**The Victoria-Israel Science and Technology R&D Program (VISTECH)**

**Program Guidelines – 2018**

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13. **OVERVIEW**

The Victoria-Israel Science and Technology Research and Development (VISTECH) Program provides funding support for market-oriented collaborative research and development (R&D) projects by Victorian (Australia) and Israeli companies, consistent with the Cooperation Agreement in place between Victoria and Israel since 2005. In Victoria, VISTECH is one of the programs of the Victoria Israel Science Innovation and Technology Scheme (VISITS).

The VISTECH program supports collaborative R&D projects aimed at achieving commercialisation of new or improved products, processes or services that can potentially contribute to the economic development of Victoria and Israel.

Financial support of up to AUD$250,000 per project (approximately US$225,000, depending on exchange rate) is available to Victorian-based companies, provided by the Victorian Government as a grant. Financial support of up to 50% of approved R&D expenses is available to Israel-based companies, provided by the Office of the Chief Scientist (OCS) of the Israeli Ministry of Economy, as a soft loan/conditional grant. For both Israeli and Victorian companies, financial support of up to 50% of eligible R&D expenses of approved projects are provided.

Successful Victorian applicants enter into a grant agreement with the State Government of Victoria through the Department of Economic Development, Jobs, Transport and Resources (DEDJTR). Successful Israeli applicants enter into a funding agreement with the Office of the Chief Scientist. In addition, successful applicants enter into a collaboration agreement with each other that describes how intellectual property is managed and beneficial outcomes shared.

1. **OBJECTIVES**

The VISTECH program aims to:

* Provide incentives for Victorian and Israeli companies to collaborate on research and development activities pertaining to technology-based products, processes or services;
* Advance such technologies to commercial readiness; and
* Identify steps for realisation of economic benefits for all parties concerned.
1. **ELIGIBILITY**

Collaborating companies take forward parallel applications in Victoria and Israel.

The Victorian applicant must be a company that:

* is a for-profit entity and have its registered office and principal place of business located in Victoria ;
* meets the requirement of a co-contribution to the project;
* has not been awarded funding of more than AUD$250,000 (plus GST) through any program of the Victorian Government in relation to the proposed technology; and
* is not currently involved in litigation against the State Government of Victoria.

Israeli applicants must be R&D performing Israeli registered companies operating in Israel.

Victorian and Israeli applicants cannot be related in any way. That is, the applicants must be entirely separate legal entities, with no financial or other ties.

Therefore, applicants must not:

* be owned by the same parent company;
* be related bodies corporate within the meaning of the Corporations Act 2001 (Commonwealth of Australia);
* share governance; nor
* have common directors, officers or senior managers.

Academic institutions can participate but as subcontractors only.

1. **PROJECTS**

The projects must involve cooperation by the applicants on joint, market driven, science and technology related research and development of new products, processes or services.

The projects must involve at least one Victorian and one Israeli company and may involve more than one organisation from each jurisdiction. Academic and research institutions are not eligible to apply for funding directly, however, they may be sub-contracted by the companies to undertake parts of the projects.

The applicants must demonstrate that they have ready access to the required infrastructure and resources to complete the projects. Also, the applicants must have the ability to deliver newly developed technologies to the market in the short to medium term.

The project contributions by the Victorian and Israeli applicants must be fairly balanced.

Projects in any sector or field are appropriate, including but not limited to the following disciplines or technologies:

* Biotechnology;
* Information and Communication Technology;
* Small Technologies, including Nano technologies and Micro technologies; or
* Clean Technologies.

Relevant project issues must be addressed in the application documentation, including a project plan and budget.

1. **APPLICATION PROCESS**

The VISTECH application is a multi-stage process including partner matching, bilateral cooperation application and final grant application.

1. **Expression of Interest and Partner Search (OPTIONAL)**

To enable any collaborative project to succeed, it is essential that the parties are aligned as to project objectives, skills and ethos.

To assist Victorian and Israeli companies seeking to identify partner organisations, a search and matching service is provided, according to the following steps.

Victorian Companies Seeking Israeli Partners

* Prospective Victorian applicants submit an online Expression of Interest form. The essential details of this form include the full Company details together with a brief description of the area of interest.
* DEDJTR conducts an initial probity of the entity validating its legal status. On completion of the probity review, DEDJTR informs the company of the status and, where appropriate, authorise the company to progress to the next stage.
* The applicant then completes and submits an online Partner Search Form to DEDJTR. Care should be taken that the detail submitted is concise and targeted to match the intended project.
* Based on this information, MATIMOP conducts a search of their databases to identify target Israeli companies. DEDJTR forwards information about candidate companies to the Victorian company.
* The Victorian company undertakes a due diligence on the Israeli companies and to conduct negotiations with preferred parties. To assist the due diligence process and to encourage face-to-face negotiations, Victorian companies may apply for a VISTRIP grant to visit Israel to meet with the candidate companies.

