

**Program Manual
for
Innovation Vouchers**

The Innovation Fund of Montenegro

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The First Steps of the Innovation Fund of Montenegro

Innovations can change life, the same way they can change the whole company.

They can also set a society in motion, and make a complete turnaround, globally. The world has changed for the last ten years like never before, precisely because of innovations.

Innovations are not meant to endanger the daily functioning and operations of a company or an individual, they only improve and motivate. They stimulate innovative and creative thinking, because, in innovations, there is no *status quo*, but only continuous "out of the box" thinking. Something new, something better and different has been repeatedly pursued.

Everyone will agree that innovations are important, even those who do not fully understand their structure or basic definition.

Innovation can be the idea of launching a new product, the unseen mode of operating, the moment when a new strategy is born, or a completely unique line of business.

All of these are innovations!

They can open the door of perception, create and trace a whole new path. That is why innovations are a synonym for prosperity.

It is crucial to have good ideas, but it is also important for you to know that we are always there to support you on the road to commercialization.

The first financial mechanism developed by the Innovation Fund of Montenegro is the Innovation Vouchers Program. The aim of this Program is to financially stimulate private micro, small and medium enterprises to co-operate with research and development institutions to make their operations and products more competitive in the market.

Our mission is to help you turn your ideas into useful innovations. That is why we invite you to join us at the very beginning of the road, to test and find out what can be achieved when science teams up with the economy.

Applying for this Program is fast and easy, and all necessary information can be found in the Program Manual which we are about to present.

And do not forget,

IDEAS PAY OFF!

Sincerely,

Bojana Femić-Radosavović, PhD

Executive Director of the Innovation Fund of Montenegro

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Glossary of Terms

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| Applicant | A privately owned company registered in Montenegro which is applying for the Innovation Vouchers Program |
| Application | Set of necessary documents submitted by the Applicant via the Innovation Fund portal |
| Beneficiary | An Applicant whose application was approved for financing by the Innovation Fund |
| Service Provider | A research and development institution eligible to provide the service covered by the Innovation Vouchers Program |

1. WHAT ARE INNOVATION VOUCHERS?

Innovation Vouchers (hereinafter: Vouchers) are a simple, fast, and efficient financial incentive designed for micro, small and medium enterprises (hereinafter: MSMEs) in order to raise the innovation level of their products and improve their competitiveness in the market by means of specialized services of research and development institutions (hereinafter: R&D institutions).

The aim of the Voucher is to financially stimulate private companies to cooperate with R&D institutions on commercially applicable research activities, so as to make their operations and products more competitive on the market.

The impact and benefits of Vouchers come from their ability to enable fast knowledge transfer and contribute to the creation of long-lasting partnerships between MSMEs and R&D institutions. Vouchers will enable MSMEs to use academic and professional knowledge to develop their innovative products, processes, services, identify new materials, research new technologies, apply scientific research, access specialized infrastructure or receive relevant expertise. Given that the development of new products, services, technologies, and technological processes is directly related to the innovation process, which usually requires a multidisciplinary approach through cooperation of more than a few participants, Vouchers provide an opportunity for beneficiaries to increase their competitiveness in the market.

1.1. Eligibility criteria

The Public Call is open to MSMEs established as legal entities, as defined by the applicable Law on Business Organizations (“Official Gazette of Montenegro”, No. 06/02 and “Official Gazette of Montenegro”, No. 17/07, 80 / 08, 40/10, 36/11 and 40/11) as well as the Law on Accounting (“Official Gazette of Montenegro”, No. 52/2016), registered in the Central Register of Business Entities of Montenegro (CRBE). Eligible companies must be in majority private ownership with its headquarters in Montenegro, where the share of ownership of a large company may not exceed 10%.

The Public Call is also open to newly incorporated companies, which have not yet been classified as MSMEs on the basis of the data shown in the CRBE, at the moment of submitting an Application for Voucher. In this case, it is necessary to provide cross-sectional financial statements - balance sheet and income statements from the moment of company’s incorporation to the last month of business operations, in order to determine whether the company belongs to the MSME segment. Should the company be officially classified as a large company on the basis of the final annual balance sheet for the first year of operations, it is obliged to return the granted Voucher in its full amount.

The Applicant may receive a maximum of one Voucher under this Public Call.

1.2. Amount of funding

A single Voucher can cover a maximum of 80% of the total costs of a service provided by R&D institution up to an amount of EUR 8,000, including value added tax (VAT), where both conditions apply simultaneously¹. The Beneficiary of the Voucher is obliged to co-finance the remaining amount of the total costs of the service - at least 20% of the total amount of the invoice that includes VAT.

