

Pursuant to Article 12 of the Law on Innovation Activities (“Official Gazette of Montenegro“, No. 82/20), the Decision of the Government of Montenegro No. 04-1111/2 from 3 March 2022 by which the Annual Work Plan and Financial Plan of the Innovation Fund of Montenegro for 2022 were approved, Operational Program for the Implementation of Smart Specialization Strategy 2021-2024 with Action Plan 2021-2022 and Innovation Program 2021-2024

THE INNOVATION FUND OF MONTENEGRO
is launching a
PUBLIC CALL FOR COLLABORATIVE GRANTS FOR INNOVATION

I SUBJECT OF THE CALL

The subject of the Call is **awarding grants for innovation** with main purpose to encourage collaboration of micro, small and medium size enterprises (hereinafter: MSMEs) with research and development institutions (hereinafter: R&D institutions) and/or other MSMEs in developing and implementing innovative projects with the goal of creating new products and services, as well as technologies with significant, sustainable future impact and market potential.

II OBJECTIVES OF THE CALL

The main objective of the Program for Collaborative Grants For Innovation (hereinafter: Program) is to encourage MSMEs to actively and meaningfully collaborate with R&D institutions and/or other MSMEs in commercially focused innovative projects with the goal of creating new or improved market-oriented products, services, technologies and processes.

The Program’s specific objectives are as follows:

- Strengthening the competitiveness of MSMEs by co-financing the development of innovative market-oriented products, services and technologies which have great potential for commercialization and market application;
- Supporting the transfer of innovative ideas from R&D institutions to the market, through cooperation with MSMEs or through opening of new companies / spin-off companies in Montenegro.

III AMOUNT OF FUNDING

The Innovation Fund (hereinafter: Fund) has allocated funds in the total amount of **EUR 670.000** for co-financing innovative projects (hereinafter: projects) under this Call.

The Fund shall award a grant in the amount up to **EUR 100,000** per project approved.

The maximum amount of funds which the Fund can provide is:

- **80% of total project costs for micro and small enterprises;**
- **70% of total project costs for medium-sized enterprises.**

The amount of allocated funds from the Fund for co-funding an innovation project is determined based on the total accepted project budget and the size of the grant recipient company (Beneficiary).

The Applicant is obliged to provide the remaining amount of funds from their own sources.

The Applicant may not, as part of his own financial participation in the project implementation, use the funds allocated to him by any public or international source of funding (Budget of Montenegro, relevant international fund providers), for the purpose of realization of the same activities proposed in the application for this Call for proposals.

The support granted to MSMEs through innovation projects will be arranged under *de minimis* aid regime. The total amount of de minimis aid granted to one beneficiary may not cumulatively exceed 200,000 € during any period of three fiscal years.

The Call is harmonized with the strategic priorities established by the Smart Specialization Strategy (2019-2024):

- Sustainable agriculture and food value chain;
- Energy and sustainable environment;
- Sustainable and health tourism; and
- Information and communication technologies as a horizontal priority.

Smart Specialization Strategy of Montenegro for the period from 2019 to 2024 is available at the following [link](#)¹

At least 70% of Fund's available funding for this Call will be allocated for Applications in the abovementioned priority domains of Smart Specialization Strategy of Montenegro, subject to availability of good quality projects.

ELIGIBLE COSTS

1. Personnel costs (Lead Applicant's human resources and other project staff and personnel directly paid from the project bank account) – can be inclusive of all taxes and social contributions for employees working on the Project;
2. Equipment costs and supplies (to be procured specifically for project purposes; includes purchased equipment, costs of materials, consumables as well as leased/rented equipment or online services and tools) – no refurbished/second-hand equipment can be purchased (although it can be rented for project purposes);
3. Expert/advisory/consultancy services domestic or international, for research and development, business development advisory, market research - no direct marketing is allowed. This category is limited up to 20% of the grant amount.
4. Costs of intellectual property protection and exploitation created during project lifetime (patent application and associated costs, certification, standards, substantive patent examination, etc.);
5. Operating and overhead costs for the project implementation, i.e accounting and legal services, office supplies - up to 10% of the total project budget;

¹ <https://wapi.gov.me/download/ea1d661e-922a-4d42-af8d-ae55bc53988e?version=1.0>

INELIGIBLE COSTS

The following costs and activities shall not be considered eligible:

- Debts and debt service charges (interest);
- Provisions for losses, debts or potential future liabilities;
- Costs declared by the Beneficiary and financed by another action or work program receiving other public sources of financing;
- Purchases of land or buildings, including any renovation;
- Currency exchange losses, fees and penalties;
- Credits to third parties;
- In-kind contributions;
- Marketing, sales and distribution costs for promoting the technology, product or service;
- Representation costs;
- Recruitment, relocation or subscription costs;
- Travel costs (including per diems);
- Procurement of second-hand or refurbished goods;
- Cash payments from the project account;
- Patent maintenance costs not related to the project;
- All other costs not mentioned under the category of eligible costs.

IV DURATION OF INNOVATIVE PROJECTS

The implementation period of the proposed projects is up to 24 months. Selected projects should start in January 2023.

V ELIGIBILITY CRITERIA

The Call is open to consortium consisting of **MSME** established as legal entity with headquarters in Montenegro as **Lead Applicant** and **licensed R&D institution** established in Montenegro or **MSME** established as a legal entity with headquarters in Montenegro as **Lead Co-Applicant**.

