



Program for Collaborative Grants for Innovation

Manual

Version 2, July 2022

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Dear entrepreneurs and researchers,

The Synergy Grant program is designed to motivate private sector companies and public sector research and development organizations to work together and create high value-added products, services, technologies and technological processes through applied R&D efforts.

Through this program, the Innovation Fund (hereinafter: Fund) aims to incentivize creation of new and expansion of existing collaborations between the industry and the academy and to contribute to higher R&D investments from the side of the private sector, as well as to facilitate better utilization of capacities within the scientific research and development organizations. Strategically, the goal of the program is to generate new market value, create high paying jobs, boost scientific excellence, increase revenue and export growth and improve Montenegro's competitiveness.

In line with international best practices, the Fund will support projects on a competitive basis through an independent international evaluation process, led by an independent international Investment Committee comprised of proven professionals and supported by internationally qualified technical peer reviewers. The number of funded projects will be determined by the quality of the proposals and the total funds available or allocated to the program. The funds provided within this program are classified as state aid.

This manual provides information about the program and its application procedures, while keeping in mind international best practices adapted to suit Montenegro's business conditions. We hope the information will help you navigate easily through the process. Please do not hesitate to contact us with any questions.

The timetable with the public call application deadlines is available through the Fund's website (<http://fondzainovacije.me/>).

Wishing you lasting success,

Dr Bojana Femić Radosavović
Managing Director of the Innovation Fund

DEFINITIONS

Applicant	A consortium applying for the program, legally represented by the Lead Applicant of the consortium.
Application	The package of all necessary project documents and data submitted by the Applicant.
Approved Project Budget	Project budget approved by the Fund, integral part of the Financing Agreement.
Beneficiary	An eligible Applicant which signs the Financing Agreement with the Fund after receiving a notice from the Fund that its project was approved for financing.
Co-Applicant	A private sector company and/or an R&D organization, both domestic and foreign, acting as a formal part of the consortium, but not acting as the Lead Applicant/Lead R&D Co-Applicant.
Financing Agreement (FA)	A document signed between the Beneficiary and the Fund, governing the terms and conditions of the financing under this program.
Lead Applicant	A private sector company acting as the lead entity in a consortium applying for this program in accordance with the Applicant eligibility criteria.
Lead R&D Co-Applicant	A registered Research and Development Organization acting as the main partner in a consortium applying for this program in accordance with the Applicant eligibility criteria.
R&D	Research and development
TRL	Technology Readiness Level - method for estimating the maturity of technology

1. PROGRAM DESCRIPTION

1.1. STRATEGIC AND LEGISLATIVE FRAMEWORK

The Collaborative Program for Innovation is aligned with the regulatory framework set out in the Law on Innovation Activity, (“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 Work Plan and annual 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 the Innovation Program 2021-2024.

1.2. PROGRAM OBJECTIVES

The main objective of the Program is to incentivize micro, small and medium size enterprises (hereinafter: MSMEs) to actively and meaningfully collaborate with research and development institutions (hereinafter: R&D institutions) and/or other MSMEs in commercially oriented 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 Montenegrin 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;

The project funds can be used to co-finance the technological development phases from TRL 4 to TRL 8 of the Technology Readiness Level (TRL).¹

1.3. AMOUNT AND TYPE OF FINANCING

Under the public Call for proposals for this Program, the Innovation Fund (hereinafter: Fund) has allocated funds in total amount of **EUR 670,000** for co-financing innovative projects for a period of up to two years.

The maximum amount of financing which the Fund can award per each individual project is **EUR 100,000**. The total project cost is proposed by the Applicant.

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 maximum amount of funds which the Fund can provide as support is:

¹ More information on TRL can be found in the Chapter 2.2.

- **80% of total project costs for micro and small enterprises;**
- **70% of total project costs for medium-sized enterprises.²**

The support granted to MSMEs through innovation projects regardless of their legal status and the way they are financed will be arranged under *de minimis* aid regime (state aid of small value), so the Beneficiaries are obliged to act in accordance with the Regulation on the List of State Aid Rules (“Official Gazette of Montenegro”, No. 35/14, 02/15, 38/15, 20/16, 33/20, 38/20, 130/20 and 44/21) and in accordance with the provisions of the legal acts which regulate this field. The total amount of *de minimis* aid granted to one beneficiary **cannot cumulatively exceed 200,000 € during any period of three consecutive fiscal years.**

Co-financing by the Applicant, i.e. financial participation in the project implementation, has to be provided from the other, private sources, regardless the Fund sources or any public or international source of funding, for the purpose of realization of the same activities proposed in the application for this Call for proposals.

