligible Costs of the Project.
2. The Project Funds<sup>9</sup> must be exclusively used for the Project in accordance with the terms and conditions of the Fund Agreement, except otherwise approved by the Assessment Panel. Applicants should provide a clear breakdown of the items in calculating the estimated Project expenditure of the Project under “*Section IV – Financial Considerations*” in Part C of the Application Form.

### (a) Manpower

- (i) Project Funds can generally be used to cover the salary of Project staff, including employer’s mandatory contribution to the mandatory provident fund. The salary should be reasonable and in line with the market salary of a like position;
- (ii) Project Funds cannot be expended on overtime payment, contract gratuities, salary adjustment, general fringe benefits and allowances, training, etc.;
- (iii) Project Funds will not cover any emolument to a person who is already on the payroll of the Government, a Government subvented body/institution or another concurrent FBL-funded project. This principle should apply irrespective of whether the relevant service/work is carried out within or outside the normal working hours of the person concerned; and
- (iv) Subject to the above, the Project coordinator, the deputy Project coordinator (if any) and Project team members may charge their efforts to the Project on a full-time basis. If only part of their working time is deployed for the Project, they should charge their time spent on a pro-rata basis.

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<sup>9</sup> “Project Funds” means the amount of grant received by the successful Applicant under the FBL and the non-FBL funding contributed to the Project by the successful Applicant.

(b) Equipment

- (i) Cost of procuring, leasing or replacing equipment for the Project can be charged to the Project accounts. The title to equipment procured with the Project Funds will be held by the Applicant. The Applicant shall make such equipment available for inspection during the funded period by the FBL Secretariat upon request. As far as possible, Applicants are encouraged to use their existing equipment or to lease additional equipment, rather than to purchase new equipment;
- (ii) If the equipment is to be procured, it may be shared among different Projects with its cost charged on a pro-rata basis under each Project. The Applicant is required to maintain a record of the usage of the equipment by the concerned projects for cost allocation purpose. Applicants are encouraged to share the use of existing equipment within their organisations or with other organisations; and
- (iii) Non-fundable cost items for Equipment are as follows –
  - charges/time cost for use of existing equipment owned by the Applicant;
  - depreciation/amortisation or provisions not representing actual expenses incurred; and
  - general office equipment (e.g. computers, notebooks, projectors and fax machines, etc.) and IT equipment (e.g. software, mobile phones, tablets, etc.)

(c) Other Direct Costs

- (i) Project Funds can be used to cover the following expenses for the Project –
  - consumable expenses;
  - event venue and set up cost;
  - production and promotion cost of Project deliverable;
  - testing and certification expenses;
  - expenses for dissemination of Project deliverable; and
  - external audit fees relating to the Project and arising from compliance with the requirements of the FBL. The maximum funding support allowed for an annual/final Audited Project Accounts<sup>10</sup> of a Project with Eligible Costs of the Project less than

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<sup>10</sup> “Audited Project Accounts” mean the audited financial statements in respect of the Project prepared

\$1 million and between \$1 million and \$5 million should not be more than \$10,000 and \$25,000 respectively.

(ii) Non-fundable cost items for Other Direct Costs are as follows –

- building facilities (including office, laboratory, accommodation) – rates, rental, renovation, and operation, repair and maintenance expenses;
- costs of renting, renovating or setting up an office;
- charges for electricity, gas, water, telephone and fax;
- travelling expenses;
- provident fund handling charges, staff training and development costs, staff facilities and participation fees at study/trade missions for individuals/organisations;
- entertainment expenses, and any prizes, either in the form of cash or other types of souvenirs;
- general administration and office expenses (e.g. accounting, personnel, procurement, library, security, cleansing, legal, bank, and central and departmental administrative support, etc.) provided by the Applicant or its contractors/agents; and
- capital financing expenses, e.g. mortgage and interest on loans/overdrafts.

(d) Administrative Overheads

- Administrative overheads represent the share of overhead expenditure (or indirect cost) attributable to the carrying out of the Project;
- The administrative overheads cannot be more than 15% of the total estimated expenditure for manpower, equipment and other direct costs;
- The administrative overheads, if applicable, should be included as part of the Project expenditure; and
- The administrative overheads should be reasonable and proportionate to the purpose, scale, nature and circumstance of a project.

The list of cost items for manpower, equipment and other direct costs set out above is not exhaustive. The Applicant should consult the FBL Secretariat if in doubt.

