



**Working together for excellence!**

## **Guidelines on Retroactive CTI Grant Funding for R&D consortiums**

Cooperation between research facilities and business partners in R&D consortiums ensures superior innovation. This is because the shrewd combination of R&D competencies with resources leads to better solutions and more applications for customers than would otherwise be achieved by individual research facilities working on their own.

The Innovation Promotion Agency (CTI) provides special retroactive grant funding to R&D consortiums working on CTI-approved projects.

The CTI awards retroactive grant funding to R&D consortiums on the basis of specific prerequisites, procedures and agreements, which also apply to assessment of grant applications, to calculation of grant amounts as well as to the retroactive release of grant funding. These prerequisites, procedures and agreements are described in the present Guidelines.

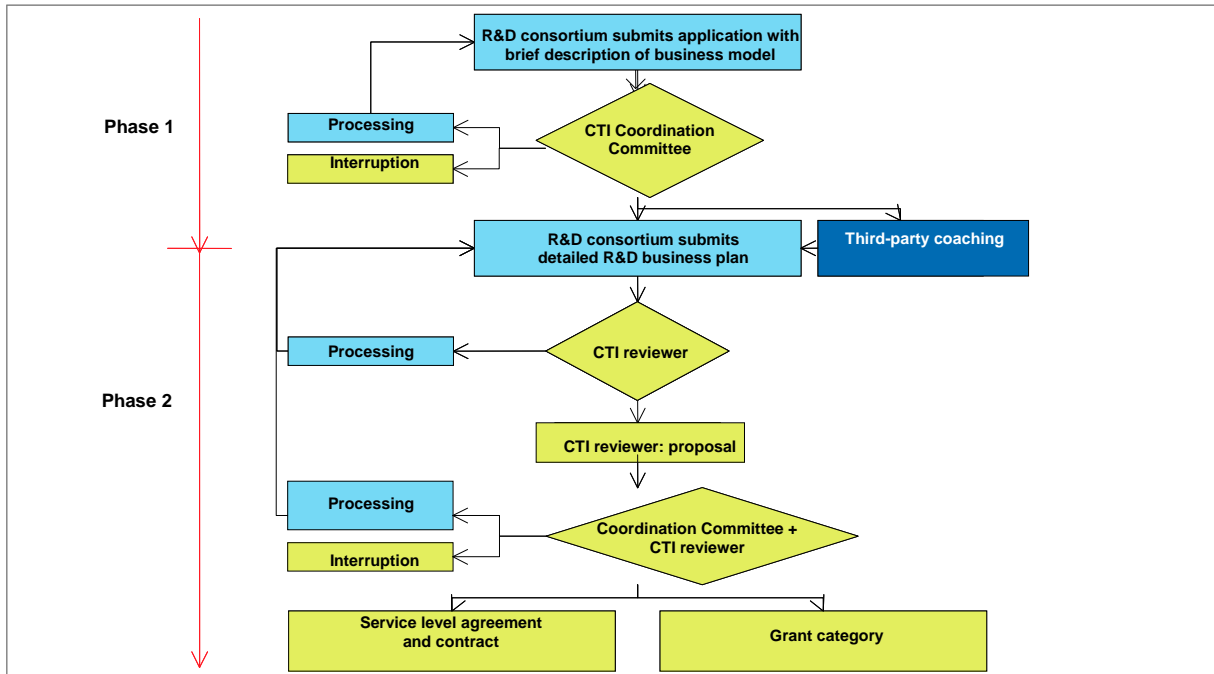
Retroactive grant funding is given as payment for R&D services rendered within the framework of a Service Level Agreement. Calculation of individual grant amounts takes into account the total amount of grant funding available for CTI projects.

Retroactive grant funding is awarded under the terms and conditions set forth in a Retroactive Grant Contract signed by CTI and the qualified R&D consortium. Grant funding is available for the current ERI period 2008-2011. CTI intends to continue to provide support to successful consortiums, with the aim being to help them gradually achieve the greatest level of self-funding possible. The current Guidelines and Service Level Agreement between CTI and the corresponding R&D consortium will form an integral part of the Research Grant Agreement.

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# 1. Eligibility for retroactive grant funding

A two-tiered procedure is used to determine whether an R&D consortium is eligible for retroactive grant funding:



Phase 1: The R&D consortium submits a grant application and presents its business model.

