Funding Instrument: Infrastructure Bridging Finance

Domains:
Human and Infrastructure Capacity Development Directorate &
Grants Management & Systems Administration

Document: Framework & Funding Guide

February 2015
Contents
Table of Contents ................................................................................................................................................. 1
1. Strategic Context ............................................................................................................................................. 2
2. Objectives....................................................................................................................................................... 2
3. Scope ............................................................................................................................................................. 3
4. Proposal Requirements ................................................................................................................................... 3
5. Modus Operandi .............................................................................................................................................. 4
6. Financial Control ........................................................................................................................................... 5
7. How to apply .................................................................................................................................................. 6

Table of Figures

Figure 1: Process flow diagram for the Infrastructure Bridging Finance............................................................ 6
1. **Strategic Context**

The NRF, through a range of funding instruments, supports the acquisition, upgrade and development of research infrastructure at higher education institutions (HEIs), science councils (SCs), museums, and other state funded research institutes (e.g. NECSA). However, several challenges have been encountered during the implementation phase of each of these programmes. Major challenges include the lack of financial resources available to the research institution to support the infrastructural requirements to house the newly procured research equipment; and, the acquisition of additional research equipment to support the current research infrastructure.

Other challenges include:

1. Unscheduled power outages, access by multi-users and unforeseen / unplanned events that may arise during installation or usage of equipment undoubtedly results in the malfunctioning and breakage of some of the components of the equipment, which is both costly and deprives the research community of access time.
2. The equipment is custom made to the grantholder’s research requirements and hence has a long lead-time before equipment is fully installed and commissioned.
3. The financial burden placed on the research institute to contribute to a third of the funding requirements towards the purchase of state-of-the-art equipment.

In light of the aforementioned challenges, the NRF has implemented a funding instrument in the form of the Infrastructure Bridging Finance.

The Infrastructure Bridging Finance makes available, non interest-bearing bridging funding to a maximum value of the smaller of either R 5 million or the size of the grant deposit per university, to support the physical infrastructural requirements needed to support either the acquisition or upgrade to state-of-the art equipment or platform research projects in strategic areas such as nanotechnology.

The rationale behind the Infrastructure Bridging Finance is to make available NRF funds to support the university community in terms of infrastructure required to extend the boundaries of science, engineering and technology in South Africa. This financial risk will therefore need to be guaranteed by the university in terms of the full repayment of the bridging funding within the stipulated 12-month time frame.

2. **Objectives**

The objectives are to:

1. Support the SA universities with the establishment of suitable infrastructure needed for large pieces of research equipment funded through other NRF mechanisms;
2. Prevent the delay in the deployment of research equipment due to infrastructural constraints that arise from a shortage of cash; and
3. Support the acquisition of research equipment to enhance the research infrastructure capacity at the universities.
3. **Scope**

Proposals for the Infrastructure Bridging Finance shall be submitted to the NRF by the Research Office of the SA university and must be approved by the Deputy Vice Chancellor Research and/or by the Chief Financial Officer (or equivalent) in order to be considered for support.

The proposals may include:
(i) the upgrade and refurbishments of existing research facilities and/or laboratories to support the housing of equipment in line with the proposed institutional research development infrastructure (RDI);
(ii) the acquisition of additional research equipment to support the current research infrastructure; and
(iii) the acquisition of advanced computer workstations necessary for the promotion of world-class research.

Laptops for routine office work, travel grants for user-training workshops and other human capacity related initiatives **may not** be included.

The funds made available through this non-interest bearing bridging funding **must be** expensed, according to the institution’s proposed plan, within the year that the funds are awarded. The non-interest bearing bridging funding, however, is repayable, in full, to the NRF on **25 March** of the year immediately after bridging funding was made available to the research institution.

If, however, the institution is unable to pay back the full value of the bridging funding awarded, within the stipulated timeframe, then
   (i) the institution will be disqualified from further participation in this Funding Instrument; and
   (ii) the total outstanding amount will be recovered either from future grants awarded to the institution or the grant deposit made to the institution.

