

INNOVATION FUND OF MONTENEGRO

publishes

PUBLIC CALL FOR THE AWARD OF COLLABORATIVE GRANTS FOR INNOVATION

I SUBJECT OF THE PUBLIC CALL

The subject of the Public Call is the award of grants (hereinafter: grants) to MSMEs that carry out research and development projects with the aim of developing new products, services, technologies or processes in cooperation with "organizations for research and dissemination of knowledge" (hereinafter : research organizations, in abbreviated form: RO).

This Public Call sets out the framework and conditions for awarding collaborative grants for innovation, together with the following documents: The program for collaborative grants for innovation, Application form, Financial plan, Biography, Instructions for filling out the application form, Guidelines for project evaluation, Applicant's statement, Co-applicant statement, Statement of the co-applicant on non-economic activities, Statement on (ir)recoverability of VAT for applicant and co-applicant and applicant's Related Party Disclosure. The allocation of funds from the call in question is regulated by the Fund's internal acts.

II OBJECTIVES OF THE PROGRAM

The main objective of the **Program for collaborative grants for Innovation** (hereinafter: the Program) is to encourage micro, small and medium-sized enterprises (hereinafter: MSMEs) to actively and meaningfully collaborate with "research and knowledge dissemination organizations" or "research organizations" that have been registered in the register of centers of excellence, licensed institutions and organizational units in accordance with the Law on Scientific Research Activities ("Official Gazette of Montenegro", No. 80/2010, 40/2011 - second law, 57/2014 and 82/2020) to increase development and the introduction of innovative products or processes that are the result of applied research and development activities.

In the long term, the program aims to increase the share of innovative MSMEs that create products that are new to the market or introduce process innovations, as well as to reduce the share of non-innovative MSMEs with innovation potential. The program will improve the innovativeness of companies by encouraging research and development, encourage cooperation between the economic and scientific sectors, and implement research and development activities, as well as technology and knowledge transfer.

The program aims to enable the creation of stocks of quality innovative projects with a high degree of readiness for further development and commercialization in the medium term, in a period of 3 to 5 years, as well as to strengthen the capacities and abilities of MSMEs and ROs for the development of innovations created as a result of research - development activities.

Project funds can be used to co-finance technological development phases between **TRL 2 and TRL 8 on the scale of the Technological Readiness Level (TRL)**. Projects **must be related to research and development activities**, i.e. they must start with the industrial research phase, which includes planned research or critical review with the aim of acquiring new knowledge and skills for the development of new products, processes or services, i.e. to achieve a significant improvement of existing products, processes or service **(from TRL 2 or TRL 3)**.

The immediate results that are expected immediately after the completion of the implementation of the projects are as follows:

- Improvement of specific staff skills in MSMEs;
- Increasing the involvement of personnel in MSMEs and ROs in research and development activities;
- Increasing commercialization of the results activities of joint research by MSMEs and ROs;
- Improved cooperation in research activities between ROs and MSMEs;
- Increased technology and knowledge transfer activities from ROs to MSMEs.

III ELIGIBLE APPLICANTS

Under this Public Call, eligible applicants are **MSME as Applicant** and "**organization for research and dissemination of knowledge**" or "**research organization**", established in Montenegro as **Co-applicant**.

MSMEs that fall into one of three categories are eligible:

Company category	Number of employees	Annual income	or	Total assets
Medium enterprises	< 250	≤ € 50 million		≤ € 43 million
Small enterprises	< 50	≤ € 10 million		≤ € 10 million
Micro enterprises	< 10	≤ € 2 million		≤ € 2 million

MSMEs must meet the following conditions:

- that they comply with the definition in Annex 1 of the GBER Regulation;
- that they are registered in the Central Register of Business Entities of Montenegro;
- that they are based in the territory of Montenegro;
- that they have fulfilled all obligations of regular payment of taxes and contributions;
- that they are not in pre-bankruptcy, bankruptcy, liquidation proceedings, that they have not suspended regular business activity or similar in accordance with national regulations;
- that in the balance sheet on the date 31/12/2023. have a positive capital value;
- that they did not use financial assistance from public national and international funding sources, or donor programs for the same activities included in the project application. If the applicant has applied for funds from other providers of state aid for the same justified expenses, it is necessary to submit a statement stating the amount and status of this support.

