



Competence Centers for
Excellent Technologies



Programme Document for the New Programme for Competence Centres COMET Competence Centres for Excellent Technologies

Federal Ministry of Transport, Innovation, and Technology

Federal Ministry of Economics and Labour

Austrian Research Promotion Agency

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This programme document presents a substantiation of the “Richtlinien zur Förderung der wirtschaftlich-technischen Forschungs- und Technologieentwicklung” (guidelines for the promotion of the commercial and technological development of research and technology, “FTE guidelines”), issued by the Federal Minister of Transport, Innovation and Technology and the Federal Minister of Economics and Labour, in accordance with the Federal Minister of Finance.

¹ This document is a translated version of the original German version. In cases of unclear formulation the German version is the decisive document.

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I. Preamble

Since 1998, central research competencies in the field of science-industry cooperation were developed within the competence centres programmes *Kplus*, *K_ind*, and *K_net*. Now more than 40 centres and networks create a map showing nodes of high-quality research. At the end of 2005, the first centres had reached the end of the planned funding period of seven years.

The chief motivation for the new programme for competence centres is the

- Provision of a framework for further innovative development of expertise already established,
- Development of new expertise, bundling of existing competences, and the development of research of outstanding quality via international orientation, and the
- Stabilisation of the number of centres in line with Austrian research capacities through structural adjustments and permanent quality assurance.

The new programme for competence centres is the next step in the innovative further development of the existing *Kplus*, *K_ind*, and *K_net* programmes. Bundling of scientific and technological competences in one centre and research programmes defined jointly by science and industry are to result in substantial synergies in technological development and in increased technology transfer. The distinct new element of the programme is the ambitious orientation towards excellence, the involvement of international research expertise, and the development and assurance of technological leadership of companies to strengthen Austria as a research location. Scientific and technological development is to be promoted, thus increasing the intensity of research and innovative capability of companies. Research carried out in competence centres ranges from medium- to long-term and meets high standards of quality. The applied orientation of the research and actual use to industry are priorities. With its focus on top-level research, the new programme for competence centres constitutes an element of the Austrian strategy of excellence.

The new programme for competence centres will be implemented on a federal level. The Austrian Federal provinces (“Länder”) provide additional funding for the new programme for competence centres, also in order to strengthen their individual regional objectives regarding technology policy. The Federal State of Austria offers the provinces different possibilities of cooperation, which are stipulated in bilateral agreements in writing. If funds by provinces are granted based on this programme document, the provinces are able to participate in the

selection of centres and projects in several ways:

- Provinces take part in the evaluation process.
- Provinces can formulate contextual comments (“declaration”) to the evaluators.

1. Lessons learned from previous developments of competence centres programmes

The starting point for the new programme for competence centres is the present portfolio of competence centres and networks. In 2006, there are 45 competence centres underway:

- 17 *Kplus* centres
- 28 *K_ind* centres, *K_net* networks respectively

In 2005, within the competence centres more than 1,500 researchers² cooperated with 450 companies. Total volumes of research funding amounted to about EUR 110 million per year.

Significant progress has been made with regard to achieving central objectives: In the past years, the foundation was set for a fundamental change in the culture of cooperation between academic research and the industries when creating and using expert knowledge jointly. The assessment³ of *Kplus*, *K_ind*, and *K_net* initiated by the Federal Ministry of Transport, Innovation and Technology and the Federal Ministry of Economics and Labour in 2003 as well as other studies^{4,5} confirm this development and talk about a “new culture of cooperation”. Bundling of scientific and technological competences in one centre and research programmes defined jointly by science and industry led to substantial synergies in technological development and increased technology transfer, as intended.

² Full-time equivalents

³ Jakob Edler/Vivien Lo/Sonja Sheik: „Assessment der Kompetenzzentrenprogramme (K plus und K ind/net) und Zukunft der Kompetenzzentren“ (assessment of competence centers programmes (K plus and K ind/net) and the future of competence centres), Final Report, Fraunhofer Institut für Systemtechnik und Innovationsforschung in cooperation with KMU Forschung Austria, January 2004

⁴ OECD: “The new Economy beyond the Hype“; final report on the OECD growth project, meeting of the OECD Council at ministerial level, 2001.

