

**Contracting Authority**

The Ministry of Finance of Montenegro – the Directorate for Finance and Contracting of the EU Assistance Funds

Enhancement of Business Environment and Competitiveness of the Private Sector of Montenegro

Guidelines
for grant applicants

Budget lines: IPA II - Annual Country Action Programme for Montenegro for the year 2014

EuropeAid/159-459/ID/ACT/ME

Deadline for submission of full application: 8th May 2018

NOTICE

This is an open call for proposals, where all documents are submitted together (concept note and full application). In the first instance, only the concept notes will be evaluated. Thereafter, for the lead applicants who have been pre-selected, the full applications will be evaluated. After the evaluation of the full applications, an eligibility check will be performed for those which have been provisionally selected. Eligibility will be checked on the basis of the supporting documents requested by the Contracting Authority and the signed ‘declaration by the lead applicant’ sent together with the full application.

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1. ENHANCEMENT OF BUSINESS ENVIRONMENT AND COMPETITIVENESS OF THE PRIVATE SECTOR OF MONTENEGRO
	1. Background

The creation of an encouraging business environment has been acknowledged as an essential prerequisite for unleashing a private sector response that will accelerate dynamic growth, employment and income generation. The Montenegrin private sector relies almost entirely on Small and Medium Sized enterprises (SMEs) which make up 99% of the private sector in Montenegro, generating 60% of national GDP. In this context, a dynamic and innovative private sector fuelled by home-grown entrepreneurship is the principal source of economic development and could sizably contribute to the growth of GDP, exports and new employment.

At present, Montenegro lacks administrative capacity in the Competitiveness and Innovation sector, mainly due to the number of institutions involved in the implementation of different strategies. As a consequence, this fragmentation negatively affects competitiveness. There is a need to further strengthen administrative capacity and ensure strong inter-ministerial coordination for implementation of SME and innovation policies, COSME, EU programmes and other support programmes. It is also necessary to further strengthen administrative capacities and to enhance the technical competencies of the institutions within the sector in order to implement relevant laws, finalise the harmonisation of laws with the EU Acquis and implement SME policies and programmes. In addition, the capacities of key stakeholders to create and implement policies and programmes need to be improved. This assumes the development of key strategic documents related to competitiveness and innovation as well as capacity building for policy making institutions and implementing agencies.

Furthermore, access to finance for SMEs remains a major challenge, as lending to the private sector has not yet recovered to pre-crisis levels. The low credit growth is the result of cumulative risk aversion among banks due to the high level of nonperforming loans (NPLs), poor investment readiness and financial literacy among SMEs. The non-bank financial sector is small. Corporate lending of the state-run Investment Development Fund (IDF) represents 3% of GDP, compared to 28% of GDP from commercial banks.

In order to achieve economic development goals, it will be necessary to address the main problems of the sector. In that regard, the main issues to be addressed in terms of innovation and entrepreneurship are:

- Low level of enterprise productivity and competitiveness,

- Low number of enterprises whose development is based upon knowledge and innovation;

- Insufficient cooperation between enterprises and science that limits the progress necessary to facilitate goals assigned in the field of innovation;

- Current financial and non-financial institutional support is not fully developed and does not meet the development needs of SMEs.

Based upon the key issues to be further addressed, the main challenges facing SMEs are[[1]](#footnote-2):

- Inadequate and inequitable market governance;

- Underdeveloped value chain infrastructure which enhances the marginalization of SMEs;

- High transaction costs associated with sourcing and transporting/shipping products;

- Limited access to capital, relevant information and know-how for emerging businesses.

The relevant strategic documents foresee the implementation of different support grant schemes to improve financing for SMEs and clusters i.e. overall improvement of private sector competitiveness though enhancement of the business environment. The key constraints, problems and opportunities are highlighted in the national strategic plans and policies:

- Montenegro Economic Reform Programme 2016-2018;

- Montenegro Development Directions 2015-2018;

- Strategy for Regional Development of Montenegro 2014-2020;

- Strategy for Sustainable Economic Growth in Montenegro through the Introduction of Business Clusters 2012- 2016;

- Strategy for Innovation Activity 2016-2020;

- Industrial Policy of Montenegro until 2020.

All these documents prescribe solutions for implementation of structural reforms that are crucial for improving competitiveness and innovation of the private sector in Montenegro. According to these national strategic guidelines, the enhancement of the business environment and competitiveness of the private sector of Montenegro is the precondition for sustainable economic development.

SMEs are the foundation for development of a competitive private sector. However due to their small size, they often face considerable barriers to growth due to constrained bargaining power in the purchase of inputs and limited ability to leverage the market opportunities for the delivery of large stocks of standardised products. A potential solution to this problem was introduced to Montenegro by UNIDO in 2009 in the form of cluster development to support SMEs. UNIDO provided support to the Ministry of Economy in building local capacity on cluster development, conducting a mapping of existing SME clusters and in developing a national cluster strategy.

Clusters can play a significant role in innovation, due to their absorption capacity for innovation enhancement, diffusion of technologies and knowledge support continuous improvement of technological processes. Thus far, the existing support to cluster development in Montenegro has been aimed at resolving the bottlenecks in production through the purchase of equipment, but it has not yet reached the level required for sustainable development of these clusters.

Additional support for development of SMEs and innovation has also been provided though the establishment of the first Innovation and Entrepreneurship Centre Tehnopolis in Niksic in 2016. The main objective for the establishment of Tehnopolis was to set up the required infrastructure for increasing research and innovation capacity of the private sector. Tehnopolis provides information infrastructure, professional and consulting services, support for cooperation with potential partners for participation in national and international programmes in various fields of science, users of scientific research services institutions, higher education institutions and other innovative organizations and companies. Tehnopolis offers space for the development of existing SMEs and start-ups. Within the Tehnopolis facilities companies can use research infrastructure that they could not otherwise access, i.e. Laboratory for Biochemistry, Industrial Design Laboratory, and Data Centre, meeting rooms, multimedia hall and cybercafé.

This action focuses on strengthening administrative capacities and framework for coordination, planning and implementation within the Competitiveness and Innovation sector through targeted support for development, research and innovation. It addresses a number of priorities within the Accession Partnership and represents a continuation of an ongoing activities and support to the relevant negotiation chapters[[2]](#footnote-3). By strengthening capacities for coordination and implementation of key policies for competitiveness, it is anticipated that local SMEs will benefit from an improved business environment. In addition, this call for proposals addresses the requirements to improve the efficiency of innovation and the promotion of entrepreneurship and development of SMEs. In that regard, it will be necessary to provide targeted support to SMEs in order to prepare them to compete successfully in the EU. One of the results expected to be achieved is to increase the competitiveness of SMEs through preparation of competitiveness support grant schemes, which should be directly linked with assistance to Montenegrin SMEs to comply with EU and international quality standards.

