Korea - Israel "Lighthouse Program"

Call for Proposals

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Proposal Application Guideline

Supported by

Ministry of Trade, Industry and Energy (Korea)

&

Innovation Authority (Israel)

May, 2022

Ministry of Trade, Industry and Energy

רשות החדשנות
Israel Innovation Authority

KORIL-RDF

Korea-Israel Industrial R&D Foundation
"Lighthouse Program" Call for Proposals

- Smart Robotics -

[3 May 2022]

<u>Introduction</u>

Korea-Israel Industrial R&D Foundation (**KORIL-RDF** or **KORIL**) is a bi-national foundation, created by the governments of the Republic of Korea and the State of Israel, whose mission is to promote and support technological collaboration in innovative R&D between commercial companies in both countries.

KORIL-RDF has launched a new funding program named "Lighthouse" and invites you to submit joint proposals for industry ft. academia R&D projects in the sector of "**Smart Robotics**".

The objective of Lighthouse Program is to combine forces – Industry and Academia – in joint R&D to achieve a significant breakthrough in the field of Smart Robotics in the following sub-sectors in which both countries possess complementary skills & R&D demands: **Logistics, Agriculture & Livestock, Robots for Domestic use and Health.**

<u>The applicants required to review the complete application guideline before submitting for the first step - EOI (Expression of Interest) and the complete proposal.</u>

Timeline (Please note: this timeline is subjected to changes. final timeline will publish in KORIL and IIA website)	• **STEP 1. First proposal: "Expression of Interest (EOI)". This CFP will be open until 30 June. We won't be able to accept proposals after 30 June, 18:00 (KST), 12:00 (IST). Approvals / Rejections will be sent in early August 2022.** • **STEP 2. Full Proposal –will be open until October. We won't be able to accept proposals after October.** *only consortium who is approved its EOI can apply • **Final Approvals / Rejections will be sent after BOD decisions. Next BOD: Dec 2022** • All applications should be jointly written in English and submitted both to KORIL offices simultaneously, by all parties of consortium together, and to the Israel Innovation Authority online system by the above deadline

Who can apply?	• Industry-Academia-Research consortiums from the Republic of Korea and the State of Israel • **The consortiums must involve at least one company and one research institution (university or institute) from each country** (2 or 3) x (2 or 3), no more than 6 entities in total • Academia as a subcontractor in the consortium can get up to 30% of the budget (each side)
Eligible technology sectors	• **Logistics Robot** • **Agri & Livestock Robot** • **Domestic Robot including assistive care** • **Health Robot**
Funding for project	• The maximum grant funding per project is up to **US $ 5,300,000 or 66% of the eligible cost**, whichever is lower • Max of 1,500,000 US$ Per year • Project duration is up to **4 years**
Evaluation Criteria	• Level of Innovation/Novelty • Technical Capabilities • Financial Capability • Commercialization/Marketing Capability • Synergy Between Entities • Complementarity • Potential for Commercialization Success – Letter of Intention (LOI) from global company

For information about documents and forms, please visit https://www.koril.org/

Please feel free to contact us to discuss your proposal.

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Only the Israeli partner is required to submit EOI & Full-proposal according to the Israel Innovation Authority regulations, through the official Israel Innovation Authority website's **online system**.
Please consult with Israel Manager to get the Guideline of "**How to submit a proposal in the IIA (Israel Innovation Authority) system" before submission.**

Contents

<Notes> Proposal Cover page & Submission Checklist, Expression of Interest (EOI) & Full R&D Proposal template for Lighthouse program project, Project budget form, Template for letter of Intent - All documents can be downloaded from KORIL's Website.

(Call Structure and submission deadlines)

Item	Important dates	
Launch of Call	3 May 2022	
Deadline for submission of Expression of Interest (EOI) – Step 1	30 June 2022	
Preliminary evaluation of EOI / Communication of EOI evaluation results	End of July	
Board of Meeting, KORIL-RDF Notification to Companies	Early July 2022 Early Aug	
Deadline for submission of full proposal (application) Step 2	Mid of Oct 2022	
Board of Meeting, KORIL-RDF Notification to Companies	Dec 2022 End of Dec	
Start of projects	From 2023	

* Note: The above timeline/schedule is subject to changes.