⁵ Andreas Schibany, Leonhard Jörg, Brigitte Nones. “Instrumente der Technologiepolitik und ihr Mix“ (Instruments of technology policy and mix), commissioned by the Austrian Council for Research and Technology, Vienna, Joanneum Research – Institute für Technologie- und Regionalpolitik, Technopolis, Vienna, June 2005

Thus the hitherto existing competence centres (*Kplus*, *K_ind*, *K_net*) provided a framework for the initiation of long-term, high-quality cooperative research, enabling technologically more complex, more high-risk, and more long-term projects. Industry-related research capacities and activities were bundled, cooperations between industry and science were intensified, and concrete results were achieved through these new research cooperations.

From participating in competence centres, companies mainly anticipated long-term perspectives of expertise development and strengthening of their competitive position⁶. Thus, companies had manifest interest in participating in this kind of cooperative research. It is of vital importance to maintain and continue this new quality of research in order to develop further not only the cooperation structures and relationships of trust, but also the impact of this specific type of research.

However, up to this point no provisions had been made to make use of the networking opportunities among the centres, neither in any of the programmes nor between the programmes. Potentials for such bundling on a national level or intensive international cooperation remained untapped, indicating the need for action to better prepare the centres for increasing international competition.

2. Contribution to the strategy of excellence

In August 2005, the Austrian Council for Research and Technology Development presented the project “*Strategie 2010*” as the next step after the national research and innovation plan NAFIP2002 and specified its ideas on the future of the competence centres. The Council advises a “comprehensive strategy for the further development of the competence centres programme to be devised by the FFG and to be particularised and implemented as quickly as possible.”

Citing *Strategie 2010* further, “a number of further institutions and networks carrying out top-level research are to be established until 2010 in all sectors of performance with focus on basic as well as applied research.” Competence centres of a new kind are named as “one of several possible configurations of these institutions”, thus making the entire new competence centres programme part of a future strategy of excellence.

⁶ as has been especially confirmed by analysis of additionality in the context of *Kplus* centers.

II Objectives and criteria

1. Objectives of the new programme for competence centres

The strategic objectives of the new competence centres programme are: developing new expertise by initiating and supporting long-term research cooperations between science and industry in top-level research, and establishing and securing the technological leadership of companies. By advancing and bundling existing strengths and by integrating international research expertise Austria is to be strengthened as a research location for the long term.

The following objectives are derived:

- Further strengthening the new culture of cooperation between science and industry to achieve joint strategic top-level research.
- Aligning strategic interests between industry and science, thus enabling joint research expertise, initiating new scientific and technological developments and preparing implementation.
- Bundling of players by using thematic synergies, thereby preparing involved players for increasing international competition.
- Establishing a number of centres, which achieve international visibility through top-level research as well as by integrating researchers and companies of international renown, thus strengthening Austria as a research location.
- Strengthening human resources by attracting outstanding researchers, supporting the transfer of expertise to industry, and creating attractive career opportunities for research staff to be used in science and industry.

2. Target groups of the competence centres programme COMET

Target groups of the programme are existing competence centres and networks as well as new consortia of cooperation between science and industry. Existing competence centres and networks (*Kplus*, *K_ind*, *K_net*) as well as new consortia are able to apply in all three programme lines (cf. Section 4). Thus, existing competence centres are competing with each other as well as with new consortia.

Existing centres, which have reached the end of their duration and whose application has not been successful in the new programme, are able to apply for funding during a phasing-out period with a maximum duration of 1.5 years. This is to ensure that centres are able to carry out their planned research activities in full capacity until the end of the funding period. The annual funding volume for phasing out is limited to a maximum of 50% of an average funding year of the previous funding period. Phasing out is correspondingly shorter for *Kplus*, *K_ind*/*K_net* centres which have already received intermediate funding.

Centres which are applying within new calls before their respective funding period is expiring do not lose public funds already granted.

Precise requirements for consortia are defined in Section IV.1 “Applicants”.

3. Evaluation

An evaluation concept is designed for the new competence centres programme containing purpose, objectives, evaluation processes, and time schedule for the assessment of compliance with funding objectives and defining suitable indicators.

The first evaluation on programme level takes place simultaneous with the mid-term evaluation of the first K2 centres, at the latest six years after launching the first centres.

Competence centres and projects are subject to in-between evaluations entailing minor on-site reviews as well as more extensive evaluations involving external experts.