The key stakeholders and beneficiaries of the action are the Ministries of Economy, Ministry of Finance, Ministry of Science, Ministry of Sustainable Development and Tourism, the Directorate for Development of Small and Medium Enterprises, the Investment Development Fund, local self-government units, civil society organisations, the Chamber of Economy, Union of Employers of Montenegro and the Montenegrin Investment Promotion Agency and Quality Infrastructure institutions.

**Linked activities:**

This Programme builds on previous financial support provided under IPA 2007-2013, targeted at enhancing competitiveness and private sector development.

**IPA 2008 Project BESRE** – **Technical Assistance to improve the Business Environment for Small and Rural Enterprises** focused on strengthening the administrative capacity by providing assistance for better coordination, implementation and evaluation of policies targeting competitiveness and innovation. The need for implementation of new business models and recommendation to local government and local stakeholders to place emphasis on providing business information and advice to new entrepreneurs was identified by this project.

**IPA 2011 Project - Enhancing the competitiveness of local SMEs in Montenegro through cluster development** improved market access of selected SME clusters of SMEs and networks, especially in the less developed northern region municipalities. The project assisted the establishment of 4 clusters with high development potential and supported those government institutions responsible for implementing the National Cluster Strategy. This project was implemented by UNIDO and UNDP.

**IPA 2012 Project - Technical Assistance for the preparation of the Industrial Policy for Montenegro.** This project produced the Industrial Policy of Montenegro 2020, including the institutional framework and mechanisms for its implementation and monitoring. In addition, it strengthened administrative capacities in line with EU integrated industrial policy orientation and principles.

In addition, several national programmes[[3]](#footnote-4) have been implemented for supporting innovation, introduction of standards and business clusters development to enhance SME competitiveness.

***The programme for the promotion of cluster development in Montenegro*** - The objective of the programme is to provide financial support to business entities that are grouped into clusters through investments in tangible, intangible and operating costs, in order to strengthen cluster capacity and positioning on the domestic and foreign markets. The Ministry of Economy provides support up to 65% of eligible costs for purchase of equipment, for clusters operating in the territory of less developed units of local self-government, or up to 50% of eligible costs for clusters from other areas, up to a maximum of €15.000 per applicant.

***The programme for increasing regional and local competitiveness through compliance with the requirements of international business standards for the period 2017-2020*** - The programme provides financial support to business entities from less developed municipalities to improve their operations, primarily through harmonisation with the requirements of international product standards and support for obtaining accreditation for conformity assessment. The programme reimburses costs incurred by SMEs for accreditation and conformity assessment bodies and implementation of standards/certification/recertification. The approved assistance is up to 70% of the eligible costs for small businesses, or up to 60% of eligible costs for medium-sized companies, to a maximum of €5,000 per applicant

***Industrial Modernization Support Programme*** - The programme supports investments in technical equipment of production capacities by co-financing the eligible costs of procuring equipment (up to 20% for entrepreneurs, micro and small companies, or up to 10% for medium-sized companies). The approved grants cannot be less than €5,000 or greater than €20,000. The entrepreneur must previously be a beneficiary of an Investment and Development Fund loan.

***The Innovation Improvement Programme in Small and Medium Enterprises*** – The programme is designed to improve the efficiency of manufacturing SMEs, by co-financing a maximum 50% of the eligible costs up to €2,500 excluding VAT.

***Mentoring programme for small and medium enterprises*** - The programme links entrepreneurs with mentors to enhance future business performance. The mentor undertakes an analysis of the current situation in the company; assists in preparing development activities/plans/projects and their implementation; advises and coordinates activities to access funds and/or Government programmes for business development, new technologies, consulting services, etc.; assists in finding new business partners and establishing business cooperation.

***Support programme for entrepreneurship development*** - The Investment Development Fund of Montenegro provides loans up to a maximum of €50.000, at an interest rate of 2.5% annually, with a repayment period of up to 12 years and a grace period of up to 4 years. For entities implementing projects in northern region municipalities and in municipalities below the national average development level, the interest rate is 2% annually.

Other donors that provide support in this sector are GIZ, USAID, UNDP, UNIDO, the Kingdom of Norway etc. Support from these institutions/programmes is related to improving competitiveness; local and regional development, cluster development etc.

In 2016, a ***Study on enhancement of investments in metal industry based on energy efficiency and increasing performance in environment protection*** was undertaken in cooperation with UNIDO to identify low cost options that can be implemented by companies for cleaner production.

Similarly, a ***Study on mapping potentials for establishing mechanism and cooperation programmes in area of strengthening innovation and modernisation of priority industrial sectors***was undertaken with UNIDO to map service providers in the field of innovation enhancement for the industrial sector, and identify opportunities for establishing mechanisms to strengthen innovation and modernisation of priority industrial sectors.

* 1. Objectives of the programme

The **global objective** of this Call for Proposals is to further enhance the business environment and competitiveness of the private sector of Montenegro.

The **specific objective** of this Call for Proposals is to strengthen the administrative capacity and operational framework for coordination, planning and implementation within the Competitiveness and Innovation sector through targeted support for development, research and innovation.

This Call for Proposals foresees the award of a single grant contract to cover all of the actions outlined under section 2.1.4. The applicant is expected to ensure that the specific objective and the expected results are addressed through the proposal.

The **results** to be achieved within this Call for Proposals are the following:

1. Developed strategic and operational framework for implementation of policies for enhancement of the competitiveness and innovation;
2. Strengthened institutional, technical and administrative capacities for the implementation of Competitiveness and Innovation policies, including actions targeting the improvement of research and innovation capacities of SMEs;
3. Strengthened competitiveness and innovation of clusters and business entities, improved business performance, productivity and profitability

**Project beneficiaries**

The project beneficiaries will be the Ministry of Economy, Ministry of Finance, Ministry of Science, Ministry of Sustainable Development and Tourism, Directorate for Development of Small and Medium Enterprise and the Montenegrin Investment Promotion Agency. Other project beneficiaries will be SMEs, Clusters, Chambers of Commerce, Tehnopolis, the Business Centre Network, and any other public/private organisations involved in the competitiveness and innovation sector.

Where possible, the project should address cross-cutting issues related to gender-equality and vulnerable and/or marginalized groups and unemployment (youth, persons with disabilities, elderly people, indigenous people, ethnic or religious minorities).