1. **Background –KORIL Funding & Implementing Agency**

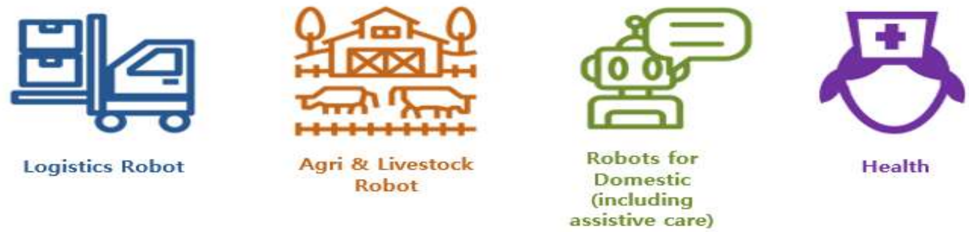
Korea Israel Industrial R&D Foundation ("KORIL") is a bi-national foundation, created by the governments of the Republic of Korea and the State of Israel, whose mission is to promote & support technological collaboration in innovative R&D between commercial companies in both countries. According to the current version of the Agreement, both countries each contribute the sum of USD 4 Million per year to Korea-Israel Industrial R&D Foundation (KORIL-RDF). The Foundation contributes the economic progress of the two countries by supporting collaborative industrial R&D projects with potential for commercialization between companies in Korea and Israel. The eligible projects getting support with grants for up to 50% of the R&D expenses.

In recognition of the necessity for cooperation in strategic industries that both governments have mutually complementary advantages in, under the resolution by the Board of Directors of KORIL-RDF and the signed agreement for 'Declaration for Lighthouse program' in July 2019 by the Israeli President Reuven Rivlin, the new pilot program, "Lighthouse Program", will focus on the Smart Robotics industry in selected sub-segments. All details are followed below.

2. About Lighthouse Program & eligible technology sectors

Korea Israel Industrial R&D Foundation (KORIL-RDF) opt to support a leading R&D project in the field of "Smart Robotics" reflecting the industrial trend and future vision of both governments.

The objective of Lighthouse Program is to combine forces – **Industry and Academia** – in joint R&D to achieve a significant breakthrough in the field of Smart Robotics, in the sub- segments in which both countries possess complementary skills & R&D demands – **Logistics, Agriculture & Livestock, Robots for Domestic use (including assistive care) and Health.**



*Joint focused sectors

3. Common Requirements

The grants will be provided to support industry-academia-research consortiums of entities from the Republic of Korea and the State of Israel.

- The project consortium should involve at **least one industrial company** and **one research institution** (university or institute) from each side. Max. of 3 entities from each side; research institutions are eligible to join as sub-contractors only.

As part of the Lighthouse initiative, KORIL would like to increase the level of academic participation. To do so, KORIL will take in consideration the involvement of the academic partner, its significant expertise and capabilities to the R&D for each approved project.

* Academia participation is mandatory as a sub-contractor.

* The budget for sub-contractor is up to 30% of each company's proposed budget.

* KORIL will qualify the applicant company's proposed project budget.

* Collaborations must be business-led from both sides.

- The project partners should agree in advance on the IP rights and on the commercialization strategy of the product or process.

For the first submission phase (Step 1), only an Expression on Interest (EOI), a preliminary agreement, or a draft LOI (letter of intent signed by the companies) is required. However, the final agreement between the entities must be presented to KORIL-RDF after the project is jointly approved.

The product should be technologically innovative and should have commercial potential. The joint industrial R&D project should aim at the development of products/processes leading to commercialization in the global market.

The project should demonstrate the contribution of the participants from both countries.

