



Montenegro
Ministry of Science

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**COLLABORATIVE PROGRAMME
FOR INNOVATION
2019-2024**

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1. INTRODUCTION

The legislative and strategic framework for innovation activities was adopted in 2016, with the aim of shaping a sustainable and efficient innovative ecosystem in Montenegro. In this way, the legal basis has been established for planning support instruments in the form of innovation programmes and projects and strategic guidelines for optimal use of innovative potentials and their orientation towards market application.

Pursuant to Article 11 of the Law on Innovation Activities (Official Gazette of Montenegro 42/16)¹, the Ministry of Science publishes a Call for Awarding Grants for Innovative Projects.

At the strategic level, Montenegro has started to prepare the Smart Specialization Strategy (S3) since the beginning of 2017, which sets out the priorities of the country's development and aims to build a competitive advantage by linking its own research and innovation potentials to the needs of economy. Upon the adoption of S3, all investments in research and development will focus on the priorities, programmes, projects and activities identified in this strategic document. Policy instrument "Collaborative Programmes for Innovation" has been identified within a goal of "Enhancing collaboration within the Innovation system" in the Part VII "Policy Mix and Financial Framework" of the Smart Specialization Strategy (S3) (2019-2024)².

The Government of Montenegro adopted the Programme for Awarding Grants for Innovative Projects 2018-2020 at the beginning of July 2018. Based on the Law and the Strategy on Innovative Activities, as well as the Decision of the Commission for State Aid Control³, the Programme was implemented through a Call for Awarding Grants for Innovative Projects⁴. After the finalization of the two-phase international evaluation, 10 grants for innovative projects were approved for co-financing through this Call. The total value of the innovative projects is € 1,172,529, of which the Ministry of Science is co-financing the amount of € 730,834, while the co-funding of the grant holders amounts to € 441,695.

Due to the positive effects of the aforementioned Programme in terms of encouraging new employment in the research, development and innovation sector (20 new employments), the promotion of the establishment of science-industry partnerships (5 newly established partnerships) and the broader partnerships of stakeholders in the innovation system (5 Business-to-Business newly established partnerships), but also encouraging strategically prioritized development areas, the intention is to continue with the implementation of this

¹ <http://www.mna.gov.me/biblioteka/zakoni>

² Adopted at the Governmental session on 20 June 2019

³ Decision no. 01-29/1 from 11 July 2018

⁴ <http://www.mna.gov.me/vijesti/189068/Ministarstvo-nauke-objavljuje-Konkurs-za-dodjelu-grantova-za-inovativne-projekte.html>

Programme, which has been renamed the "Collaborative Programme for Innovation" in the text of Smart Specialization Strategy (2019-2024).

The Collaborative Programme for Innovation 2019-2024 establishes the general and specific goals of the Programme, the procedure for awarding grants for innovative projects and the process of grant implementation. In addition, the Programme defines ethical issues.

The Programme will be implemented through at least two Calls for Awarding Grants for Innovative Projects, of which the first will be announced in 2019 with the total budget amount of EUR 700,000, while the budget of the second call and eventual publication of a larger number of Calls for these purposes will depend on the approved available budget for science, research and innovation and in accordance with the Law on the Budget.

2. OBJECTIVES OF THE COLLABORATIVE PROGRAMME FOR INNOVATION

Objectives of the Programme are the following:

- Strengthening the competitiveness of Montenegrin companies by co-financing the development of innovative market-oriented products, services and technologies that have large potential for commercialization and market application;
- Supporting the transfer of innovative ideas from scientific-research institutions to the market, through cooperation with partners from the economy or through opening new companies / spin-off companies in Montenegro; and
- Strengthening human resources and creating new jobs.

Specific objectives are the following:

- Strengthening the innovative potential of the enterprises and their recognisability in the innovation system;
- Stimulating technological innovations and encouraging commercialization, i.e. the application of innovative ideas and technologies on the market;
- Encouraging the employment of highly qualified personnel in the research and innovation sector;
- Increasing the investment of private sector into Research and Development;
- Raising the level of commercial readiness through the funding of additional development of inventions / innovations;
- Addressing the gap in funding between research and commercialization;
- Increasing the number of patents that have the potential to be applied in practice;
- Stimulating cooperation with the Montenegrin scientific and economic Diaspora in order to create the conditions for their return, i.e. strengthening their connection and reintegration into the local community; and
- Encouraging the transfer of knowledge and technology in cooperation with domestic and international partners from the scientific-research and economic sector.