The business model describes how the R&D consortium’s business ideas will be implemented. The underlying assumption is that if several partners work together on applied research projects, they are able to generate a larger number of higher quality CTI projects that benefit business, society and government than would be possible if these same partners worked in isolation. Business models describe the scope of activities of the R&D consortium, the scientific discipline in which research will be conducted and the intended markets.

Grant applications may be submitted via e-mail to CTI (info@kti-cti.ch) at any time. Initially, the grant application should be in the form of a brief summary covering the following:

*Mission:*

- Who are we? Who are the R&D consortium partners? What competencies do we have? What do we want to achieve? What service or product do we want to offer? What area of application do we intend to focus on?
- What makes us unique? What potential is derived from the consortium’s specific characteristics?

*Market:*

- What is our market (content, quality, quantity)? Who are our potential customers (users, implementers)? What themes, content, targets will be addressed by our consortium projects?
- Who and where are our competitors? How are they positioned? Where do relevant differences lie?
- What market position do we seek and on which markets? What impact does this have on our ability to generate new projects? What are our expectations over time (number, type and volume of projects)?
- How do we communicate with our potential customers (market handling, acquisition)?

Based on the business model documentation provided, CTI's Coordination Committee will then assess the R&D consortium to determine whether it qualifies for retroactive grant funding. The following assessment criteria are used:

- Economic importance of field of expertise,
- The potential of the R&D consortium to produce superior innovation performance,
- The ability of the R&D consortium to generate a sufficiently large number of excellent CTI projects and bring these projects to completion.

If the CTI Coordination Committee gives its approval, the R&D consortium will be asked to submit a more concrete business model on the basis of a detailed R&D business plan. If the R&D consortium would like to call in an external consultant to work on the R&D business plan, it may submit a funding request to CTI for up to CHF 10,000.-

Phase 2: The R&D consortium submits a detailed business plan for its R&D activities.

The CTI will focus on the specific details of the R&D business plan to determine how R&D activities may be carried out to achieve a given market impact. In order to gain a complete picture, CTI will require a copy of the comprehensive R&D business plan. As far as the R&D activities are concerned, CTI will need detailed planning documents (send via e-mail to: [info@kti-cti.ch](mailto:info@kti-cti.ch)), which should be based on the questions asked for Phase 1. Assigned CTI reviewers (two experts chosen from the CTI expert team responsible for the given grant category) will check the documents, contact the R&D consortium to obtain clarifications where needed and will meet with the members of the CTI Coordination Committee to decide whether the R&D consortium qualifies for CTI retroactive grant funding.

Qualifying R&D consortiums are entitled to receive CTI retroactive grant funding for all project proposals submitted during the contract period, provided that:

- One of the four CTI expert teams is involved in the usual assessment process and
- The R&D consortium management sends a separate letter stating that the project bears the consortium label.

At the CTI reviewer's request, the CTI Coordination Committee will then decide whether to recognise the consortium label given to a specific project. For this, three criteria must be met:

1. The project objective(s) must match the themes, content, and targets set forth in the R&D consortium's business model and R&D business plan.
2. The R&D consortium must make an active contribution to ensuring that the project gets off the ground. In other words, the project requires and will make use of the R&D consortium's infrastructure/management. This includes such things as sharing of partners or project ideas, marketing support, taking over coordination and planning activities or other implementation measures.
3. More than one suitable consortium partner must have a scientific background. (Generally speaking, any exceptions to this third requirement must be justified).

## 2. Service Level Agreement between CTI and R&D consortiums

Once an R&D consortium qualifies for retroactive CTI grant funding, a Service Level Agreement (SLA) will be signed by both CTI and the R&D consortium management. This Service Level Agreement establishes the objectives to be reached and the indicators that will be used to measure performance.