4. Programme lines

The new competence centres programme consists of 3 programme lines (cf. Figure 1). This three-line model is to meet central challenges in the area of conflict between expertise building/stability and renewal, thus providing the opportunity for

- further improvement and optimisation of outstanding existing centres
- as well as for the establishment of new consortia.

4.1 Overview of programme lines

Projects and centres of all programme lines (K projects, K1 centres, and K2 centres) are characterised by high research expertise and connection to science while as well as by high relevance of implementation in industry. These are also the main criteria of evaluation.

The lines are all open with regard to fields and topics; however, one single centre/project is to have a clearly defined topic. With regard to the continuation of the “new culture of cooperation”, at the core lies a research programme jointly formulated by science and industry, focusing on strategic multi-firm projects. Thus, a K project, respectively a K1/K2 centre does not constitute a conglomeration of individual projects but creates substantial added value as a result of cooperation and joint strategic orientation. Bilateral research cooperations (“single firm projects”) are to be limited to a maximum of 20% of costs eligible for funding.

Within each programme line centres/projects focusing rather on basic research are eligible for higher funding than centres/projects focusing rather on applied research. Thus, there are no fixed funding quotas per line but overlapping ranges of quotas that are mainly differentiated by type of research (strategic, long-term, fundamental, high-risk, etc.).

The new competence centres programme is addressing industries and companies of all sizes. The programme is open to small and medium-sized enterprises as well as to larger companies. Defined quotas for contributions of the companies are to be applied on centre/project level, and do not need to be met by each partner company individually. In this respect each centre/project has leeway for own distinctions, including regional objectives and corresponding innovation programmes. As mentioned in the preamble, participating provinces are able to express their positions on research and technology policy.

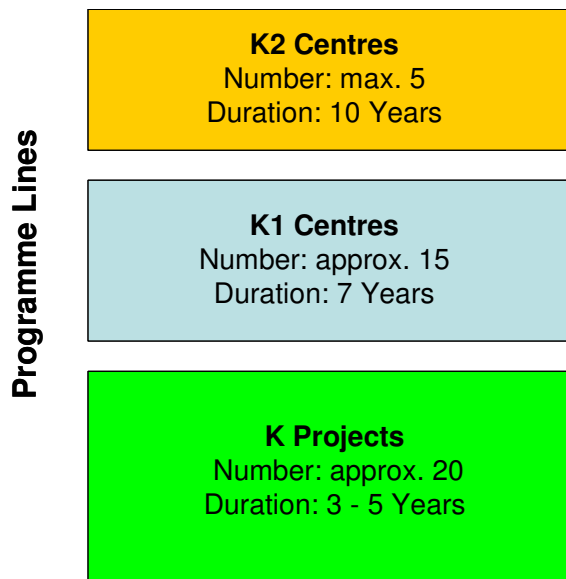


Figure 1: Overview of the 3 Programme Lines

4.2 Programme lines in detail

“K Projects”

Objective: The objective of the “K project” line is to initiate high-quality research in science-industry cooperation with a medium-term perspective and a clearly defined subject having the potential for further improvement. This is to increase the flexibility of the programme and to enable those consortia and research topics to participate, whose potential is not yet sufficient for a K1 application.

Content: K projects are multi-firm projects carried out jointly by science and industry (minimum number of company partners: 3). The projects get a strategic orientation by developing lasting profiles in the medium term. Previous applicants may apply again.

- K projects can be employed by new consortia for new research projects with potential to evolve into K1 or K2 centres.
- K projects can be used by existing competence centres or networks to reinforce cooperation among centres, or to ease the transition into a different institutional setting (i.e. regional innovation centres, centres connected to universities, etc.).

Only joint research activities are eligible for funding, mere networking and initiation activities

Structural programs

are excluded. However, accompanying activities (such as initiation activities, awareness measures, networking and platforming) may qualify up to a certain extent if expedient.

Duration:	3 – 5 years
Public financing:	40 – 50 % (including at least 5 % scientific partners)
Maximum federal funding:	Maximum of EUR 0.45 million per year
Number:	Approximately 20

Distribution of funding in case of maximum quota of funding:

Proportion of public funding:	Maximum of 45 %
Proportion of scientific partners:	Minimum of 5 %
Proportion of enterprises:	Minimum of 50 %

“K1 Centres”:

Objective: The objective of K1 centres is the initiation of high-quality research defined jointly by science and industry with a medium-term to long-term perspective. K1 centres implement top-level research with a focus on scientific and technological developments to qualify for the markets of the future.

