



# IMPLEMENTATION GUIDELINES

*Version 01, December 2022*

## 1. GENERAL IMPLEMENTATION PRINCIPLES

The Awardee is required to carry out the project diligently, timely and efficiently in accordance with the terms of the Program for Collaborative Grants for Innovation (hereinafter: Program) and the Financing Agreement and with sound technical, economic, financial, managerial, environmental and social standards and practices.

The Awardee is required to implement the project in accordance with the signed Financing Agreement. Any significant deviation from the approved Application (e.g., project is not on schedule for completion within timeframes defined in the Application, proposed milestones are not achieved) requires prior written consent of the Fund.

Any costs covered by project funds may not be incurred before the start of the project.

## 2. PAYMENTS AND DISBURSEMENT OF PROJECT FUNDS

The Awardee must open a new bank account for the project where project financing from the Fund and co-financing from the Awardee are transferred semi-annually. This account is not to be used for any other purpose except for implementation of the approved project. The Awardee bears full legal responsibility for this account, documents all the payments made to and from it and reports them back to the Fund.

The project funds are disbursed on a semi-annual basis. The disbursement amount will cover up to 80% of the Approved Project Budget for that particular period for projects where the Lead Applicant is a micro or small enterprise and up to 70% for projects where the Lead Applicant is a medium sized enterprise. Prior to each disbursement, the Awardee must submit, along with the progress and financial report, a bank account statement showing that the Awardee has deposited in the project account a minimum of 20% of the total amount of funds requested for the particular period for micro and small enterprise and at least 30% for medium sized enterprise.

**The semi-annual progress and financial reports are submitted within two (2) weeks after the last calendar day of the project reporting period** along with other required documentation, and these reports must be approved by the Fund.

The review and approval of the reports will take approximately two (2) weeks. It is done through a desk-review process and may be subject to an on-site monitoring visit as described in Section 5. Upon the review and the approval of the reports by the Fund, the Awardee will be eligible for disbursement for the next reporting period.

**The Final report is submitted within four (4) weeks after the end of project implementation.**

Example: For the projects with 24 months duration, an Awardee shall submit 3 semi-annual progress and financial reports and the Final Report after the project ends.

In case of any ineligible costs or unspent budget, the Awardee will be obliged to return the unspent amount to the account of the Fund.

The Awardee is allowed to request changes of the Approved Project Budget within any budget category. In order to implement the budget changes, the Awardee must send a written request for reallocation of funds to the Fund and a new project budget proposal for approval via email. Only after the receipt of the Fund's written approval, the Awardee can make payments in relation to these changes. However, if the change affects the disbursement schedule, an amendment to the Financing Agreement needs to be signed.

### **3. PROCUREMENT PROCEDURES**

The Innovation Fund's Rulebook on procurement procedures for non-obligatory parties of the Law on Public Procurement (available at <https://fondzainovacije.me/wp-content/uploads/2022/09/Pravilnik-o-nacinu-sprovodjenja-postupaka-nabavki.pdf> ) applies to all Awardees, except for those listed in Article 2 of the Law on Public Procurement (Official Gazette of Montenegro, No. 74/2019).

Subject of procurement procedures are:

- I. **Procurement of goods/supplies** – includes the purchase or rental of supplies/equipment (may include sitting, installation and maintenance);
- II. **Procurement of services** – includes engagement of service providers, firms and/or individuals, experts, advisors.

Awardee will conduct procurement for **all budget categories**, except for:

- I. Budget category 1. Human resources (Personnel Costs);
- II. Supplier/service provider who was explicitly named as a project partner in the Project Budget that was part of the Application;

#### **Procurement principles**

The Awardee shall respect the principles of fair competition, transparency, proportionality, equal treatment, non-discrimination and economy, efficiency and effectiveness. All procurements shall be put out to competition on the broadest possible basis.

The contract must be awarded to the tenderer offering best value for money for service tenders (i.e., the tenderer offering the best price-quality ratio) or, as appropriate, to the tenderer offering the lowest price for the fulfilment of the technical specifications for the supply contracts. In doing so, the Awardee shall avoid any conflict of interests and respect the above-mentioned procurement principles.

