



## **INFORMATION HANDBOOK**

**A brief guide for  
applying SIIRD grants**

January 2012

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## 1. INTRODUCTION

The aim of this handbook is to provide companies with background information about the Singapore-Israel Industrial R&D Foundation (“SIIRD”), and the additional information that they will need, to determine whether they are likely to be eligible for SIIRD support. It also provides a ready reference to enable the companies to make an application for grant funding.

No handbook can be a substitute for face-to-face discussions, and at the appropriate stage SIIRD management will be pleased to provide advice and assistance to companies considering submitting an application.

### 1.1 About SIIRD

Established in 1997, the Singapore-Israel Industrial R&D Foundation (SIIRD) is a co-operation between the Singapore Economic Development Board (EDB) and the Office of the Chief Scientist (OCS) in Israel to promote, facilitate and support joint industrial R&D projects, between companies from Israel and Singapore, which would lead to successful commercialization.

The objectives of SIIRD are to :

- Promote the activities of the respective private sectors of both countries to intensify bilateral industrial research and development cooperation;
- Facilitate identification of specific projects or partnerships between Singapore and Israel companies that could lead to industrial R&D cooperation;
- Coordinate and focus suitable government resources and programs to support closer commercial relations and industrial cooperation;
- Support jointly approved industrial R&D cooperation projects between the entities from the two countries leading to commercialization in the global market and, in particular, the Asia Pacific region.

SIIRD is incorporated in Singapore and currently managed by a General Manager based in Singapore. The SIIRD Management includes Managers and Executives based in both countries. The SIIRD Management reports to the SIIRD Board of Directors (BOD) consisting of six directors, three representing the State of Israel and three representing the Government of Singapore. Two Board meetings will be held each year to evaluate and decide on projects for SIIRD funding.

#### 1.1.1 About the Economic Development Board

The Economic Development Board (EDB) is Singapore's lead agency responsible for planning and executing strategies to sustain Singapore's position as a compelling global hub for business and investment. EDB works closely with local and foreign companies across a diverse range of activities in both manufacturing and services to help them move towards higher value-creating operations in an increasingly knowledge-based and innovation-driven environment. EDB also encourages companies to use Singapore as a headquarter and total business centre to manage their global or regional functions to service their global or Asia Pacific operations.

#### 1.1.2 About the Office of Chief Scientist

The Office of the Chief Scientist (OCS) at the Israeli Ministry of Industry, Trade & Labor, develops and offers a variety of support programs that play a major role in enabling Israel to become a key center for hi-tech entrepreneurship. The role of the OCS is to assist in the development of new technologies in Israel, as a mean of fostering the Israeli economy, encouraging technological entrepreneurship, leveraging Israel's science-skilled resources, supporting high added value R&D, enhancing the knowledge base of Israeli hi-tech industries and promoting cooperation in R&D both nationally and internationally.

## 1.2 Types of Funding

### 1.2.1 Feasibility Study

Companies can conduct preliminary investigations to determine the technical feasibility and market acceptability of a new product or process concept. SIIRD can fund up to US\$30,000 or 50% of the qualifying costs for conducting feasibility tests, whichever is lower. Such awards are made with the understanding that a formal proposal for a full-scale project will be submitted by the companies, should the feasibility results prove positive.

### 1.2.2 Mini R&D Project

Companies can embark on joint R&D project where the total qualifying cost is not more than US\$400,000 and project duration is not more than one year. SIIRD can fund up to US\$200,000 or 50% of the qualifying costs, whichever is lower. This funding type is for companies interested in defining an initial project of modest size rather than plunging into a higher cost full-scale project of longer duration.

While the proposal preparation for Mini R&D Project may be less stringent than those associated with a full-scale project, the same criteria regarding business/technical capabilities and commercial potential are applicable. Commercialization is an expected goal for such projects. Once approved, mini-projects are implemented under the same agreements as full-scale projects.

### 1.2.3 Full-Scale R&D Project

For joint R&D project of larger scale where the maximum project duration is three years, SIIRD can fund up to 50% of the qualifying costs or between US\$200,000 and US\$1,000,000 (not more than US\$500,000 in one year), whichever is lower. Commercialization is also an expected goal for full scale R&D projects.