### **Funding from Other Sources**

3. The Applicant is required to contribute to the Project Expenditure through funding

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in accordance with the Fund Agreement, including the Statement of Income and Expenditure, the Balance Sheet, the notes to the accounts and the auditors' report.

on their own means or received from other sources (such as funding from the Applicant / parent organisation, expected sales proceeds, third party sponsorship, etc.). Contributions can be in cash or in-kind, or both. The aggregate amount of such contributions shall be equivalent to at least 10% of the total Eligible Costs of the Project. In-kind contribution covers items which are necessary for the Project including equipment, consumables, publicity, etc. Supporting information of the estimated valuation of in-kind contribution should be provided to facilitate a fair assessment of the value of sponsorship. The total amount of FBL grant and other sources of funding must not exceed the total Eligible Costs of the Project or the actual cost of the Project upon completion, whichever is the less.

4. If the Applicant would like to receive extra sponsorship after the application has been approved, it should obtain the prior consent of the FBL Secretariat. In such cases, the amount of grant may be adjusted so that the total amount of FBL grant and other sources of funding (including the extra sponsorship) will not exceed the total Eligible Costs of the Project or the actual cost of the Project upon completion, whichever is the less. Applicant will be required to return the excess amount, if any, paid by the Government.
5. The FBL Secretariat may accept an application which is seeking/has sought funding support from other funding schemes. Nevertheless, the Applicant should check the requirements as imposed in the other funding schemes and adhere to them. The Applicant should consult the Government Bureaux/Departments or the relevant parties responsible for the respective funding schemes before applying for the FBL, if in any doubt about its position.

#### **Amount of the FBL Grant Sought**

6. Each successful Applicant will receive a grant equivalent to the difference between the total Eligible Costs of the Project and funding received from other sources, subject to a maximum of 90% of the total Eligible Costs of the Project or HK\$5 million, whichever is the less.

Examples for illustration on the calculation of grant are shown below.

**Example 1 – Applicant finances the 10% through its own means**

**Project A**

Cost for Development Stage	\$500,000
Cost for Running Stage	\$50,000 per year x 2 = \$100,000 in total
Cash contribution	\$60,000

Total Eligible Costs of the Project = \$500,000 + \$100,000 = \$600,000

\$600,000 x 90% = \$540,000. As this does not exceed the ceiling of \$5 million, the grant for the Project is \$540,000.

**Example 2 – Applicant has other funding sources that contribute to 10% of the total Eligible Costs of the Project**

**Project B**

Cost for Development Stage	\$500,000
Cost for Running Stage	\$200,000 per year x 2 = \$400,000 in total
Other funding sources	(a) Expected sales proceeds: \$40,000 (b) Third party sponsorship: \$50,000

Total Eligible Costs of the Project = \$500,000 + \$400,000 = \$900,000

Other funding sources = \$40,000 + \$50,000 = \$90,000

\$900,000 – \$90,000 = \$810,000. As this does not exceed 90% of the total Eligible Costs of the Project, the grant for the Project is \$810,000.

**Example 3 – Applicant has other funding sources that exceed 10% of the total Eligible Costs of the Project**

**Project C**

Cost for Development Stage	\$1,000,000
Cost for Running Stage	\$400,000 per year x 2 = \$800,000 in total
Other funding sources	(a) Expected sales proceeds: \$180,000 (b) Third party sponsorship: \$180,000

Total Eligible Costs of the Project = \$1,000,000 + \$800,000 = \$1,800,000

Other funding sources = \$180,000 + \$180,000 = \$360,000 (20% of total Eligible Costs)

Maximum grant entitled = \$1,800,000 – \$360,000 = \$1,440,000 (80% of total Eligible Costs of the Project).

#### **Example 4 – Grant capped at \$5 million**

##### ***Project D***

Cost for Development Stage	\$5,000,000
Cost for Running Stage	\$1,000,000 per year x 2 = \$2,000,000 in total
Other funding sources	Third party sponsorship: \$700,000

Total Eligible Costs of the Project = \$5,000,000+ \$2,000,000= \$7,000,000

Other funding sources= \$700,000 (10% of total Eligible Costs)

\$7,000,000 - \$700,000= \$6,300,000. As this exceeds the ceiling of \$5 million, the maximum grant for the Project is \$5 million. The Applicant has to solicit an extra \$1.3 million for other funding sources to cover the project expenditure.