Grants awarded to applicants, i.e., micro, small, and medium-sized enterprises within this Program, represent de minimis aid in the sense of the Law on Control of State Aid (Official Gazette, No. 012/18).

The applicant is required to be registered in the Register of Innovative Activities no later than 6 months from the date of signing the grant agreement. Registration is done via the web portal: <https://inovacije.gov.me/>

Eligible co-applicants are research organizations that must meet two conditions:

1. They must be “organizations for research and dissemination of knowledge” or “research organizations,” meaning entities (such as universities or research institutes, technology transfer agencies, innovation intermediaries, individuals, or virtual collaborative entities focused on research), regardless of their legal status (whether organized under public or private law) or the way they are financed, whose primary goal is to independently conduct fundamental research, industrial research, or experimental development, and to disseminate the results of these activities to the public through teaching, publication, or knowledge transfer, in accordance with the Community Framework for State Aid for Research and Development and Innovation (2022/C 414/01), chapter 1.3, point 16. (ff).
2. They must be registered in the register of centers of excellence, licensed institutions, and organizational units in accordance with the Law on Scientific Research Activities (“Official Gazette of Montenegro”, No. 80/2010, 40/2011 - other law, 57/2014, and 82/2020).

The grant awarded to Research and Knowledge Dissemination Organizations (“research organizations”) do not constitute state aid, provided that the Research and Knowledge Dissemination Organizations (“research organizations”) do not meet the criteria for enterprises. The decisive factor for not fulfilling the enterprise definition criteria is that the economic activities consisting of offering products or services on a given market do not exceed 20% of the organization's total annual capacities.

Other partners can be included in the consortium as participants, but they cannot declare their costs and must have their own budgets.

IV AMOUNT OF FINANCING

The Innovation Fund of Montenegro (hereinafter: the Fund) allocated funds in the total amount of **1.000.000,00 EUR** for the co-financing of innovative projects (hereinafter: projects) according to this Public Call.

The lowest and highest amount of grants that can be awarded to an individual applicant and co-applicant and project is:

- the lowest amount is **50.000,00 EUR**;
- the highest amount is **200.000,00 EUR**.

In accordance with the Program:

The maximum intensity of small value aid (de minimis aid) that is awarded within this Public Call is up to 80% of eligible costs.

The applicant and the co-applicant are obliged to provide the remaining amount of funds from his own sources.

Co-financing can be from own sources or by securing financing in another way (anything that does not represent state budget funds). The program funds up to 80% of eligible costs incurred in the implementation of eligible project activities. The applicant and co-applicant commit to ensuring at least 20% of their own sources of funds. Project co-financing funds can only be provided as a monetary contribution, which the applicant and co-applicant must secure depending on the requested costs..

This Program is aligned with the strategic priorities established by the Smart Specialization Strategy (2019-2024):

- Sustainable agriculture and the 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 2019-2024. is available at the following [link¹](#).

At least 70% of the Fund's available funds for this Public Call will be allocated for applications in the specified priority areas of the Smart Specialization Strategy of Montenegro, depending on the availability of quality projects.

V ELIGIBLE PROJECT ACTIVITIES

Eligible activities² are:

- Research project activities - performing applied research;
- New recruitment and engagement of existing staff within MSME and/or RO;
- Procurement of equipment and materials;
- Strengthening the capacities of MSMEs and research organizations for the development of innovations;
- Supporting consulting services;
- Building the prototype in a laboratory environment;
- Demonstration of technical feasibility;

¹ <https://www.gov.me/dokumenta/18205a91-1afc-4eb7-a5cb-8ad5bd0b7712>

²More detailed information on eligible activities is available in the **Program for Collaborative grants for Innovation**.