Israeli Companies Seeking Victorian Partners

* Israeli companies seeking assistance in identifying potential Victorian partners should fill out a Partner Search Form and submit it to MATIMOP via the MATIMOP online submission system and/or via email.
* Based on the submitted information, DEDJTR seeks to identify suitable target Victorian companies. MATIMOP forwards candidate companies to the Israeli companies.
* Israeli companies should undertake a due diligence on the Victorian companies and inform MATIMOP which are the preferred parties. MATIMOP then facilitates an introduction and companies can move forward independently with discussions and negotiations.
1. **Bilateral Cooperation Applications – Phase 1**

The next stage of the process is a pre-screening of project proposals to determine suitability for a full application. The steps are as follows:

* Applicants jointly complete a Bilateral Cooperation Form (BCF). The content of this form is to be agreed between the parties so that identical information is submitted to both the Victorian and Israeli Governments.
* The applicants submit the BCF and relevant attachments to their respective government departments.
* A Letter of Intent (LoI) or Memorandum of Understanding (MoU) is drafted and executed by all parties involved in the project. This document refers to the management of intellectual property.
* DEDJTR undertakes an initial review of the BCF as to the appropriateness of the application for Victoria. This review and evaluation may involve specialist scientific or technical input.
* DEDJTR and MATIMOP jointly decide as to whether the application is suitable for VISTECH funding.
* If successful, DEDJTR advises the Victorian applicant and MATIMOP advises the Israeli applicant to proceed to next stage of the application process – Full Application.
1. **Full Applications – Phase 2**

Victorian Companies

For Victorian companies, the full applications stage involves the following steps:

* Applicants complete the online forms, completing a Project Proposal template and Project Budget template.
* The project proposal includes a milestone schedule that describes the various activities of the project over a quarterly time-frame.
* The project budget indicates the matching investment into the project by the Applicant. The budget is also set at quarterly intervals across the planned grant period.
* The applicants complete a collaboration agreement, including reference to the management intellectual property between the Victorian and Israeli parties.
* The application forms must be authorised by a person with delegated authority to apply (that is, with the appropriate financial delegation to approve external service agreements and payments).
* DEDJTR undertakes two risk assessments: Financial risk and Business Unit risk. The applicants must therefore provide:
	+ Financial report for the last three financial years. This information should be the ‘final accounts’ with Directors’ Report & Declaration and should include Profit & Loss Statement, Balance Sheet and Notes to the Accounts.
	+ Where the latest financial report is more than six months old, up to date management or interim accounts (Profit & Loss Statement and Balance Sheet).
* The applications are reviewed by an Expert Panel. Applicants are likely to be interviewed by the expert assessors and visited by VISTECH managers as part of the assessment process. The interviews provide an opportunity to seek clarification on issues raised or not covered by the documentation provided.
* The applications are then reviewed by a Joint Management Committee. Only those projects that are approved by both Government authorities receive funding.
* Letters of offer are sent by DEDJTR to successful Victorian applicants.

Israeli Companies

* Following approval of the Bilateral Cooperation Form (Phase I), Israeli applicants are required to submit a separate application directly to the Israeli Office of the Chief Scientist (referred to by OCS as: בקשה לתמיכה בתוכנית מו"פ). This application should be submitted according to OCS guidelines and regulations and using OCS forms and required templates – all available online at the OCS website:
<http://www.economy.gov.il/RnD/research%20and%20development%20programs/Pages/Mop_Fund.aspx>
* Israeli applicants are subject to the evaluation procedures of the Office of the Chief Scientist, which generally included on-site visits and interviews by an assigned professional evaluator. The OCS Research Committee then makes a decision regarding whether the project is eligible for funding and for what amount.
* The projects are then reviewed by a Joint Management Committee. Only those projects that are approved by both Government authorities receive funding.
* Letters of offer are sent by OCS to successful Israeli applicants.

**Assessment Criteria**

Eligible final applications are assessed on merit against the selection criteria by the expert assessors in Israel and Victoria who then make funding recommendations to the Joint Management Committee.

VISTECH proposals are assessed in relation to:

* technical strength;
* applicant capabilities;
* commercial potential; and
* prospective benefits to the economy.

Further quantitative information on assessment criteria is available in the application documentation.

1. **PROGRAM FUNDING AND APPLICANT CO-CONTRIBUTIONS**

In Victoria

The maximum grant amount is AUD$250,000 excluding GST. Companies can apply for less than this amount.

Companies are required to make a co-contribution of an equal or greater value than the grant amount requested. That is, the funding is up to 50% of the project expenses.

Successful Victorian applicants are awarded grant funds by DEDJTR. Projects that create an ongoing liability for the Victorian Government will not be funded.

