

Guidance Notes for Solicitation Theme **on Projects from New and Start-up Enterprises**

Theme: *“Projects from New and Start-up Enterprises”*

The Recycling Fund has earmarked HK\$100 million for a new scheme under the Enterprise Support Programme to support new and start-up enterprises in adopting innovative ideas to facilitate recycling operations.

A. GOALS

1. To support and accelerate new and start-up enterprises on executing ideas in recycling businesses;
2. To encourage adoption of innovative technologies, ideas, equipment, etc. to facilitate or enhance efficiency of recycling related operations; and
3. To establish operations in upcycling or recycling of recyclables to new or innovative products in commercial scale.

B. SAFEGUARDING NATIONAL SECURITY

B.1 By submitting an application for the Programme, the applicant shall acknowledge and undertake to comply with the following clauses:

- (a) notwithstanding anything to the contrary in this Guide and/or the agreement signed between the applicant and the Government in respect of the Programme, the Government reserves the right to disqualify the applicant on the grounds that it has engaged, is engaging, or is reasonably believed to have engaged or be engaging in acts or activities that are likely to cause or constitute the occurrence of offences endangering national security or otherwise the exclusion of the organisation from future applications is necessary in the interest of national security, or is necessary to protect the public interest of Hong Kong, public morals, public order or public safety.
- (b) the Government may immediately terminate any agreement with the applicant upon the occurrence of any of the following events:
 - (i) the applicant has engaged or is engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security;
 - (ii) the continued engagement of the applicant or the continued implementation of the Programme is contrary to the interest of national security; or
 - (iii) the Government reasonably believes that any of the events mentioned above is about to occur.

- 2.2 The applicant is required to sign an agreement on safeguarding national security by completing Appendix I of the application form for each application. An application will be considered **invalid** if the Appendix I is not duly signed and submitted along with the application.

C. ELIGIBILITY AND FUNDLING LIMITS

1. Companies that are newly set up or have been established for not more than 5 years (counting from the date of the first business registration to the date that the Secretariat of Recycling Fund (the Secretariat) receives the funding application) for conducting business in Hong Kong.
2. Grants for each project will cover as much as 50% of supported expenditure with a cap of HK\$2,000,000 under this solicitation theme.
3. The cumulative funding ceiling and the number of approved projects per applicant should make reference to that of ESP¹, only 1 SUP project could be implemented at a time.
4. The Fund could support equipment cost related to project in recycling operations (general business operations equipment (e.g. desktop/laptop computers, office software, etc.) is not allowed) and associated expenditures (e.g. manpower cost) of the project.
5. In addition to extra manpower cost that can be incurred for the projects, the manpower cost for founders/major shareholders and existing staff of the company working on the proposed project activities may also be included in the projects.
6. The Fund could provide rental support to project which involves physical handling of recyclables in its major operation.
7. At the time of application, major shareholders must not subject to any bankruptcy order or proceeding.
8. The applicant should note that the Advisory Committee on Recycling Fund (RFAC) / Government is not bound to approve the applicant or grant the full amount requested by the applicant for the project during the application assessment and consideration of the actual grant subject to the actual situation, change of shareholding, relevancy of recycling operation, handling of local recyclables and reasonableness of the applications among others; and the applicant may have to bear the full or remaining cost of the project.

D. APPLICATIONS ARRANGEMENT

1. In general, applications and funding principles under this solicitation theme will follow the requirements set out under the **Enterprise Support Programme (ESP)** scheme. For areas not specifically mentioned in this document, the general requirements set out in the **Guide to Application for the Recycling Fund (Enterprise Support Programme)** will apply.
2. Project implementation period should be within **6 months to 24 months**.
3. The RFAC and the Secretariat reserve their right to impose and change any requirements or to

¹ For details of the cumulative funding ceiling and the number of approved projects per application, please refer to paragraph 3.1.6 of Guide to Application (ESP).

decide how requirements should be interpreted / implemented at any time without prior notice.