The amount of grant financing approved by the Fund is based on specific needs of every project, as originally communicated by the Applicant through their business plan and project budget. Fund reserves the right to modify the proposed project budget during the negotiation process in order to better reflect the project’s proposed activities or to align the proposed project budget with the program’s rules and requirements. The grant amount ultimately awarded may be lower than the grant amount initially requested.

1.4. DURATION OF THE PROJECT

The implementation period of the proposed projects is up to 24 months. Expected start of implementation of selected projects is January 2023.

2. ELIGIBILITY REQUIREMENTS

There are three sets of eligibility criteria, relating to:

- 1) the type of Applicants;
- 2) the type of projects that can be financed;
- 3) the type of costs which will be supported.

All 3 sets must be met for a project to be eligible for financing under this program.

² Pursuant to Article 6 of the Law on Accounting (“Official Gazette of Mne”, No. 145/2021 as of 31 December 2021) micro, small and medium enterprises are legal entities classified as follows:

- Micro entities – not exceeding two of the three following criteria: average number of employees - up to 10 employees, total annual income - up to 700,000,00 €, total assets - up to 350,000,00 €;
- Small entities – not exceeding two of the three following criteria: average number of employees - up to 50 employees, total annual income - up to 8M €, total assets - up to 4M €;
- Medium entities - which are not micro and small entities and which do not exceed two of the three following criteria: average number of employees - up to 250 employees; total annual income - up to 40M €; total assets - up to 20M €.

2.1 ELIGIBILITY OF APPLICANTS

The Applicant for the Program is a consortium consisting of a **MSME established as a 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** or as **Lead Co-Applicant**.

Eligible 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.

The Lead Applicant is the contracting party on behalf of the consortium and is responsible for all operations conducted as part of the project co-financed by the Innovation Fund through this program. The Lead Applicant is also in charge of submitting the Application to the Innovation Fund.

In order to sign the Grant Agreement and receive funding from the Fund, the Lead Applicant must be registered in the Register of Innovation Activities. The Lead Applicant doesn't have to be registered in this Register at the time of project submission. In case Lead Co-Applicant is MSME, the same condition is required. The procedure of registration in the Register of Innovation Activities has started in October 2021 and is continuously available to all interested subjects of innovation activity. Registration is available at the following web portal: www.inovacije.gov.me

The consortium Lead Co-Applicant can be licensed R&D institution from the Register of the Ministry of Science and Technological Development, available [here](#)³, or MSME established in accordance with the current Montenegrin Company Law, which is obliged to fulfill the same requirements as a Lead 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.

³ <https://www.gov.me/dokumenta/9c0552b2-1b21-49d4-8a5d-995eab59a73d>

In line with the International Agreement between European Union and Montenegro for the participation of Montenegro in the Union programme Horizon Europe and recognizing that reciprocal participation in each other's research and innovation programmes should provide mutual benefits, international partner institutions may be engaged in the consortium, but cannot declare costs and cannot become formal recipients of funding under this public Call.

Besides the mandatory Lead Applicant and Lead Co-Applicant, the consortium can include other entities in the form of Co-Applicants. Eligible Co-Applicants are MSMEs and/or R&D institutions from Montenegro, acting as a formal part of the consortium, but not acting as the Lead Applicant/Lead Co-Applicant.

Affiliated partners can be engaged in the consortium as participants, but cannot declare costs and need to have their own budget. Same rule applies for those Co-Applicants which are directly affiliated with Lead Applicant or Lead Co-Applicant, either through capital or legal links.

Applicants, i.e. consortia that meet any of the following criteria are **NOT eligible** to apply for this Program:

- Lead Applicant or any of the companies acting as Co-Applicants are considered to be an affiliated entity⁴ of a large company⁵ (domestic or foreign) or are 10% or more owned by a large company (domestic or foreign);
- Lead Applicant or any of the Co-Applicants have outstanding bans or restrictions on performing their operations for whatever reason.

Consortium members cannot be natural persons.

2.2 TYPES OF PROJECTS THAT CAN BE FINANCED

This Program is aligned with the 2019-2024 Smart Specialization Strategy of Montenegro⁶, which focuses on four main priority domains:

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

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

The Fund is looking for projects that have:

- Scalable and clearly defined business model and opportunity for strong revenue growth;
- A new or significantly improved product, service, technology or technological process built on a competitive advantage that enables attaining a sustainable and defensible market position;

⁴ As defined by the Montenegro Company Law.

⁵ In accordance with the current Montenegro Law on accounting.

⁶ Strategy <https://wapi.gov.me/download/ea1d661e-922a-4d42-af8d-ae55bc53988e?version=1.0>

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- Committed and competent project team coming from a consortium with multidisciplinary strengths and skill sets.