3. PROCEDURE OF AWARDING GRANTS FOR INNOVATIVE PROJECTS

The procedure of awarding grants for innovative projects consists in four (4) main stages, whose detailed description is provided below:

(3.1) Call for Awarding Grants for Innovative Projects;

(3.2) Preparation of project application;

(3.3) Project applications review and evaluation; and

(3.4) Signing the contract on awarded grant

3.1 CALL FOR AWARDING GRANTS FOR INNOVATIVE PROJECTS

The Call shall include⁵:

- Priority areas;
- Total amount of funds for project co-funding;
- Eligibility criteria;
- Detailed criteria for project selection;
- Advantage taken into account in project selection;
- Deadlines for project implementation;
- Method and deadline for submission of project applications; and
- Other data.

PRIORITY AREAS

The Call for Awarding Grants for Innovative Projects shall support innovation projects within the strategic priorities established by the Smart Specialization Strategy (2019-2024), as follows:

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

Note: Compliance of the project applications with the strategic priorities of the Call is a mandatory requirement and shall be deemed disqualifying if a project application fails to meet it.

⁵ Article 4, paragraph 2 of the Rulebook on Innovation Programmes and Projects (Official Gazette of Montenegro 81/16)

TOTAL AMOUNT OF GRANT

Under the Call of 2019, the Ministry of Science has allocated funds in total amount of **EUR 700,000 for co-financing innovative projects for a period of two years**. The budget of the second Call and eventual publication of a larger number of calls for these purposes will depend on the approved available budget for science, research and innovation, and in accordance with the Law on Budget.

The Ministry shall award a grant **in the amount of up to EUR 100,000 per project approved**.

The projects shall be co-financed for a **period of 12 to 24 months**. With regards to the first Call in 2019, the implementation of approved innovative projects will cover the period between December 2019 / January 2020 and the latest by December 2021 / January 2022.

The amount of funds allocated from the state budget for co-financing an innovative project will be determined depending on the type of eligible cost and size of the company or other innovative organization, i.e. Grant holder or project partner. The maximum amount of funds provided as support, i.e. the maximum state aid intensity, are determined as follows:

Type of eligible cost	Small enterprises and innovative organizations with up to 49 employees	Medium-sized enterprises and innovative organizations with between 50 and 249 employees	Large enterprises and innovative organizations with over 250 employees
Personnel costs (max 3 months in one year)	50%	50%	15%
The costs for employment of highly qualified personnel for full-time work during the duration of the project, provided that it does not replace other staff⁶	100%	100%	100%
Expert/advisory/consulting services for research and development (up to 20% of the grant amount - approved co-financing)	50%	50%	15%
Procurement of necessary relevant equipment and instruments to the extent they are used for the project implementation and for the period	50%	50%	15%

⁶ So called net employment

of use on the project (up to 50% of the grant amount - the approved co-financing)			
Costs of intellectual property protection (patent application and associated costs, certification, standards, substantive patent examination, patent acquisition costs, etc.)	50%	50%	15%
Other overhead and other operating costs, including the costs of materials, consumables and related products directly generated as a result of the project (up to 10% of the Personnel costs)	50%	50%	15%
Prototype development costs (industrial research)⁷	70%	60%	50%
Feasibility studies	70%	60%	50%

The Applicant is obliged to provide the remaining amount of funds from their own sources, as well as to provide proof of the financial contribution provided for the implementation of the project.

The Applicant may not, as part of their own financial participation in the project implementation, use the funds allocated to their by any public national or international source of funding (Budget of Montenegro, relevant international fund providers etc.), for the purpose of realizing the same activities proposed in the application for an innovative project under this Call.

ELIGIBILITY CRITERIA AND METHOD OF APPLICATION

The Call is open to **innovative organizations in Montenegro, which meet the conditions in accordance with Article 15 of the Law on Innovation Activities (Official Gazette of Montenegro 42/16)**, i.e. that have been established in accordance with a separate law and registered in the Register of Innovative Organizations, and these include: scientific research institutions, higher education institutions, centres of excellence and business entities (innovative-entrepreneurial centre, business incubator, company, or part of a company).