Eligible Lead Applicants are MSMEs established as legal entities, as defined by the applicable Law on Business Organizations (“Official Gazette of Montenegro”, No. 06/02 and “Official Gazette of Montenegro”, No. 17/07, 80 / 08, 40/10, 36/11 and 40/11) as well as the Law on Accounting (“Official Gazette of Montenegro”, No. 52/2016), registered in the Central Register of Business Entities of Montenegro (CRBE).

The Lead Applicant is MSME and as a formal consortium representative, must fulfil the following requirements:

- Is registered in the Central Register of Business Entities of Montenegro;
- Is headquartered in the territory of Montenegro;
- Has positive financial reports in the last two financial years, except for start-ups established since 01/01/2021 which are required to provide an interim positive financial report, including final, if applicable;

- Has fulfilled the obligations to regularly pay contributions and taxes;
- Is not under bankruptcy or liquidation proceedings; and
- Has not used financial assistance from the public national and international source of funding, or donor programmes for the same activities covered by the project application. If the Lead Applicant has applied for funds from other state aid providers for the same eligible costs, it is necessary to submit a statement indicating the amount and status of this support.

In order to sign the Grant Agreement and ultimately receive funding from the Fund, the Lead Applicant must be registered in the Register of Innovation Activities (www.inovacije.gov.me). The Lead Applicant doesn't have to be registered in this Register at the time of project submission. The same condition applies to MSME as Lead-Co-Applicant.

The consortium Lead Co-Applicant can be licensed R&D institution in the [Register](#)² of the Ministry of Science and Technological Development, and/or a MSME in accordance with the current Montenegrin Company Law, obliged to fulfil the same requirements as Lead Applicant.

International partner institutions may be engaged in the consortium but cannot declare costs and cannot become formal recipients of funding under this public Call.

The consortium can include other entities in the form of Co-Applicants. Eligible Co-Applicants are MSME and/or R&D organizations, acting as a formal part of the consortium, but not acting as the Lead Applicant/Lead Co-Applicant.

Ceteris paribus, priority in the evaluation process shall be given to those consortia which include R&D institutions as Lead Co-Applicant or Co-Applicant.

The project funds can be used to co-fund the technological development phases between TRL 4 and TRL 8. For more information, please see Programme for Collaborative Grants for Innovation Manual.

VI CONTENT OF THE PROJECT APPLICATION

Project applications shall contain the following documentation:

1. Applicant Statement (in Montenegrin language);
2. Project Presentation (in English, in free format based on instructions given in the template);
3. Business plan (in English);
4. Project budget (in English);
5. Financial Forecast (in English);
6. Project Summary (in English);
7. CVs of the project team key personnel including references relevant for the project (maximum 5, free format, in English);
8. Lead Applicant's positive financial statement reports in the last two financial years, except for start-ups established since 01.01.2021, required to provide an interim

² <https://fondzainovacije.me/wp-content/uploads/2022/03/NOVO-Lista-licenciranih-naucnoistrzivackih-ustanova-mart-2022.pdf>

positive financial report and final (if applicable). In case the Lead Co-applicant is MSME, the same documentation is required.

VII EVALUATION PROCESS AND FUNDING DECISION

The administrative check of the received applications for the Call shall be conducted by the Fund. After the administrative check, all project applications that meet the required conditions shall be submitted for evaluation.

The evaluation process shall be carried out by international peer reviewers and independent Investment Committee and it shall take place in two phases. Applications which advance to the second phase will be invited to present their projects to the Investment Committee during a live pitch event (in person or via live teleconference).

The final decision for financing is made by the Fund, taking into account independent Investment Committee recommendation, based on the ranking of all the Applications and the Fund's available budget for this Call.

VIII EVALUATION CRITERIA AND SCORING

The criteria for both phases of evaluation are the following:

1. Key team members' credentials, skills and the ability to deliver the proposed project –;
2. Quality and collaborative potential of the consortium members;
3. Competitive advantage of the proposed innovation, including a clear IP or know-how position and further development potential
4. Clear market need, competitive (preferably global or EU) market positioning and commercialization potential;
5. Go-to-market strategy, scalability of the revenue model and viability of the return-on-investment projections;
6. Level of co-financing, use of funds and adequacy of the project budget (preference will be given to applications with higher co-financing participation);
7. Development methodology, organizational design, work plan feasibility and risk management.

Priority in the selection process shall be given to consortia which include R&D institutions as Lead Co-Applicant or Co-Applicant.

All applicants will be notified by the Fund on the outcome of the evaluation process. The list of the projects selected for co-financing will be published on the Fund's website.

IX ETHICAL ISSUES

In the process of preparing the project application, the Applicant is obliged to observe ethical principles and rules.

If the project application implies an ethical issue, the Applicant is obliged to submit the approval of the Ethics Committee (if applicable) and/or provide other relevant proof of resolving the ethical issue.

X DEADLINE FOR APPLICATIONS

Applications for the Call have to be submitted to Fund's portal no later than **27 September 2022, by 2:00 pm.**

XI SUBMISSION OF THE APPLICATION

In order to apply for this Call, the Applicants first need to register on the Fund's portal www.programifonda.me. The registration request is approved automatically after submitting a registration request on the portal, upon which the Applicant will receive the necessary login credentials. Once registered, the Applicant can submit its Application directly on the portal.

Programme for Collaborative Grants for Innovation Manual is available at the Fund's website.

CONTACT

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