The SLA includes:

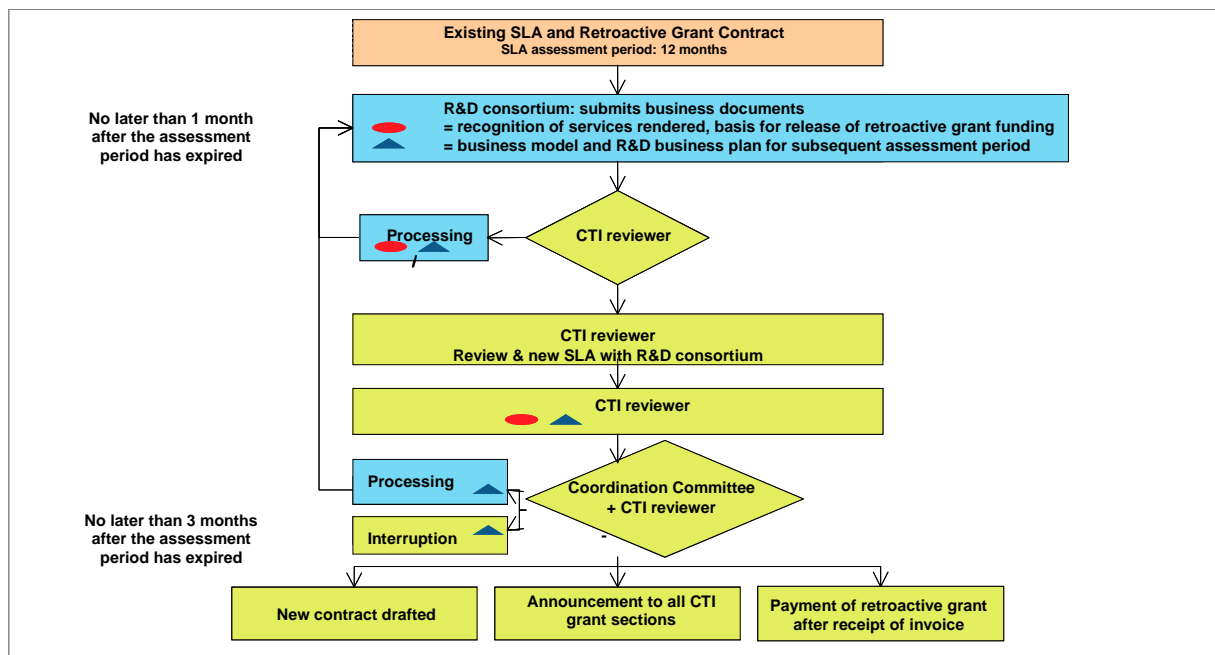
- Quantified objectives for each of three performance indicators: *Incoming project volume*, *Project success* and *Customer satisfaction*. These objectives must be reached within a given assessment period. In some cases, additional quantitative objectives may be set.
- The assessment period during which these objectives must be reached is normally 12 months.
- A review, which must take place no later than three months after the assessment period has expired.
- Mutual commitment to the SLA. The partners must sign the SLA.

The SLA forms an integral part of the Retroactive Grant Contract signed between CTI and the R&D consortium. The duration of the first Retroactive Grant Contract will be four months longer than the assessment period. This is done to test the services rendered and ensure that the new R&D business plan can be implemented within the established timeframe. The extra four-month period also ensures that any extension of retroactive grant funding does not take place outside a contractual framework. CTI retroactive grant funding may only be released for services rendered while the Retroactive Grant Contract is still valid.

### 3. Review, retroactive release of grant funding and new agreement on objectives

The review is intended to enable CTI and the R&D consortium to determine whether SLA objectives have been reached, to approve the release of retroactive grant funding and make sure that the R&D consortium still qualifies for continued retroactive grant funding. The final stage of the review involves the drafting of a new SLA for the subsequent assessment period.

CTI representatives and R&D consortium managers take part in this review. The R&D consortium is responsible for organising the review, providing preliminary documentation and taking the minutes.



No later than one month after the assessment period has expired, the R&D consortium will send CTI its business documents, which will include the following:

- A report showing the various R&D activities; the report should present the quantitative objectives measured by the performance indicators together with a list of relevant R&D projects (see also 4.2) and a summary assessment of the services rendered;
- An adjusted business model if changes need to be made; otherwise, confirmation that the current business model will be maintained;
- An R&D business plan for the new assessment period along with the objectives to be established in the new SLA.

The CTI Coordination Committee and CTI reviewers will examine these documents within a month's time and contact the R&D consortium if additional information needs to be provided. A positive assessment at this stage will lead R&D consortium managers to schedule a review and establish a new SLA. Upon completion of this process, three things will occur: a retroactive grant will be paid for the services rendered during the previous period; a new Retroactive Grant Contract will be signed; and CTI will make a corresponding internal announcement.

## 4. Definition of performance indicators

### 4.1 Performance indicator 1: incoming project volume, $PI_{\text{Incoming}}$

The incoming project volume indicator helps determine the extent to which agreed objectives have been reached during the assessment period.