⁷ Planned research or critical review in order to acquire new knowledge and skills for the development of new products, processes or services, ie to achieve significant improvement of existing products, processes or services. This involves the creation of constituent parts of complex systems and may involve the development of prototypes in a laboratory environment or in an environment with simulated interfaces of existing systems as well as a pilot line, if necessary for industrial research, and in particular for the validation of generic technology.

The procedure of registration in the Register of Innovative Organizations has started in July 2018 and is continuously available to all interested organizations.⁸

The Rulebook on detailed conditions for registration in the Register of Innovative Organizations (Official Gazette of Montenegro 52/16) is available on the following website: <http://www.mna.gov.me/biblioteka/pravilnici>

An applicant cannot apply to the Call independently, **but only in partnership with at least one organization** in line with the conditions requirements of the Call⁹. The partnership must include **at least one company from Montenegro**.

An exception to the above requirement is possible only if it is envisaged that the implementation of the project would include the establishment of a new company / spin-off company in Montenegro by a scientific-research institution or a company.

International partners may be engaged only on the basis of expert services or consultancy agreements.

If the applicant is a company, it must meet the following requirements:

- Being registered in the Central Register of Business Entities of Montenegro;
- Being registered in the Register of Innovative Organizations, managed by the Ministry of Science;
- Having a headquarters in the territory of Montenegro;
- Doing business for at least two years before the expiry of the deadline for applications;
- Having positive business results in the last two financial years;
- Fulfilling the obligations to pay contributions and taxes regularly;
- Not being under bankruptcy or liquidation proceedings; and
- Not having used financial assistance from the public national and international source of funding, or donor programmes for the same activities and the same technological readiness level, covered by the project application. If the same innovative organization applied for funds from other state aid providers for the same eligible costs, it is necessary to submit a statement in order to avoid exceeding the maximum allowable aid intensities.

In the future Calls of the Ministry of Science, as a measure that supports the implementation of the Programme on Supporting Innovative Start-Ups in Montenegro (2019-2021), there will be an exception regarding the requirement "at least 2 years of business before the expiry of the deadline for applications" for those start-up projects that have already passed validation/ acceleration through other programmes of the Ministry of Science, EU programmes, private high-profile investors, crowdfunding campaigns and similar programmes (which will be evaluated on a case-by-case basis) and within the same have been proven as business projects with strong growth potential. These start-ups will be obliged to have a registered company at the stage of the grant application, with priority for

⁸ <http://www.mna.gov.me/vijesti/189520/Upis-u-Registar-inovativnih-organizacija.html>

⁹ With a licensed scientific research institution or an innovative organization registered in the appropriate Register of the Ministry of Science.

start-ups that will have additional funding from private investors (business angels, venture capital funds, etc.). The goal of this special measure is to overcome the gap in the risk capital market in Montenegro, which would attract a certain number of "freelancers" with experience in the global market to establish an innovative company in Montenegro and achieve the development needed to be mature for significant private investments (venture capital funds or banks).

Depending on the legal entity, the Ministry of Science will in official capacity provide a copy of the License for carrying out scientific research activities (scientific research Institutions) or a copy of the Decision on registration in the Register of Innovative Organizations (innovative organizations) **for project partners.**

The company, partner on the project, is obliged to additionally submit and attain to the following requirements:

- Being registered in the Central Register of Business Entities of Montenegro;
- Having a headquarters in the territory of Montenegro;
- Fulfilling the obligations to pay contributions and taxes regularly;
- Not being under bankruptcy or liquidation proceedings;
- Not having used financial assistance from the public national and international source of funding, or donor programmes for the same activities and the same technological readiness level, covered by the project application. If the same innovative organization applied for funds from other state aid providers for the same eligible costs, it is necessary to submit a statement in order to avoid exceeding the maximum allowable aid intensities.

Rights and obligations of project partners shall be defined by separate mutual agreements / contracts, which have to be submitted to the Ministry before signing the agreement on grant implementation.

If he deems it is necessary, the Applicant may sign, in the stage of project preparation, individual agreements with partners who will participate in the project implementation, which would regulate their mutual relations, and therefore ensure quality project implementation. In this case, signed partnership agreements also need to be submitted along with the project application.