Content: K1 centres are to a high extent corresponding with present *Kplus* and *K_ind* centres according to rule (joint research programme, at least 5 company partners, mid-term evaluation in the fourth year). Where possible and appropriate, existing structures and focal points of excellent research are to be bundled, or to be newly created, respectively.

Previous recipients may apply again. However, as the number of centres is to remain constant in the long-term and renewal is to be ensured by way of regular calls; thus creating competition between existing centres and new initiatives.

In case the mid-term evaluation of a K1 centre in the fourth year is negative, a phasing out period of 1 year becomes effective. The same principle applies to a K1 centre after 7 years in case its reapplication is rejected. This is to ensure that centres are able to carry out their planned research activities in full capacity until the end of the funding period. The annual funding volume for phasing-out is limited to a maximum of 50% of an average funding year of the previous funding period.

Duration:	7 years
Public financing:	40 – 55 % (including at least 5% scientific partners)
Maximum federal funding:	Maximum of EUR 1.5 million per year

Number: Approximately 15

Distribution of funding in case of maximum quota of funding:

Proportion of public funding: Maximum of 50 %

Proportion of scientific partners: Minimum of 5 %

Proportion of partner companies: Minimum of 45 %

“K2 Centres”

Objective: The objective of K2 centres is bundling of existing national expertise in the long-term and cooperation with the world's leading researchers, scientific partners and company partners in joint strategic research programmes at highest level. This is to achieve long-term strengthening and a significant increase of Austria's attractiveness as a research location internationally.

Content: K2 centres are characterised by outstanding research programmes corresponding to high risks in development and implementation. High international visibility and international networks mark K2 centres.

K2 centres provide the floor for cooperation with outstanding international researchers and companies, also outside Austria. Young gifted scientists from Austria and abroad find international career opportunities.

K2 centres present a clear commitment to institutionalisation, to development of expertise, and long-term progress: they are initially installed for 10 years, a mid-term evaluation takes place after five years, and the centre only continues if evaluation results are positive. Continuation of the centre after 10 years – by way of reapplication – is desirable provided that a second evaluation is positive.

In case of a negative evaluation of a K2 centre after five years, respectively ten years, a phasing-out period of maximum 1.5 years becomes effective. The same principle applies to a K2 centre after 10 years in case its reapplication is rejected. This is to ensure that centres are able to carry out their planned research activities in full capacity until the end of the funding period. The annual funding volume for phasing-out is limited to a maximum of 50% of an average funding year of the previous funding period.

Duration: 10 years

Public financing: 45 – 60 % (including at least 5% scientific partners)

Maximum federal funding: Maximum of EUR 5 million per year

Number: Maximum of 5

Distribution of funding in case of maximum quota of funding:

Proportion of funding:	Maximum 55 %
Proportion of scientific partners:	Minimum of 5 %
Proportion of partner companies:	Minimum of 40 %

5. Differentiation from existing programmes / measures

Unique characteristics of the competence centres programme are research programmes jointly defined by science and industry and the multi-firm criterion. Merely bilateral research cooperations do not constitute a competence centre, although “single-firm” projects within a research programme are possible. For bilateral forms of cooperation, which may be more suitable for some projects, please refer to other programmes such as BRIDGE, Translational Research and CD laboratories.

The difference between a “K Project” and other funded research projects (FFG basic programmes, other structural programmes) is given by its significantly bigger size and duration, by its significantly higher risks in development and implementation and by its outstanding joint research programme with potential for further improvement.

K1 and K2 centres are unique in the portfolio of funding programmes because of their special governance structures, their long-term orientation and their size. Similarities between K2 and the Excellence Cluster Programs of the Austrian Science Fund (FWF) can lead to synergies, e.g. attracting outstanding international scientists and strengthening of post-graduate qualification.

6. Selection and evaluation criteria

The new competence centres programme

- ensures the further increase of nodes of expertise with both, outstanding scientific quality as well as high industrial relevance through general criteria and
- promotes bundling and networking of players to strengthen synergies and to develop internationally visible and integrated units with special demands of the type of research through additional criteria.

Common to all lines is a research programme jointly defined by science and industry implementing medium-term to long-term research of outstanding scientific quality and high

industrial relevance. This is reflected in the general criteria. By meeting additional criteria, consortia may qualify as K1 or K2 centres.