4. Eligibility Criteria

- The application must be jointly submitted by a Korean-registered company, Korean Research Institute/Academy, an Israel-registered company, and an Israeli Research Institute/Academy.
- Either company can't have more than 20% shareholding in the partnering company
- The joint project must be undertaken in Korea and Israel
- A jointly developed technology or product(s) that shows **Significant innovative**

- Technology and product developed must have the potential for commercialization
- Companies must have the ability to fund the supplementary portion of their project budget (after getting the grant)
- The Grant for the consortium is up to 66% of the total budget up to 5.3M USD as follow, Max. grant per year is 1.5M USD
- Total project duration is between 2-4 years
- Research institutes/Academia is a sub-contractor. Max of 30% of the company's budget
- At least 30% of the actual R&D cost of any individual joint project must be spent in Korea and \ or Israel.
- The relevant TRL stages for the project are from 3/4 to 7/8
- The project grant is subjected to royalty repayments, up to the total funded amount (and not beyond), should there be commercial revenues arising from the projects. Repayments are made at the stated repayment rate (in the Cooperation and Project Funding Agreement, CPFA) generally at 2.5% of the gross sales. The repayment obligation to KORIL is on both companies since the academia/ research institute is a sub-contractor in the project.
- The project is subjected to Extended Interim/Final reports.

Preferences will be given to:

- the consortium which submits the letter of intent (LOI) signed by global companies regarding the technical development request or purchase intention. For the sample of LOI, please refer to the KORIL Website.

Lighthouse program project	
Method	Top down + Bottom up
Sector	Robotics in chosen sub-segments: Logistics, Agri & Livestock, Domestic (Including assistive care) and Health
Eligibility	Industry-academia consortium (2 or 3) x (2 or 3) No more than 6 entities in total (Academy as a partner in the consortium up to 30% of the budget)
Period of project	2~4 years
Grant size	66% of total budget Max. 5.3 million USD (Max. 1.5M per year)
Proposal Evaluation	On-site interview by local evaluator(s) & final decision by Board
Reports	Extended Interim/Final reports In 4 periods max (subjected to the length of the project)
Royalty	2.5% of gross sales until 100% of grant received (Not including Academia from Korea and Israel)

TRL	TRL 3/4-7/8
Letter of Intent - not mandatory	(Important note) projects that submit the LOI signed by global companies regarding the technical development request or purchase intention is strongly encouraged in either side of the consortium.

5. Application process & Evaluation

A two-stage application process will be followed; first the Expression of Interest (EOI) submission.

(Step 1) The submission of EOI is mandatory to be eligible to submit a full proposal. In the EOI, both partners are invited to present the basic information on innovation content, market potential, expertise of involved partners and their impact expectations benefit of the bi-national cooperation and costs of the planned joint work.

- Relevant Documents: Expression of Interest, LOI/Draft MOU

(Step2) Partners with a positive assessment will be invited to submit a full proposal. The request for improvements from the EOI assessment and other feedback must be specifically addressed.

All deadlines for submitting the proposals are as written in "**(Call Structure and submission deadlines)** "table.

- Relevant Documents: Full-proposal, A draft agreement on the IPR, (letter of Intent signed by global companies regarding the technical development request or purchase intention)

Processes	Steps	Remarks for applicants	Remarks -KORIL
Application Process	**<u>Step 1:</u> Submit to the program Expression of interest (project outline)**	• Relevant Documents: Expression of Interest, LOI/Draft MOU • The Expression of Interest form must be jointly written and signed by both Korean and Israeli partners. • The EOI from Korea-Israel consortium must include executive summary, company/academia info, brief description of R&D roles, project size, etc. • All partners applying should submit together to the KORIL office in Korea and Israel in one email, with all parties cc'd. • The Israeli side should submit the EOI and LOI/Draft MOU to the online system of the Israel Innovation Authority Official	**Preliminary Evaluation:** • Submitted EOI will be screened by Korean & Israeli Evaluators. • After evaluation from both countries, the Chief Executive of KORIL will approve/reject the EOIs, based on the technological reports. • the consortium will receive a notice letter of approval or rejection of the EOI. • In case of approval, the consortium will continue to prepare and submit the Full proposal.