The same innovative organization can apply for funds from other state aid providers for the same eligible costs, but under the condition that the total amount of state aid (co-financing) from all sources together cannot exceed the maximum permissible aid intensity.

Deadline for applications will be established by the Call.

Submission of the Application: The completed and signed Application Form, along with the supporting documents, should be submitted in two hard copies (original and one copy) to the Ministry of Science, at the following address: Rimski trg br. 46, 81 000 Podgorica. In addition, the applications should be submitted in electronic form, via the website of the Ministry of Science.

3.2 PREPARATION OF PROJECT APPLICATIONS

Along with the project application, applicants must also submit the following documents:

1. Signed and stamped Application Form (in English);
2. Project budget (in English);
3. Brief presentation of the project (in English);
4. Resumes of key members of the project team – five members maximum (in English);
5. Proof of financial contribution provided in the implementation of the project from own / other sources;
6. Statement as a proof of not showing the funds allocated to them from any public national or international source of funding (Budget of Montenegro, relevant international fund providers etc.) as their own financial participation in the realization of the project, for the purpose of realization of the same activities proposed in the application for an innovative project under this Call. If the same innovative organization applied for funds from other state aid providers for the same eligible costs, it is necessary to submit a statement in order to avoid exceeding the maximum allowable aid intensities.
7. Statement made by the applicant that the contractual obligations from the previous projects financed from the state Budget in the last five years have been fulfilled.
8. A photocopy of the operating license or a Certificate from the Central Register of Business Entities for project partners (depending on the type of legal entity).

In addition to the above, **if the applicant is a business entity**, the following documents also need to be submitted:

- A photocopy of a Certificate from the Central Register of Business Entities;
- Annual financial statements for the past two years;
- Proof of settled tax obligations or relevant document on the reprogram of the tax debt; and
- A confirmation or certificate that no bankruptcy or liquidation proceedings have been launched or are conducted against the organization.

The Call establishes that certain documents need to be submitted in English, as designated in brackets, for the reasons of evaluation by international experts.

Identification of the **Technology Readiness Level** (TRL)¹⁰ of the relevant project / technology will enable the applicant to independently determine the level of development of the project idea, i.e. at what level the technology concerned is at the time of filing the

¹⁰ https://en.wikipedia.org/wiki/Technology_readiness_level

application, and where it will be at the moment of completion of the project. There are nine technological readiness levels; TRL 1 is the lowest level, while TRL 9 is the highest, meaning that the technology is the most mature.

The project funds can be used to co-fund the following technological development phases (TRL 4 – TRL 8):

- Technological development in laboratory environment (development of basic technological components),
- Demonstration of technology outside of laboratory conditions in a real environment;
- Prototype production;
- Phase of testing, validation and demonstration; and
- Determination of the first final product.

Furthermore, in addition to the introduction of innovations in the production or business processes, the project can include innovation activities in the function of improving the organization of a company and marketing, with a view to faster market conquest.

The Technology Readiness Levels are shown in the table below:

Technology Readiness Level		DESCRIPTION OF TECHNOLOGY READINESS LEVEL	
TRL 0.	Idea	Unproven idea/concept. No analysis or testing has been performed.	
TRL 1.	Basic Research	Basic principles observed. Concept demonstrated. Basic functionality demonstrated by analysis, reference to features shared with existing technology or through testing on individual subcomponents/subsystems. Shall show that the technology is likely to meet specified objectives with additional testing.	Lab Research
TRL 2.	Technology formulated	Technology concept formulated. Concept design or novel features of design validated through model or small scale testing in laboratory environment. Shall show that the technology can meet specified acceptance criteria with additional testing.	
TRL 3.	Experimental research	Experimental proof of concept. Active research and development is initiated. This includes analytical studies and laboratory studies to physically validate analytical predictions of separate elements of the technology. Examples include components that are not yet integrated or representative.	
TRL 4.	Low level Prototype	Technology validated in lab. Full-scale prototype built and technology qualified through testing in intended environment, simulated or actual. The new hardware is now ready for first use.	
TRL 5.	Improved Prototype	Technology validated in relevant environment (industrially relevant environment in the case of key enabling technologies). The basic technological components are integrated with reasonably realistic supporting elements so it can be tested in a simulated environment. Examples include “high fidelity” laboratory integration of components.	Simulatio

