

Management Measures on International Technology Innovation Fund Project for Donkey Industry (Trial)

Chapter I General

Article I To improve the level of technology R&D and production innovation in the donkey industry, and to promote the sustainable development of the donkey industry; to set up a platform for the cooperation and exchange of the donkey industry upon international technology innovation, and for the integration of production, research and development, and the promotion of achievements. The International Technology Innovation Fund Project for Donkey Industry (Fund) (hereinafter referred to as "Innovation Fund") has been established by Technology Innovation Strategic Alliance for International Donkey Industry. Innovation Fund aims to provide support to various projects in such fields as donkey germplasm-resource conservation, breeding, raising management, disease prevention, and product development. During the first phase of Innovation Fund, a total of USD 10 million will be invested in five years, which will be fully sponsored by Dong-E E-Jiao Co., Ltd. The fund during the later phase of Innovation Fund will mainly come from the donations from domestic and foreign groups, enterprises, organizations, and members of the Alliance, state revenue, as well as the endowment of the related departments.

Article II To standardize the management and use of Innovation Fund, and to improve the efficiency of the use of the Fund, the Measures are formulated in accordance with the related provisions of the People's Republic of China and related resolutions set forth by International Technology Innovation Strategic Alliance for Donkey Industry.

Article III The term "Project Fund" refers to the fund used for financing various projects in terms of technological development, industrial research and personnel training, in accordance with *Regulation on the National Natural Science Funds* (which serves as the basis of International Technology Innovation Fund Project for Donkey Industry), the related regulations of the fund used for the state foreign affairs, as well as the related resolutions set forth by Technology Innovation Strategic Alliance for International Donkey Industry.

Article IV Technology Fund Committee for International Donkey Industry (hereinafter referred to as Fund Committee) is responsible for the release of bidding documents, registration, and approval for the project, as well as the specific management and supervision of Project Fund.

Article V The supporting department where the in-charge staff works is responsible for the management of Project Fund. In the department, a series of sound systems and institutions for project-fund management should be set up, in order to improve the internal mechanisms of control, supervision and restriction, determine the proper responsibilities and authorities of such departments as scientific research, finance, personnel, assets, auditing and supervision, etc., and strengthen the management and

supervision of Project Fund.

The supporting department should ensure the self-reliant fund and other supporting conditions (which have been determined by the project) for substantial results, and create favorable conditions for the project implementation.

Article VI The in-charge staff, taking the direct responsibility for the use of Project Fund, is legally responsible for the compliance, rationality, authenticity and relevance of the use of fund.

The in-charge staff should prepare the report of budget and final accounts according to laws and regulations, make full use of the fund according to the approved budget report, plans and related systems of management, and be subject to the supervision and inspection of the department and International Technology Fund Committee for Donkey Industry.

Since the date of project approval, the in-charge staff should submit the summary of project progress (an electronic copy) and the report on the use of Project Fund every six months (July and January each year) to the Fund Committee. The Fund Committee is responsible to review the summary of project progress and the report on the use of Project Fund.

Chapter II Scope for Expenditure of Project Fund

Article VII The expense of Project Fund refers to the expenses in terms of research activities and project payment, incurred by the implementation of the project. Project Fund falls into direct expense and indirect expense.

Article VIII Direct expense refers to the expenses directly related to research activities, including:

(I) Equipment expense: refers to the expenses of purchasing or testing the special equipment in the research activities, upgrading the existing equipment, as well as renting the equipment of other departments.

(II) Materials expense: refers to the expenses incurred by the procurement and transportation of various raw materials, auxiliary materials, low-value consumables, etc. in the research activities. Expenses incurred by handling, sorting, and so on.

(III) Expense of test, assay, and processing: refers to the expenses of the test, assay, and processing in the research activities, which are paid to other departments (including the independent accounting sub-unit within the supporting department).

(IV) Fuel consumption expense: refers to the expenses of water, electricity, gas, and fuel consumptions, which can be measured separately, related to the large-scale equipment and special scientific devices in the research activities.

(V) Travel expense: refers to the travel expenses, both in the local area and in other provinces and cities, related to the involvement of scientific experiment (test), scientific investigation, business studies, academic exchange in the research activities. The expenditure standard of travel expense should be implemented according to the related provisions set forth by the department where the in-charge staff works.

(VI) Conference expense: refers to the conference expenses related to the involvement of academic exchanges, and project consulting and coordination in the research activities.

The standard of conference expenses should be implemented according to the related provisions issued by the countries and regions in which in-charge staff locates.

(VII) International cooperation and exchange expenses: refers to the expenses of foreign academic exchanges conducted by the research personnel in the research activities. The standard of expense of international cooperation and exchange should be implemented according to the related provisions of the management for China's foreign affairs fund.

(VIII) Publication, literature, information dissemination, intellectual property rights transaction expenses: refers to the expenses of publication, information, purchase of special software, literature review, professional communication, patent application, and other intellectual property rights in the research activities.