Note: The above examples are for illustration purpose ONLY and are not exhaustive. The amount of grant provided to the successful Applicants will depend on the merits of individual case and is subject to the terms and conditions of the Fund Agreement to be entered into between the successful Applicant and the Government.

#### **V. Technical and Management Capability of the Applicant (15%)**

1. This refers to the technical and management capability of the Applicant and its Project team to deliver the proposed Project fully.
2. The Applicant should provide all relevant information to demonstrate the qualification/experience/technical ability of the team, e.g. award(s) won in the past, endorsement by outstanding experts in the field, etc.
3. The capacity of the Project team will be considered having regard to its commitments in other areas including on-going FBL Projects (if any) and the resources available for the Project.
4. The experience of the Applicant in implementing community projects, e.g. past project experience with the Government and other public organisations, will also be relevant.

#### **VI. Others**

1. An application which has been unsuccessful in the past may be resubmitted only if it has been revised substantially. The revised application will be treated as a new application and will be subject to the same assessment process.

2. The Applicant will indemnify the Government and its authorised users fully and effectively against all actions, demands, damages, costs, expenses, losses, liabilities and claims that may suffer or incur in relation to or in connection with this application or the Project. The Applicant may consider taking out relevant insurance policies or any other measures for this purpose.

## ***Part D Fund Administration and Requirements***

### **Contractual Requirements**

1. The successful Applicant will be required to enter into with the Government the Fund Agreement prepared by the Government and comply with all the terms and conditions of the Fund Agreement, this Application Guide, and the instructions and correspondences issued by the Government from time to time in respect of the Project (if any).
2. The Fund Agreement will contain the complete terms and conditions of the grant, including without limitation matters such as the additional obligations, undertakings and indemnity of the successful Applicant, payment of the grant, treatment of Intellectual Property Rights<sup>11</sup>, conflict of interest, etc. Under no circumstance will the Government be required to provide any indemnity.

### **Reporting and Auditing Requirements**

3. The successful Applicant shall keep proper and timely books of accounts of all income, receipts, expenditures and payments in connection with the Project and shall submit the books of accounts to the Government according to the agreed schedule to be entered in the Fund Agreement. The books of accounts shall be maintained in such a manner as to enable the production of financial statements in respect of the Project.
4. The format of Audited Project Accounts and the Progress Reports in respect of the Project will be specified by the FBL Secretariat.
5. The successful Applicant shall submit to the FBL Secretariat Progress Reports and

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<sup>11</sup> “Intellectual Property Rights” means patents, trademarks, service marks, trade names, design rights, copyright, domain names, database rights, rights in know-how, new inventions, designs or processes and other intellectual property rights whether now known or created in future (of whatever nature and wherever arising) and in each case whether registered or unregistered and including applications for the grant of any such rights arising out of or in connection with the Project.

the annual and final Audited Project Accounts. The Audited Project Accounts shall be prepared on accrual basis of accounting for each Project. The Audited Project Accounts shall comprise Statement of Income and Expenditure, Balance Sheet, notes to the accounts and auditors' report.

6. The successful Applicant shall submit to the FBL Secretariat the final Audited Project Accounts covering the period from the Project commencement date to the end date of the funded period within three months of the end date of the funded period.
7. All income received/receivable and expenditure incurred (paid or payable) for the Project during the reporting period should be fully and properly accounted for in accordance with the Fund Agreement, this Application Guide and all instructions and correspondences issued by the FBL Secretariat in respect of the Project and should be the same as recorded in the books of accounts for that reporting period. The annual and final Audited Project Accounts should be properly prepared from and in agreement with the books of accounts of the Project.

#### **Disbursement of the FBL Grant**

8. The FBL grant will normally be made available to the successful Applicant according to the fulfilment of the approved Project milestones based on an approved cashflow of the Project.
9. The successful Applicant is required to keep a separate and proper set of books and records for the Project, and submit Progress Reports every 4 months during the Project development stage, and in the 6<sup>th</sup>, 15<sup>th</sup> and 24<sup>th</sup> months during the Project running stage (except for Project which is one-off in nature), for scrutiny by the FBL Secretariat. The FBL grant will be disbursed as follows –
  - (a) Upon approval by the Assessment Panel, 10% of the FBL grant will be provided to the successful Applicant to meet the initial expense;
  - (b) The remaining FBL grant will be released at different Project milestones, subject to the submission of the relevant supporting documents to the satisfaction of the FBL Secretariat; and
  - (c) The final instalment of no less than 10% of the FBL grant will be disbursed within one month after the satisfactory acceptance of the last Progress Report and final Audited Project Accounts by the Government.