TRL 6.	High level Prototype	Technology demonstrated in relevant environment (industrially relevant environment in the case of key enabling technologies). Represents a major step up in a technology's demonstrated readiness. Examples include testing a prototype in a high-fidelity laboratory environment or in simulated operational environment.	
TRL 7.	System Prototype demonstration	System prototype demonstration in operational environment. Prototype near or at planned operational system – Represents a major step up from TRL 6, requiring demonstration of an actual system prototype in an operational environment.	Real world
TRL 8.	First final product	System complete and qualified. Technology is proven to work – Actual technology completed and qualified through test and demonstration.	
TRL 9.	Complete commercial application	Actual system proven in operational environment (competitive manufacturing in the case of key enabling technologies; or in space). Actual application of technology is in its final form.	

Eligible costs:

- Personnel costs (max. 3 months in one year);
- Costs of recruiting highly qualified full-time staff for the duration of the project, provided that it does not replace other staff;
- Expert/advisory/consultancy services for research and development (up to 20% of the grant amount - approved co-financing);
- Procurement of the necessary relevant equipment and instruments to the extent they are used for the project implementation and for the period of use on the project (max. up to 50% of the grant amount - the approved co-financing);
- Costs of intellectual property protection (patent application and associated costs, certification, standards, substantive patent examination, etc.);
- Other overhead and other operating costs, including the costs of materials, consumables and related products directly generated as a result of the project (up to 10% of the Personnel costs);
- Prototype development costs;
- Feasibility studies.

The approved co-financing of the project may not be used for co-funding only one cost from the above list of eligible costs (e.g. exclusively procurement of equipment, or only personnel costs, etc.).

Ineligible costs:

- Costs already funded through another project, programme or company / institution;
- All costs incurred before the start date of the project;
- Purchase and leasing of land and real estate, procurement of vehicles, buildings, construction works, including any renovation;

- Losses due to negative exchange rate differences, fees and fines;
- Repayment of interest or any debts;
- Costs of hosting, marketing, sales and / or distribution of products or services;
- Representation costs;
- Patent maintenance costs;
- Advance payments, unless there is an advance guarantee or if adequate proof of purchase is delivered (e.g. invoices, delivery notes, consultant reports, etc.); and
- Other costs assessed by the programme expert team as unnecessary, ineligible or inappropriate, either due to the amount or due to content.

3.3 PROJECT APPLICATIONS REVIEW AND EVALUATION PROCESS

All applications shall undergo a clearly stipulated evaluation process.

Administrative check of project applications: After the expiry of the deadline for submitting applications for the Call, the Ministry shall carry out an administrative check of the received applications. The Call Implementation Team for the Call within the Ministry of Science shall conduct an initial check of the administrative compliance and completeness of the applications in relation to the requirements set forth in the Call. If the applicants do not submit the necessary documentation and requested information, the application shall no longer be considered for funding and shall be rejected after the administrative verification. However, in order to avoid possible disqualification at this initial stage due to some negligible administrative issues, applicants may be requested to clarify certain information from the application and possibly supplement the submitted documentation.

A complete and administratively compliant application should meet the following requirements:

1. Application is submitted in time;
2. Project application is complete (includes all required data, documents, chapters, sections, annexes, forms and signatures);
3. The correct number of copies is submitted in the manner prescribed by the Call;
4. The proposed project relates to defined priority areas;
5. Funds are not requested for ineligible costs;
6. The requested amount of the grant is within the defined limits; and
7. The statement made by the Applicant related to fulfilment of contractual obligations from previous projects funded from the state budget in the last five years.

After the administrative verification, all project applications that meet the set requirements shall be submitted for evaluation.

The evaluation process is carried out by international experts and takes place in two phases:

The first phase of the evaluation process

Each project application that passes the administrative verification shall be submitted for evaluation, to be conducted by two international experts appointed by the Ministry. Their task is to carry out a distance evaluation of a particular application that is closely related to their field of expertise and to submit an individual evaluation report for the first phase of the evaluation process, using a form prepared and submitted by the Ministry of Science.

