

INNOVATION FUND OF MONTENEGRO

publishes

PUBLIC CALL FOR STRENGTHENING INNOVATION OF NEWLY ESTABLISHED OR EXISTING MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES¹

I SUBJECT OF PUBLIC CALL

The subject of the Public Call is the award of grants to strengthen the innovativeness of newly established or existing micro, small and medium-sized enterprises (hereinafter referred to as: MSMEs) whose main purpose is to invest in pre-commercial activities of newly established enterprises and existing micro, small and medium-sized enterprises in order to stimulate the development and improvement of products, services and technologies that are new or significantly improved compared to those already available on the market with the aim of commercialization, and which will contribute to increasing the income of the enterprise. The development of process innovations, i.e. new or significantly improved ways of doing business in the business environment, is also encouraged.

This Public Call sets out the framework and conditions for awarding grants to strengthen the innovation of newly established or existing MSMEs, together with the following documents: "Program" for strengthening the innovativeness of newly established or existing MSMEs", "Application Form", "Financial Plan", "Financial Projections", "Biography", "Instructions for completing the application form", "Guidelines for project evaluation", "Environmental and Social Impact Assessment Questionnaire". The allocation of funds from the call in question is regulated by the Fund's internal regulations.

II PROGRAM GOALS

The main objective of the Program for Strengthening the Innovation of Newly Established or Existing MSMEs (hereinafter: the Program) is to increase the innovativeness of MSMEs by introducing process innovations or developing new or improved market-oriented products, services or technologies. By program Projects of newly established and existing MSMEs whose technological maturity is beyond the proof-of-concept phase, but which are not yet ready for the market, i.e. those whose technological level of project development is between TRL 5 and TRL 8, or are in the experimental development.

¹ This is an unofficial translation. In case of any discrepancies, the version in the official language of Montenegro shall prevail.

The specific objectives of the Program, which are expected three years after the completion of project implementation, are as follows:

- a) Introducing new or improved products, services and technologies to the market;
- b) Introducing a new or significantly improved way of doing business;
- c) Strengthening the capacity of MSME staff for research, development and innovation;
- d) Improving the business operations of newly established MSMEs with an emphasis on corporate governance.

The results expected immediately after the completion of the project implementation are as follows:

- a) Development of products, services and technologies with great potential for commercialization and market application;
- b) Development of innovative processes;
- c) Increasing the involvement of company staff in research and innovation activities;
- d) Improving specific skills of staff in newly established MSMEs for business.

III ELIGIBLE APPLICANTS

Within this Public Call, eligible applicants are:

- a) Newly established companies
- b) Existing companies

which fall into one of three categories:

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

Newly established enterprises are those that were established no more than 5 years before the date of submission of the project proposal, which does not apply to existing enterprises that will be closed and reopened for the purposes of the Call or those that were created through mergers or spin-offs. The enterprise must be established at least thirty (30) days before the date of submission of the project proposal.

Companies are required to meet the following conditions:

- that MSMEs comply with the definition in Annex 1 of the GBER Regulation²;
- that they are registered in the Central Register of Business Entities of Montenegro;
- that they are headquartered in the territory of Montenegro;
- that they have fulfilled all obligations for regular payment of taxes and contributions;

² https://azzk.me/wp-content/uploads/2022/11/Prilog_7A.pdf, page 70.

- 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 the balance sheet as of December 31, 2024 has a positive capital value (in the case of newly established companies established in the year in which the project application is submitted, whose financial reports have not yet been approved, cross-sectional financial statements are submitted - balance sheet and income statement from the moment of establishment of the company, up to and including the last completed month, in order to determine based on them whether the company belongs to the MSME segment and has a positive capital value);
- that it has not used financial assistance from public national and international funding sources, or donor programs for the same activities covered by the project application. If the applicant has applied for funds from other state aid providers for the same eligible costs, it is necessary to submit a statement stating the amount and status of this support.

Applicants must apply individually. Partner organizations and partnerships of any kind are not acceptable.