* 1. Financial allocation provided by the contracting authority

The overall indicative amount made available under this call for proposals is **€1,660,000**. The Contracting Authority reserves the right not to award all available funds.

**Size of grants**

Any grant requested under this Call for Proposals must be equal or less than the available budget, i.e. € 1,660,000.

Any grant requested under this call for proposals must fall between the following minimum and maximum percentages of total eligible costs of the action:

* **Maximum percentage: 100% of the total eligible costs of the action (see also section 2.1.5).**

The grant may cover the entire eligible costs of the action if this is deemed essential to carry it out. If that is the case, the lead applicant must justify full financing in section 2.1 of Part B of the grant application form. The validity of the justification provided will be examined during the evaluation procedure. The absence of any justification may lead to the rejection of the application.

1. Rules FOR thIS call for proposalS

These guidelines set out the rules for the submission, selection and implementation of the actions financed under this call, in conformity with the Practical Guide, which is applicable to the present call (available on the Internet at this address <http://ec.europa.eu/europeaid/prag/document.do?locale=en>).[[4]](#footnote-5)

* 1. Eligibility criteria

There are three sets of eligibility criteria, relating to:

1. the actors:
* The '**lead applicant'**, i.e. the entity submitting the application form (2.1.1),
* If any, its **co-applicant(s)** (**where it is not specified otherwise the lead applicant and its co-applicant(s) are hereinafter jointly referred as "*applicant(s)***") (2.1.1),
* If any, **affiliated entity(ies)** to the lead applicant and/or to a co-applicant(s). (2.1.2);
1. the actions:

Actions for which a grant may be awarded (2.1.4);

1. the costs:
* Types of cost that may be taken into account in setting the amount of the grant (2.1.5).
	+ 1. Eligibility of applicants (i.e. lead applicant and co-applicant(s))

**Lead applicant**

(1) In order to be eligible for a grant, the lead applicant must:

* be a legal person, **and**
* be non-profit-making or profit making organisation which is aware that the grant cannot be used for making profit, **and**
* be a specific type of organisation such as:
	+ Ministry or other relevant Government body;
	+ Public body,
	+ relevant mandated body of a Government Department or public authority of an European Union Member State in the fields related to this action,
	+ International (intergovernmental) Organisation [[5]](#footnote-6)

as defined by Article 43 of the Rules of application of the EU Financial Regulation **and**

* Be established in[[6]](#footnote-7) a European Union Member State. This obligation does not apply to international organisations, **and**
* Be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), if any, not acting as an intermediary.

(2) Potential applicants may not participate in calls for proposals or be awarded grants if they are in any of the situations listed in section 2.3.3 of the Practical Guide;

In Part B section 8 of the grant application form (‘declaration by the lead applicant’), the lead applicant must declare that the lead applicant himself, the co-applicant(s) and affiliated entity(ies) are not in any of these situations.

The lead applicant may act individually or with co-applicant(s).

If awarded the grant contract, the lead applicant will become the beneficiary identified as the Coordinator in Annex E3h1 (Special Conditions). The Coordinator is the main interlocutor of the Contracting Authority. It represents and acts on behalf of any other co-beneficiary (if any) and coordinates the design and implementation of the action.

**Co-applicant(s)**

Co-applicants participate in designing and implementing the action, and the costs they incur are eligible in the same way as those incurred by the lead applicant.

Co-applicants must satisfy the eligibility criteria as applicable to the lead applicant himself.

Co-applicants must sign the mandate in Part B section 4 of the grant application form.

If awarded the grant contract, the co-applicant(s) (if any) will become beneficiary(ies) in the action (together with the Coordinator).

* + 1. Affiliated entities

Affiliated entity(ies)

The lead applicant and its co-applicant(s) may act with affiliated entity(ies).

**Only the following entities may be considered as affiliated entities to the lead applicant and/or to co-applicant(s):**

Entities having a structural link with the applicants (i.e. the lead applicant or a co-applicant), in particular a legal or capital link.

This structural link encompasses mainly two notions:

(i) Control, as defined in Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings:

Entities affiliated to an applicant may therefore be:

* Entities directly or indirectly controlled by the applicant (daughter companies or first-tier subsidiaries). They may also be entities controlled by an entity controlled by the applicant (granddaughter companies or second-tier subsidiaries) and the same applies to further tiers of control;
* Entities directly or indirectly controlling the applicant (parent companies). Likewise, they may be entities controlling an entity controlling the applicant;
* Entities under the same direct or indirect control as the applicant (sister companies).

(ii) Membership, i.e. the applicant is legally defined as a e.g. network, federation, association in which the proposed affiliated entities also participate or the applicant participates in the same entity (e.g. network, federation, association) as the proposed affiliated entities.

The structural link shall as a general rule be neither limited to the action or established for the sole purpose of its implementation. This means that the link would exist independently of the award of the grant; it should exist before the call for proposals and remain valid after the end of the action.

By way of exception, an entity may be considered as affiliated to an applicant even if it has a structural link specifically established for the sole purpose of the implementation of the action in the case of so-called “sole applicants” or “sole beneficiaries”. A sole applicant or a sole beneficiary is a legal entity formed by several entities (a group of entities) which together comply with the criteria for being awarded the grant. For example, an association is formed by its members.

##### What is not an affiliated entity?

The following are not considered entities affiliated to an applicant:

* Entities that have entered into a (procurement) contract or subcontract with an applicant, act as concessionaires or delegates for public services for an applicant;
* Entities that receive financial support from the applicant;
* Entities that cooperate on a regular basis with an applicant on the basis of a memorandum of understanding or share some assets;
* Entities that have signed a consortium agreement under the grant contract (unless this consortium agreement leads to the creation of a "sole applicant" as described above).

How to verify the existence of the required link with an applicant?

The affiliation resulting from control may in particular be proved on the basis of the consolidated accounts of the group of entities the applicant and its proposed affiliates belong to.

The affiliation resulting from membership may in particular be proved on the basis of the statutes or equivalent act establishing the entity (network, federation, association) which the applicant constitutes or in which the applicant participates.

If the applicants are awarded a grant contract, their affiliated entity(ies) will not become beneficiary(ies) of the action and signatory(ies) of the grant contract. However, they will participate in the design and in the implementation of the action and the costs they incur (including those incurred for implementation contracts and financial support to third parties) may be accepted as eligible costs, provided they comply with all the relevant rules already applicable to the beneficiary(ies) under the grant contract.

Affiliated entity(ies) must satisfy the same eligibility criteria as the lead applicant and the co-applicant(s). They must sign the affiliated entity(ies) statement in Part B section 5 of the grant application form.