6.1 Overview of criteria

General criteria: (valid for all programme lines)

- Research programme defined jointly by science and industry with medium-term to long-term perspective
- Research competence and connection to science
- Relevance of implementation in industry
- Quality of collaboration between science and industry, coherence and quality of consortium
- Management and implementation

Additional criteria: (additionally valid for K1 centres and K2 centres)

- Bundling of players to strengthen thematic synergies (in line with their respective research topic)
- International integration
- Human resources development
- High international visibility and world-leading research (K2 only)
- Active integration of international industry, scientific partners, and scientists (K2 only)

The mix, respectively weighting of types of research (strategic, long-term, basic, and high-risk) is a **further criterion** in determining the quota of funding within each programme line.

Complementarity to existing research projects and activities in closely related fields has to be safeguarded. The unique nature of the research programme in a national and international context has to be secured. In addition, fair gender balance of male and female researchers is to be ensured in the context of all research projects and activities. Additional measures to achieve gender balance and special efforts to address female research experts are welcome. A survey including gender-specific information has to be provided.

<p>K2 Centres Number: maximum 5 Public financing: 45 - 60 % Duration: 10 years</p>	<p>K2-Criteria</p> <ul style="list-style-type: none"> • International visibility and world-leading research • Active integration of international industry, scientific partners and scientists
<p>K1 Centres Number: approximately 15 Public financing: 40- 55% Duration: 7 years</p>	<p>Criteria for Centres</p> <ul style="list-style-type: none"> • Bundling of players to strengthen synergies • Human resources development • International integration
<p>K-Projects Number: approximately 20 Public financing : 40 - 50 % Duration: 3 - 5 years</p>	<p>General Criteria</p> <ul style="list-style-type: none"> • Research programme defined jointly by science and industry • Research competence and connection to science • Relevance of implementation in industry • Quality of collaboration between science and industry • Management and implementation

Table 1: Synopsis of the three programme lines and criteria

6.2 Criteria in detail

Evaluation of applications is to be based on the following criteria.

6.2.1 General criteria (valid for all lines)

Research programme defined jointly by science and industry with a medium- to long-term perspective

State-of-the-art and novelty of research:

Relevant questions:

- Are the goals clearly presented?
- Is the work scientifically and technologically relevant and current?
- Does the research programme correspond to the international state of the art in the field?
- Is enough attention paid to related work performed by other groups in related subject areas?
- Is the work directed towards providing new knowledge of central scientific or technological interest?
- Are the approaches and methods chosen to address the goals likely to find widespread acceptance in the future?

Relevance of scientific and technological developments and market potential:

Relevant questions:

- Will the proposed programme initiate relevant scientific and technological developments with a clearly recognisable innovative potential?
- Is the knowledge gained being processed and implemented in a manner that is targeted towards commercial applications?
- Do the markets being targeted have a lasting potential for development?
- Do the expected results have sufficient chance of being applied or marketed?

Research competence and connection to science

Assessment of the consortium's scientific quality:

Relevant questions:

- Are the consortium's scientific standing and its previous research activities sufficient to meet the programme's requirements?

- Are the key persons able to point to suitable reference projects? (publications, reference projects etc.)

Relevance of implementation in industry

Assessment of the consortium's quality with regard to industry partners:

Relevant questions:

- Does the proposed research programme clearly benefit from commercial utilisation?
- Are appropriate measures for technology transfer in place?
- Does the consortium's quality with regard to the industry partners meet the programme's requirements and can the key industry partners point to suitable reference projects?
- Is the consortium complete or should the number of partner firms be increased?

Quality of cooperation between science and industry, coherence and quality of the consortium

Relevant questions:

- Is all the required expertise present in the consortium? Do the various subprojects complement one another in a sensible manner?
- Does the overall research programme show an "added value" and significant synergy effects compared with the sum of the individual projects?
- Is the consortium's ability appropriate to the proposed research programme, both in scientific and in industrial terms?

Management and implementation

Relevant questions:

- Do proposed organisational structure and management, as well as plans for implementation, work, financing, and financial planning correspond to research plans?

6.2.2 Additional criteria (valid for K1 and K2)

Bundling of players to strengthen thematic synergies

Relevant questions:

- Is there a sensible concentration of players, appropriate to the topic?
- Is enough attention paid to existing research activities in national and international context, with the goal of attaining "complementarity of activities"?