- Market analysis, preparation of a feasibility study, preparation of a concept and/or strategy for product development and/or commercialization of the product;
- Project implementation activities
- Development, design, feasibility testing, validation of completely new or improved products, technologies, processes or services, testing and development of pilot lines;
- Protection and use of intellectual property and external services aimed at the development of an innovative idea (product, process, technology, service);
- Adapting the developed product/service/technology to market requirements;
- Commercialization of research and development results (preparation of product/service launch).

VI INELIGIBLE PROJECT ACTIVITIES

Ineligible project activities are activities that fall within the regular business of the applicant, research and development activities and costs that are technologically developed lower than the permitted level of TRL 2 or more than TRL 8, withdrawing cash from the project account, activities of placing the final product, service or technology on the market, procurement of used equipment, procurement of passenger, cargo and commercial vehicles, purchase of used equipment, tools and materials. All other activities that are not listed in the Eligible project activities chapter are also ineligible.

VII ELIGIBLE COSTS

The following categories of costs can be financed under this call:

a) Eligible direct costs³ are:

1. **Staff salary costs** (gross 2) - human resources of the applicant and co-applicant and other employed and newly employed project staff who will work on project implementation. The gross 2 year salary is the actual current salary together with the social contributions of the employees expected to work on the project. The total co-financing of the Fund in this category of costs cannot exceed 70% of the awarded grant amount.
2. **Equipment and material costs** for the applicant and co-applicant in the scope and in the period in which they are used for the project. The item equipment includes equipment whose unit value is greater than 300,00 euros VAT excluded. The total co-financing of the Fund in this category of costs cannot exceed 50% of the awarded grant amount.
3. **Costs of materials and small inventory** for the purposes of the project for the applicant and co-applicant. Small inventory refers to materials and devices whose unit value is less than EUR 300,00 VAT excluded. The total co-financing of the Fund in this category of costs cannot exceed 10% of the awarded grant amount.

³More detailed information on eligible costs are available in the Collaborative Grants for Innovation Program.

4. **Costs of external services for the applicant.** The total co-financing of the Fund in this category of costs cannot exceed 20% of the awarded grant amount.
5. **Costs of education, training of staff and costs of promotion of the results of research and development resulting from the project,** for the applicant and co-applicant. The total co-financing of the Fund in this category of costs cannot exceed 10% of the awarded grant amount.
6. **VAT on eligible expenses** for which the applicant and co-applicant cannot ensure his return.

b) Indirect costs incurred directly as a consequence of the implementation of the project by the applicant and co-applicant are calculated at a fixed rate up to 7% of the total value of the acceptable direct costs of the project.

VIII INELIGIBLE COSTS

The following costs will not be considered eligible:

- Value Added Tax (VAT) for which a refund can be requested;;
- Debts and debt repayment costs (interest);
- Compensation for losses, debts or potential future liabilities;
- Expenses reported by the applicant and financed within another action or program that receives funds from other public funding sources;
- Purchase of land or buildings, including renovation;
- Vehicle purchase and leasing;
- Costs of judicial and extrajudicial disputes;
- Costs for opening, closing and maintaining accounts;
- Currency exchange losses, fees and penalties;
- Loans to third parties;
- Non-financial investments;
- Representation expenses;
- Recruitment, relocation or subscription costs;
- Procurement of used or refurbished goods;
- Cash withdrawal from the project account;
- Patent maintenance costs that did not arise from the project;
- Costs related to development and commercialization;
- Costs of participation and travel to fairs and conferences for the purpose of commercialization;
- Costs of advertising, selling and/or distributing products or services.
- All other costs that are not listed in the category of eligible costs.

IX DURATION OF PROJECTS

The period of implementation of the selected projects is at least **12** and at most **36 months**.