## 1.3 Eligibility Criteria

### 1.3.1 Companies Eligible for SIIRD Funding

Companies must be registered and operating in Singapore or Israel. Either company must not have more than 20% shareholding in the other participating company.

Joint industrial R&D projects must be undertaken in Singapore and Israel. At least 30% of the actual R&D work must be done in Singapore as well as in Israel. Technology and product developed must have potential for commercialization.

### 1.3.2 R&D Project Cost Items Eligible for SIIRD Funding

SIIRD funding covers only a portion of the companies' total development cost (just before product reaches commercial readiness); and does not fund any downstream cash requirements at the mass manufacturing and selling stage. Manufacturing and marketing costs are not eligible for SIIRD funding. The allowable expenses include:

- Direct manpower, expendable materials & supplies, consultancy services, subcontractors
- Expenses for travel between Singapore and Israel
- Depreciation or leasing costs of capital equipment essential to the project

For more details on the individual items, please refer to the Project Budget Form at [http://www.siird.com/guideline\\_forms\\_a.htm](http://www.siird.com/guideline_forms_a.htm).

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## 1.4 Benefit of using SIIRD funding

- SIIRD shares companies' risk towards R&D projects
- SIIRD does not take equity in your company
- SIIRD does not take Intellectual Property Rights of developed product/technologies
- SIIRD does not require collateral from the participating companies

## 1.5 Overview of SIIRD Funding Model



The two partnering companies from Singapore and Israel are collectively referred to as “the Proposer”. Both companies should have the combined, proven capability, sufficient R&D resources and infrastructure to define, develop, manufacture, sell and support an innovative product or service, referred to as “the Product”. The joint development program between the companies is referred to as “the Project”. The project’s total development cost is referred to as “the Budget”. SIIRD participates in the Project by funding up to 50% of the Budget, which is referred to as “the Conditional Grant”.

One key criterion is that each company has the demonstrated ability to carry out its part of the Project, as well as its part in the commercialization. The Project should also demonstrate the technological feasibility and commercial viability of the joint technology development, such as securing beta-site or even commercial agreements with potential or established customers.

Another key criterion is that the nature of the business relationship between the two Proposers is that of sharing; both in the Product’s development program and in the revenues derived from its commercialization. Therefore, SIIRD encourages Proposers to sign a formal company-company business agreement prior to the start of the Project to address issues relating to manufacturing rights, marketing responsibilities, ownership of technology, benefits to each Proposer during commercialization, as well as repayment to SIIRD.

The two Proposers are obligated to repay SIIRD the total Conditional Grant received, referred to as “the Repayment”, but only from the revenue generated by the Product’s sales upon successful commercialization. The maximum repayment amount due by the Proposer is dependent on the length of time that it takes to complete the repayments, with incentives given in earlier years, as follows:

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Years Following First Commercial Transaction	Maximum Percentage of SIIRD Grant to be Repaid
1	68%
2	76%
3	82%
4	91%
5	98%
6 or more	100%

**If product commercialization is unsuccessful, and no revenue is generated, whether due to technological or marketing failure, SIIRD will not seek repayment of the Conditional Grant. Thus, SIIRD participates with the Proposer in the risk of an unsuccessful R&D investment.**

## 2. R&D PARTNER SEARCH

### 2.1 Partner Search through SIIRD

SIIRD organises R&D matchmaking opportunities between companies based in Singapore and Israel interested in R&D collaboration. Companies can go on-line to provide SIIRD with information on their R&D Partner Search Request (log on to [http://www.siird.com/search\\_req.htm](http://www.siird.com/search_req.htm)) such as desired profile of the R&D partner and brief description of the proposed R&D project. SIIRD's offices in Singapore and Israel will then locate suitable candidates and facilitate communications between the interested parties.

After exploratory communications, should both companies decide to collaborate in a R&D project, they are invited to submit an Executive Summary. Please download the guidelines at [http://www.siird.com/guideline\\_forms\\_a.htm](http://www.siird.com/guideline_forms_a.htm).