IV FINANCING AMOUNT

The Innovation Fund of Montenegro (hereinafter referred to as the Fund) has allocated funds in the total amount of **1,200,000.00 EUR** for co-financing innovative projects (hereinafter referred to as: projects) under this Public Call.

The lowest and highest grant amounts that can be awarded to an individual applicant and project are:

- minimum amount 50,000.00 EUR;
- the highest amount is EUR 200,000.00.

In accordance with the Program:

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

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

Co-financing can be from own resources or by securing financing in another way. As part of its own co-financing, the Applicant cannot use grants from public sources, i.e. from the state budget and funds from the European Union and other international sources of funding.

This Program is aligned with the strategic priorities set out in 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.

The Smart Specialization Strategy of Montenegro for the period 2019-2024 is available at the following link:[link³](#). Until the adoption of the new Smart Specialization Strategy (2026-2031), Montenegro has ensured the sustainability of the priorities and measures from the previous strategic cycle.

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

V ACCEPTABLE PROJECT ACTIVITIES

Acceptable activities⁴are:

1. Upgrading, designing, feasibility testing, validation of completely new or improved products, technologies, processes or services, testing and development of pilot lines;
2. Protection and exploitation of intellectual property and external services aimed at the development of innovative ideas (product, process, technology, service);
3. Adapting the developed product/service/technology to market requirements, and represents the of an innovation (product/service) almost ready for the market that contains key functionalities (Minimum Viable Product – MVP), for which initial market interest has already been expressed and/or has the first customers, including incremental innovations on existing products/services for the purpose of creating new versions for new markets;
4. Commercialization of research and development results (preparation of product/service launch);
5. Training staff in newly established companies on investment readiness;
6. Training of staff in newly established companies and existing companies for research and development activities;
7. Additional activities eligible for the entire duration of the project may include:
 - new employment and engagement of existing staff within the company,
 - engagement of external highly qualified and other professional staff,
 - investments in instruments and equipment.
8. Activities related to contractual obligations:
 - project review

Activities 4. 5. and 6. are only eligible if they are directly linked to the project and activities listed under points 1. and/or 2. and/or 3.

³ <https://www.gov.me/dokumenta/18205a91-1afc-4eb7-a5cb-8ad5bd0b7712>

⁴ More detailed information on eligible activities is available at Manual Program for strengthening the innovativeness of newly established or existing MSMEs.

VI INDIGIBLE PROJECT ACTIVITIES

Ineligible project activities are those that fall within the applicant's regular business operations, research and development activities and costs that are technologically advanced below the permitted level of TRL 5 or above TRL 8, cash withdrawals from the project account, activities to place the final product, service or technology on the market, as well as activities related to increasing the applicant's production and other capacities in the event that the product/service/technology/process cannot be considered innovative.

All other activities that are not listed in the Acceptable project activities section are also unacceptable.

VII ELIGIBLE COSTS

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

a) Eligible direct costs are:

1. **Staff salary costs** (gross 2) of the applicant's employee and the new employees who will work on the project implementation. The gross 2 annual salary is the actual current salary together with social contributions of the employees who are expected to work on the project. Total co-financing by the Fund in this category of costs cannot exceed 70% of the awarded grant.
2. **Equipment and material costs** 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 without VAT. Total co-financing by the Fund in this category of costs cannot exceed 50% of the awarded grants.
3. **Costs of materials and small inventory** for the purposes of the project. Small inventory refers to materials and devices whose unit value is less than EUR 300.00 excluding VAT. Total co-financing by the Fund in this category of costs cannot exceed 10% of the awarded grants.
4. **Costs of external services.** Total co-financing from the Fund in this category of costs cannot exceed 20% of the awarded grants..
5. **Training costs** for start-ups and existing businesses that include travel costs, per diems and registration fees. Total co-financing of the Fund in this category of costs cannot exceed 10% of the allocated grant.
6. **VAT on eligible costs** for which the applicant cannot ensure its reimbursement.

b) Indirect costs incurred directly as a result of the implementation of the project by the applicant are calculated at a fixed rate of up to 7% of the total value of the eligible direct project costs.