Incoming project volume is determined by the amount of grant funding obtained by R&D consortium research institutions during the assessment period. (federal funding, EU funding, industrial funding, etc.). All research projects that meet consortium project criteria will be taken into account, not just CTI projects. Service mandates are nevertheless not included in the calculation.

### 4.2 Performance indicator 2: Project success, $PI_{\text{Success}}$

The Project success indicator refers to the number of projects brought to completion during the assessment period: the ratio of the number of successful projects to the number of completed CTI projects is important.

Generally speaking, projects are deemed successful when the business or implementation partners continue providing adequate funding to the project even after the CTI grant period has ended. In specific cases – and here, detailed explanations need to be given – CTI may also consider a CTI project to be successful even if it is discontinued.

Only completed CTI projects that meet consortium project criteria are taken into account. Suspended CTI projects are not included in the calculation.

To determine the  $PI_{\text{Success}}$  indicator, the R&D consortium will submit a report showing all completed CTI projects. For each project, the following information will be given: project title; CTI number; project completion date; total project costs; budget that implementation partners have set aside for continuation of the project for the twelve months that follow completion of the CTI project. The R&D consortium is responsible for gathering this information.

### 4.3 Performance indicator 3: Customer satisfaction, $PI_{\text{Customer}}$

The Customer satisfaction indicator is determined by calculating the average score that the main business partners give to CTI projects that were either completed or suspended during the assessment period. This information is recorded in the final reports submitted to CTI. The main business partners assess three variables on a scale of 1 (worst score) to 10 (best score): cooperation; performance; usefulness to customers. The sum of all three individual scores produces a maximum project score of 30. Only CTI projects that meet consortium project criteria are taken into account.

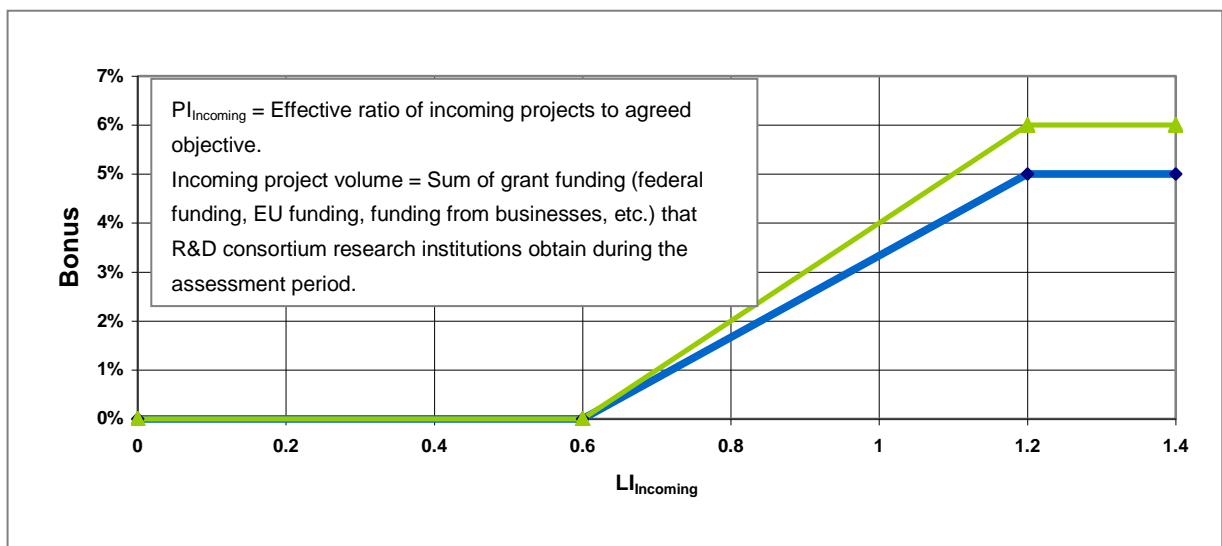
## 5. Calculation of retroactive grants

Retroactive grants are paid on the basis of the sum of grant funding given to CTI projects during the assessment period (= 100%). Each of the three performance indicators corresponds to a % share of the retroactive grant. Combined, the three grant components make up the total retroactive grant expressed as a percentage of CTI grant funding.