The project funds can be used to co-fund the technological development phases between TRL 4 and TRL 8.

The purpose of Technology Readiness Levels (TRL) is to estimate the maturity of technology before being utilized. A TRL scale helps in measuring the progress of a project. Technology Readiness Level (TRL) is based on a scale from 1 to 9, with 9 being the most mature technology.

Identification of the TRL of the relevant project / technology will enable the applicant to independently determine the level of development of the project idea, i.e., at what level the technology is at the time of filing the application, and where it will be at the moment of completion of the project. The TRL are shown in the table below:

Technology Readiness Level		DESCRIPTION OF TECHNOLOGY READINESS LEVEL	
TRL 0.	Idea	Unproven idea/concept. No analysis or testing has been performed.	
TRL 1.	Basic Research	Basic principles observed. Concept demonstrated. Basic functionality demonstrated by analysis, reference to features shared with existing technology or through testing on individual subcomponents/subsystems. Shall show that the technology is likely to meet specified objectives with additional testing.	Lab Research
TRL 2.	Technology formulated	Technology concept formulated. Concept design or novel features of design validated through model or small scale testing in laboratory environment. Shall show that the technology can meet specified acceptance criteria with additional testing.	
TRL 3.	Experimental research	Experimental proof of concept. Active research and development is initiated. This includes analytical studies and laboratory studies to physically validate analytical predictions of separate elements of the technology. Examples include components that are not yet integrated or representative.	
TRL 4.	Low level Prototype	Technology validated in lab. Full-scale prototype built and technology qualified through testing in intended environment, simulated or actual. The new hardware is now ready for first use.	
TRL 5.	Improved Prototype	Technology validated in relevant environment (industrially relevant environment in the case of key enabling technologies). The basic technological components are integrated with reasonably realistic supporting elements so it can be tested in a simulated environment. Examples include "high fidelity" laboratory integration of components.	
TRL 6.	High level Prototype	Technology demonstrated in relevant environment (industrially relevant environment in the case of key enabling technologies). Represents a major step up in a technology's demonstrated readiness. Examples include testing a prototype in a high-fidelity laboratory environment or in simulated operational environment.	

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TRL 7.	System Prototype demonstration	System prototype demonstration in operational environment. Prototype near or at planned operational system – Represents a major step up from TRL 6, requiring demonstration of an actual system prototype in an operational environment.	Real world
TRL 8.	First final product	System complete and qualified. Technology is proven to work – Actual technology completed and qualified through test and demonstration.	
TRL 9.	Complete commercial application	Actual system proven in operational environment (competitive manufacturing in the case of key enabling technologies; or in space). Actual application of technology is in its final form.	

The development activities undertaken in the project can include demonstrating, prototyping, piloting, testing and validation of completely new or improved products, processes or services where the primary objective is to make significant further improvements. Projects can also include development of a commercially usable prototype or pilot, industrial research and technology validation with a clear practical application. The minimum expected outcome for projects financed under the program is a commercially usable prototype or pilot upon completion of the project. In case the Applicant already has a prototype at the time of applying, they are expected to be able to create a final product by the end of the project’s implementation period.

Applicants whose projects are focused on routine or periodic changes made to existing products, production lines, manufacturing processes, services and other already established company operations (e.g., software version updates, product redesigns) which do not result in creation of new market value and new intellectual property or know-how are not encouraged to apply, even if those changes may represent significant improvements for the Applicant’s own portfolio or organization.

Number of Applications per Applicant

Only one (1) Application under this Call for proposals **is allowed** per Lead Applicant. One R&D institution can participate in more than one proposal.

IP and know-how requirements

The consortium members are required to reach a general agreement on distribution of any IP ownership and right of use details prior to applying for this program which should be specified with the Business plan as part of the Application.

Any new IP and know-how that may be created during the implementation of the project must belong to the members of the consortium in a manner they previously agree on amongst themselves. This IP right distribution must be presented in a formal document (Consortium/Partnership agreement) to the Fund prior to the signing of the Financing Agreement. Any disputes among the consortia members regarding usage of IP and know-how, need to be resolved prior to signing of the Financing Agreement.

2.3 ELIGIBILITY OF COSTS

The grant awarded by the Fund can only be used to co-finance the costs which are categorized as “eligible costs”. The categories of eligible and ineligible costs are indicated below. The Approved

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Project Budget for each project is both a cost estimate for the items listed in it and an overall ceiling for total “eligible costs”.