The support granted to business entities through Vouchers, regardless of their legal status and the way they are financed, will be arranged under *de minimis* aid regime (state aid of small value), so the Beneficiaries are obliged to act in accordance with the Regulation on the List of State Aid Rules (“Official Gazette of Montenegro”, No. 35/14, 02/15, 38/15, 20/16, 33/20, 38/20, 130/20 and 44/21) and in accordance with the provisions of the legal acts which regulate this field. The total amount of *de minimis* aid granted to one beneficiary may not cumulatively exceed 200,000 € during any period of three fiscal years.

1.3. Eligible Service Providers

Eligible Service Providers for Vouchers are licensed R&D institutions entered in the Register of the Ministry of Education, Science, Culture and Sports. The list is available at: <https://www.gov.me/dokumenta/aac3fc17-ee43-4f5d-a7a8-db0afae1b2be=>

1.4. Eligible services

Vouchers can be used to transfer scientific, innovative, technological knowledge or to solve a technical / technological problem identified by the company.

The following services are eligible for support through this Program:

- Development of new or improvement of existing products (related to function and quality), processes or services;
- Proof of concept;
- Feasibility study;
- Production of laboratory prototype;
- Development of demonstration prototype;
- Various forms of testing (in the laboratory, in the pilot plant);
- Technology validation;
- Validation of new or improved products, processes or services;
- Development and introduction of special software for a product or process (within product development)²;

¹ Example: If the total cost of the service is EUR 5,000, the Voucher can cover up to 80% of this amount, i.e. up to EUR 4,000. If the total cost of the service is EUR 12,000, the Voucher may cover a maximum of EUR 8,000.

² An example of this would be developing communication software for components inside a manufacturing line, or programming in an industrial environment.

Specific assignments which will be undertaken during implementation of a service have to be presented in detail within the final financial offer which the Service Provider (R&D institution) issues to the Beneficiary of the Voucher (MSME).

The Beneficiary and the selected Service Provider are obliged to regulate, by mutual agreement, matters related to intellectual property which may arise in the context of realisation of the Voucher.

The Innovation Vouchers Program is harmonized with the Smart Specialization Strategy of Montenegro (2019-2024), which established the following strategic priorities:

- Sustainable agriculture and food value chain;
- Energy and sustainable environment;
- Sustainable and health tourism;
- Information and communication technologies as a horizontal priority sector.

Smart Specialization Strategy of Montenegro for the period from 2019 to 2024 is available at the following link: [Smart Specialisation Strategy of Montenegro 2019-2024 \(www.gov.me\)](http://www.gov.me)

At least 70% of the available budget of the Fund for this Public Call will be allocated to applications that fall within the above-mentioned priorities, while a maximum of 30% will be allocated to applications from all other areas.

The Innovation Fund may decide that a company is not eligible to receive a Voucher if the service described in the Application is not in accordance with the objectives of this Program or if it endangers or damages the reputation of the Fund in any way.

1.5. Ineligible services

Vouchers **cannot** be used for:

- Development of business plans and economic assessments;
- Sales activities;
- Development of websites or mobile applications which do not solve any technological problem;
- Market research and market analysis;
- Non-consulting services already available in the market (ISO standardization, technical attests...);
- Activities already funded under another Program or by another company;
- Travel and conferences;
- Purchase of equipment.

1.6. Voucher validity

The awarded Voucher must be used by the Beneficiary within a period of up to six (6) months from the date of the contract being signed between the Innovation Fund and the Beneficiary of the Voucher. Details related to the contract are described in section 3.1. Contracting.

2. APPLICATION PROCESS

Before proceeding with the application process for a Voucher, the Applicant needs to register on the portal of the Fund, available at the following link: www.programifonda.me.

The registration request is automatically approved, upon which the Applicant receives the necessary access credentials for registration on the portal of the Fund.

Once registered, the Applicant can submit the Application directly through the portal. The Application needs to be submitted as a set of documents filled out in accordance with the instructions provided in this Manual and the application documents under this Program.

2.1. Application documents

Application consists of three parts:

- *Application form for Innovation Voucher* filled out and submitted by the Applicant (uploaded as a PDF document on the portal);
- *Financial offer* by the Service Provider directly referring to subject of the request for provision of R&D service (uploaded as a PDF document on the portal);
- Acceptance of the *Terms and Conditions of the Innovation Vouchers Program* (accepted by the Applicant on the portal).

The Financial offer must contain the following elements:

- Specification of the technical problem for the requested service;
- Name of the R&D institution (proposed Service Provider) and the contact person responsible for processing and executing the requested service;
- Total cost of the service with VAT presented as a separate cost, if the R&D institution is found in the VAT system;
- The costs of service specified under three categories:
 - Human resources costs³ of the Service Provider, including the names of the engaged persons and the duration of their engagement;
 - Costs of used material;
 - Costs of use / lease of equipment;

³ In a given period of service, the person providing the service can be engaged in several projects simultaneously, provided that the total number of days of engagement in all projects may not exceed 132 days for a period of 6 months (6 months x 22 working days per month). The Innovation Fund will reject a financial offer that does not comply with these guidelines.