VIII INELIGIBLE COSTS

The following costs will not be considered eligible:

- Debts and debt repayment costs (interest);
- Compensation for losses, debts or potential future liabilities;
- Value Added Tax (VAT) for which a refund may be requested;
- Costs declared by the Applicant and financed under another action or a 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;
- Entertainment 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;
- The cost of placing the final product on the market;
- All other costs that are not listed in the category of eligible costs.

IX PROJECT DURATION

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

X PROJECT APPLICATION CONTENT

The project application must contain the following documentation:

1. Application form;
2. Financial plan;
3. Financial projection for a period of 5 years;
4. Biographies of project team members;
5. Project presentation for projects that enter the second round of evaluation;
6. Statement of the applicant;
7. Statement on (non)reimbursability of VAT;
8. Completed questionnaire for environmental and social impact assessment;
9. The applicant's balance sheet and income statement as of December 31, 2024, or the interim balance sheet and income statement for a company established in the current year.

X EVALUATION PROCESS AND FUNDING DECISION

All project proposals must meet the administrative criteria specified in the Program for Strengthening the Innovation of Newly Established or Existing MSMEs. Administrative. The criteria are strictly applied and any project proposal that does not meet all the administrative criteria specified in the Programme will not be taken into further consideration.

The administrative verification checklist is an integral part of the documentation for this program.

All project proposals that have met the administrative criteria enter the project proposal assessment process against the selection criteria.

In order for a project proposal to enter the evaluation process according to the selection criteria, it must satisfy a pre-criterion relating to the technological level of development of the innovation. The pre-criterion is checked by the evaluators in the first phase of the evaluation.

An applicant whose project is assessed as NOT belonging to the technological level of development of the innovation (product/service/technology/process) between TRL 5 and TRL 8 by both evaluators, is excluded from the grant award procedure and no further checks are carried out.

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

The selection criteria assessed by the evaluators in the first phase of the evaluation are⁵:

1. Project design;
2. Level of innovativeness of the project;
3. Operational capacities of the Applicant.

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 to the Expert Committee.

Based on the public presentation, the Expert Committee will evaluate the project proposals based on the following criteria⁶ which have equal importance:

1. Project sustainability and
2. Project impact.

In order for a project proposal to be proposed for funding, it must have a final grade (K) of at least 3.80. Based on the final evaluation of all project proposals, a final ranking list is formed.

Applications recommended for funding will be subject to an Environmental and Social Impact Assessment (ESIA) by an External Environmental and Social Impact Assessment Expert to confirm

⁵Details about the selection criteria and sub-criteria in the Program.

⁶Details about the selection criteria and sub-criteria in the Program.

compliance with the requirements defined in the Innovation Fund Environmental and Social Impact Assessment Framework (ESIA). This is one of the conditions for signing the Financing Agreement.

The Fund makes the Final Decision on Financing based on the received Ranking List and the available budget for this Public Call. The Fund managers will contact the managers of the highest ranked applications and conduct negotiations in order to define the conditions for the implementation of the projects. After the negotiations are completed, decisions on the acceptance or rejection of 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 their 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 a project application, the Applicant is obliged to respect ethical principles and rules.

If the project application involves an ethical issue, the Applicant is required to submit the consent of the Ethics Committee (if applicable) and/or provide other relevant evidence of the resolution of the ethical issue.

X APPLICATION DEADLINE

Applications for the Public Call are submitted via the Fund's portal from 23.04.2025, and no later than 16.06.2025 by 3 p.m.

XI HOW TO SUBMIT AN APPLICATION

To apply for the Public Call, the Applicant must first register on the Fund's portal via the link www.programifonda.me. The request for account registration is automatically approved, after which the Applicant receives the necessary credentials via email. After registration, the Applicant can submit their Application directly on the portal.

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

The Program for Strengthening the Innovation of Newly Established or Existing MSMEs, along with other documents regulating this public call, is available on the Fund's website.

CONTACT

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