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 (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;

Lead Applicant is allowed to use all the abovementioned categories of eligible costs, while Lead Co-Applicant and other Co-Applicants can use category 1 and 2 of the eligible costs.

Taking into account the uniqueness of every Application, the percentages of the project budget allocated to each category may vary depending on the project’s needs, and may be adjusted by the Fund in order to better reflect the project proposal goals.

Only those costs which are in accordance with the Approved Project Budget and have been accrued after the signing of the Financing Agreement between the Lead Applicant and the Fund and completed by the end of the project can be eligible for financing.

The approved co-financing of the project may not be used for co-financing only one cost category from the above list of eligible costs (e.g., exclusively procurement of equipment, or only personnel costs, etc.). Each eligible cost related to the project is jointly co-financed by the Fund and the Applicant proportionately to their respective co-financing contribution to the project.

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.

3. HOW TO APPLY AND WHAT PROCEDURES TO FOLLOW

Application needs to be submitted electronically through the Fund's portal (www.programifonda.me) as a complete, structured documentation package within the given submission deadline. Applications submitted in any other form will not be taken into consideration.

The complete set of necessary application documentation can be found on the Fund's website (<http://fondzainovacije.me/>). Applicants are expected to download these documents and become closely familiar with their content before starting to prepare their Applications.

Only complete Applications will be accepted.

The complete Application documentation consists of the following documents to be submitted in English:

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

Note: Application documentation must be submitted in the exact format as it is provided on the Fund's website. Application templates are an integral part of this grant manual, and Applicants are required to comply with the specific instructions given in these templates.

The Fund will provide advisory support to all interested Applicants via e-mail, phone, through frequently asked questions, information sessions and open doors that potential Applicants can require

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in regards to the administrative aspects of preparing Applications for the program. Please keep in mind that the Fund cannot provide support in writing the contents of the Application, nor can it give advice or judgement regarding the quality of the contents of the Application.

Estimated timeline

Call for proposals opening: **28 June 2022**

Deadline for submission: **27 September 2022**

Final Decision on financing and Announcement of results: **until 30 November 2022**

Contracting negotiations: **until 15 December 2022**

Project Implementation Start: **January 2023**

3.1. REGISTRATION PROCEDURE INSTRUCTIONS

In order to apply for this program, the Applicants need to register on the Fund's portal, accessed via the following link www.programifonda.me. The registration request is approved automatically, upon which the Applicant receives the necessary login credentials (username and password). Once registered, the Applicant can submit its Application directly on the portal.

3.2. APPLICATION SUBMISSION INSTRUCTIONS

Application submission is possible until the deadline given within the details of the call for proposals published on the Fund's website.

When the Applicant has successfully activated their account on the Fund's portal and select the program line to apply, submission of Application becomes allowed. The Applicant can upload all the necessary Application documents and change it before the final submission.

Upon uploading all necessary documents, the Applicant has to officially submit the Application by clicking the "Submit" button. This action informs the Fund that the Application is finalized and received.

Applicants should keep in mind that the "Submit" button must be clicked before the expiration of the deadline in order to be submitted on time. Furthermore, Applicants cannot make any changes or modifications to the submitted documents after clicking the "Submit" button. Applications submitted after the deadline will not be considered.

By submitting an Application, the Applicant agrees to accept all relevant terms required by the Fund in order for the Application to be considered.

Detailed user guidelines for application submission are available on the Fund's portal.

4. EVALUATION AND FINANCING DECISION

The evaluation procedure includes several steps:

- The administrative check of all Applications received;
- First evaluation phase (based on review by the Investment Committee and peer-reviewers);
- Second evaluation phase (live presentations “pitch” to the Investment Committee for all Applications which passed the first evaluation phase);
- Financing decision (Fund decision based on the Investment Committee recommendation).

Applications will be evaluated based on the following criteria:

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.

Additional details regarding the evaluation process can be found in the Review Guidelines document, available at the IF’s website.

Each person taking part in any stage of the evaluation process is required to abide by the Fund’s Confidentiality Policy.

4.1 ADMINISTRATIVE CHECK

After the Application is submitted, the Fund’s staff will conduct a desk review of the eligibility and completeness of the submitted Applications. Only fully completed, signed, and electronically submitted Applications will be considered for evaluation. During this stage, the Fund will provide every Applicant whose Application was initially determined to be administratively/technical deficient with a 72-hour window to rectify the identified deficiencies. Applicants whose Applications do not pass the administrative check will be notified of their ineligibility and will receive Decision on rejection, after the Fund completes the administrative check of all submitted Applications.