- Number of days to fulfil the requested service;
- Time validity of the offer (minimum 30 days from the date indicated in the Financial offer).

The Financial offer must be signed by the official legal representative of the Service Provider.

After filling out the Application form, uploading the Financial offer and accepting Terms and Conditions of the Innovation Vouchers Program, the Applicant needs to click on the “Submit application” button, in order for the Application to be successfully submitted.

2.2. Review and approval of Innovation Vouchers

Innovation Vouchers will be approved in chronological order of received applications, starting from the date of the Public Call, and concluding with the moment of consumption of the funds allocated under this Public Call.

Following the submission of the Application for the Voucher, the Fund will conduct a review of each application, which includes:

- Fulfilment of formal conditions for acceptance of the Application;
- Fulfilment of criteria related to the financed service, as well as criteria referring to Service Provider;
- Correctness of the Financial offer;
- Verification of the service affiliation to priority areas within the Smart Specialization Strategy of Montenegro.

If all the criteria are fulfilled, the Fund will grant the Voucher to the Applicant, send a notice in the form of the official letter and deliver the appropriate contract for signing to the Applicant.

The Voucher approval process takes place within the Fund. The Fund shall notify each Applicant of the outcome, within seven (7) working days from the date of submission of the Application.

If any of the above conditions is not met, the Application may be rejected as untimely, incomplete, inadmissible or by stating some other legitimate reason for rejection.

Applicants whose applications have been rejected will be notified by e-mail, with an unambiguous indication of the reason for rejection. The Applicant may submit a new correct / corrected Application, regardless of the reason for which the previously submitted application was rejected.

3. IMPLEMENTATION OF INNOVATION VOUCHERS

3.1. Contracting

Upon the approval of the Application for Innovation Voucher, the Applicant is required to sign the Innovation Voucher contract with the Fund.

After signing the contract with the Fund, the Applicant formally and legally becomes the Beneficiary of the Voucher and sends the original service request to the Service Provider, who will then provide the service specified in the approved Application for the Innovation Voucher.

The awarded Voucher must be used by the Beneficiary within six (6) months from the date of the contract being signed by the Fund and the Beneficiary. The Voucher is consumed when: 1) the contracted service was provided by the R&D institution to the Beneficiary, 2) the Beneficiary's *Confirmation of acceptance of the provided service* has been provided, 3) the Beneficiary paid the corresponding part of his own funds for provided services. The Voucher may be extended for a period longer than six (6) months only in exceptional circumstances and if the Fund assesses and officially confirms that the reasons are justified, on the basis of the official written request from the Beneficiary to the Fund, containing a description of the change and justification no later than fifteen (15) calendar days before the expiration of the originally defined deadline for which the Voucher was granted. The maximum extension is up to three (3) months, except in case of force majeure (*vis maior*), when the Fund reserves the right to define the extension period. In cases when the Voucher is not used within the defined time frame, the Beneficiary loses the right to seek support and the Fund will not have any financial obligation towards Beneficiary.

3.2. Reporting and verification of Innovation Vouchers

The Beneficiary submits a *Confirmation of acceptance of the provided service* through the portal of the Fund (the form is available on the portal) and so the Fund becomes informed that it needs to make a payment to the Service Provider. The Fund reserves the right to perform supervision at the premises of the Beneficiary and check the existence and the content of the delivered services that are co-financed within the Innovation Vouchers Program. The Fund also reserves the right to request and to receive the appropriate documentation from the Beneficiary, related to the service provided by the R&D institution.

During the realization of the Voucher contract, the Fund has the right to order the Beneficiary to take corrective measures or to ensure that appropriate corrective measures are taken, if it finds that any stipulation of the Innovation Voucher contract has been violated, as well as any other irregularities related to the aims of the Voucher or internal acts of the Fund.

3.3. Disbursement of funds

The Fund will disburse funds granted through the Innovation Vouchers Program, only after the Beneficiary:

- submits the *Confirmation of acceptance of the provided service* to the Fund and the Fund confirms that the process has been properly conducted;
- submits a proof of payment from his account to the bank account of the Service Provider in the amount of at least 20% of the total amount of the invoice, which includes the VAT (proof of payment is submitted in PDF form).
- submits the appropriate invoice issued by the R&D institution, through the portal of the Fund.

After fulfilling the above conditions, the Fund will pay its part of the co-financing to the account of the Service Provider.

The Voucher becomes finalized after payment by the Fund.

Payment of the Fund to the Service Provider may be conditioned by the actions of the Beneficiary in accordance with the instructions given by the Fund regarding taking corrective measures, namely, payment may be suspended until the execution of the corrective measures and approval by the Fund.