Human resources development

Relevant questions:

- Are the centre's proposed measures to recruit staff and the plans to allow staff to develop consistent with the research programme?
- Are there plans to offer training to intensify the staff's scientific and technical qualifications and to provide them with additional qualifications? Do they fit sensibly with the educational centres in the surroundings?
- Will the proposed programme create future opportunities for its scientific and technical personnel, e.g. by integrating them into the university or industry?

International integration

Relevant questions:

- How would you assess the current international contacts? The planned ones?
- Is the international alignment ambitious and appropriate to the topic?

6.2.3 K2 criteria

International visibility, world-leading research

High international visibility and attractiveness as a result of ambitious and top-level research

Relevant questions:

- Is the research programme indeed at the highest level?
- Is there outstanding high potential for top-class implementation?
- Is the consortium already among the best in Europe? Is it possible that it will advance to a leading position worldwide during the course of the programme (in terms of scientific excellence, technological leadership)?

Active integration of international industry, scientific partners, and scientists of international renown

Relevant question:

- What activities are planned to attach industry and scientists (both those of high reputation and those with particularly good potential for future development) of international renown to the centre in the long-term?

III. Type and level of funding / eligible costs

1. Type of funding

Funding is disbursed in the form of non-refundable grants.

2. Level of funding

The level of funding is based on project eligibility and required funding of projects and centres in the scope of maximum quotas of funding of individual programme lines as defined in section II.4.2. Details applicable in this matter are contained in the guidelines of the Austrian Federation and thus aid intensity for state aid for research and development as stipulated by the EU Community framework. The total quota of public funding contributions may not exceed 60%. The quota of public financing consists of funding and contributions of scientific partners. The contribution of scientific partners has to be at least 5%.

Private funding by (cooperating) companies also differs from line to line and within each individual line and has to be ensured in the amount of at least 40% of total costs eligible for funding, again distributed during the respective funding period of projects and centres. Of private funding, at least 50% are to be contributed in cash by partner companies on centre level.

3. Eligible costs

Costs eligible for funding are exclusively limited to costs incurred directly in the context of development and running operations of competence centres (K1, K2) or in the context of implementation of competence projects (K projects).

- Personnel costs (researchers, technicians, and other staff employed in the research project).
- Costs for instruments and equipment (including research facilities and laboratories) are eligible for funding insofar and for as long as they are used in the project. If this instruments and equipment are not used in the research project for their entire lifecycle, only the portion of the depreciation determined in accordance with proper accounting principles for the duration of the research project is eligible for funding.
- Costs for contract research, technical expertise and patents purchased at market price from third parties either directly or on licence, provided that the transaction was carried out under normal business conditions and there are no other agreements, as well as the costs of counselling services and other equivalent services utilised exclusively for research activities.

- Additional overheads incurred directly in the context of the research activity
- Other costs of operation (such as materials, supplies, etc.) incurred directly in the context of the research activity

Costs eligible for funding include all expenses and expenditures attributable to the project, respectively centre, which are incurred actually, directly and in addition to (regular operating expenses) within the duration of the funded research activity.

Personnel costs are eligible for funding to the extent stipulated by the respective reference values in clause 8 of the “Verordnung des Bundesministers für Finanzen betreffend Richtlinien für die Ermittlung und Darstellung der finanziellen Auswirkungen neuer rechtssetzender Maßnahmen” (Bylaw of the Federal Minister of Finance regarding guidelines for the determination and presentation of financial effects of new, law-establishing measures” (BGBl. II No. 50/1999, appendix 3, as amended).

Non-eligible costs:

- Costs for the purchase of real estate and immovable property
- Building investments, investment into manufacturing and production facilities
- Costs which are not directly related to the funded project
- Costs which have been incurred before the full application for funding was submitted
- Costs which are not eligible for funding as defined by EU regulations

IV. Specific prerequisites for the granting of funds

1. Applicants

Applicants are

- a) Consortia consisting of at least one research institution and several companies. A crucial condition is the fulfilment of the multi-firm criterion: K1/K2 centres have to involve at least five; K projects at least three company partners.
- b) Existing competence centres (*Kplus*, *K_ind*, and *K_net*) can submit their application without consorting partners, if their partner structure adheres to minimum requirements.

