**INSTRUCTIONS FOR FILLING OUT THE APPLICATION FORM**

#### Information about the Applicant

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| QUESTION | INSTRUCTIONS FOR GIVING ANSWERS |
| Information about the applicant | Fill in the information requested under point A. Information about the applicant. |

#### B. Project Information

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| QUESTION | INSTRUCTIONS FOR GIVING ANSWERS |
| Project Name | Enter the full name of the project you are proposing for funding that can be made public. We suggest that the name of the project should not be too long, that it should be clear and understandable, especially to those who are not experts in the subject area, and that it should be suitable and attractive for possible future marketing ventures. Also, the name of the project must be written in English. |
| Key words of the project | Enter 1-5 keywords that best describe the topic of the project proposal. |
| The duration of the project  (in months) | Up to 12 months |
| Areas of research | Choose one of the 6 research areas offered. |
| The area from the Strategy OF Smart Specialization to which the project refers | Choose one of the 5 areas offered. |
| Project main activities | The applicant can report one or both main activities. |
| Other activities on the project | The applicant can report one or more other activities on the project. |
| Project summary for public release | The project summary should provide an overview of the entire project with all essential elements. The applicant should precisely (on max. 1 page) include the purpose and goals of the project, should present the implementation concept and expected results. Also, the summary must be written in English. |
| Brief description of technological risk | The project must have a technological risk, i.e., it is unknown whether the idea/proposed solution can be developed and function as such. The answer will be obtained only through the PoC.  In the case of projects that do not have a technological risk, it is evident that the proposed technology already works and there is nothing to prove through PoC, i.e., the concept demonstration phase has already been done or it is evident from the state of the art that the concept is feasible. |
| The path from idea to product on the market for your project | Describe how you see the path from the idea to the product on the market for your project. |

#### C. Innovativeness

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| QUESTION | INSTRUCTIONS FOR GIVING ANSWERS |
| Initial research and findings | State which initial results and/or findings you have reached during the preliminary research on the basis of which you are submitting the project to the PoC Program. |
| Initial Intellectual Property | Indicate if there is any intellectual property related to or prior to this project and to whom it belongs. If it exists, briefly describe it, state what type it is (patent, previous research, concept) and who is the right holder and how the relationship between the applicant and the right holder was resolved. |
| Description of innovation | Clearly describe what is the innovation of the solutions that will be developed during this project. State how your solution is significantly different from already known and existing solutions. Clearly demonstrate how the new solution or intellectual property resulting from this project will lead to commercialization and market advantage. List the keywords that define your invention and narrow field of technology. |
| Technical description and characteristics | Explain the technical characteristics of the proposed solution, the method of functioning and application. State what are the possible technological risks that can lead to questionable implementation of the proposed solution, i.e., a negative result of the proof of innovative concept. |
| Protection of new intellectual property | State how you plan to protect the new intellectual property that would result from your project. |

#### D. Market potential

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| QUESTION | INSTRUCTIONS FOR GIVING ANSWERS |
| Commercial potential and route to market | State how you see the path to the market - e.g., what are the expected products or services you would like to develop, the preferred method of commercialization (e.g., licensing the technology to an existing company, forming a new company or a "start-up"), also estimate the time required for the pre-commercial development phase. Highlight aspects of the results of this project that you believe would be particularly attractive to potential investors or companies. |
| Description of the market situation | Provide a simple overview of the market by providing answers to the following questions: Who are the customers? What problem or need does your technology solve for the customer? What is your estimate of the size of the market? |
| Target market, segment | Focus on the target market segment instead of describing the market in general. Provide all relevant data about the target segment (that you have). State what trends are present in that market? Where are key customers/consumers geographically located? What does the market look like now, and what changes do you think will happen after your project is commercialized?  Will the market be able to accept and apply your technological solution, innovation? |
| Application, end users | Specify who the end users of the product/service are and what are the essential needs and problems to which your product/service will provide the best solution. Why do you think users will be willing to pay the commercial price of your product/service? Do you have convincing evidence for that, please specify which? Who decides on the purchase of the product/service - are the decision makers about the purchase also the end users? What distribution channels will be used to get your product/service to the end user? Identify all the potential users your team has contacted so far and state who would be your first user? |
| Market size | Specify the approximate size of the market to which you are targeting your solution, innovation, e.g., if it is about hospitals, how many hospitals do you plan to direct your solution to, etc. |
| Competition | List possible competitors of your future product in the market and show a basic comparison of their technology with yours. |