### 2.2 Partner Search through Existing Networks

Companies that have found suitable R&D partner through their existing networks are also invited to submit an Executive Summary. Please download the guidelines at [http://www.siird.com/guideline\\_forms\\_a.htm](http://www.siird.com/guideline_forms_a.htm).

***NOTE: SIIRD encourages companies that are considering applying for project funding to arrange for an introductory meeting with the SIIRD Management in the respective countries as early as possible.***

## 3. SIIRD FUNDING APPLICATION PROCESS

### 3.1 Submission of Project Executive Summary

SIIRD may recommend the Proposers to submit a Project Executive Summary. Please download the guidelines at [http://www.siird.com/guideline\\_forms\\_a.htm](http://www.siird.com/guideline_forms_a.htm). The Executive Summary should be jointly prepared, signed and submitted by the companies to the SIIRD Management in softcopy ([siird@edb.gov.sg](mailto:siird@edb.gov.sg)) and hardcopy (SIIRD Singapore office).

### 3.2 Preparation and Submission of Project Proposal

The Project Proposal must be submitted jointly by the two Proposers and signed by the company's CEO, Managing Director or General Manager.

The softcopy should be submitted to the SIIRD Management ([siird@edb.gov.sg](mailto:siird@edb.gov.sg)).

At the same time, five (5) signed hardcopies of the Project Proposal should be submitted to the SIIRD Singapore office by the Proposers. Please refer to SIIRD's website at <http://www.siird.com> for proposal submission deadline.

#### 3.2.1 Outline of Project Proposal

The Project Proposal should include a brief but clear description of the following sections.

##### Feasibility Study Project Proposal :

- Project Proposal Cover Page - download from [http://www.siird.com/guideline\\_forms\\_a.htm](http://www.siird.com/guideline_forms_a.htm)
- Table of Contents
- Section A : Introduction
- Section B : Companies and their Resources
- Section C : Program Plan
- Section D : Project Budget (to be completed by respective Proposer)
- Section E : Plans for Full-Scale R&D Project

Refer to "Guidelines for Project Proposal" under [http://www.siird.com/guideline\\_forms\\_a.htm](http://www.siird.com/guideline_forms_a.htm) for detailed guidelines on writing Project Proposal for Feasibility Study Project.

##### Mini R&D Project Proposal and Full-Scale R&D Project Proposal :

- Project Proposal Cover Page - download from [http://www.siird.com/guideline\\_forms\\_a.htm](http://www.siird.com/guideline_forms_a.htm))
- Table of Contents
- Section A : Companies and their Resources
- Section B : Proposed Product and its Innovation
- Section C : Proposed R&D Program
- Section D : Economic Contribution to both Countries and Cooperation between Companies
- Section E : Project Organization and Management Plan
- Section F : Target Market
- Section G : Commercialization - Plans and Prospects
- Section H : Project Budget (to be completed by respective Proposer)

Refer to "Guidelines for Project Proposal" under [http://www.siird.com/guideline\\_forms\\_a.htm](http://www.siird.com/guideline_forms_a.htm) for detailed guidelines on writing Project Proposal for Mini R&D and Full-Scale R&D Project.

## 3.2.2 Company Financial Status and Funding Resources

The Proposers applying for SIIRD funding are required to demonstrate that they have, or have ready access to the infrastructure and resource required to complete the development project and to benefit from its commercial potential. A copy of the past three years annual financial audit report from each of the Proposers is required.

In addition, SIIRD may conduct a financial analysis on the Proposer to determine the following:

1. Current tangible financial resources available to the Proposer;
2. Financial ability of the company to cover the expenses required for the entire duration of the joint R&D project

## 3.3 Project Evaluation

### 3.3.1 Project Presentation and Evaluation Meeting at Company Site

Upon complete submission of the application, the SIIRD Management will arrange to meet with the top management and key technical staff of each Proposer. The Proposers are to present the project details during the scheduled site visit to the Proposers' R&D or operating sites in both Israel and Singapore. The purpose of the site meeting is usually to introduce the SIIRD Management to the Proposer's relevant personnel and for the SIIRD Management and its appointed evaluators (see Section 3.3.2) to better understand the Proposer's technical and financial capabilities, as well as its role in the R&D and commercialization of the project.

