

INNOVATION FUND OF MONTENEGRO**publishes****PUBLIC CALL FOR PROOF OF INNOVATIVE CONCEPT¹****I SUBJECT OF PUBLIC CALL**

The subject of the Public Call is the award of grants for the proof of innovative concept (hereinafter referred to as: the Public Call), the main purpose of which is to support innovation from the earliest stages of research, in order to provide evidence that a new process or technology is feasible and can potentially have commercial application.

This Public Call sets out the framework and conditions for awarding grants for proof of innovative concept, together with the following documents: "Innovative Concept Verification Program", "Application form", "Financial plan.xls", "Biography", "Environmental and social impact assessment questionnaire", "Instructions for filling out the application form " and "Rules on the evaluation process". 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 proof of innovative concept Program (hereinafter: the Program) is to support innovations in the early stages of research in order to provide pre-commercial capital for the technical and commercial proof of innovative concept, and to strengthen the capacities and capabilities of the **private sector and scientific research institutions** for research, development and innovation. The program will support projects that have an early stage of technological readiness, from TRL3 to TRL4². The support will be directed to projects with clearly defined expected results, in accordance with the aforementioned goals of the Program.

The specific objectives of the Program for the private sector are as follows:

- a) Creating a stock of quality innovative projects with a high level of readiness for further development and commercialization and

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

²<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0341:FIN:EN:PDF>

TRL 3: Experimental proof of concept

TRL 4: Laboratory validation of the technological concept

- b) Strengthening the capacity and ability of the private sector to develop innovations.

The specific goals of the Program for scientific research institutions are:

- a) Increasing the transfer of research and development results into commercialization
i
b) Improving the capacity of scientific research organizations for the development of innovations.

III ELIGIBLE APPLICANTS

Under this Program, eligible applicants are:

- **Companies** (businesses) that fall into one of three categories:

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

- that it complies with the definition in Annex 1 of the GBER Regulation³;
- that it is registered in the Central Register of Business Entities of Montenegro;
- that it has its headquarters in the territory of Montenegro;
- that it has fulfilled all obligations of regular payment of taxes and contributions;
- that it is not in pre-bankruptcy, bankruptcy proceedings or in liquidation proceedings, has not suspended regular business activity, or similar, in accordance with national regulations;
- to have a positive capital value in the balance sheet on the day December 31, 2024.
- that it has not used financial assistance from public national and international financing 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 provide a statement indicating the amount and status of this support.

³ https://azzk.me/wp-content/uploads/2022/11/Prilog_7A.pdf page 70.

- **Scientific research organizations** whose primary goal is the independent implementation of basic research, industrial research or experimental development, which are **registered in the register of centers of excellence, licensed institutions and organizational units** from Article 28 paragraph 3 of the law administered by the Ministry of Science and Technological Development - Law on Scientific Research Activities ("Official Gazette of Montenegro", no. 80/2010, 40/2011 - other law, 57/2014 and 82/2020). The scientific-research organization should meet the definition of "organization for research and dissemination of knowledge", 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) .

IV AMOUNT OF FINANCING

The Innovation Fund of Montenegro (hereinafter: the Fund) allocated funds in the total amount of 400.000,00 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 project is:

- the lowest amount is 20.000,00 EUR;
- the highest amount is 40.000,00 EUR.

The Fund reserves the right not to allocate all available funds, as well as to allocate additional funds if they become available.

In accordance with this Program:

- A) The maximum intensity of state aid, as well as aid of low value (de minimis aid) for the private sector amounts to⁴:
- Micro and small enterprises - 70%;
 - Medium enterprises – 60%.
- B) Grants awarded to applicants who meet the definition "organizations for research and dissemination of knowledge", 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), do not constitute state aid within the meaning of the Law on the control of state aid, and in those circumstances the intensity of aid for costs eligible for financing with grants may reach 90% of eligible project costs, taking into account

⁴ The support granted through the Program for the private sector is carried out within the framework of state aid for research and development projects, as well as the de minimis aid regime. Detailed information on the specifics of the mentioned assistance is contained in the document Program for the proof of the innovative concept.

the maximum value of the amount of grants that can be allocated to an individual project.

The applicant is 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. 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 funding sources.

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.

The Smart Specialisation Strategy of Montenegro for the period 2019–2024 is available at the following link:: [Strategija pametne specijalizacije Crne Gore 2019-2024 \(www.gov.me\)](http://www.gov.me). Until the adoption of the new Smart Specialisation Strategy (2026–2031), Montenegro has ensured the sustainability of the Priorities and measures from the previous strategic cycle.

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 activities are:

A)

- 1) Prototyping in a laboratory environment
- 2) Demonstration of technical feasibility

B)

- 1) Verification and protection of intellectual property
- 2) Market analysis, preparing a feasibility study, Making a concept and/or strategy for product development and/or commercialization (study or plan for commercialization)
- 3) Project implementation activities.

Projects to be financed by this call must include at least one activity from Group A, combined with at least one activity from Group B.