#### E. Implementation methodology and expected effects of the project

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| QUESTION | INSTRUCTIONS FOR GIVING ANSWERS |
| Performance methodology | Describe the methodology of carrying out the proof of innovative concept, how it will take place experimentally and who will be in charge of which phase of implementation. |
| Expected result of the project | State what should be the final expected result of the proof of the innovative concept (e.g., Prototype made in a laboratory environment, Technical feasibility demonstrated, Verification made and/or protection procedure IV started, Market analysis made, Profitability study made, Concept and/or development strategy made or product commercialization). |
| Key performance indicators (KPI) | Write at least three indicators of key project activities that can  be measured numerically in the middle and at the end of the implementation of the project. Key performance indicators should reflect relevant achievements that lead to the achievement of project aims. |

#### F. Project team

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| QUESTION | INSTRUCTIONS FOR GIVING ANSWERS |
| Expert team for working on the project | Introduce your expert team, state the names and surnames of the team members and their main expertise, and for which phase of implementation each member will be in charge. In particular, point out if any of the team members had relevant experience in the commercialization of new technologies or were involved in a start-up business up to now? Have all members of the proposed team already expressed their willingness to work on the proposed project and in what way? If you do not have enough qualified technical staff for the needs of this project, but you plan to employ them as part of the personnel costs, please state the reasons for the employment, i.e., the expected responsibilities/activities on the project. |

#### G. Financial plan

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| QUESTION | INSTRUCTIONS FOR GIVING ANSWERS |
| Excel tables | Excel document. |

#### H. Risk assessment and next steps

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| QUESTION | INSTRUCTIONS FOR GIVING ANSWERS |
| Expected steps on the way to commercialization | From your current point of view, indicate what further steps you expect or are ready to take in regards to the commercialization of your solution. How are these steps related to the expected results and output of this project? |
| Risk management | List the main threats and risks that could affect the positive outcome of the project. If any, include risks related to technology, commercialization, some external factors such as legal regulations and environmental protection. In this part, it is also necessary to state the actions that will be taken in order to reduce the identified risks. |

**INSTRUCTIONS FOR FILLING OUT THE BIOGRAPHY FORM**

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| QUESTION | INSTRUCTIONS FOR GIVING ANSWERS | |
| Name and surname | Enter the team leader or project team member. | |
| Education (enter the year of enrolment and completion of each degree in reverse chronological order) | Provide details of formal education, training, title by starting with current position. | |
| Work experience (in reverse chronological order) | Provide details of your work experience in chronological order starting with your current position | |
| Projects in which you participate or have participated | | Provide details of projects you have led or participated in. Specify the name, place, duration, value, number of collaborators, your position, results and source of funding. |
| Scientific/professional awards received so far (if applicable) | | List awards and honours received, including name and place. |
| Memberships in scientific and professional associations (if applicable) | | Provide details of the scientific and professional associations in which you participated. Specify the name, place, duration, your position. |
| Entrepreneurial successes, innovative activities, granted patents | | Provide details of your entrepreneurial experience and innovative activities (established companies, filed/approved patents, etc.). |
| Professional training and stay at international institutions (if applicable) | | Please provide details about previous training and stays abroad. Specify the name, place, duration. |
| Other professional achievements (if applicable) | | List all other professional achievements that you consider important for your resume. |

**INSTRUCTIONS FOR FILLING OUT THE FINANCIAL PLAN (EXCEL)**

In order to define the financial plan of the project more simply, the table of the financial plan has been created in the form of an "Excel document", which must be filled out correctly and attached to the Application Form.

The financial plan consists of:

1. Staff salary costs (gross II)
2. Costs of external research services
3. Equipment costs
4. Costs of materials and small inventory
5. Costs of outside services
6. Business travel expenses
7. Value Added Tax (VAT)
8. Indirect costs

The amounts specified in the financial plan of the project are subject to valuation. Each expense must be analytically explained as to how the applicant come up with the stated amount.

If the project is approved for financing, the financial plan of the project will be included in the POC contract on the co-funding of the project.

1. **Staff salary costs (gross II)**

The gross 2-year salary is the actual current salary plus social security contributions of the employees expected to work on the project. Gross salaries cover the work of the Project Team Leader and the professional team (employees involved in the project), provided that they are employees of the applicant with whom they have an employment contract. Transportation costs to and from work are acceptable as part of the salary. Other salary supplements such as jubilee awards, gifts for children and vacations are not eligible for co-funding with program funds.

In order to be able to assess the credibility of the planned amount for salary costs per individual employee on the project, it is necessary to attach the last 3 payslips (start-up companies should declare the price per hour and day based on the Gross II salary). Reported salary costs per individual employee depend on the planned engagement on the project, which is expressed as a percentage (10-100%) depending on the time in which those employees will be directly engaged on the project.

The total co-financing by the Fund in this cost category cannot exceed 60% of the allocated grant funds.