4.2 FIRST EVALUATION PHASE

The first evaluation phase of eligible Applications includes a technical peer-review by two independent international peer reviewers, and evaluation by an independent Investment Committee. Both types of evaluators assign points (ranging 1 to 5) for each of the 7 evaluation criteria and the points are then summed after being awarded the appropriate weights to generate the total score for each Application (30% of total score comes from the peer reviewers, while 70% of the total score comes from the Investment Committee). Based on these scores, a rank list is formed, and all Applications which score **24** points or more (out of the maximum of 35) will advance to the second evaluation phase.

4.3 SECOND EVALUATION PHASE

All Applications which score 24 points or more in the first evaluation phase will advance to the second phase where they present their projects to the Investment Committee during a live pitch event (in person or via live teleconference). Every Applicant will receive a 20-minute time window during which they're expected to deliver their "elevator pitch" to the Investment Committee and engage with them in an active "questions and answers" session. After this phase, the Investment Committee will score all the Applications again using the same evaluation criteria and rank the Applications for final discussion.

4.4 FINANCING DECISION

The final decision for financing is made by the Fund, based on the independent Investment Committee recommendation, after the live presentation (pitch) event in the second evaluation phase, and based on the ranking of all the Applications and the Fund's available budget for this Call. The Fund and the Investment Committee will perform the necessary budget clearing for every project to optimize the use of available financing in this public call. The Investment Committee reserves the right to modify the milestones (proposed by the Applicant) and to set specific conditions for each individual project. Based on the results of the live presentation, the Investment Committee will make its final financing recommendation. Following the Investment Committee's recommendation to award financing and accompanying statutory procedures, the Applicant will be notified by the Fund about the positive decision on financing and subsequently offered to sign the Financing Agreement. The Fund will also notify all Applicants whose projects were not awarded about the outcome of the final phase of the evaluation process and they will receive the Investment Committee's comments for their project.

4.5 SIGNING OF THE FINANCING AGREEMENT

The applicants shall be informed of the results of evaluation of the proposed project in such a way that evaluation summary report with experts' comments shall be sent individually to each applicant.

From the date of being notified by the Fund about the positive decision on financing, the Beneficiary will have up to 30 calendar days to fulfill the necessary requirements and sign the Financing Agreement⁸. Each Beneficiary will be notified about the signing date of the Financing Agreement. The Fund shall prepare the Financing Agreement form, but its particularities shall be defined in detail and aligned with each grant recipient depending on the specificity of the project. The Financing Agreement shall determine the rights and obligations of the contracting parties, and in particular the procedures for project implementation, including the financial component, as well as intellectual property rights. The overall project implementation shall be the obligation and responsibility of the Lead Applicant, who is

⁸ On exceptional circumstances this period may be extended for an additional 4 weeks on case-by-case basis.

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responsible for project management and the use of the approved funds. The rights and obligations of the consortium partners are defined by a separate contract between all the consortium partners.

The Beneficiary is obligated to provide the following required documents before signing the Financing Agreement:

- Bank contract detailing the opening of the project's bank account;
- Consortium agreement which established the following:
 - Activities to be undertaken by each team member and schedule of activities;
 - Compensation / payment system;
 - Contributions of partners to successful implementation of the project; and
 - Intellectual property rights, particularly in terms of access to already existing knowledge, use of knowledge, publication and confidentiality.
- Other legal/corporate documents as may be requested by the Fund.

5. IMPLEMENTATION AND MONITORING OF THE PROJECT

Once an Application is approved for financing and the Applicant signs the Financing Agreement with the Fund, they officially become the Beneficiary. The Fund will then deposit its co-financing for the project to a bank account which the Beneficiary will open for the purpose of implementing their project, but only after the Beneficiary has first deposited its own co-financing amount in line with the payment dynamics set out in the Financing Agreement. This bank account will be used only for transactions related to the project activities as presented in the corresponding Approved Project Budget. In typical conditions, the Fund disburses its co-financing once per semiannual period, at the beginning of that period. If a project offers a specific time frame, e.g., 10 months, the first period would last 6 months, and the second 4.

After each completed calendar period of project implementation, the Fund will conduct the necessary monitoring activities to ensure that the project spending falls under eligible expenses defined under this manual, and also to ensure that the Beneficiary is making adequate progress in their development activities. The Beneficiary will be obligated to provide an official report to the Fund in predefined reporting formats supplied by the Fund, including the necessary supporting documentation as adequate proof of purchase.

The Fund will conduct the monitoring of each project's implementation in accordance with the scope, dynamics and principles set out in the Implementation Guidelines, available on the Fund's website. This document provides detailed instructions on how the monitoring process works and what the Beneficiary is obliged to produce to the Fund in order to justify the project expenditures and illustrate the progress made in each reporting period.