***NOTE : SIIRD's dealings with the companies are treated confidentially, including the evaluation of proposals by the evaluators responsible for conducting such reviews.***

### 3.3.2 Grading by Evaluators

The Project shall be subjected to technical evaluations by experts (referred to as "the Evaluators") in both countries, to be appointed by the SIIRD Management, to provide neutral assessment on the quality of the project applications. The Evaluators are independent professionals with specific technological background relevant to the project. The Evaluators may request the Proposers to clarify and expand on topics that are not sufficiently covered in the proposal, or to address questions/comments raised by the Evaluators during the project evaluation meeting. The Proposers are required to promptly respond to the Evaluators' requests. The Evaluators will then submit to SIIRD their evaluation reports and recommended grading of the Project to SIIRD. The submitted evaluation reports and grading will be presented to SIIRD Board as part of the project approval process.

### 3.3.3 Project Approval by SIIRD Board of Directors

SIIRD Board convenes at least twice a year to act upon grant applications. The Board's decision will be conveyed to the Proposers about two to three weeks after the Board meeting. Should the grant application be approved by the Board, the Proposers will be given a deadline to accept the grant offer from SIIRD.

### 3.3.4 Formal Company to Company Business Agreement

This is a formal contract between the Proposers (both the Singaporean and Israeli companies). SIIRD is not a party to this agreement.

This formal agreement will form part of the CPFA (refer to Section 3.4) and must be submitted before the signing of the CPFA. **If the Proposers are able to submit the signed agreement prior to the Board meeting, it will reflect the commitment between the Proposers to collaborate beyond R&D aspects and positively influence the Board's decision.**

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The contract should address issues relating to manufacturing rights, marketing responsibilities, ownership of technology, benefits to each Proposer during commercialization. In particular,

- revenues and profit-sharing arrangement between the two Proposers for the jointly developed product should be such that it is a business partnership rather than a sub-contracting arrangement and the terms should be clearly defined and understood by all parties;
- validity of agreement must not terminate before the official project end date.

## 3.4 Preparation and Signing of the CPFA

After the Proposers have accepted the grant offer from SIIRD, the SIIRD Management will begin preparation of the Cooperation and Project Funding Agreement (“CPFA”), which will be signed among three parties – SIIRD and the two Proposers. The CPFA describes the work plan, project budget, reporting requirements, disbursements due to the Proposers, and repayment due to SIIRD from sales or other income resulting from the project. Sample of the CPFA can be viewed and downloaded from SIIRD website ([http://www.siird.com/guideline\\_forms\\_a.htm](http://www.siird.com/guideline_forms_a.htm)).

The CPFA will be customized to include information specific to the project and the Board’s imposed conditions, if any. The Proposers are to provide the following information:

- Project Start Date
- Names of Project Manager and Company Signatory (eg. CEO/MD/GM)
- Company Name, Address, Facsimile
- USD Bank Account details

SIIRD will send four (4) copies of the CPFA to the Singaporean Proposer, which will assist in obtaining the signatures from both the Singaporean and Israeli Proposers, and return all four (4) copies to SIIRD for the SIIRD General Manager’s signature. SIIRD will return 2 signed copies of the CPFA to the Proposers.

## 3.5 Interim and Final Reporting and On-site Reviews

The Proposers are required to submit reports during the project development phase (refer to [http://www.siird.com/guideline\\_forms\\_b.htm](http://www.siird.com/guideline_forms_b.htm)) and project completion phase (refer to [http://www.siird.com/guideline\\_forms\\_c.htm](http://www.siird.com/guideline_forms_c.htm)). Upon submission of the reports, the SIIRD Management will conduct on-site meetings (Interim and Final Reviews) with the Proposers in Singapore and in Israel. During these meetings, the Proposers are to present their progress reports (Technical and Fiscal) as well as physical demonstration of the product and technology developed. Disbursements of the grant will normally be executed after the reviews and submitted documents (as required by SIIRD) are approved by the appointed evaluators and SIIRD.

*last updated: Jan 2012*