Evaluators must possess the skills and knowledge in the area to which the Application relates. In addition, they shall assess whether the envisaged research costs and overall budgetary funds are reasonably planned and distributed. They must have the highest standards of integrity, which excludes any connection to the applicants, either as an employee, consultant, relative, or as political or business partner. Each candidate should report in advance any knowledge of a potential or real conflict of interest that may affect his / her objectivity.

Evaluators shall prepare a report including the evaluation of the application and the narrative in which the strengths and weaknesses of the application shall be highlighted, as well as an indication of any issues that might be clarified during an interview with the applicant in the second phase of the evaluation.

Applications at this stage of the evaluation shall be evaluated in accordance with the criteria in the table below:

<i>Criteria for the first phase of evaluation</i>	<i>Points</i>
Quality and originality of innovative idea / innovation	30
Quality of the proposed activity plan and the quality of the project budget	30
Capacity of the applicant, partners and members of the project team	30
Potential for commercialization	10

Applications that pass the threshold of 70 or more points on average shall qualify for the second phase of the evaluation, i.e. final phase of the evaluation, which has its own system of final awarding of points.

The second phase of the evaluation process

The second phase of the evaluation process shall be implemented by the Final Evaluation Commission (FEC) consisting of three international experts appointed by the Ministry, of which at least one member shall be in charge of the innovative and commercial aspect of the project. FEC members must have the highest standards of integrity, which excludes any connection to the applicants, either as an employee, consultant, relative, or as political or business partner. They should possess skills and expertise in the implementation or monitoring of similar Calls.

At this phase, the most important focus shall be placed on innovation, competitiveness, sustainability and commercial aspects of the project. FEC experts shall first independently

review the project applications and reports of the experts from the first evaluation phase. The evaluators shall then prepare and mutually exchange comments, holding a joint consensus meeting in Podgorica.

If it decides to do so, FEC may request the organization of interviews with applicants with a view to collect additional information and clarifications in order to make a final decision on the evaluation and recommendation for funding.

They shall perform the final ranking of project applications in accordance with the criteria in the table below.

<i>Criteria for the second phase of evaluation</i>	<i>Points</i>
Innovation and competitiveness	30
Quality of the project plan: technical characteristics, project management as well as the financial structure of the proposed budget	30
Commercialization of results, potential for market application and sustainability	40

After the interviews, the Final Evaluation Commission shall prepare the final project ranking and evaluation reports and shall give a recommendation to the Ministry.

Applications that pass the threshold of 70 or more points on average will be considered as positively evaluated.

The Ministry shall decide on the allocation of funds for innovative projects in line with the recommendations of the experts.

- **Advantage in the selection process shall be given to the applicant that:**
 - Have young researchers and innovators up to 35 years of age and/or scientists or entrepreneurs from Diaspora in their project team;
 - Create new jobs; and
 - Propose projects with potential for future applications within international programmes such as HORIZON 2020 and the like.

In the evaluation phase, the advantage in the selection process will be taken into account for the prioritization of project proposals with the same number of points.

3.4 SIGNING THE CONTRACT ON AWARDED GRANT

The list of the projects selected shall be published on the website of the Ministry of Science.

The applicants shall be informed of the results of evaluation of the proposed project in such a way that individual evaluation reports with assessment and comments by experts shall be sent individually to everyone.

After the publication of the list of approved projects, agreements on the grant implementation shall be concluded with the project holders recommended for co-funding. Agreements should be signed no later than two (2) weeks after the announcement of the results, unless the stage of negotiations follows.

The contracting parties shall be the Ministry of Science, the project holder and the project manager. The Ministry of Science shall prepare an agreement form, but it shall be defined in detail and aligned with each grant holder depending on the specificity of the project application. The agreement shall determine the rights and obligations of the contracting parties, and in particular the procedures for project implementation, including the financial component, as well as intellectual property rights.

The overall project implementation shall be the obligation and responsibility of the project holder, who is responsible for project management and the disposal of the approved funds. The rights and obligations of the project partners are defined by a separate agreement or contract, signed individually by the project holder with each partner. This agreement or contract also needs to be submitted before the signing of the grant contract.

The agreements between the project holder and each partner must establish the following:

- Activities to be undertaken by each team member and schedule of activities;
- Compensation / payment system;
- Contributions of partners to successful implementation of the project; and
- Intellectual property rights, particularly in terms of access to already existing knowledge, use of knowledge, publication and confidentiality.