* + 1. Associates and Contractors

The following entities are neither applicants or affiliated entities and do not have to sign the "mandate for co-applicant(s)" or "affiliated entities' statement":

1. Associates

Other organisations or individuals may be involved in the action. Such associates play a real role in the action but may not receive funding from the grant, with the exception of per diem or travel costs. Associates do not have to meet the eligibility criteria referred to in section 2.1.1. Associates must be mentioned in Part B section 6 — ‘Associates participating in the action’ — of the grant application form.

1. Contractors

The beneficiaries and their affiliated entities are permitted to award contracts. Associates or affiliated entity(ies) cannot be also contractors in the project. Contractors are subject to the procurement rules set out in Annex IV to the standard grant contract.

* + 1. Eligible actions: actions for which an application may be made

Definition:

An action is composed of a set of activities.

Duration

The initial planned duration of an action may not be lower than 18 months nor exceed 36 months.

Sectors or themes

1. Private Sector Competitiveness,
2. Business environment,
3. Industrial and SME development,
4. Financial support to SMEs and clusters,
5. Innovation policy,
6. Enhancement of co-operation between Science and Industry

Location

Actions will take place in the following country: **Montenegro.**

When necessary for the successful implementation of the project, some of the activities may take place in EU Member States and/or in any of the IPA eligible countries (e.g. study visits or internships).

Types of action

Non-exhaustive list of types of action, which may be financed under this call:

* Development of strategic and operational framework for strengthening private sector of Montenegro;
* Capacity building for all actors responsible for implementation of Competitiveness and Innovation policies;
* Actions targeting the improvement of competitiveness, research and innovation capacities of SMEs and clusters;
* Policy research, gaps and needs analysis on the quality of strategic documents and practices;
* Transfer of good policy practices to SMEs to address competitiveness, entrepreneurship, environment and sustainable development, education;

The following types of action are ineligible:

1. actions concerned only or mainly with individual sponsorships for participation in workshops, seminars, conferences and congresses;
2. actions concerned only or mainly with individual scholarships for studies or training courses;
3. actions concerned only or mainly with study visits or participation in international forums;
4. infrastructure projects or projects essentially focused on the purchase of equipment;
5. purchase and/or renovation of buildings or offices;
6. activities undertaken before signature of the contract;
7. actions aimed at profit making activities;
8. actions related to charitable donations;
9. Actions already funded by other Community programmes.

Types of activities

Non-exhaustive list of types of action which may be financed under this call as supporting activities and are not limited to these types of activities:

Research and analysis of the current Industrial and SME policy setup in Montenegro;

Organisation of seminars, conferences, workshops, round tables in order to increase the awareness, involvement and capacity of the stakeholders in the Competitiveness and Innovation Sector;

Preparation of policy papers, evidence based research, reports and information facts, related to specific strategies and programmes;

Organisation of public events to enhance visibility of national policies and strategies by relevant stakeholders;

Establishment of pilot grant scheme for support in development of SMEs;

Publication of leaflets, brochures, manuals of best practices.

**Activities under Result 1: Developed strategic and operational framework for implementation of policies for enhancement of the competitiveness and innovation**

1. **Supporting activities for implementation of the Industrial policy of Montenegro, monitoring and evaluation mechanisms and strengthening administrative capacities**.
* Following the Mid-term review (MTR) of the Industrial Policy of Montenegro 2020 and based on the assessment and identified recommendations for follow-up actions, provide support to stakeholders in the implementation of the revised Industrial policy where it is deemed appropriate to do so.
1. **Development of the Programme for supporting industry modernisation -** the requirement for further support in the area of industrial modernisation has been recognised. Based on the previously implemented support programmes in this field[[7]](#footnote-8), this activity assumes:
	* Identification of the main needs of enterprises in terms of procurement and planning of equipment supply based on the current state of affairs;
	* Description of the methods for implementation of sustainable investments in technological modernization;
	* Assembling at least one promotional event regarding this programme per each region of the country.[[8]](#footnote-9)
2. **Development of the Strategy for Development of Small and Medium Sized Enterprises 2018-2022 and associated Action plan**[[9]](#footnote-10)based on Strategic guidelines
3. **Revision of the Smart Specialisation Strategy and associated Action plan** [[10]](#footnote-11)
4. **Development of Guidelines to potential applicants on project preparation for the COSME and other EU programmes related to the Competitiveness and Innovation sector**
5. **Development of Strategy for Cluster Development in Montenegro 2020-2022 and associated Action Plan.** The strategy should summarise:
	* The current status of clusters in Montenegro;
	* Briefly outline a comprehensive set of suitable measures to carry out joint actions for cluster development;
	* Establish and/or consolidate cluster governance structures and make them operational;
	* Comprise inter alia yet without being limited to: measures for strengthening vertical networking and clustering of companies that are part of various levels of the product/service value chain, especially focusing on integration between existing clusters in agro-food sector and tourism industry.

**Activities under Result 2: Strengthened institutional, technical and administrative capacities for the implementation of Competitiveness and Innovation policies, including actions targeting the improvement of research and innovation capacities of SMEs.**

1. Delivery of trainings and exchange of good practices for policy makers and business support institutions at the national and local level in order to enhance efficient planning, coordination and implementation of policies and programmes[[11]](#footnote-12) within the competitiveness and innovation sector;
2. Conducting public promotion and awareness raising campaigns at national level about all deliverables of the Grant;
3. Technical assistance for drafting tender dossier for supply of the equipment for Tehnopolis laboratories (bio-chemical laboratory, laboratory for industrial design and data centre) for IPA 2016 programme and on-site training for Tehnopolis staff and stakeholders;
4. Technical assistance for programming, contracting and implementation of activities under IPA 2016-2020 perspective in the Competitiveness and Innovation sector (i.e. assistance in preparation of an appropriate tender dossiers and planning documents);
5. Advanced trainings and workshops for skills development within Project Implementation Unit (PIU) of the Ministry of Economy (leading institution for Competitiveness and Innovation sector);
6. Arranging at least one study visit to relevant EU Member States with a strong institutional capacity and mechanisms for implementation of Competitiveness and Innovation policies;
7. Capacity building of the Ministry of Economy.