		website.	
			KORIL will notify accordingly to the consortium.
	<u>Step 2:</u> **Final proposal Evaluation**	• The final proposal should include a detailed R&D plan, task schedule, R&D roles of each participating organization, full budget plan, commercialization strategy, etc. • Relevant Documents: Full-proposal, A draft agreement on the IPR, (letter of Intent signed by global companies regarding the technical development request or purchase intention) • All partners applying for the final proposal forms should submit together to the KORIL office in Korea and Israel in one email, with all parties cc'd. • Israeli partner required to submit the full proposal through an online system following the guidelines in the Israel Innovation Authority Official Website. • NOTE: Only consortium that has passed the preliminary evaluation can submit the final proposal to KORIL.	**Final proposal evaluation** • Technological evaluation by local evaluators- as described below • After evaluation, KORIL Board of Directors will approve the consortium proposal.
Final proposal evaluation		On site interview (Both Korean and Israeli sides)	• On-site interview & professional technical and financial review by local evaluators • Exchange evaluation opinions between Korean & Israeli evaluators- Formulation of a joint recommendation (By both local evaluators) • Report to the Board of KORIL-RDF (final decision) • Board resolution
KORIL will notify accordingly to the consortium to the consortium after BOD meeting (twice a year- December & July)			
Ongoing project evaluation and monitoring performance		In the case of projects lasts 2 years – there will be two (2) reporting milestones: • Comprehensive joint technological and individual fiscal reports at Interim	<u>Grant endowment scheme:</u> • 1st payment 40% (beginning of the project); • Interim payment 30%; • Final payment 30% As per CPFA

	• Comprehensive joint technological and individual fiscal reports at Final In the case of projects lasts 3-4 years – four (4) reporting milestones: • Extended Interim/Final reports in 4 periods • Interim Technical/Fiscal report (after the 1st interim segment - midpoint) / Final Technical /Fiscal report (after project completed), • Progress presentations to KORIL/evaluators (1st: between project start and interim report, 2nd: between interim and final report) • Exploitable results by Third parties	

6. Evaluation Criteria

When evaluating project (both Korean experts & IL Innovation authority) the experts will take into consideration the following criteria in preparing their recommendations:

- Level of Innovation/Novelty
- Technical Capabilities
- Financial Capability
- Commercialization/Marketing Capability
- Synergy Between Entities
- Complementarity
- Potential for Commercialization Success
  *LOI from global company, as an extra.

7. R&D Project Funding – financial support to approved projects by KORIL-RDF.

Approved R&D Project participants will receive funding from KORIL-RDF on behalf of Ministry of Trade, Industry and Energy (Korea) and Israel Innovation (Israel).

Following approval, it is implemented under the Cooperation and Project Funding Agreement. The companies are requested to submit the copy of IP and Commercialization Agreement(s) regarding the product to be jointly developed. A signed copy of the agreement(s) must be submitted to KORIL-RDF prior to the signing of the CPFA **No later than within 6 months from project approval**.

7.1 [Exchange Rates]

Disbursements will be in local currencies. The Israeli applicant is required to present its proposed project budget in USD and ILS (Israeli New Shekel). The Korean applicant is required to present its proposed project budget in USD ONLY. After project proposal approval, the KORIL Korean office will consult with the Korean applicant about the currency conversion.

7.2 [Project Duration - Start to End dates]

- **Starting date: subjected to companies' decision. Must be between the first proposal date to the date of signing the agreement(s) (CPFA/ IP / MOU Etc.)**
- **End date: 2-4 years from the starting date, As agreed by the consortium agreement(s).**

Only duration of the project up to, but NOT including actual production and sales should be included in the budgets. KORIL-RDF's funding of the project begins from the effective start date of the project, which may be from the date the full proposal is received by KORIL-RDF, signed by the CEO of each company.

Expenses incurred by the companies prior to the effective start date and after the effective end date cannot be recognized by KORIL-RDF.

- Followed by the approval of the Board of Directors, the companies will agree upon the official finish date of the project. This date will be inserted into Annex A (the official budget) of the CPFA signed by all three parties (both companies together with KORIL-RDF), to determine **the official end date** for funding purposes.

  Example: Official Project term (start and finish date): 1 May 2022 to 30 October 2024

7.3 [Cost Categories – related to R&D costs]

7.3.1 Direct Labor (R&D personnel)

Actual current eligible salary expenses consist of all the employers' costs and the taxable components [salary plus social ("fringe") benefits of employees expected to work on the project]. Typically, in addition to the engineering and technical personnel, the staff includes prototyping and R&D-related documentation.