## **Record keeping and audit trail**

The Awardee shall keep sufficient and appropriate documentation (electronic or hard copy) with regard to the procedures applied. In this way, a clear and easy to follow audit trail (supporting documentation from each step of the procurement procedure such as whole tender documentation with requests and procurement description, nomination and composition of the evaluation committee, submitted offers, evaluation reports, communications with the tenderers, emails correspondence if applicable, documentation during contract implementation etc.) for all steps of the procurement procedure must be ensured.

## **Procurement procedures**

The basic means of awarding contracts is competitive tendering. The purpose is twofold:

- to ensure that operations comply with the procurement principles; and
- to obtain the quality of services and supplies at the best possible price.

The applicable financial thresholds that further determine the use of procurement procedures are summarized in the table below. The thresholds are based on the maximum budget for the contract in question (including any co-financing). Where contracts are subdivided into lots, the value of each lot is taken into account when calculating the overall threshold.

Thresholds and procurement procedures:

<b><i>TYPE OF PROCUREMENT PROCEDURE</i></b>	<b><i>Single tender procedure</i></b>	<b><i>A payment may be made against invoice without prior invitation to tender if the expenditure is</i></b>
<b><i>PROCUREMENT OF SERVICES</i></b>	<b>&gt; EUR 20,000 (VAT included)</b>	<b>≤ EUR 20,000 (VAT included)</b>
<b><i>PROCUREMENT OF GOODS/SUPPLIES</i></b>	<b>&gt; EUR 20,000 (VAT included)</b>	<b>≤ EUR 20,000 (VAT included)</b>

**Single tender procedure:** Awardees are required to publish a bid on their website or in the media in order to achieve greater transparency and market competition. The Awardee is obliged to carry out the procedure of evaluation and selection of the best offer taking into account all received offers.

Fund reserves the right to conduct a sample desk-check or site visit as a part of its monitoring activities.

#### **4. REPORTING**

The Awardee is obliged to provide the Fund with accurate, timely and coherent financial and progress reports pertaining to the project, in predefined intervals set out in the Financing Agreement.

**Two (2) weeks after the last calendar day of each period, the Awardee needs to submit the semi-annual progress and financial report** (signed by the authorized legal representative), including all supporting documentation, to the Fund for review. For any identified deviations that are unintentional or technical mistakes, the Awardee may be required to update the reports or submit additional documentation. Additional check-ups by the Fund may also be made.

##### Progress Report

This report should describe in detail all previously completed and on-going activities, as well as actions planned for the upcoming period. It needs to focus on the main achievements of the reporting period, state any potential setback or issue and provide an overview of the Awardees project activities. The reporting must correlate with the activities and milestones set out in the business plan.

##### Financial Report

This report must document all actual payments from the project account. These payments must be properly itemized and categorized in accordance with the Approved Project Budget as found in the Financing Agreement.

Supporting financial documentation will include all bank statements from the project account, along with viable proof of payment, such as invoices, delivery receipts and/or reports, payroll calculations, contracts, service providers' reports, etc.

##### Final Report

**Final Report is submitted within 4 weeks after the project ends, and it needs to provide details on the overall achievements of the project.** It should include information on the status of all the planned milestones and development activities, but also focus on the marketing and commercialization activities that are on-going or planned, as well as any other information that is relevant for the success or future development of the project.

Templates for progress, financial and final reports are prepared and provided by the Fund.

## **5. MONITORING OF THE PROJECT**

The purpose of the monitoring is to assess the progress of the project in implementing task activities and to ensure that financial costs are in accordance with the approved Project Budget for the given period. Monitoring methods include:

- A) Review of submitted semi-annual progress and financial reports;
- B) On-site monitoring visits;
- C) Review of submitted final report.

The purpose of the on-site visits by the Fund's staff is primarily to verify that project development and financial activities are occurring as reported and as stated in the approved project documents. The Fund will perform monitoring visits during the period of project implementation. The Awardees will be notified by the Fund prior to on-site visits.

Monitoring visits will typically include a review of project implementation (e.g., procedures, milestones with measurable results, timelines, tasks, agreements, policies, and financial documentation) as well as in-person meetings with relevant project team members. At the end of each monitoring visit, the Fund staff will discuss findings from the meeting with relevant project team members and clarify which corrective actions to pursue after the visit, if any. If during monitoring visit the Fund's staff identify any deficiency, the Awardee will be required to correct them within agreed timeline. Further payments depend on the severity of problem and financing will be suspended until the deficiencies are corrected.