**Activities under Result 3: Strengthened competitiveness and innovation of clusters and business entities, improved business performance, productivity and profitability[[12]](#footnote-13), positioning towards higher value-added products, etc.**

1. Preparation and implementation of a pilot Support Grant Scheme for SMEs and clusters based upon the previously developed and revised national policies and strategies under result 1 (see chapter *2.1.4. Eligible actions: actions for which an application may be made*, section: *Financial support to third parties under*)
2. Providing all necessary conditions securing successful application by SMEs and clusters[[13]](#footnote-14) within pilot Support Grant Scheme for SMEs and clusters:
* Workshops for potential applicants in order to submit project proposals in terms of quality required;
	+ Information sessions following the publication of the call for proposals which will be held in at least six largest municipalities;
	+ Defining clear and precise selection criteria based on the degree of improvement of business performance, productivity and profitability;
	+ Providing assistance in the evaluation of grant applications;
	+ Monitoring the implementation of the grants based on developed indicators;
1. Assistance in preparation of IPA projects for cluster development including:
	* Workshops for project proposals preparation and drafting application forms;
	* Assistance for implementation of the projects targeting potential and existing project assistants, coordinators and managers;
	* Provision of one-by-one tailored support to project preparation.
2. Training Programme for Clusters
	* Training sessions for cluster managers/potential cluster managers and operational staff of cluster governance structures
	* Any other training on topics identified as relevant by TNA.

Financial support to third parties[[14]](#footnote-15)

Applicants may propose financial support to third parties in order to help achieving the objectives of the action.

The maximum amount of financial support per third party is € 60,000.

Under this call, financial support to third parties may not be the main purpose of the action.

In compliance with the present guidelines and notably of any conditions or restrictions in this section, the lead applicant should define mandatorily in section 2.1.1 of the grant application form:

1. the objectives and results to be obtained with the financial support
2. the different types of activities eligible for financial support, on the basis of a fixed list
3. the types of entities (SMEs and Clusters) which may receive financial support

(iv) the criteria for selecting these entities and giving the financial support

1. the criteria for determining the exact amount of financial support for each third entity, and
2. the maximum amount which may be given.

In all events, the mandatory conditions set above for giving financial support (points (i) to (vi)) have to be strictly defined in the grant contract as to avoid any exercise of discretion.

Types of activities eligible for financial support are:

- Introduction of internationally recognised standards,

- Quality management,

- Energy saving technologies,

- Strengthening of innovative potential in SMEs,

- Industry modernization,

- Other activities that can be categorized as productively efficient and competitively effective.

**Only for activities under Result 3: Strengthened competitiveness and innovation of clusters and business entities, improved business performance, productivity and profitability, applicants may propose financial support to third parties.**

Visibility

The applicants must take all necessary steps to publicise the fact that the European Union has financed or co-financed the action. As far as possible, actions that are wholly or partially funded by the European Union must incorporate information and communication activities designed to raise the awareness of specific or general audiences of the reasons for the action and the EU support for the action in the country or region concerned, as well as the results and the impact of this support.

Applicants must comply with the objectives and priorities and guarantee the visibility of the EU financing (see the Communication and Visibility Manual for EU external actions specified and published by the European Commission at <http://ec.europa.eu/europeaid/funding/communication-and-visibility-manual-eu-external-actions_en>).

Number of applications and grants per applicants / affiliated entities

The lead applicant **may not** submit more than one application under this call for proposals.

The lead applicant **may not** be awarded more than one grant under this call for proposals.

The lead applicant **may not** be a co-applicant or an affiliated entity in another application at the same time.

A co-applicant/affiliated entity **may not** be the co-applicant or an affiliated entity in more than one application under this call for proposals.

A co-applicant/affiliated entity **may not** be awarded more than one grant under this call for proposals.

* + 1. Eligibility of costs: costs that can be included

Only ‘eligible costs’ can be covered by a grant. The categories of costs that are eligible and non-eligible are indicated below. The budget is both a cost estimate and an overall ceiling for ‘eligible costs’.

The reimbursement of eligible costs may be based on any or a combination of the following forms:

* actual costs incurred by the beneficiary(ies) and affiliated entity(ies)
* one or more simplified cost options.

Simplified cost options may take the form of:

* **unit costs:** covering all or certain specific categories of eligible costs which are clearly identified in advance by reference to an amount per unit.
* **lump sums:** covering in global terms all or certain specific categories of eligible costs which are clearly identified in advance.
* **flat-rate financing:** covering specific categories of eligible costs which are clearly identified in advance by applying a percentage fixed ex ante.

The amounts or rates have to be based on estimates using objective data such as statistical data or any other objective means or with reference to certified or auditable historical data of the applicants or the affiliated entity(ies). The methods used to determine the amounts or rates of unit costs, lump sums or flat-rates must comply with the criteria established in Annex K, and especially ensure that the costs correspond fairly to the actual costs incurred by the beneficiary(ies) and affiliated entity(ies), are in line with their accounting practices, no profit is made and the costs are not already covered by other sources of funding (no double funding). Refer to Annex K for directions and a checklist of controls to assess the minimum necessary conditions that provide reasonable assurance for the acceptance of the proposed amounts.

Applicants proposing this form of reimbursement, must clearly indicate in worksheet no.1 of Annex B, each heading/item of eligible costs concerned by this type of financing, i.e. add the reference in capital letters to "UNIT COST" (per month/flight etc.), "LUMP SUM", "FLAT RATE" in the Unit column (see example in Annex K).

Additionally, in Annex B, in the second column of worksheet no.2, "Justification of the estimated costs" per each of the corresponding budget item or heading applicants must:

* describe the information and methods used to establish the amounts of unit costs, lump sums and/or flat-rates, to which costs they refer, etc.
* clearly explain the formulas for calculation of the final eligible amount[[15]](#footnote-16)
* identify the beneficiary who will use the simplified cost option (in case of affiliated entity, specify first the beneficiary), in order to verify the maximum amount per each beneficiary (which includes if applicable simplified cost options of its affiliated entity(ies))

At contracting phase, the Contracting Authority decides whether to accept the proposed amounts or rates on the basis of the provisional budget submitted by the applicants, by analysing factual data of grants carried out by the applicants or of similar actions and by performing checks established by Annex K.

The total amount of financing on the basis of simplified cost options that can be authorised by the Contracting Authority for any of the applicants individually (including simplified cost options proposed by their own affiliated entities) cannot exceed €60 000 (the indirect costs are not taken into account).

Recommendations to award a grant are always subject to the condition that the checks preceding the signing of the grant contract do not reveal problems requiring changes to the budget (such as arithmetical errors, inaccuracies, unrealistic costs and ineligible costs). The checks may give rise to requests for clarification and may lead the Contracting Authority to impose modifications or reductions to address such mistakes or inaccuracies. It is not possible to increase the grant or the percentage of EU co-financing as a result of these corrections.