VI INELIGIBLE PROJECT ACTIVITIES

Ineligible project activities are:

- activities related to commercialization, i.e. investments for the purpose of strengthening the production or sales capacities of the applicant;
- research and development activities and costs that are technologically developed lower than the permitted level of TRL 3 or more than TRL 4;
- activities of placing the final product, service or technology on the market;
- activities related to increasing production and other capacities of the applicant in case the product/service/technology/process cannot be considered innovative;
- withdrawing cash from the project account;
- and any other activities not listed in the Eligible Project Activities section.

VII ELIGIBLE COSTS

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

a) Eligible direct costs are:

1. **Staff salary costs**(gross 2) employed by the applicant and new employees who will work on the implementation of the project. 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 60% of the allocated grant funds.
2. **Costs of outside research services**, if the project team is unable to independently perform certain activities. The total co-financing of the Fund in this cost category cannot exceed 50% of the allocated grant funds.
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 300,00 EUR excluding VAT. The total co-financing of the Fund in this cost category cannot exceed 10% of the allocated grant funds.
4. **Costs of instruments and equipment**, 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 EUR excluding VAT. The total co-financing of the Fund in this cost category cannot exceed 50% of the allocated grant funds.

5. **Business travel expenses** related to the implementation of the project. The total co-financing of the Fund in this cost category cannot exceed 10% of the allocated grant funds.
6. **Costs of market analysis, preparation of a feasibility study, preparation of a study or plan for commercialization, and costs of verifying and protecting intellectual property.** The total co-financing of the Fund in this cost category cannot exceed 20% of the allocated grants.
7. **VAT on eligible expenses** for which the applicant cannot ensure his return.

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

INELIGIBLE COSTS

The following costs will not be considered eligible:

- Value Added Tax (VAT) for which a refund can be claimed;
- Debts and debt repayment costs (interest);
- Compensation for losses, debts or potential future liabilities;
- Costs reported by the Applicant and financed under 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;
- 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.

VIII DURATION OF INNOVATIVE PROJECTS

The period of implementation of the selected projects is at least 4 and at most 12 months.

IX APPLICATION DOCUMENTATION

Regardless of whether the Applicant is a company or academic and research organization, the project application should contain the following documentation:

1. Application form;
2. Financial plan;
3. Biographies of project team members;
4. Statement of the applicant;
5. Statement on (non) recoverability of VAT;
6. Balance sheet and income statement on December 31, 2024
7. Environmental and Social Impact Assessment Questionnaire

In case the Applicant is a scientific research organization, additionally required:

8. Statement on non-economic activities.

Applicants are advised to check whether their application is complete by using the Checklist, which is an integral part of this public call.

Note: The application documentation must be submitted in the same format as on the Fund's website. The application form, financial plan, and biographies of the project team members must be submitted through the Fund's portal in English language, in the format available on the Fund's website. The application forms are an integral part of this manual, and applicants are required to follow the specific instructions provided in these forms. All statements must be stamped and signed by an authorized person.

The Fund will provide advisory support to all interested applicants regarding the administrative aspects of preparing project proposals for the program through email, telephone, frequently asked questions, info days, and open-door sessions. Please note that the Fund's staff cannot assist in writing the content of the application, nor can they provide advice or qualitative judgments related to the quality of the application content.

X EVALUATION PROCESS AND FINANCING DECISION

All project proposals must meet the administrative criteria specified in the Proof of Innovative Concept Program. The administrative criteria are strictly applied and any project proposal that does not meet all the administrative criteria specified in the Program is not included in the further procedure.

The administrative 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 order for the project proposal to enter the evaluation procedure according to the selection criteria, it must meet the pre-criterion related to the technological level of development of the innovation. Pre-criterion 1 is checked by evaluators.

An applicant whose project was assessed by two of the three evaluators as NO belonging to the technological level of development of the innovation (product/service/technology/process) between TRL 3 and TRL 4 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. The evaluators rate the individual aspects that make up each evaluation criterion, and rate each aspect on a scale of five numbers - from 1 to 5. Their ratings are equally valuable, and therefore the mean value is drawn.

The selection criteria evaluated by the evaluators are:⁵:

1. Project - goal, purpose, expected results, feasibility of the proposed research;
2. Level of innovation;
3. Assessment of market potential;
4. Applicant's operational capacities.

Final funding decision is done by the Fund, on the proposal of three independent international evaluators, and based on the obtained ranking list and the available budget for the Public Call. All decisions of the Fund are final and cannot be subsequently corrected, except in the case of an administrative error.

Applications recommended for funding will be subject to an environmental and social impact assessment by the External Environmental and Social Impact Assessment Expert, in order to confirm compliance with the conditions defined in the Innovation Fund's Environmental and Social Management Framework (ESMF). This is one of the prerequisites for signing the Funding Agreement.

⁵Details on the selection criteria and sub-criteria, as well as the method of scoring, in the Program.

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.

X DEADLINE FOR APPLICATIONS

Applications for the Public Call are submitted by **23.04.2025. until 10.06.2025. until 15:00h**

XI HOW TO SUBMIT THE APPLICATION

In order to register 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 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 innovative proof of concept program, together with other documents governing this public call, is available on the Fund's website.

CONTACT

E-mail: poc@fondzainovacije.me

Phone: 020 653 891