NOT to be included are corporate executives (exception b.), secretarial staff, legal staff, administrative staff, or staff engaged in marketing and sales activities; such expenses are included in the overhead allowance.

a) Salary expenses will be recognized only for the percentage of time devoted by the employee to the project ("**Employment Percentage**") out of the total work time. Employment percentages will be calculated according to time monitoring systems (e.g., monthly timesheets filled in by the employees, time clock, job-code software, etc.). The employment percentage shall be defined as the hours invested in the project divided by the total working hours during the project duration.

b) It is required that advanced authorization be given for employment percentages for all managers. **Employment percentages for the managers (i.e., CEO, GM, MD, etc.) of small companies (SMEs) engaged in R&D activities shall not be greater than 50%;** excluding managers of small companies who are engaged only in the designated project. **The maximum employment**

percentage of those managers will be 75%.

- The maximum monthly employment percentage is **100%**. Currently, the maximum recognized annual cost per full-time employee is **USD 100,000**.

- **Overhead (O/H):** Include all indirect labor costs, secretarial services, legal staff, etc.
  25% of Direct labor's subtotal is O/H.

  % Time on the project during the duration period is equal to the product of:

$$\frac{\textbf{Gross Annual Salary}\ \text{(Include social benefits)}}{\textbf{12 months}} \ \mathbf{X}\ \textbf{\% On Project}\ \text{(Direct Labor)}\ \mathbf{X}\ \textbf{Participating Months}\ \text{(Months of Participation)} = \textbf{Cost To Project USD}$$

Example: If your Annual Salary is USD 80,000, % on Project is 60%, and the Participating Months is 6 months, your Cost to Project will be: (80,000 / 12) X 0.6 X 6 = 24,000

7.3.2 Equipment Depreciation, Equipment Lease

List each item, including purchase price, intended date of purchase, and % of the time to be used on the project during the designated period. Give the schedule for equipment depreciation. Only depreciation or lease expenses incurred over the duration of the project will be recognized.

- **Definition of Depreciation:** Depreciation of the Equipment deployed during the project according to the applicant company's depreciation policy.
- **Definition of Equipment Lease:** The cost of rental or leasing equipment necessary for R&D project use

7.3.3 Expendable Materials & Supplies

List each major item under expendable materials and supplies and give the purchase price. Provide a separate table for a detailed breakdown, if necessary.

a) Materials must be specifically accounted for, and not as a percentage of general expenses

b) Materials that are company-manufactured will only be recognized with specific authorization (including their cost calculation)

c) Materials used for other functions within the company will not be recognized without special authorization

7.3.4 Travel

Both foreign and domestic travel must be reported and a brief description of the objectives of the trip and its relation to the project should be available at the company for inspection during auditing of the fiscal reports.

a) The eligible international destinations are between Korea & Israel. Other destinations will only be authorized and listed in the official project budget upon satisfactory explanation by the partners regarding project R&D requirements for said destination

b) Eligible expenses are airfare, lodging, and ground travel

c) The company must fill out a travel report for each trip. The report will include details of the expenses according to the specific category

d) Travel expenses will be eligible only for those specific employees designated in the approved work program, thus only R&D personnel can be recognized for the travel expenses

e) Only travel that is connected exclusively with the project will be eligible

f) The funding for travel is capped at USD 5,000 per person per trip

7.3.5 Academia and Research Institute (as a subcontractor)

Universities and research institutions must participate as subcontractors and/or consultants.

- This section should identify each subcontractor by name, the specific service to be performed and the cost for each service. Provide the basis for the costs

a) Subcontractor who provides other functions within the company, such as business and/or legal consultation, will not be recognized without special authorization

b) Subcontractor must be specifically accounted for, and not as a percentage of general expenses

c) **Subcontractor shall not be executed more than 30% of the total project expenditures of each partner** unless a specific need is shown, and authorization obtained

7.3.6 Consultant

Public sector organizations, such as universities and institutions are eligible to participate as subcontractors and/or consultants.

- This section should identify each consultant by name, the nature of the activity, number of hours, and hourly rate
  (Refer to E. Academia and Research Institute (as a subcontractor), these guidelines apply to this section)

KORIL-RDF is not a party to the contracts of the participant and consultant.