E. APPLICATIONS ASSESSMENT

1. Applications are open to all types of projects that could meet the goals of this scheme and **special emphasis** will be considered on the following aspects of applications:
 - (a) Apply innovative technology or methodology that enhances the efficiency or cost effectiveness in the recycling industry chain (such as but not limited to: smart sensor technologies, IoT, O2O, big data & analytics, blockchain, robotics & drones, artificial intelligence & machine learning, sharing economy, etc.);
 - (b) Scale up laboratory proven technologies to commercial application;
 - (c) Formulate and implement innovative idea in upcycling recyclables to commercial products;
(Note: Trial by the recycling trade and evaluation of the efficiency or cost effectiveness should be demonstrated as the Milestones at the implementation stage)
 - (d) Engage mentor or participate in mentorship/ acceleration programme² for start-up would gain merit of the project; and
 - (e) Increase in quantities of the recyclables handled in the project would not be mandatory.
2. Application will be assessed on case by case basis with the established vetting principles with slight modification as below:
 - (a) Whether the project has the potential to raise the quantity (quantity is not mandatory), quality or expand the types or coverage of recyclables recovered from the waste stream as well as those of recycled products from the treatment, and enhance the competitiveness of recyclables, thus reducing the amount of waste disposed of at landfills.
 - (b) Whether the project has the potential enhancement of overall capability, capacity, efficiency and skills for the *applicant/industry* and *the application can demonstrate innovative content or ideas that can be applied to the recycling industry*.
 - (c) Whether the business and publicity plan of the project is clear and be cost-effective in achieving the project objective.
 - (d) Whether the project is needed and viable, taking into account of the current situation in waste management.
 - (e) The feasibility of the proposed implementation plan.
 - (f) Whether the project schedule and milestones are clear and reasonable.
 - (g) Whether the applicant and project team possess the technical and operational capability to undertake the project **or any previous projects experience**.
 - (h) Whether the applicant has demonstrated management capability and *commitment to undertake the project*.

² Applicant who has engaged mentor or participated mentorship/ acceleration programme should demonstrate how the mentor or mentorship/ acceleration programme could assist the growth of the applicant's company. Mentorship/ acceleration programme should be organised by public organisations, trade associations, etc .

- (i) The applicant is reasonably expected of showing financial ability and providing the required cash contribution to undertake the project proposal.
- (j) Whether the project could be self-sustainable without further funding support after the project period.

(k) Conviction and Prosecution Records

- (i) An application will be rejected* if the applicant has three or more convictions related to environmental legislation³ within the three years preceding the application submission date (or before signing funding agreement/undertaking of the approved project).
- (ii) An application will be suspended* until a verdict is reached, if the applicant has any of the following related to environmental legislation within the three years preceding the application submission date (or before signing funding agreement /undertaking of the approved project):
 - 1. two convictions and one or more summonses issued;
 - 2. one conviction and two or more summonses issued;
 - 3. three or more summonses issued.

(*Exceptions on applications for procuring prescribed equipment or machineries in relation to pollution abatement measures for fostering good practices and reducing nuisances under “Standard Project”)

3. Applicants may be invited to give presentation for the proposed projects.

4. Additional requirements for applications seeking funding over \$0.5M

For applications seeking funding >\$0.5M, the following additional assessment criteria would be applied:

- 1. Setting a cap of manpower cost at 70% of the approved total project cost. If over 70% is proposed, the applicant is required to provide detailed justifications which will be considered on a case by case basis.
- 2. Applicant to provide supporting information to confirm the proposed project has achieved some recognitions (i.e. award / certification / workable prototype subsidised by other seed funding for further development under SUP scheme) to increase chances of successful commercialisation of the product.
- 3. Applicant to provide a post-project deployment plan or commercialization plan.

³ Environmental Legislation include: Air Pollution Control Ordinance (Cap. 311) ; Water Pollution Control Ordinance (Cap. 358) ; Noise Control Ordinance (Cap. 400); Waste Disposal Ordinance (Cap. 354); Hazardous Chemicals Control Ordinance (Cap. 595); Product Eco-responsibility Ordinance (Cap. 603); Mercury Control Ordinance (Cap. 640); Ozone Layer Protection Ordinance (Cap. 403); Dumping at Sea Ordinance (Cap. 466); Environmental Impact Assessment Ordinance (Cap. 499)

4. Applicant to assess the environmental implications of the proposed project, such as (a) duration of life cycle and (b) recyclability and/or capability of being reusable at the end of the useful life of the proposed product etc. if applicable.

F. REPORTING REQUIREMENTS

1. For project with duration of 18 months or less: final report, final audited accounts.
2. For project with duration more than 18 months: annual progress report, annual audited accounts, final report and final audited accounts.

G. APPLICATION PROCEDURES

1. Applicants should submit the following documents:
 - (a) Completed Application Form (designated for this solicitation theme) in one hard copy and one soft copy (preferably in MS Word format).
 - (b) Photocopies of the documents listed out in the Application Form.
2. Please also make reference to Guide to Application for the Recycling Fund (ESP) (http://www.recyclingfund.hk/images/rc_download/guide_esp_e.pdf).
3. Applicants should pay attention to the followings:
 - (iii) Applicants should obtain quotations directly from suppliers as far as possible to ensure the authenticity of the quotations;
 - (iv) If, under unavoidable circumstances, the applicant obtains quotation through an agent, such agent cannot be one of the suppliers. The applicant should also ensure that the agent has no interest in any supplier that provides the quotation;
 - (v) Regardless of how quotations are obtained, applicants are also responsible for ensuring the authenticity of all quotation documents.

Enquiries:

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