(IX) Labor expense: refers to the labor expenses of the salaries paid to postgraduates, postdoctoral students (who have no regular incomes), and temporarily hired personnel, as well as the expenses of social insurance and subsidies paid to temporarily hired personnel in the research activities.

The standard of labor expense should be determined, in a reasonable manner, in accordance with the local conditions and such factors as the working hours of the related personnel.

(X) Other expenses: refers to the expenses except the above in the research activities. They should be presented and reviewed separately in the report of budget application.

Direct expense should be included in the united financial system of the supporting department, for separate accounting and special purpose.

Article IX Indirect expense refers to the related expenses, incurred by the implementation of the project by supporting department, which cannot be included in the direct expense. It is mainly used to compensate the expenses incurred by the existing equipment and houses provided by the supporting department for the scientific research, the consumption of water, electricity, gas and heating, the related management expenses, and performance expenses, and so on. Performance expense refers to the expenses related to the performance improvement conducted by the supporting department for the sake of scientific research.

Article X Indirect expense, combined with the characteristics of different disciplines, is generally reviewed according to the principle of not exceeding a certain percentage of the direct expense which is deducted by the equipment-purchase fees; besides, a cap should be imposed on the total amount, with the specific proportion as follows:

- (I) 15%- USD 200000(inclusive) and below;
- (II) 13% - USD 200000 to USD 400000(inclusive);
- (III) 10% - more than USD 400000.

Performance expense does not exceed 3% of the direct expense which is deducted by the equipment-purchase fees.

The approval of indirect expense should be linked to the credit rating of the supporting department, and the specific regulations of management should be formulated separately.

Article XI Indirect expense is managed and used by the supporting department. The supporting department should set forth the related provisions of management of indirect expense, and make use of it in a legal, reasonable manner; besides, the department should arrange for performance expense, combined with the actual achievement registered by the on-duty researchers, in an open, fair manner, in order to arouse the initiatives of researchers and to give full play to the incentive brought by performance expense. The supporting department is not allowed to, beyond the scope of the given indirect expense, repeatedly extract or withdraw any sum of money from the Project Fund under all pretexts.

Chapter III Preparation and Approval of Budget

Article XII The in-charge staff (or the applicant) should prepare the report of revenue and expense budget, according to the principles of target relevance, policy coherence and economic rationality.

The expense budget, according to the requirements of the project, should be listed in accordance with the scope of expenditure, and the main purposes and the reasons of calculation for the direct expense should be explained. It's encouraged to conduct the projects of the sharing, trial production, lease, and upgrading of the existing equipment. In principle, any purchase is not allowed. If it's necessary to purchase, some explanations should be made separately about the need to purchase the equipment, the utilization of the equipment of the same type, and the open-sharing program of the equipment, and so on.

Article XIII The supporting department should organize the staff in charge of scientific research and financial management to review the project budget.

If the project is conducted by several departments, the in-charge staff (or the applicant) of the supporting department and the participants of the cooperative research departments should prepare the budget reports according to their research tasks respectively. Then, the reports should be signed by the related leaders of their departments. Finally, the in-charge staff (or the applicant) should formulate a summary report, which will be reviewed by the Fund Committee.

Article XIV The applicants should, in accordance with *Guidelines for Key Projects of Technology Innovation Fund for International Donkey Industry*, apply for the innovation fund project, prepare the budget report according to the provisions of Articles VII, IX and X, and submit the report, which has been approved by the supporting department, to the Fund Committee.

Article XV The supporting department should organize the in-charge staffs to adjust the project budget, according to the approved project subsidies and the related regulations, and to finish the review within 30 days from the date of the receipt of the subsidy notice and to report to the Fund Committee for approval.

Chapter IV Budget Enforcement and Final Accounts

Article XVI The Project Fund should be paid to the supporting department according to related provisions of the Fund Committee; if the project is conducted by several departments, the fund should be paid to different departments by the Fund Committee, according to the budget listed in the report of project applications.

Besides, the in-charge staff is responsible for the supervision and management of allocated funds.

Article XVII The in-charge staff should strictly implement the project budget approved by the Fund Committee. In principle, the project budget is not adjusted; if it is necessary to adjust, it should be reported to the Fund Committee for approval.

Article XVIII Given the following circumstances when the project budget needs to be adjusted, the supporting department should report to the Fund Committee for approval.

(I) During the implementation of the project, due to the major adjustments of research contents or research plans, and other reasons, the total amount of the budget should be adjusted;

(II) The fund among the sub-items of the same project needs to be adjusted.

Article XIX If the direct expense budget of the project should be adjusted, the requirements below should be followed:

(I) Given that the total amount of the budget remains unchanged, if the materials expenses, expenses of test, assay, and processing, fuel consumption expense, expenses of publication / literature review / information dissemination / intellectual property rights affairs, and other expense budgets are to be adjusted, the in-charge staff should, in the light of the related scientific activities, apply and report to the Fund Committee for approval.

(II) Conference expense, travel expense, and expense of international cooperation

and exchanges can be used in a flexible manner without exceeding the total amount of the three expense budgets.