7.3.7 Other Expenses

- Typical “Other Expenses” include items such as regulatory activities, standards certification, field trials

- Patent-related activities and expenses are authorized to a maximum of USD 20,000

7.4 [Joint Commercialization]

- The qualifying period should be within the project period.

- The maximum funding amount for joint commercialization will be USD 30,000 which gives USD 15,000 to each partner (The ratio of joint commercialization must be 50:50)

- Eligible items will be a seminar, conference, exhibition registration and booth rental fees for joint participation and presentation, travel costs related to joint commercialization activities (max. USD 5,000 per person), printing brochures & posters, etc.

Both the applicant companies must share the commercialization cost; hence, the commercialization cost must be included in both companies' budget items. Any expenses beyond the qualified through the items will not be recognized.

7.5 [General & Administrative (G&A)]

Calculated at 5% of the Total Subtotal Before G&A Expenses. To include all indirect costs for rent, facilities, etc.

7.6 [Others]

Any unspecified and/or undecided items marked as TBD as submitted in the proposal budget (such as employees in Direct Labor, subcontractor, and consultant) must be explicitly named on the official authorized budget prior to signing CPFA.
KORIL-RDF will not sign a CPFA with "TBD" items unless specially authorized.

7.7 [Royalty payment]

KORIL-RDF Grant is subject to repayment, up to the total funded amount (but not beyond). Repayments are made at the stated repayment rate generally at 2.5% of the gross sales.

Companies may repay the Grant in any amount in the years following the first commercial transaction as set out below until the maximum percentages as stated below have been satisfied in which event no additional payments to KORIL-RDF shall be required. The repayment obligation to KORIL is on both companies since the Academia / research institute is a sub-contractor in the project.

- The Participants may repay the Grant and any other sums in USD at the rate of 2.5% ("Repayment Rate") per year of the Gross Sales for that year, until 100% of the Grant and Other Sums have been repaid.

- The Participants may repay the Grant and other Sums in any amount in the years following the first commercial transaction as set out below, until the maximum percentages as stated below have been satisfied in which event no additional payments to KORIL-RDF on account of the Grant and Other sums shall be required for that respective year, excepting interest payments that may be applicable to be repaid in accordance with clause 3.9 of CPFA.

Years Following the First Commercial Transaction	Maximum Percentage of Grant and Other Sums to be Repaid
Year 1	50%
Year 2	60%
Year 3	70%
Year 4	80%
Year 5	90%

Year 6+	100%

8. Submission Checklist

(Stage) Submission: Proposal Submission Checklist	checked
Please Read the Lighthouse program proposal guidelines for submission	
1. Jointly signed Cover page & Completed EOI/R&D Proposal application form (use KORIL's Template downloadable on KORIL website)	
2. Project Budget of Each Company (use KORIL's Template, downloadable on KORIL website)	
3. Latest Certificate of Business Registration of Korean company as Filed with National Tax Service, Republic of Korea	
4. Latest Certificate of Business Registration of Israel Company as Filed with Israeli Corporations Authority (תעודת התאגדות) if that the first-time submission to the Israel Innovation Authority	
5. Number of simultaneous projects under the Ministry and office concerned (Each company is required to check with the KORIL staff the Number of project restr iction as per the local regulation)	
6. Israeli company that has at the same calendar year more than one project supported by KORIL/Israel Innovation Authority, needs to submit "resources file" טופס ריכוז משאבים while submitting the proposal to the Israel Innovation Authority (Can be found in the link)	
7. (Draft) MOU or LOI between all Consortium partners. Regarding the IP and commercialization.	
8. (Draft) Letter of Intent signed by global companies regarding the technical development request or purchase intention (An advantage)	
(Stage) Funding agreement Signing - All approved project applicants from each country will be informed before the agreement signing stage about the requisite documents to be submitted during the Agreement signing stage.	

9. Contact Information

If you require any further information, you are more than welcome to contact the KORIL-RDF offices.

Ministry of Trade, Industry and Energy

רשות החדשנות Israel Innovation Authority

KORIL-RDF

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