### **Account and Interest**

10. The successful Applicant is required to maintain a risk-free interest-bearing bank account (“**Designated Bank Account**”) under its name with a licensed bank registered under the Banking Ordinance (Cap. 155) for processing and transacting all receipts and payments of the Project. All Project Funds shall be deposited into the Designated Bank Account. The successful Applicant shall hold the approved grant in the Designated Bank Account as trustee until such funds are spent in accordance with the Fund Agreement or returned to the Government as the case may be. All Project payments shall be paid out from the Designated Bank Account.
11. The successful Applicant shall ensure that all interest generated from the Designated Bank Account shall be reflected in the financial statements and Audited Project Accounts of the Project.

### **Withholding of the FBL Grant**

12. The Government reserves the right to withhold any further payment of the FBL grant (i.e. the Government’s contribution to the cost of a Project funded under the FBL) to the Project on the occurrence of certain events including but not limited to the following –
  - (a) The successful Applicant failing to progress in accordance with any of the Project milestones set out in the Project proposal;
  - (b) The successful Applicant failing to complete the Project by the end of the funded period agreed between the successful Applicant and the Government;
  - (c) Any material change occurring in the composition of the Project team referred to in the Project proposal including any change in the appointed Project coordinator without the prior written consent of the FBL Secretariat;
  - (d) The successful Applicant failing to submit any of the Audited Project Accounts and Progress Reports in respect of the Project in accordance with the Fund Agreement;
  - (e) Any mishandling of Project Funds or lack of discipline in financial management by the successful Applicant;
  - (f) Any misconduct or unlawful behaviour of the Project team in managing the Project; and

(g) In the opinion of the Government a large amount of the Project Funds remains unspent in the Designated Bank Account.

13. The successful Applicant and the joint Applicant (if applicable) shall conform in all respects with all legislation (including the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region), regulations and by-laws of the Hong Kong Special Administrative Region in carrying out the Project.

### **Return of Residual Funds**

14. Upon completion or early termination of the Project, the successful Applicant shall pay to the Government the residue Project Funds and interests remaining in the Designated Bank Account by tendering to the Government a cashier cheque within one month after the satisfactory acceptance of the last Progress Report and final Audited Project Accounts by the Government in accordance with the Fund Agreement.
15. Mishandling of public funds or lack of discipline in financial management or non-compliances with the terms and conditions of the Fund Agreement would affect future applications from the FBL.

### **Procurement of Goods and Services**

16. The successful Applicant should ensure that all procurement for goods and services is carried out in an unbiased and fair manner and must comply with the following procedures –

<b>Aggregate value of each procurement</b>	<b>Requirement</b>
\$50,000 and below	Written quotations from at least two suppliers or service providers
Above \$50,000 to \$1,400,000	Written quotations from at least five suppliers or service providers
Above \$1,400,000	Open tender

17. Where the successful Applicant or any chairperson, committee member and/or the members of the board of directors of the successful Applicant is in any way, directly or indirectly, interested in a contract or proposed contract with the successful Applicant for the procurement of the equipment, other goods or services for the purposes of the Project, the successful Applicant shall disclose the nature of such interest to the Government in advance prior to entering into a contract with

such person. The Government may make further inquiries and/or give such directions in relation to the contract as it shall deem fit and the successful Applicant shall answer such inquiries or abide by such directions as appropriate.

18. In case the successful Applicant intends to procure goods or services directly from a particular organisation/individual, it has to provide details, its relationship with the successful Applicant and sufficient justifications for not following the open procurement process set out above. Prior approval from the FBL Secretariat must be obtained.

### **Hiring of Project Staff**

19. The Applicant shall abide by the principle of openness and competitiveness in hiring staff for the Project. Where the successful Applicant intends to employ or engage a person who is a relative, close personal friend, associates or associated persons of the Project coordinator, the deputy Project coordinator or anyone involved in the recruitment selection process, the successful Applicant shall, prior to offering the appointment, make full and proper disclosure of the conflict of interests to the FBL Secretariat. The Secretariat may make further inquiries and/or give such directions in relation to the employment of the Project staff as it shall deem fit (including a direction ordering the successful Applicant to abstain from offering the appointment to the person) and the successful Applicant shall answer such enquiries or abide by such directions as appropriate.