Applicants have to ensure that a highly dominant company does not indirectly bypass the multi-firm criterion. The application also has to contain sufficient information that the number of and the contribution of companies involved is sufficient to avoid distortion of competition with regard to the selected research programme. The contribution of each partner has to be clearly defined and visible.

All partner companies have to be named in the application. The following prerequisites apply:

- Companies (juridical persons, public limited companies, partnerships), active in the market
- Closely-knit ownership structures among companies do not pose a problem as long as they are in line with the multi-firm criterion. If one company controls another or a group of companies, this "group of companies" counts as one company.

In case funding is granted, competence centres have to be implemented as separate legal entities. The suggested but not mandatory legal form for centres is "Gesellschaft mit beschränkter Haftung (GmbH)", equivalent to a company with limited liability according to Austrian law. Centres choosing another legal form will not be disadvantaged as long as their governance structures are in place in a sensible and reasonable manner (strong management, clearly defined decision line and structures, transparent flows of performance and financing).

To achieve the required visibility and attractiveness of competence centres, research activities have to be concentrated accordingly. A centre may be housed at more than one location as long as its centre character is preserved.

2. Activities eligible for funding

Activities eligible for funding include

1. Activities in the field of industrial research⁷
2. Activities in the field of experimental development
3. Activities in the field of basic research linked to activities listed under points 1 and 2
4. Training measures linked to activities listed under points 1 and 2
5. Technological feasibility studies

Maximum quotas of funding for research and development as stipulated by the EU Community framework apply for individual activities. The maximum quota of funding for a competence centre, respectively K projects is calculated based on the respective activity and applies for the entire duration of the grant contract.

Bilateral research cooperations (“single firm” projects) are to be limited to a maximum of 20% of costs eligible for funding.

3. Conformity with EU stipulations

Activities eligible for funding are based on the EU Community framework for state aid for research, development and innovation (ABl. C 323 from December 30, 2006, pages 1-26), (valid until December 31, 2013).

⁷ The terms “industrial research” and “experimental development” apply according to the definition of the Community framework for R&D.

V. Evaluation process

1. Selection and evaluation

The selection of centres (K1 and K2) is based on two-level, criteria-based selection process, the selection of K projects takes place on one level (cf. figure 2). The maximum cash grant is proposed by experts of the Austrian Research Promotion Agency (FFG) and recommended by the evaluation panel. Assessment results determined by the evaluation panel are merely recommendations. The decision of funding rests with the Federal Minister and is made based on the recommendations made by the panel including additional requirements and/or preconditions.

K1/K2 centres

The evaluation of K1/K2 applications takes place on two levels. On both levels, applications are evaluated by experts of the Austrian Research Promotion Agency as well as by external experts (international peers).

Short applications are submitted for evaluation on level 1. During this level, the research programme defined jointly by science and industry, the quality of the consortium, and the quality of collaboration between science and industry as well as international integration are assessed.

A panel (panel 1) is recommending which K1/K2 applicants should be invited to submit full applications. Panel 1 also is recommending which K2 applications should be rejected for K2 but are eligible for K1, and which should be rejected completely. Applications by existing competence centres who are not invited to submit full applications are evaluated by Panel 1 based on minimum quality criteria whether they can be appropriated funding for phasing out. Applications by existing competence centres for a transitional period are subject to a simplified evaluation.

Consortia invited to level 2 submit full applications for K1/K2 including detailed research programme and all criteria. Applications also have to contain precise budgets for the first years, as well as mandatory participation and financing commitments by partner companies and scientific partners. Like in level 1, full applications are subject to internal and external evaluation, which is more extensive than on level 1. Evaluation now encompasses all other criteria and detailed evaluation of management, cost and financing budgets. In addition, each consortium has to participate in a hearing during level 2 evaluations.

A panel (panel 2) is recommending which consortia are selected as K1/K2 centres. Panel 2 also is recommending which K2 applications should be rejected for K2 but are eligible for K1. These applications are dealt with in a special panel.

K projects

K projects are subject to shortened one-level evaluation. Evaluation proceedings are implemented based on the second level of K1/K2 applications. If tenders for K projects are invited together with K1/K2 centres, the respective Panel also deals with applications for K projects in order to enable a recommendation of the complete portfolio.