4. **Proposal Requirements**

For the proposal to be considered, it should have the following information:

- Description and justification for the proposed research infrastructure;
- Feasibility of the construction of the proposed infrastructure;
- Impact of the research infrastructure on the following issues:
   o How the research infrastructure supports the acquisition and/or upgrade to state-of-the-art equipment procured from the NRF suite of infrastructure grants?
   o How the research infrastructure meets national and institutional research goals?
   o How the research infrastructure will assist the institution in building research capacity?
   o How the research infrastructure will be utilised to train students at postgraduate level and in particular disabled, black and female students?
• A work plan that includes discussion on the following points:
  o Details of the work plan leader - a project leader;
  o A description of the proposed work (deliverables) which must be associated with the construction, installation, upgrade of research equipment, its utilities and/or infrastructure;
  o Time frames for the completion of work,
  o Detailed budget;
  o Maintenance and operation of the research infrastructure, including the necessary technical expertise for these tasks;
  o Impact of the research infrastructure on research initiatives across research fields at the research institute;
  o Impact of the research infrastructure on other equipment, placed at different departments at the research institute;
  o Identified and committed sources for loan repayment; and
  o Willingness to participate in a full NRF audit.

All proposals must be submitted by the specified date and will be evaluated by an NRF convened panel, prior to decisions for bridging finance being communicated to the successful institutions (Figure 1). Late applications will not be considered without a justifiable reason.

5. Modus Operandi

A total budget of approximately R50 million will be made available to support the development of infrastructure associated with the purchase and installation of equipment through this funding instrument.

The bridging funding will accrue zero interest and minimal administrative costs and repayment is due no later than 25 March of the following calendar year.

The funding management process to be used within the Infrastructure Bridging Finance is described by the process flow diagram shown in Figure 1.
6. Financial Control

The Infrastructure Bridging Finance will only be made available to South African universities. Furthermore, the conditions of grant will apply strictly, including the stipulated date of the full payment of the funds back to the NRF. Failure to do so will disqualify the institutions from participating in the funding instrument again and the total outstanding amount will be recovered either from future grants awarded to the institution or the grant deposit made to the institution.

Such bridging finance awards will not exceed R5 million or the grant deposit amount, which is provided by the NRF to the institution in the normal course of business.

The NRF reserves the right to make at least one site visit to inspect progress of the work on the ground as compared to the funded proposal. The institution is required to submit a report to the NRF, detailing the expenditure against the proposed work plan initially submitted, upon repayment of the funds back to the NRF.

As these awards effectively place a financial risk on the institution, the conditions of grant will need to be completed and approved by the following parties representing the institution:

1. Research Management: Deputy Vice Chancellor Research (or equivalent); and/or
2. Research Institution: Chief Financial Officer.
7. How to apply

The Call for Infrastructure Bridging Finance applications will be open from 02 February 2015 to 27 February 2015.

The application process will be accessible online at https://nrfsubmission.nrf.ac.za from Monday, 02 February 2015. Applicants are advised to complete their proposals as soon as possible to prevent an IT system overload near the closing date.

The final version of the application will be routed to the Chief Financial Officer or DVC: Research (or equivalent) for internal institutional authorisation and approval.

Late applications will not be considered without a justifiable reason.

The NRF cannot process applications that are incomplete, contain insufficient or incorrect detail, or fail to follow instructions; therefore such applications will be rejected. In addition to the electronic application and required attachments, the NRF may request additional information or documentation to support an application. Failure to supply such information or documentation upon request may result in the rejection of the application.

The NRF assumes that the DVC Research and Chief Financial Officer (or equivalent) through the respective DAs are satisfied with the standard of all proposals validated and submitted, and that the institution approves and supports the proposed research.

NRF contacts for queries:

<table>
<thead>
<tr>
<th>Mrs Anthipi Pouris</th>
<th>Mr Simon Lotz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants Director: GMSA</td>
<td>Professional Officer: GMSA</td>
</tr>
<tr>
<td>National Research Foundation</td>
<td>National Research Foundation</td>
</tr>
<tr>
<td>Tel: +27 (0) 12 481 4240</td>
<td>Tel: +27 (0) 12 481 4125</td>
</tr>
<tr>
<td>E-mail: <a href="mailto:anthipi@nrf.ac.za">anthipi@nrf.ac.za</a></td>
<td>E-mail: <a href="mailto:simon.lotz@nrf.ac.za">simon.lotz@nrf.ac.za</a></td>
</tr>
</tbody>
</table>