(III) Generally, budgets about equipment expense and labor expense are not allowed to be adjusted; if it's necessary to decrease, the in-charge staff should apply and report to the supporting department for approval, and the expenses will be used for other purposes.

The budget of indirect expense of the project should not be adjusted.

Article XX The supporting department should strictly implement the system of innovation fund expense management. Conference expense, travel expense, small-scale materials expense, and expense of test, assay, and processing, etc., should be settled according to the related provisions. Equipment expense, bulk materials expense, expense of test, assay, and processing, and labor expense, in principle, should be settled by way of bank transfer.

Article XXI The in-charge staff should strictly handle expenses in accordance with the capital expenditure scope and standards, shall not arbitrarily adjust the outbound capital, shall not use the false receipt to extract capital, shall not make a false report nor falsely claim the labor expense through formulating the false labor contract and false employee list, shall not break the rule to spend the expense of test, assay, and processing through making false test contents and improving the standards of test expenditure and shall not pay various penalties, donations, sponsorship and investment by using the project fund.

Article XXII After the project research is done, the in-charge staff shall work with

the scientific research, finance and asset management departments to clear the accounts and assets timely, prepare final accounts of the project as per the facts. In-charge staff shall not randomly make account regulations and change expense, nor randomly modify the accounting voucher.

If the project is conducted by several departments, the in-charge staff of the supporting department and the participators of the cooperative research units should formulate the project final accounts respectively. After the scientific research and financial management departments of the units audit the fund and sign their opinions, the in-charge staff of the supporting department shall make summaries.

The supporting department should organize its scientific research and financial management department to audit the project final accounts and sign the opinions before submitting it to the Fund Committee.

Article XXIII The supporting department shall prepare the annual statement of income and expenditure of the Project Fund of the units by year to comprehensively reflect the annual income and expenditure conditions of the Project Fund, capital management conditions and the performances.

Article XXIV After the project passes the final report and check, the remaining capital of the project shall be refunded to the Fund Committee in accordance with the original channel within 30 days.

For the project that does not pass the final report and check until rectification, the remaining capital shall be refunded to the Fund Committee in accordance with the original channel within 30 days under the check conclusions.

Article XXV In the project implementation process, for the projects that terminate execution out of certain reasons, the remaining capital shall be refunded to the Fund Committee.

For the project that is legally canceled out of certain reasons, the appropriated capital shall be refunded fully to the Fund Committee.

Article XXVI The supporting department shall strictly executed the stipulations on purchasing, bidding and tendering and capital management by the Fund Committee.

The management of invisible capital such as intellectual property rights formed by the Project Fund is jointly held by the contribution unit and the supporting department of the in-charge staff.

Chapter V Supervision and Examination

Article XXVII The project fund management and use conditions of the supporting department shall accept checks and supervisions of the national financial department, audit department and Fund Committee. The supporting department and the in-charge staff shall actively help and provide related information.

The supporting department shall conduct irregular audit or special audit for the management and use conditions of the Project Fund. If any problem is found, it should be reported to the Fund Committee timely.

Article XXVIII The Fund Committee and supporting department shall set up the

performance management system of the Project Fund. By combining the financial audit and financial check, it shall be conducted performance evaluations for the management and use benefits of the Project Fund.

Article XXIX The project fund management shall set up commitment mechanism. The supporting department shall promise to legally fulfil the duties of project fund management. The in-charge staff shall promise to provide true project information and carefully abide by the related stipulations of project fund management. The supporting department and in-charge staff shall bear responsibilities for consequences caused by false information.

Article XXX The project fund management shall set up the credit management mechanism. The Fund Committee conducts evaluations and records for the creditworthiness of the supporting department and in-charge staff in terms of project fund management as the evidence for credit grading and performance grading of the supporting department, as basis for performance evaluation and continuous subsidy of the in-charge staff.

Article XXXI The project fund management shall set up the information disclosure mechanism. The Fund Committee shall publicize the budget arrangement conditions of the non-confidential project in time and accept social supervision.

The supporting department shall publicize the project fund budget, budget adjustment, final accounts, staff composition of project groups, equipment purchase, outbound capital, labor expense grant, remaining capital and indirect expense use within the unit.

Article XXXII If units and individuals find any law-breaking behavior in the use and management of the Project Fund, it shall have the right to impeach or accuse.

Article XXXIII In the budget implementation process, the supporting department and in-charge staff that do not manage or use Project Fund in line with the stipulations, do not report the annual income and expenditure reports in time, do not prepare project final accounts in time, do not conduct financing accounting in accordance with the stipulations, hold back, appropriate and encroach Project Fund shall be dealt with according to the related laws and regulations of the country where the in-charge staff is. If it is suspected of a crime, it shall be transferred to judicial office for handling.

Chapter VI Supplementary Articles

Article XXXIV This Measure are executed since the day when Technology Innovation Strategic Alliance Council for International Donkey Industry is passed.

Article XXXV The interpretation power of this Measure is owned by the Fund Committee of International Technology Innovation Strategic Alliance for Donkey Industry.

International Technology Innovation Strategic Alliance for Donkey Industry

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