2. Decision

The final funding decision is made by the Federal Minister and is based on the recommendations made by the evaluation panel including additional requirements and/or preconditions. The Federal Minister is entitled to authorise processing agents with sufficient supervisory powers or functional authority as outlined in Section 6.2.1 FTE guidelines to make a final decision on funding. In this case, the processing agent makes the decision on behalf and for account of the Federation of Austria.

The refusal of an application for funding and the reasons for the refusal has to be furnished in writing.

Planned Evaluation Process	
LEVEL 1	
Austrian Science Fund (FWF) / Christian Doppler Research Association (CDG) External evaluation	Austrian Research Promotion Agency (FFG) Internal evaluation
Recommendation Level 1: Panel 1 Invitation to submit full application K1/K2	
LEVEL 2	
Austrian Science Fund (FWF) / Christian Doppler Research Association (CDG) External evaluation	Austrian Research Promotion Agency Internal evaluation
Hearings with experts present at all hearings (standing committee) and experts with centres specific thematic expertise only present at hearings concerning their field (review team)	
Funding recommendation Level 2: Panel 2 (K2, K1)	
Decision on funding by the Federal Minister	

Figure 2: Overview of evaluation process K1/K2 (K projects are subject to one-level evaluation, no hearings)

3. Processing of funding

Annex I of the FTE guidelines according to § 11 Z 1 to 5 of the research and technology promotion law (FTFG) is to be applied. Any occasions requiring the amendment of the application or of agreed requirements and conditions have to be reported immediately to the funding agency. The agency has to adapt the funding contract accordingly. In no case the agreed maximum of funding can be increased during the funding period.

VI. Definition of key terms

For a definition of R&D levels (basic research, industrial research, precompetitive research) and the terms “innovation”, “technology transfer”, “SME – small and medium-sized enterprises”, see definitions in the guidelines stipulated by the Austrian Federal State, respectively the corresponding provisions by the EU commission. In addition, the following definitions apply in the document at hand:

Excellence, excellent research

The definition of this term is based on the *Strategy 2010* published by the Austrian Council for Research and Technology: “Excellence...strives for the furthering of knowledge through superior scientific achievements with the objective of having Austrian research join the ranks of the ‘best in the world’.”

In the context of this programme document, the term “excellence” mainly applies to the outstanding quality of applied basic research and industrial research. In this context, new scientific and technological findings include also outstanding novel developments which significantly contribute to the establishing and securing of technological leadership. The evaluation of excellence is made by experts in the scope of evaluation based on the unique selling proposition of the research programme vis-à-vis the present international state-of-the-art.

Research institutions, scientific partners

Research institutions or scientific partners in the context of this programme include universities, “Fachhochschulen” (universities of applied sciences), and non-university research institutions.

International visibility (“internationally leading programme”)

International visibility in the context of the programme document means that competence centres and their research activities are to become internationally recognised research

nodes. At the time of application, the research programme should at least be among the most outstanding in Europe, advancing to a “word-leading position” within its duration. High quality of scientific and industrial research plays a vital role in this context.

Non-K area

Centres can develop a “Non-K area”. This area is complementing the research programme of a centre, funded by COMET in line with the programme document (“K area”). This area does not receive any public funds from the COMET programme. The Non-K area serves for contract research for companies (company partners as well as other clients) in market-oriented fields at full refund of costs. It also serves for the fulfilment of complementary objectives of public interest, e.g. of the provinces.

Technological leadership

Technological leadership is defined by creating significant novel developments or new expertise, as well as by achieving technological excellence and great expertise in implementation, acting as a benchmark for the entire industry. “Technological leadership” underscores the claim for a leading position in competition of research and innovation, however does not constitute market leadership.

Phasing out

Existing competence centres, not selected for funding after having reapplied at the end of duration, qualify for a phasing out period. This is to conclude research activities already started as well as to provide optimal conditions for future professional careers of scientists. Based on minimum criteria, panel 1 evaluates whether a centre qualifies for phasing out. Activities as well as budgets planned in phasing out have to be submitted to the Austrian Research Promotion Agency (FFG). Allocation of public funds takes place after evaluation and approval. Of course, centres are also free to continue without further public funding from the competence centres programme.

Bilateral research cooperations (“single firm projects”)

Bilateral research cooperations (“single firm projects”) are those projects in the research programme of a centre in which only one company partner is involved. They are to be limited to a maximum of 20% of costs eligible for funding.