

LCQ20: Vetting and approval of applications for various funding schemes under ITC

Following is a question by the Hon Charles Mok and a written reply by the Secretary for Innovation and Technology, Mr Nicholas W Yang, in the Legislative Council today (May 30):

Question:

The Innovation and Technology Commission (ITC) has set up assessment panels for the vetting and approval of the relevant funding applications made to the various funding schemes under the ITC. Some members of the technology sector have criticised that due to the complicated procedure, the outdated criteria and the excessively long time taken (e.g. more than a year in some cases) for the vetting and approval of such applications, enterprises are unable to benefit from such schemes at an opportune time. In this connection, will the Government inform this Council:

(1) of the respective average numbers of working days taken in the past three years (i) from the Secretariat of the Enterprise Support Scheme receiving an application to the applicant being invited to make a presentation, and (ii) from the assessment panel's decision to support an application to the signing of the funding agreement between the authorities and the company concerned;

(2) whether it has set a target time in respect of the following: the secretariat of a funding scheme's (i) responding to an applicant's enquiry upon receipt, and (ii) informing an applicant of the progress for the vetting and approval of the application concerned upon receipt of supplementary information from the applicant;

(3) as some applicants have relayed that they have difficulties in making long-term planning for their companies' operations during the time when they are awaiting the outcome of their applications, and this affects small and medium enterprises and start-up enterprises more seriously, whether the authorities will enhance the communication with such enterprises so that such enterprises can anticipate the time when the outcome of their applications will be known;

(4) given that some persons-in-charge of funded companies have relayed that as quite a number of innovative technology products and services are only offered by a single provider, they are unable to submit at least two quotations for the goods and services to be procured in accordance with the requirements under the funding schemes, of the measures that the authorities have put in place to deal with such situation;

(5) of the academic background of ITC's staff who are responsible for the

preliminary screening of the projects under application, and whether such staff have grasped the relevant knowledge about the latest research and development (R&D) and application products or services; the respective percentages of the members in each assessment panel who are from the academia, technology sector, private equity and capital market, etc and the quorum of each assessment panel; whether the authorities will adjust the composition of the various assessment panels from time to time in response to the ever-evolving technological advancement to ensure that the members have an understanding of the latest R&D and application products or services so that the relevant applications can be considered fairly; and

(6) whether the authorities will inform the applicants of the reasons for their applications being rejected; if not, whether such an arrangement will be made; whether the authorities have put in place an appeal mechanism under which members of the assessment panel other than those who were involved in the original vetting and approval of the application concerned will be responsible for reviewing the appeal lodged by the applicant?

Reply:

President,

Our reply to the various parts of the question is as follows:

(1) to (3) The Enterprise Support Scheme (ESS) was launched in April 2015 to encourage, through providing funding support, the private sector to invest in research and development. Generally speaking, upon receipt of an application, the ESS Secretariat (the Secretariat) will examine the content of the project proposal as well as the completeness of information and supporting documents submitted by the applicant enterprise. The Secretariat will contact the applicant enterprise within three weeks to follow up with the latter's application. The Secretariat will then invite the applicant enterprise to attend an ESS assessment panel (the panel) meeting if deemed necessary. The applicant enterprise will normally be notified two to three weeks before the meeting. Overall, after the submission of an application, an applicant enterprise would be notified of the assessment result in around two months in the fastest case.

On receipt of the panel's support and comments, the applicant enterprise is required to, within three months, revise the content of the proposal to address the panel's comments and submit supplementary information along with the supporting documents before signing the fund agreement. As at end May 2018, fund agreements on 45 approved projects have been signed. In the fastest case, it took 33 working days from the receipt of the panel's support to the signing of the fund agreement. The average time taken was 105 working days, of which 87 working days were used by the applicant enterprises to prepare the necessary information and supporting documents. As the processing time for an application mainly depends on the speed of the applicant enterprise in providing the required documents, we therefore have not set a target completion time.

Throughout the entire application process, the Secretariat liaises closely with the applicant enterprises to ensure that the application is handled in a timely manner. The Innovation and Technology Commission (ITC) has been monitoring the ESS implementation with reviews conducted from time to time for enhancing performance. In the past year, a number of enhancement measures, including updating the application form and the Guide to Filling in the Application Form, etc, were introduced.

(4) To ensure proper use of public funds, when procuring goods and services, the recipient enterprise must comply with the procurement procedures established in accordance with the guidelines of the Independent Commission Against Corruption in the Guide to Filling in the Application Form. When the recipient enterprise has to procure goods or services from one single specific company/organisation/individual due to various circumstances, it has to provide details and sufficient justifications (including its relationship with the company/organisation/individual) for not following the prevailing procurement procedures. The ITC will consider whether to grant approval taking into account the merits of each individual case.

(5) Upon receipt of an application, ITC's technology professionals will conduct a preliminary assessment of the technology component of the application which will then be presented to the panel for consideration. Depending on the project content, the number of panel members participating in the assessment generally varies from four to nine. There are currently over 110 panel members in the panel. The ratio of members from the innovation and technology (I&T) industry (including the private equity and capital market) to members from the academia is approximately 2:1. The tenure of the members is normally two years. Upon expiry of the tenure, the ITC will adjust the composition of the panel having regard to the latest I&T development.

(6) If an application is not supported by the panel, the Secretariat will notify the applicant enterprise of the reasons in writing. While there is no appeal mechanism under the ESS, an applicant enterprise may revise the application having regard to the panel's comments and re-submit the application. There were precedents where re-submitted proposals were supported by the panel.