### **Conflict of Interests**

20. A conflict of interest situation arises when the private interest of the board of director(s), executive committee and staff members of an organisation competes or conflicts with others. Private interest includes both the financial and other interests of the Board of Director(s), Executive Committee and staff members of an organisation and those of their connections, including family members, relatives, friends, clubs and societies to which they belong, as well as people to whom they owe a favour or are obligated in any way, no matter whether the conflict of interest is potential or perceived. The successful Applicant should make reference to the practices set out in the following guidebooks prepared by the Independent Commission Against Corruption –
  - (a) “Strengthening Integrity and Accountability – Government Funding Schemes Grantee’s Guidebook”<sup>12</sup>;
  - (b) “Training Package on Corruption Prevention in Procurement”<sup>13</sup>;
  - (c) “Best Practice Checklist on Procurement”<sup>14</sup>; and

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- <sup>12</sup> [http://cpas.icac.hk/UploadImages/InfoFile/cate\\_43/2017/43903a1c-f8c9-4bac-b4f8-e7ed80b9a004.pdf](http://cpas.icac.hk/UploadImages/InfoFile/cate_43/2017/43903a1c-f8c9-4bac-b4f8-e7ed80b9a004.pdf)
- <sup>13</sup> [http://cpas.icac.hk/UploadImages/InfoFile/cate\\_43/2016/ca552674-5084-4240-91c8-d7135353156b.pdf](http://cpas.icac.hk/UploadImages/InfoFile/cate_43/2016/ca552674-5084-4240-91c8-d7135353156b.pdf)
- <sup>14</sup> [http://cpas.icac.hk/UploadImages/InfoFile/cate\\_43/2016/b4e94be0-46d9-4edd-abc8-5b89e431e32b.pdf](http://cpas.icac.hk/UploadImages/InfoFile/cate_43/2016/b4e94be0-46d9-4edd-abc8-5b89e431e32b.pdf)

(d) “Best Practice Checklist on Staff Administration”<sup>15</sup>.

### ***Part E Intellectual Property Rights***

1. It is the absolute responsibility of the successful Applicant to ensure that it complies with the intellectual property laws in Hong Kong. Under no circumstance will the Government be held liable for any infringement of Intellectual Property Rights caused by or relating to the application for funding support or the implementation of the approved Project.
2. Any Intellectual Property Rights created in or via the Projects will be vested with the successful Applicant. Successful Applicant is encouraged to make available all the Intellectual Property Rights created in or via the Projects in the public domain and allow the public to use and exercise all Intellectual Property Rights subsisting therein for free during the funded period (i.e. for a prescribed period to be specified in the Fund Agreement).
3. Any income generated from the Intellectual Property Rights created in or via the Project during the funded period should be ploughed back into the Project Account.
4. The successful Applicant shall warrant to the Government that the performance of the Project and the exercise by the Government or its authorised users of any of the rights granted under the Fund Agreement will not infringe any Intellectual Property Rights of any person.
5. The successful Applicant shall grant, at its own cost and expense, for the benefit of the Government and its authorised users, an unconditional, irrevocable, non-exclusive, sub-licensable, perpetual, royalty-free and worldwide licence to Use<sup>16</sup> the Project Materials<sup>17</sup>.
6. If the Project Materials contain any works or materials of which the Intellectual Property Rights belong to a third party, the successful Applicant shall have

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<sup>15</sup> [http://cpas.icac.hk/UploadImages/InfoFile/cate\\_43/2016/533652e2-ab2b-4381-ab34-a13478ef4908.pdf](http://cpas.icac.hk/UploadImages/InfoFile/cate_43/2016/533652e2-ab2b-4381-ab34-a13478ef4908.pdf)

<sup>16</sup> “Use” means, in relation to documents or materials, to do the “acts restricted by copyright” within the meaning of sections 22 to 29 of the Copyright Ordinance (Cap. 528).

<sup>17</sup> “Project Materials” mean all Project deliverable(s), works of authorship and materials of whatever media (including those in electronic format) developed, written, prepared, produced or created by the successful Applicant, its directors, employees, agents or sub-contractors in relation to the Project and/or the Fund Agreement (whether individually or jointly with the Government) including but not limited to all reports, studies, compilation of data, diagrams, charts, photographs, drawings, specifications, documents and all drafts and working papers relating to any of the above items.

obtained from such third party the grant of all necessary licences to Use such works and materials and the cost of which shall be borne by the successful Applicant.