The Fund may engage external experts (Investment Committee, independent evaluators) during the mid-term or final evaluation of project, to make a business-technological assessment of the project, which would include:

- Assessment of the achieved results of scientific and technological activities (STA)
- Comparison of planned activities and achieved goals
- Providing an expert opinion and evaluation on whether the planned TRL have been achieved and to what extent
- Giving advice and guidelines for further development and the final opinion on the project with regard to the achieved results.

The goal of engaging external experts is to obtain an expert evaluation and opinion on the project, which would facilitate further development and commercialization for the users, and enable IF to evaluate the technological success of the project.

## **6. MASTER FILE**

The Awardee needs to archive all project documentation in the electronic master file for a period of at least 5 years following project completion. The project archive should include all

relevant project implementation documents (such as contracts, official approvals, proof of payment, etc.).

All the contract files, including the signed contract and all the relevant documentation (master file), will be made available to the Fund and any entities named by the Fund upon request.

## **7. VISIBILITY REQUIREMENTS**

The Awardees should take all necessary steps to make visible Fund's co-financing support to the Awardee's project. As far as possible, projects that are funded by the Fund must incorporate information and communication activities designed to raise awareness on specific or general audiences related to the importance of financing innovations as well as the results and the impact of this support.

All beneficiaries must feature the Innovation Fund logo and the Fund reference described in section 7.1. Fund reference on all visibility and promotional materials, at the same time taking into account all other minimum requirements in line with these Guidelines. Complete logo package is included in Annex 1.

### **7.1. Fund reference**

In order to highlight Fund's funding, a reference to Fund's funds must be clearly indicated on all communication materials and visibility elements in written, online, electronic, audio, visual and any other format. The general fund reference to be used in all materials is the following:

In English: The project is co-financed by the Innovation Fund of Montenegro

In Montenegrin: Projekat je sufinansiran od strane Fonda za inovacije Crne Gore

The Fund's funding sentence should be combined with the IF logo, if possible. Exceptionally, small promotional materials such as pencils, pens, small USB sticks and similarly sized items do not have to include the reference to Fund's funds.

### **7.2. Disclaimer**

The disclaimer is a fixed text that should be used on everything a project produces, from a publication to a website and audio-visual material. This text makes it clear that the Fund does not have any responsibility for what a project is producing. The wording is the same for all projects, but you need to adapt the text for each product (this publication, this website, this video):

"This publication (website, video) has been produced with the assistance of the Innovation Fund of Montenegro. The contents of this publication are the sole responsibility of <name of the author/contractor/implementing partner > and can in no way be taken to reflect the views of the Innovation Fund of Montenegro."

The disclaimer must be positioned as follows:

- Print publication – it does not have to be on the front page. However, it should be displayed

- prominently on the inside or back cover as appropriate.
- Website - the text can be displayed on one page (for example with the title ‘Legal’ or ‘Disclaimer’) with the link to that page visible throughout the site, or at the bottom of the homepage, in a place that does not change.
- Audio-visual material – have the text either at the beginning or at the end of the transmission.
- Other promotional materials must feature the disclaimer in a clear and visible manner as well.

## **8. INFORMATION REQUIREMENTS DURING AND AFTER PROJECT IMPLEMENTATION**

Once the financing is approved and received, the Awardee will be asked to provide the Fund with certain standardized information in order to monitor data pertaining to: employment figures, revenue generation, taxable income, employee salaries, financial management, environmental management, additional financing and information regarding to the Awardee’s operations and business affairs. The Fund reserves the right to request from the Awardees any corporate information deemed relevant to the Fund’s process of monitoring and evaluation of this Program up to 5 years after the completion of the project. Awardees are obliged to make their best efforts to deliver the required information within one month following the Fund’s request. The Fund will treat all received information in accordance with its Confidentiality Policy.

## **9. TERMINATION OF FINANCING**

In case of termination of financing due to the breach of any terms of the Program or the Financing Agreement, the Awardee will be required to refund all or any part of the amount disbursed by the Fund as determined by the Financing Agreement.

If the Awardee terminates the Financing Agreement or abandons the project, the Awardee shall be obliged to refund to the Fund the entire amount previously disbursed to the Awardee.

If, upon the termination of the Financing Agreement for any reason, the entire disbursed amount has not been expended, the unspent co-financing amount must be returned to the Fund.

The Fund will undertake its best effort to maintain timely disbursement of project funds to the Awardee, taking into account the Fund’s access to and availability of the funds.