4. GRANT IMPLEMENTATION

The entire implementation of the project is the responsibility of the Grant holder. The obligations between the Grant holder and the project manager shall be regulated by contract signed with the Ministry of Science. As stated in contract for the grant implementation, the Ministry of Science and the Grant holder shall invest all their efforts to solve any potential problems that may arise during the implementation of the project.

The contract shall contain the entire agreed implementation plan for the whole duration of the project and the accompanying indicative financial plan. The Grant holder may be allowed to modify sub-project activities, with the prior written approval of the Ministry of Science. Modifications to the general objectives and expected results of the project may not be made during the duration of the project.

The grant holder may contact the Ministry of Science to obtain the necessary clarification of procedures and the documents / forms to be used.

During the implementation, the Grant holder shall implement all aspects of the project and fulfil the administrative and financial tasks and reporting tasks, in accordance with the description given below. The Ministry of Science shall manage and oversee the grants, which includes participation in monitoring the grant implementation and evaluation of the progress reports prepared by grant holders. Each project shall have clearly defined specific monitoring measures, including measurable performance indicators, on the basis of which the progress and results of the proposed activities can be evaluated.

Upon completion of the project, based on the final report prepared by the grant holder, the results of the project shall be evaluated in relation to the agreed objectives. This final report shall focus on products, results, outcomes (effects) and the achievement of agreed measurable indicators that reflect the objectives of the project, including the analysis and evaluation of the potential economic and social impact of the project achievements and the description of project activities, as well as future plans for further development. The final report should be accompanied by a financial statement for the entire period.

Upon receipt of the final financial statement and the progress report of the Grant holder, the Ministry of Science shall begin the procedure for concluding the implementation of the grant.

The conclusion procedure includes the acceptance of the final report, the payment of all remaining funds or the refund of all unused funds to the Ministry of Science. As a final step, the Grant holder shall be sent a letter of conclusion of the project by the Ministry of Science, stating that all obligations have been fulfilled. Such a letter shall be submitted within two months after the receipt of the final report, unless there are unforeseen circumstances that may cause a delay.

4.1 ADMINISTRATION AND FINANCE

The Grant holder shall have the following obligations:

- To implement the grant conscientiously and efficiently in accordance with the requirements set forth in the contract.
- To allow, at the request of the Ministry of Science, an inspection of all accounts, records and other documents related to project activities and to allow their audit.
- The Ministry of Science shall reserve the right to postpone or suspend the activities related to the allocation of funds if the grant holder, during the implementation phase, does not fulfil the provisions of the contract. If this is the case, the grant holder shall be obliged to return the funds in the coming 15 working days.
- The delay in fulfilling or failure to fulfil obligations during the Contract of grant implementation for funds approved due to omissions, mistakes or negligence by the grant holder shall be taken into account when evaluating all future project proposals submitted by the same grant holder.
- Funds shall be paid directly to the grant holder, who must open a separate bank account (hereinafter: the Account), opened exclusively for the needs of inflow of grant funds of the project.
- All funds to be used for project implementation shall be deposited in the Account. The records and bank statements of that Account shall be available for inspection and control by internal and external auditors.
- The use of funds for project implementation must be in accordance with the financial / accounting principles, as well as the procurement procedures prescribed by domestic legislation, and the Grant holder must keep records of the use of all funds for the project implementation. The records must contain precise, up-to-date and complete data on project revenues and expenditures, as well as documentation confirming all expenditures incurred within the project. Such keeping of records will be useful in periodic financial supervision, as well as during the audit. The Grant holder must keep all financial statements and all substantiated documents, such as invoices, receipts, etc. and all other records related to the grant for the implementation of the project in accordance with national legislation. The financial audit of the grant implementation shall be carried out on the financial statements of the grant holder selected by the random selection method. These audits shall be conducted in accordance with the International Standards on Auditing (ISA), prescribed by the International Federation of Accountants (IFAC).
- The transfer of funds to the account of the grant holder shall be based on the principle of payment in tranches. Grant holder, after spending funds from the tranche and in parallel spending the funds of its own obligatory co-financing, shall subsequently submit the documentation to the Ministry (statement of expenditure with photocopies of invoices, contracts or other evidence required by the Ministry), which indicates that such expenditures have been incurred and paid tranche payment. The final financial terms for the transfer of grant (the amount of tranche payment, i.e.) shall be defined separately for each proposed project, depending on the nature and value of the project, i.e. they are negotiable and shall be defined during the harmonization period prior to the conclusion of the Contract on the grant

implementation and then stated / foreseen in that contract. Within 30 working days from the date of conclusion of the contract, the Ministry shall pay the initial tranche to the account of the grant holder, in accordance with the contract and the holder's request submitted.