Example of calculation of staff costs:



In addition, please fill out the table bellow that summarises the amount of funds financed by the Innovation Fund and the applicant.



1. **Costs of outside research services**

The costs of external research services are justified if the project team is unable to carry out certain activities independently. It is necessary to clearly indicate in the financial plan the number of days (or hours) that the consultant will spend working on the project and the price per day (or hour). These costs include travel and accommodation costs. The total co-financing by the Fund in this cost category cannot exceed 50% of the allocated grant funds.

An example of calculating the costs of outside research services:



1. **Equipment costs**

Equipment costs, in the scope and in the period in which they are used for the project. If the equipment is not used for the project during its entire service life, only depreciation costs incurred during the project's lifetime are considered acceptable costs, in accordance with generally accepted accounting principles. The equipment item includes equipment whose unit value is greater than 300.00 euros. The applicant should take care that this equipment is really necessary for the proof of concept and prove that without this equipment the project could not be realized.

The total co-financing by the Fund in this cost category cannot exceed 50% of the allocated grant funds.

1. **Costs of materials and small inventory**

The costs of materials and small inventory refer to materials and devices whose unit value is less than 450.00 euros VAT excluded. The total co-financing by the Fund in this cost category cannot exceed 10% of the allocated grant funds.

1. **Costs of external services and consultants**
2. Costs of market potential assessment

In order to reduce the risk of future commercialization, an eligible cost in the project budget is an assessment of the market potential that includes market research and analysis and is done in cooperation with experts or specialized agencies for market research.

1. Costs of verification and protection of intellectual property

These costs include the analysis of patentability (search for the state of the art and evaluation of the novelty of the invention), drawing up the patent application, preparing and submitting the patent application and other costs related to the intellectual property application procedure, which are related exclusively to the submitted project and for the duration of the project.

1. Development of a study or plan for commercialization

The goal of each project within the PoC is future commercialization, so the preparation of a study or plan for commercialization is an acceptable cost. The study or plan for commercialization in general should contain basic information about the project, identifying the area of application, i.e. potential markets where commercialization can be considered, identifying the consumption circumstances in which the proposed solution can be applied, defining the elements of the value proposition (advantages compared to direct competition and substitutes), assessment of market size, availability and attractiveness, assessment of development costs, development plan, definition of key elements of commercialization strategy, definition of business model elements, selection of optimal commercialization strategy from the perspective of target markets and business models and more.

1. Subcontracting

Those project activities that the applicant is not able to realize on his own or with the selected team can be realized in such a way that they are done, where the conditions allow, for example in a production plant, a more modern laboratory, a hospital or the like. Also, if it is determined that some justified project activity cannot be carried out in the territory of Montenegro, it is allowed to carry out such activity outside the borders of Montenegro. The total co-financing by the Fund in this cost category cannot exceed 20% of the allocated grant funds.

Example of calculation of costs of external services and consultants:



1. **Travel expenses**

Expenses for short-term visits on the project (including accommodation, transportation from/to the destination, per diems), field work, conferences (including registration fees), etc. are allowed. It is necessary to specify a detailed itinerary, and indicate which project participant is traveling. The total co-financing by the Fund in this cost category cannot exceed 10% of the allocated grant funds.

Example of calculation of business travel expenses:



1. **Value Added Tax (VAT)**

Value Added Tax (VAT) is an eligible expense only if the applicant cannot claim a VAT refund for any reason. It is necessary to specify the name of the eligible cost (equipment, external services, etc.) and the amount of the cost with and without VAT.

1. **Indirect costs**

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 eligible direct costs of the project. Indirect costs arising from the implementation of the project should not be justified and include, for example:

• rental and maintenance cost (periodic inspections prescribed by law, replacement of worn materials and elements, periodic and extraordinary works and repairs),

• overhead costs that include heating/cooling, electricity, water, waste removal.

**TOTAL FUNDS FOR PROJECT IMPLEMENTATION**

The program co-finances eligible project activities with grants from min. EUR 25,000.00 to max. 40,000 EUR for up to 12 months. The total value of the project is increased by the amount of own co-funding, for which there is no maximum limit.

1. Micro and small enterprises - The program finances up to 70% of the eligible costs incurred in the implementation of the above eligible activities. The applicant commits to secure at least 30% of his own sources of funds. Sources of own funds are proved by a statement on co-funding with substantive and criminal liability.
2. Medium-sized enterprises - The program finances up to 60% of the eligible costs incurred in the implementation of the above-mentioned eligible activities. The applicant undertakes to secure at least 40% of his own sources of funds. Sources of own funds are proved by a statement on co-financing with substantive and criminal liability.