X CONTENTS OF THE PROJECT APPLICATION

The project application must contain the following documentation:

1. Application form
2. Financial plan
3. Biographies of project team members
4. Statement of the applicant
5. Statement of the co-applicant
6. Co-applicant's statement on non-economic activities
7. Statement on (ir)recoverability of VAT for the applicant and co-applicant
8. Applicant's related party disclosure
9. Balance sheet and income statement for the applicant on December 31, 2023
10. Project presentation (for projects that enter the second round of evaluation)

Application documentation must be submitted in the same format as on the Fund's website. All statements must be stamped and signed by an authorized person.

X EVALUATION PROCESS AND FINANCING DECISION

All project proposals must meet the administrative criteria outlined in the Collaborative Grants for Innovation Program. The Administrative criteria are strictly applied and any project proposal that does not meet all the administrative criteria listed in the Program is not included in the further process.

The administrative check checklist is an integral part of the documentation for this Program.

All project proposals that have met the administrative criteria enter the evaluation process of project proposals in relation to the selection criteria in two stages of evaluation.

In order for the project proposal to enter the assessment procedure according to the selection criteria, it must meet the **pre-selection criteria** related to the technological level of development of the innovation. The pre-selection criteria is checked by the evaluators in the first phase of the evaluation.

The applicant whose project is assessed as NO belonging to the technological readiness level of the innovation (product/service/technology/process) **between TRL 2 and TRL 3 (not lower than TRL2 nor higher than TRL3)** by both evaluators, is excluded from the grant award procedure and no further checks are made.

Projects that have met the pre-selection criteria are further evaluated according to the defined selection criteria. In the first phase of the evaluation, the evaluators evaluate the individual aspects that make up each evaluation criterion, and they evaluate each aspect on a scale of five numbers - from 1 to 5. Their evaluations are equally valuable, and therefore the mean value is drawn.

The selection criteria evaluated by the evaluators in the first evaluation phase are⁴:

1. Quality of the project plan;
2. Potential applicability of research and development in relation to the development of new products, services, technologies or processes;
3. Operational capacities of the Applicant, partners, members of the project team and justification of the partnership

Project proposals that were evaluated in the first round with a grade that exceeds the minimum threshold for further consideration of the project proposal (3,00) are forwarded to the second round of evaluation.

In the second round, the selected project teams will be invited to present their project proposals before the Expert Committee.

Based on the public presentation, the Expert Committee will evaluate project proposals based on the following criteria⁵:

1. Impact and sustainability of the project;
2. Assessment of financial performance in relation to the proposed budget and financial sustainability.

Based on the final assessment of all project proposals, a final ranking list is formed. In order for the project proposal to be financed, it must have a final grade (K) **of at least 3.50**.

The Fund makes the Final decision on financing based on the obtained ranking list and the available budget for this Public Call. The managers of the Fund will contact the managers of the highest ranked applications and conduct negotiations in order to define the conditions for the realization of the projects. After the negotiations have been completed, decisions on the acceptance or rejection of the projects are sent. All decisions of the Fund are final and cannot be subsequently corrected, except in the case of an administrative error.

The Fund will inform all applicants of the Public Call about the outcome of the submitted application. The list of 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 respect 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 evidence on the resolution of the ethical issue.

⁴Details about the selection criteria and sub-criteria are in the Program.

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X DEADLINE FOR APPLICATIONS

Applications for the Public Call are submitted through the Fund's portal from **29.05.2024.**, to **02.09.2024., until 15:00h.**

XI HOW TO SUBMIT THE APPLICATION

In order to apply for the Public Call, the Applicant must first register to the Fund's portal via the link <http://www.programifonda.me>. The request for account registration is automatically approved, after which the Applicant receives the necessary credentials via e-mail. After registration, the Applicant can submit his Application directly on the portal.

By submitting a project proposal, the applicants accept, at the request of the Fund, the provision of basic information about the research and supplements, which will be used for the purpose of evaluating the performance of this program.

The Collaborative Grants for Innovation program, along with other documents governing this public call, is available on the Fund's website.

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