It is therefore in the applicants' interest to provide a **realistic and cost-effective budget**.

The simplified cost option may also take the form of an apportionment of Field Office's costs.

Field Office means a local infrastructure set up in one of the countries where the action is implemented or a nearby country. (Where the action is implemented in several third countries there can be more than one Field Office). That may consist of costs for local office as well as human resources.

A Field Office may be exclusively dedicated to the action financed (or co-financed) by the EU or may be used for other projects implemented in the partner country. When the Field Office is used for other projects, only the portion of capitalised and operating costs which corresponds to the duration of the action and the rate of actual use of the field office for the purpose of the action may be declared as eligible direct costs.

The portion of costs attributable to the action can be declared as actual costs or determined by the beneficiary(ies) on the basis of a simplified allocation method (apportionment).

The method of allocation has to be:

1. Compliant with the beneficiary's usual accounting and management practices and applied in a consistent manner regardless of the source of funding and

2. Based on an objective, fair and reliable allocation keys. (Please refer to Annex K to have examples of acceptable allocation keys).

A description prepared by the entity of the allocation method used to determine Field Office's costs in accordance with the entity's usual cost accounting and management practices and explaining how the method satisfy condition 1 and 2 indicated above, has to be presented in a separate sheet and annexed to the Budget.

The method will be assessed and accepted by the evaluation committee and the Contracting Authority during the contracting phase. The applicant is invited to submit (where relevant) the list of contracts to which the methodology proposed had been already applied and for which proper application was confirmed by an expenditure verification.

At the time of carrying out the expenditure verifications, the auditors will check if the costs reported are compliant with the method described by the beneficiary(ies) and accepted by the Contracting Authority.

Adequate record and documentation must be kept by the beneficiary(ies) to prove the compliance of the simplified allocation method used with the conditions set out above. Upon request of the beneficiary(ies), this compliance can be assessed and approved ex-ante by an independent external auditor. In such a case, the simplified allocation method will be automatically accepted by the evaluation committee and it will not be challenged ex post.

When costs are declared on the basis of such allocation method the amount charged to the action is to be indicated in the column "TOTAL COSTS" and the mention "APPORTIONMENT" is to be indicated in the column "units" (under budget heading 1 (Human resources) and 4 (Local Office) of the Budget).

Eligible direct costs

To be eligible under this call for proposals, costs must comply with the provisions of Article 14 of the General Conditions to the standard grant contract (see Annex G of the guidelines).

Salary costs of the personnel of national administrations may be eligible to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the action were not undertaken.

Contingency reserve

The budget may include a contingency reserve not exceeding 5 % of the estimated direct eligible costs. It can only be used with the **prior written authorisation** of the Contracting Authority.

Eligible indirect costs

The indirect costs incurred in carrying out the action may be eligible for flat-rate funding, but the total must not exceed 7 % of the estimated total eligible direct costs. Indirect costs are eligible provided that they do not include costs assigned to another budget heading in the standard grant contract. The lead applicant may be asked to justify the percentage requested before the grant contract is signed. However, once the flat rate has been fixed in the Special Conditions of the grant contract, no supporting documents need to be provided.

If any of the applicants or affiliated entity(ies) is in receipt of an operating grant financed by the EU, it may not claim indirect costs on its incurred costs within the proposed budget for the action.

Contributions in kind

Contributions in kind mean the provision of goods or services to beneficiaries or affiliated entities free of charge by a third party. As contributions in kind do not involve any expenditure for beneficiaries or affiliated entities, they are not eligible costs.

Contributions in kind may not be treated as co-financing.

However, if the description of the action as proposed includes contributions in kind, the contributions have to be made.

Ineligible costs

The following costs are not eligible:

* Debts and debt service charges (interest);
* Provisions for losses or potential future liabilities;
* Costs declared by the beneficiary(ies) and financed by another action or work programme receiving a European Union (including through EDF) grant;
* Purchases of land or buildings, except where necessary for the direct implementation of the action, in which case ownership must be transferred in accordance with Article 7.5 of the General Conditions of the standard grant contract, at the latest at the end of the action;
* Currency exchange losses;
* Credit to third parties;
* Taxes, including value added taxes, when they are recoverable under national VAT legislation;
* Fines, financial penalties and expenses of litigation;
* Second hand equipment;
* Contribution in kind;
* Depreciation costs.
	1. How to apply and the procedures to follow

Information in PADOR will not be drawn upon in the present call.

* + 1. Application forms

Applications must be submitted in accordance with the instructions on the concept note and the full applications in the grant application form annexed to these guidelines (Annex A).

Applications must be submitted in the English language.

Any error or major discrepancy related to the points listed in the instructions on the concept note or any major inconsistency in the application e.g. if the amounts in the budget worksheets are inconsistent, may lead to the rejection of the application.

Clarifications will only be requested when the information provided is unclear and thus prevents the Contracting Authority from conducting an objective assessment.

Hand-written applications will not be accepted.

Please note that only the grant application form and the published annexes which have to be filled in (budget, logical framework) will be evaluated. It is therefore of utmost importance that these documents contain ALL the relevant information concerning the action. No additional annexes should be sent.

* + 1. Where and how to send applications

Applications must be submitted in one original and 3 (three) copies in A4 size, each bound. The complete application form (Part A: concept note and Part B: full application form), budget and logical framework must also be supplied in electronic format (CD-ROM) in a separate and single file (i.e. the application must not be split into several different files). The electronic file must contain **exactly the same** application as the paper version enclosed.

The checklist (section 7 of Part B of the grant application form) and the declaration by the lead applicant (section 8 of Part B of the grant application form) must be stapled separately and enclosed in the envelope.

Where a lead applicant sends several different applications (if allowed to do so by the guidelines of the call), each one has to be sent separately.

The outer envelope must bear the **reference number and the title of the call for proposals**, together with the full name and address of the lead applicant, and the words ‘Not to be opened before the opening session’ and “*Ne otvarati prije sastanka za otvaranje prijedloga projekata*”.

Applications must be submitted in a sealed envelope by registered mail, private courier service or by hand-delivery (a signed and dated certificate of receipt will be given to the deliverer) at the address below:

Postal address:

Ministry of Finance

Directorate for Finance and Contracting of the EU Assistance Funds

Stanka Dragojevića 2,

81000 Podgorica

Address for hand delivery or by private courier service:

Ministry of Finance

Directorate for Finance and Contracting of the EU Assistance Funds

Stanka Dragojevića 2

81000 Podgorica

***Please note that the opening hours of the Ministry of Finance – The Directorate for Finance and Contracting of the EU Assistance Funds are 7:00–15:00h.***

Applications sent by any other means (e.g. by fax or by e-mail) or delivered to other addresses will be rejected.