### Grant component 1: Incoming project volume

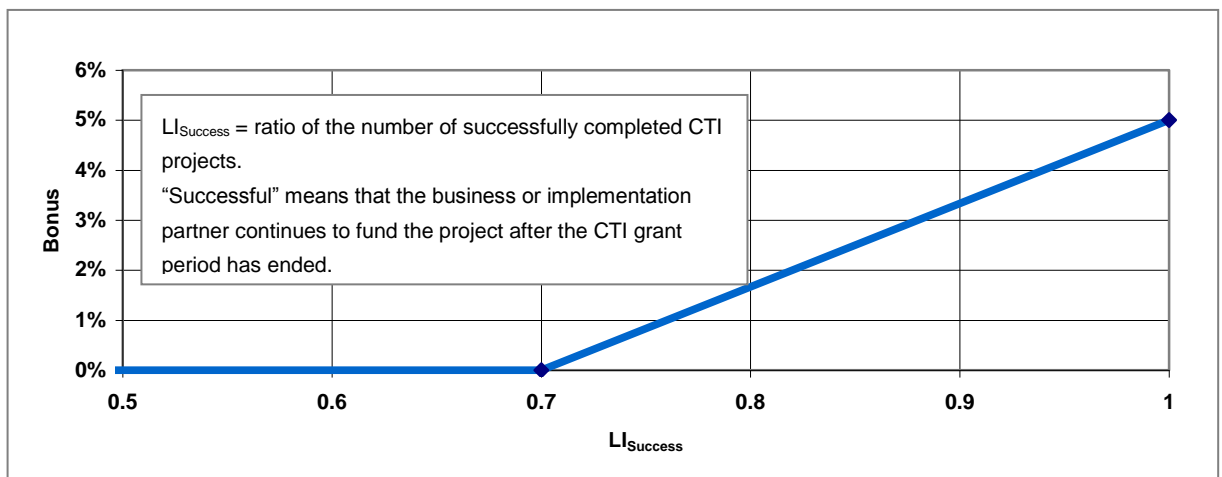
This grant component corresponds to 5% when  $PI_{\text{Incoming}} = 1.2$ ; 3.3% when  $PI_{\text{Incoming}} = 1$  (agreed objective) and 0% when  $PI_{\text{Incoming}} = 0.6$  or lower (blue line). A corresponding linear extrapolation is drawn between the two extremes.

If international projects (EU framework programmes, EUREKA, IMS, etc.) are involved, the resulting grant component will be multiplied by a factor of 1.2 for incoming projects; this means that the grant component in such cases can be as high as 6% (green line).



