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Newsletter

## [FOCUS ARTICLE] Innovation Voucher Schemes in the Western Balkans

[Innovation Vouchers](#) (IVs) are simple, fast and efficient financial incentives designed for micro, small and medium enterprises to raise the innovation level of their products and improve their competitiveness in the market through specialized services of research and development institutions. A typical voucher scheme aims to financially stimulate private companies to cooperate with research and development institutions on commercially applicable research activities, thus making their operations and products more competitive on the market.

POLICY ANSWERS has been analysing innovation voucher schemes implemented in some selected European Union Member States and in the Western Balkans in a process to create a pilot “Regional Innovation Voucher”.

Three funding organisations from Western Balkan economies have implemented innovation voucher schemes so far: the [Innovation Fund of the Republic of Serbia \(IFS\)](#), the [Innovation Fund of Montenegro \(IFM\)](#) and the [Fund for Innovation and Technology Development of the Republic of North Macedonia \(FITD\)](#). Other economies are currently discussing the setup of such schemes (e.g. Kosovo\*).

### What services are usually funded by innovation vouchers?

Interested companies can apply for innovation vouchers to fund different services. There is a slight difference between the three innovation funds regarding what they cover, but the majority of the services funded are the same and include:

- Development of new or improvement of existing products (related to function and quality), processes or services;
- Proof of concept;
- Feasibility study;
- Production of laboratory prototypes;
- Creation of demonstration prototypes;
- Various types of testing (in the laboratory, at 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).

Additionally, the innovation vouchers of IFS cover innovation advisory services and specific coaching related to the developed solution, while that of FITD finances technical specification, innovation advisory services and specific training related to the development

Kosovo\* (This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ opinion on the Kosovo declaration of independence.)

of technological solutions. The innovation funds cover these services up to a specific amount. Co-funding by the SME beneficiary is mandatory.

### Innovation Funds offering Innovation Vouchers in the Western Balkans

IFS was the first agency with a specific mission to enhance innovation activity in the Western Balkans, established in 2011. It was also the first public institution in the WBs to launch a call on Innovation Vouchers. A [public call](#) on IVs has just been launched.

IFM is the third institution of this kind established in the Western Balkans, following the examples of IFS and FITD. The call for Innovation Vouchers was the first call of this institution, launched on 3 March 2022 and [the call is still open](#).

FITD was established in 2013. The pilot call for awarding funds through Innovation Vouchers was announced by FITD in October 2020. The public call for innovation vouchers is closed at the moment.

### Comparative overview of IV schemes in the Western Balkans

| Agency | SME beneficiaries only | Mandatory cooperation with research institutions | Max. duration | Max. budget | Max. co-funding share  |
|--------|------------------------|--|---------------|-------------|--|
| IFS    | YES                    | YES<br>(public R&D service providers)            | 6 months      | EUR 6,800   | 60% of total costs<br>(40%+VAT co-funded by the beneficiary) |
| IFM    | YES                    | YES  | 6 months      | EUR 8,000   | 80% of total costs<br>20%+VAT co-funded by the beneficiary)  |
| FITD   | YES                    | YES<br>(public RDI service providers)            | 6 months      | EUR 8,000   | 80% of total costs<br>20%+VAT co-funded by the beneficiary)  |

The table above shows almost identical models of IVs in the three WB Innovation Funds, mainly owing to the fact that the IVs in the FITD and the IFM have been designed on the model of the IVs of the IFS.

Although similar in design, the implementation dynamics of the IVs by the WB Innovation Funds significantly differ among the three WB economies. Being first to introduce IVs in the region and based on an extended implementation experience, the IFS recently introduced changes in rules and procedures. Recently, FITD conducted an assessment of the first call for IVs and IFM is still implementing their pilot.

Compared to some IV schemes e.g. in Germany, Ireland or Austria that POLICY ANSWERS analysed, in WB economies the maximum duration of 6 months for implementing the IV is a little shorter (usually 12 months in EU Member States). Similarly, as in the WBs, IVs are granted exclusively to SMEs, with additional exclusions and eligibility criteria according to the specific local contexts. All IVs are intended for commissioned research by an a priori or

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ex-post-selected research institution. Private research providers and research organisations are eligible as service providers, thus private-public cooperation is not mandatory. The amount of the IV varies between EUR 2,500 and EUR 10,000, with co-funding shares varying from 50 to 100%, in some cases the share depends on the total amount of the voucher.

### What are the benefits?

Compared to other measures, funding agencies see advantages in the simplicity of the mechanisms, the relatively low complexity also for applicants and the low costs of administrative procedures as well as the relatively short time between call announcement and contracting (e.g. 1-1.5 months in case of the Serbian Innovation Fund). Furthermore, a spill-over effect to other grant schemes such as collaborative grants and start-ups can be noticed and so IVs are an important component in the policy mix.

### What are the plans on a regional level?

Information on rules and procedures of the three implemented schemes, the experience of the implementing agencies and the lessons learned are valuable starting points for designing a feasible Western Balkans Regional Innovation Voucher scheme.

POLICY ANSWERS aims at piloting an IV scheme on a regional level. The consortium has discussed the eligibility criteria for the applicants and the service providers as well as eligible services, amounts, payment modalities, implementation periods and evaluation criteria.

We have asked Katarina Kreceva from FITD, who leads this work in the project, to provide more information. Katarina gave a comprehensive overview on the state of play of innovation ecosystems in the Western Balkans and highlighted the role of innovation vouchers in this complex and challenging environment.

Read our interview [here](#).

The deliverable is under preparation and will be shared on the Info Hub once it is published.

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If you are interested in applying for an innovation voucher and you need assistance on how to do it, you can contact the organisations via the following links: [Innovation Fund of the Republic of Serbia \(IFS\)](#), [Innovation Fund of Montenegro \(IF Montenegro\)](#), [Fund for Innovation and Technology Development of the Republic of North Macedonia \(FITD\)](#).

If you would like to read about funding other than innovation vouchers, check our [collection on the WB Info Hub](#), which includes interesting news, events and calls for SMEs, furthermore initiatives and organisations supporting innovation in the Western Balkans Region.

Do you have anything to share with our network in connection with innovation support in the Western Balkans? Contact us via [policy-answers@westernbalkans-fohub.eu](mailto:policy-answers@westernbalkans-fohub.eu) and we are happy to share the news.