**Lead applicants must verify that their application is complete using the checklist (section 7 of Part B of the grant application form). Incomplete applications may be rejected.**

* + 1. Deadline for submission of applications

The deadline for the submission of applications is 8th May 2018, as evidenced by the date of dispatch, the postmark or the date of the deposit slip. In the case of hand-deliveries, the deadline for receipt is at 14:00h local time, as evidenced by the signed and dated receipt. Any application submitted after the deadline will automatically be rejected.

However, for reasons of administrative efficiency, the Contracting Authority may reject any application sent in due time but received after the effective date of approval of the first evaluation step (i.e. concept note) (see indicative calendar under section 2.5.2).

* + 1. Further information about applications

Notice on information session on this Call for Proposals will be published after publishing call for proposals on:

* the EuropeAid website:

<https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome>

* the website of the Contracting Authority:

the Ministry of Finance of Montenegro - Directorate for Finance and Contracting of the EU Assistance Funds (<http://www.mif.gov.me/en/sections/CFCU_Tenders>).

Questions may be sent by e-mail no later than 21 days before the deadline for the submission of applications to the below address(es), indicating clearly the reference of the call for proposals:

E-mail address: cfcu@mif.gov.me

The Contracting Authority has no obligation to provide clarifications to questions received after this date.

Replies will be given no later than 11 days before the deadline for the submission of applications.

To ensure equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of lead applicants, co-applicants, affiliated entity(ies), an action or specific activities.

Questions that may be relevant to other applicants, together with the answers, will be published on the:

* EuropeAid website:

<https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome> and

* Website of the Contracting Authority:

<http://www.mif.gov.me/en/sections/CFCU_Tenders>,

as the need arises. It is therefore advisable to consult the abovementioned website regularly in order to be informed of the questions and answers published.

* 1. Evaluation and selection of applications

Applications will be examined and evaluated by the Contracting Authority with the possible assistance of external assessors. All applications will be assessed according to the following steps and criteria.

If the examination of the application reveals that the proposed action does not meet the eligibility criteria stated in section 2.1, the application will be rejected on this sole basis.

1. **STEP 1: OPENING & ADMINISTRATIVE CHECKS AND CONCEPT NOTE EVALUATION**

During the opening and administrative check the following will be assessed:

* + - If the deadline has been met. Otherwise, the application will be automatically rejected.
* If the application satisfies all the criteria specified in the checklist in Section 7 of Part B of the grant application form. This includes also an assessment of the eligibility of the action. If any of the requested information is missing or is incorrect, the application maybe rejected on that **sole** basis and the application will not be evaluated further.

The concept notes that pass this check will be evaluated on the relevance and design of the proposed action.

The concept notes will receive an overall score out of 50 using the breakdown in the evaluation grid below. The evaluation will also check the compliance with the instructions on how to complete the concept note, which can be found in Part A of the grant application form.

The evaluation criteria are divided into headings and subheadings. Each subheading will be given a score between 1 and 5 as follows: 1 = very poor; 2 = poor; 3 = adequate; 4 = good; 5 = very good.

|  |  |
| --- | --- |
|  | **Scores** |
| **1. Relevance of the action** Sub-score **30** |
| 1.1 How relevant is the proposal to the objectives and priorities of the call for proposals? | 5x2\* |  |
| 1.2 How relevant to the particular needs and constraints of the target country(ies) or region(s) is the proposal (including synergy with other EU initiatives and avoidance of duplication)? | 5x2\* |  |
| 1.3 How clearly defined and strategically chosen are those involved (final beneficiaries, target groups)? Have their needs been clearly defined and does the proposal address them appropriately? | 5 |  |
| 1.4 Does the proposal contain specific added-value elements, such as environmental issues, promotion of gender equality and equal opportunities, needs of disabled people, rights of minorities and rights of indigenous peoples, or innovation and best practices*?* | 5 |  |
| **2. Design of the action** | Sub-score | **20** |
| 2.1 How coherent is the overall design of the action? In particular, does it reflect the analysis of the problems involved, take into account external factors and relevant stakeholders?  | 5x2\* |  |
| 2.2 Is the action feasible and consistent in relation to the objectives and expected results? | 5x2\* |
| **MAXIMUM TOTAL SCORE** |  | **50** |

\*these scores are multiplied by 2 because of their importance

Once all concept notes have been assessed, a list will be drawn up with the proposed actions ranked according to their total score.

Firstly, only the concept notes with a score of at least 30 will be considered for pre-selection.

Secondly, the number of concept notes will be reduced, taking account of the ranking, to the number of concept notes whose total aggregate amount of requested contributions is equal to 200% of the available budget for this call for proposals. The amount of requested contributions of each concept note will be based on the indicative financial envelopes for each lot, where relevant.

After the evaluation of concept notes, the Contracting Authority will send letters to all lead applicants, indicating whether their application was submitted by the deadline, informing them of the reference number they have been allocated, whether the concept note was evaluated and the results of that evaluation. The evaluation committee will then proceed with the lead applicants whose proposals have been pre-selected.

1. **STEP 2: EVALUATION OF THE FULL APPLICATION**

Firstly, the following will be assessed:

* If the full application satisfies all the criteria specified in the checklist (section 7 of Part B of the grant application form). This includes also an assessment of the eligibility of the action. If any of the requested information is missing or is incorrect, the application may be rejected on that **sole** basis and the application will not be evaluated further.

The full applications that pass this check will be further evaluated on their quality, including the proposed budget and capacity of the applicants and affiliated entity(ies). They will be evaluated using the evaluation criteria in the evaluation grid below. There are two types of evaluation criteria: selection and award criteria.

**The selection criteria** help to evaluate the applicant(s)'s and affiliated entity(ies)'s operational capacity and the lead applicant's financial capacity and are used to verify that they:

* Have stable and sufficient sources of finance to maintain their activity throughout the proposed action and, where appropriate, to participate in its funding (this only applies to lead applicants);
* Have the management capacity, professional competencies and qualifications required to successfully complete the proposed action. This applies to applicants and any affiliated entity(ies).

**The award criteria** help to evaluate the quality of the applications in relation to the objectives and priorities set forth in the guidelines, and to award grants to projects which maximise the overall effectiveness of the call for proposals. They help to select applications which the Contracting Authority can be confident will comply with its objectives and priorities. They cover the relevance of the action, its consistency with the objectives of the call for proposals, quality, expected impact, sustainability and cost-effectiveness.