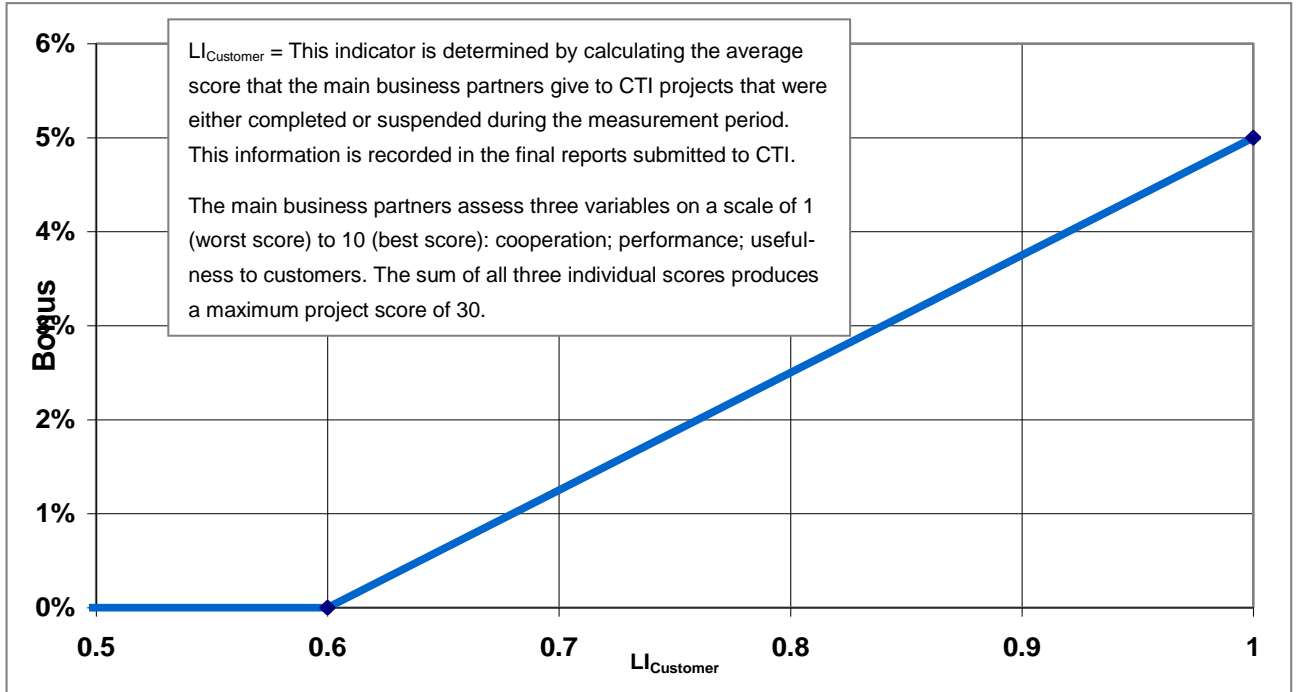
### Grant component 2: Project success

These two grant components correspond to 5% when  $LI_{\text{Success}} = 1$  and 0% when  $LI_{\text{Success}} = 0.7$  or lower. A corresponding linear extrapolation is drawn between the two extremes.



### Grant component 3: Customer satisfaction

This grant component corresponds to 5% when  $LI_{Customer} = 1$  and 0% when  $LI_{Customer} = 0.6$  or lower. A corresponding linear extrapolation is drawn between the two extremes.



#### Terms of grant funding

CTI grant funding is paid to the account of the R&D consortium on a retroactive basis. The R&D consortium is responsible for maintaining accounting records. Grant funding may be used only for purposes that serve the general interests of the R&D consortium. The corresponding accounting records must be kept in accordance with federal accounting guidelines. During the review, the R&D consortium must be able to provide CTI representatives with information about how grant funding has been used.

Newly formed R&D consortiums may request advance payment of a portion of the expected retroactive grant amount so that they may carry out their activities relating to the first SLA.

## 6. Glossary

**R&D consortium:** An association of partners who join together in a network for the purpose of conducting applied research to benefit the economy, society and government. Each partner brings specific competencies and resources that may be combined in an optimal manner.

**Consortium project:** Consortium projects must meet three requirements: 1) they must match the established business model and R&D business plan; 2) the R&D consortium must make an active contribution to getting the project off the ground; 3) several scientific R&D consortium partners must be involved in the project. If these three requirements are met, then the project is given the **consortium label** (see also page 3).

**CTI:** Innovation Promotion Agency; for over sixty years, CTI has provided grant funding to market-oriented R&D projects conducted by companies and universities working together.

**CTI reviewer:** Two CTI reviewers are assigned to each R&D consortium. Their tasks: assess the business models and R&D business plans of new and existing R&D consortiums; draft Retroactive Grant Contracts and SLAs and submit them to the CTI Coordination Committee; confirm that established objectives have been reached and draft proposals to renew CTI retroactive grant funding; conduct and assess reviews; examine CTI projects to determine whether they qualify for the consortium label and then submit their appraisal to the CTI Coordination Committee.

**CTI expert:** Business and scientific experts are needed to examine the economic and scientific merit of R&D grant applications. Decisions to approve or deny grant funding are made by the **CTI expert team** acting as one. Each grant application will be examined by one **CTI reviewer** and one **CTI co-reviewer** chosen from the CTI expert team. These two individuals go through the grant application in detail and submit their comments to the CTI expert team for discussion and final decision.

**CTI expert team:** CTI examines grant applications whose scientific disciplines relate to one of four **CTI grant categories:** Enabling sciences; Engineering sciences; Life sciences; and Micro and nanotechnologies. Each CTI grant category has 12 – 15 experts who form corresponding CTI expert teams.

**CTI Coordination Committee:** This body is responsible for providing guidance to R&D consortiums. It is comprised of two CTI experts and two employees of the Federal Office for Professional Education and Technology (OPET). Its tasks: Improve and continually develop the grant funding concept; examine and assess applications submitted by new R&D consortiums; assess reports submitted by R&D consortiums and decide whether to renew SLAs and Retroactive Grant Contracts; make decisions regarding retroactive grant amounts to be paid; make announcements.