In Israel

Funding is provided in the form of a conditional grant (returnable soft loan) to the projects selected under the relevant Call for Proposals.

The total funding from the Government of Israel via the OCS, under VISTECH financial support, is up to 50% of the eligible and approved costs of the R&D, in accordance with the national laws and regulations.

When a project results in sales of a product, service or process, the financial support must be repaid to the Office of the Chief Scientist according to its regulations. In general, royalties are paid at rates beginning at 3% of sales, depending on various criteria. Royalties are payable until 100% of the amount of the grant has been repaid with interest as provided in the applicable regulations.

For more information on funding conditions, applicants should visit the website of the Office of the Chief Scientist:

<http://www.economy.gov.il/RnD/research%20and%20development%20programs/Pages/Mop_Fund.aspx>

1. **PROJECT EXPENDITURE ELIGIBLE FOR FUNDING**

In Victoria

VISTECH funding can be applied flexibly to project related expenses; funding is not intended to cover “business as usual” expenses.

The project budget as submitted with the application (refer to template documentation) shall clearly detail all proposed expenditure items and be subject to the approval of the Department.

Should applicants be uncertain as to whether a particular expense is eligible for funding under the VISTECH program they can contact the DEDJTR Program Manager.

In Israel

Only R&D expenses, as defined by the Office of the Chief Scientist, are eligible for funding for Israeli applicants. For more details on which expenses may be considered as R&D expenses under the program, please view the guidelines documents on the website of the Office of the Chief Scientist:

<http://www.economy.gov.il/RnD/research%20and%20development%20programs/Pages/Mop_Fund.aspx>

1. **PROJECT DURATION**

In Victoria

Projects are to be commenced within three months and completed within two years from execution of grant agreements.

DEDJTR reserves the right to withdraw the offer of funding if projects are not commenced within the specified timeframe.

In Israel

Funding for projects is provided on a yearly basis, with the option of resubmitting an application to request funding for 2nd or 3rd year funding. Israeli applicants should follow the rules and regulations of the Office of the Chief Scientist in this regard

1. **GRANT MANAGEMENT AND REPORTING (FOR VICTORIAN APPLICANTS ONLY)**

**Grant Agreements**

The Victorian Government has full discretion and authority to determine which applicants are entitled to receive funding under the program and the amounts of any funding offered.

Subject to acceptance of the letters of offer sent to successful applicants, separate legally binding grant agreements are prepared reflecting the project, proposed outcomes, milestones, timeframes and conditions of payment.

Victorian recipients are required to enter into a Grant Agreement with DEDJTR. The Grant Agreement between the Victorian recipients and DEDJTR must be finalised within six weeks from notification of the award.

Victorian recipients receive funding in agreed tranches corresponding to Grant Agreement milestones. Claims for payment from the Victorian recipient must be supported by appropriate evidence, including financial details of total project expenditure and cash co-contributions.

Execution of a collaboration agreement between the applicant and collaborating organisations is a pre-requisite for the release of the first payment under the Grant Agreement.

**Reporting**

All grant recipients must agree to:

* comply with DEDJTR’s performance monitoring and evaluation requirements; and
* participate in any formal evaluation of the program by the Victorian Government or its agent.

Consistent with these undertakings, regular reports must be submitted by the recipients, including:

* Technical Progress Reports: Technical reports enable Departmental officers to follow project progress and approve payments of funding instalments. Provision of funding instalments is dependent on achievement of milestones.
* Financial Reports: The purpose of the financial reports is to enable Departmental officers to monitor actual expenditures against projected budgets. All expenses incurred must be itemised and compared to the original budget.

A final report must also be provided, consisting of a final update on technical progress and a full financial report complete with an audit opinion or appropriate statutory declaration. The final report should also describe the results of the project in commercial terms, including market acceptance of products and processes developed, current sales and cash flow forecasts, new product opportunities and any further activities planned.

Grant recipients must agree to cooperate with DEDJTR in the preparation of materials used to promote the benefits of the program, such as a media release or case study on the project. DEDJTR must be consulted prior to the publication of any company promotion materials relating to the project, such as media releases.

1. **INTELLECTUAL PROPERTY**

It is preferable that both Victorian and Israel applicants bring clearly codified intellectual property to the project (background IP). Applicants need to clarify the ownership of intellectual property generated during the project (project IP), in a Letter of Intent submitted with the Bilateral Cooperation Form. All applicants should receive beneficial ownership of intellectual property associated with the project (background and project IP). The applicants must clarify and agree the management of intellectual property according to these principles.

1. **CONFIDENTIALITY**

The Victorian Government will, to the extent permitted by law, treat all information as strictly confidential and commercial-in-confidence where relevant, and manage it in accordance with the published Privacy Policy, which can be found at business.vic.gov.au/privacy.

1. **CONTACTS AND FURTHER INFORMATION**

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| **Israel** | **Victoria** |
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