- When the Grant holder wants to apply for a new tranche, it is necessary to submit a written request to the Ministry, as well as the statement of expenditures and photocopies of invoices, contracts, etc. Payment of the requested amount, provided that all necessary documentation has been submitted, inspected and approved, shall be executed within 45 working days. In order to avoid payment delays, the grant holder should comply with all requests and take care that the request is complete and accurate and that the supporting documentation is in accordance with the approved project plan. The Ministry must be provided with statements on the spending of all monetary funds of the grant paid to the Grant holder account, as well as the expenditures of a part of their own co-financing or the return of the undocumented remaining part of the funds to the Ministry.
- The Grant holder may make a reallocation of funds (up to 20% maximum) between financial items that fall within the same category of costs. Any proposal for the reallocation of funds must be supported by adequate argumentation for such reallocation and may be implemented only after written consent by the Ministry. The corresponding notice must be made thereof in the financial and accounting records.
- Funds must not be allocated for the payment of costs incurred prior to the date of signing of the contract on grant implementation.
- Funds may be spent on activities that are not envisaged in the project application, with the prior written consent by the Ministry, i.e. on the basis of the official approval for the updated project plan.

4.2 REPORTING

- All reports shall be prepared by the Project manager, in cooperation with project partners, and they must include all project activities for the period covered by the report, including those carried out by the Grant holder and those carried out by other partners working together on the implementation of the project. All reports must be clearly and logically formulated. The Project manager shall sign reports and is responsible for their content.
- Written progress reports and financial statements must be made every six months by the Grant holder. The electronic version (PDF, as well as Word format) and two (2) hard copies shall be submitted to the Ministry. The purpose of the progress reports is to provide information on progress in accordance with the project plan, as well as to provide comprehensive information on the implementation and fulfilment of key project items for the relevant period, as well as to identify and explain the problems. The purpose of the financial statements is to indicate progress in payments of grant, as well as compliance with procedures related to finance and payments, and they serve as a basis for evaluation and audit.
- Reports must be submitted no later than thirty (30) days after the expiry of the period to which the report relates. In the event of a delay in submitting the report,

the Grant holder must notify the Ministry in writing and explain the reasons for the delay.

- The final report must be submitted no later than 45 days after the completion of the project.
- The Grant holder, to whom the tax debt reprogram has been approved, is obliged to submit quarterly reports on the regular settlement of obligations under the Tax Administration's Decision.

5. ETHICAL ISSUES

In the process of preparing the project application, the applicant is obliged to observe ethical principles and rules.

The national legislation in this area relates to:

- Article 27 of the Constitution of Montenegro: *“The right of a person and dignity of a human being with regard to the application of biology and medicine shall be guaranteed. Any intervention aimed at creating a human being that is genetically identical to another human being, living or dead shall be prohibited. It is prohibited to perform medical and other experiments on human beings, without their permission.”*
- Article 4 of the Law on Scientific-Research Activities (Official Gazette of Montenegro 80/2010, 40/11, 57/14) provides that scientific-research activities shall, inter alia, be based on the principles of ethics and responsibility of persons engaged in scientific-research activities for the consequences of their work.

If the project application implies an ethical issue, the applicant is obliged to submit an approval of the Ethics Committee (if applicable) and / or provide other relevant proof on the manner of resolving the ethical issue. For example, if the research implies the participation of people, it is necessary to take into account the dignity of human beings, their values, rights and interests, and to enclose a form with freely expressed and full consent of the participants in the research, or if the research implies the use of personal data, the consent of the person for their use must be enclosed.

The approval of the Ethics Committee must be submitted as part of the Call documentation, while the consent of the participants in research that is ethically sensitive must be enclosed with reports on the implementation of the project.