*Scoring:*

The evaluation grid is divided into sections and subsections. Each subsection will be given a score between 1 and 5 as follows: 1 = very poor; 2 = poor; 3 = adequate; 4 = good; 5 = very good.

**Evaluation Grid**

|  |  |
| --- | --- |
| **Section** | **Maximum Score** |
| **1. Financial and operational capacity** | **20** |
| 1.1 Do the applicants and, if applicable, their affiliated entity(ies) have sufficient experience of project management?  | 5 |
| 1.2 Do the applicants and, if applicable, their affiliated entity(ies) have sufficient technical expertise? (especially knowledge of the issues to be addressed) | 5 |
| 1.3 Do the applicants and, if applicable, their affiliated entity(ies) have sufficient management capacity? (Including staff, equipment and ability to handle the budget for the action)? | 5 |
| 1.4 Does the lead applicant have stable and sufficient sources of finance? | 5 |
| **2. Relevance of the action** | **30** |
| *Score transferred from the Concept Note evaluation* |  |
| **3. Effectiveness and feasibility of the action** | **20** |
| 3.1 Are the activities proposed appropriate, practical, and consistent with the objectives and expected results? | 5 |
| 3.2 Is the action plan clear and feasible? | 5 |
| 3.3 Does the proposal contain objectively verifiable indicators for the outcome of the action? Is any evaluation planned? | 5 |
| 3.4 Is the co-applicant(s)'s and affiliated entity(ies)'s level of involvement and participation in the action satisfactory? | 5 |
| **4. Sustainability of the action**  | **15** |
| 4.1 Is the action likely to have a tangible impact on its target groups? | 5 |
| 4.2 Is the proposal likely to have multiplier effects? (Including scope for replication, extension and information sharing.) | 5 |
| 4.3 Are the expected results of the proposed action sustainable?- financially *(How will the activities be financed after the funding ends?)*- institutionally *(Will structures allowing the activities to continue be in place at the end of the action? Will there be local ‘ownership’ of the results of the action?)*- at policy level (where applicable) *(What will be the structural impact of the action — e.g. will it lead to improved legislation, codes of conduct, methods, etc?)*- environmentally (if applicable) *(Will the action have a negative/positive environmental impact?)* | 5 |
| **5. Budget and cost-effectiveness of the action** | **15** |
| 5.1 Are the activities appropriately reflected in the budget? | /5 |
| 5.2 Is the ratio between the estimated costs and the expected results satisfactory? | /10 |
| **Maximum total score** | **100** |

If the total score for section 1 (financial and operational capacity) is less than 12 points, the application will be rejected. If the score for at least one of the subsections under section 1 is 1, the application will also be rejected.

If the lead applicant applies without co-applicants or affiliated entities the score for point 3.4 shall be 5 unless the involvement of co-applicants or affiliated entities is mandatory according to these guidelines for applicants.

*Provisional selection*

After the evaluation, a table will be drawn up listing the applications ranked according to their score. The highest scoring applications will be provisionally selected until the available budget for this call for proposals is reached. In addition, a reserve list will be drawn up following the same criteria. This list will be used if more funds become available during the validity period of the reserve list.

1. **STEP 3: VERIFICATION OF ELIGIBILITY OF THE APPLICANTS ANDAFFILIATED ENTITY(IES)**

The eligibility verification will be performed on the basis of the supporting documents requested by the Contracting Authority (see section 2.4). It will only be performed for the applications that have been provisionally selected according to their score and within the available budget for this call for proposals.

* The declaration by the lead applicant (section 8 of Part B of the grant application form) will be cross-checked with the supporting documents provided by the lead applicant. Any missing supporting document or any incoherence between the declaration by the lead applicant and the supporting documents may lead to the rejection of the application on that sole basis.
* The eligibility of applicants and the affiliated entity(ies) will be verified according to the criteria set out in sections 2.1.1, 2.1.2 and 2.1.3.

Any rejected application will be replaced by the next best placed application on the reserve list that falls within the available budget for this call for proposals.

* 1. Submission of supporting documents for provisionally selected applications

A lead applicant whose application has been provisionally selected or placed on the reserve list will be informed in writing by the Contracting Authority. It will be requested to supply the following documents in order to allow the Contracting Authority to verify the eligibility of the lead applicant, (if any) of the co-applicant(s) and (if any)of their affiliated entity(ies)[[16]](#footnote-17):

The statutes or articles of association of the lead applicant, (if any) of each co-applicant and (if any) of each affiliated entity[[17]](#footnote-18). Where the Contracting Authority has recognised the lead applicant’s, or the co-applicant(s)’s, or their affiliated entity(ies)’s eligibility for another call for proposals under the same budget line within 2 years before the deadline for receipt of applications, it should be submitted, instead of the statutes or articles of association, a copy of the document proving their eligibility in a former call (e.g. a copy of the Special Conditions of a grant contract received during the reference period), unless a change in legal status has occurred in the meantime[[18]](#footnote-19). This obligation does not apply to international organisations which have signed a framework agreement with the European Commission.

A copy of the lead applicant’s latest accounts (the profit and loss account and the balance sheet for the last financial year for which the accounts have been closed)[[19]](#footnote-20). A copy of the latest account is neither required from (if any) the co-applicant(s) nor from (if any) affiliated entity(ies)).

Legal entity sheet (see Annex D of these guidelines) duly completed and signed by each of the applicants (i.e. by the lead applicant and (if any) by each co-applicant), accompanied by the justifying documents requested there. If the applicants have already signed a contract with the Contracting Authority, instead of the legal entity sheet and supporting documents, the legal entity number may be provided, unless a change in legal status occurred in the meantime.

A financial identification form of the lead applicant (not from co-applicant(s)) conforming to the model attached as Annex E of these guidelines, certified by the bank to which the payments will be made. This bank should be located in the country where the lead applicant is established. If the lead applicant has already submitted a financial identification form in the past for a contract where the European Commission was in charge of the payments and intends to use the same bank account, a copy of the previous financial identification form may be provided instead.

Evidence on the fulfilment of obligation related to social security contributions and payment of taxes, obtained from the relevant tax authorities for the lead applicant and each co-applicant(s). If the lead applicant and the co-applicant(s) are tax exempted, documentary proof regarding the status should be provided.

A copy of lead applicant’s and each co-applicant(s)’s tax registration or a document indicating the tax number from the relevant tax authority. If the lead applicant and the co-applicant(s) are tax exempted, they should prove this with the relevant document.

Documents must be supplied in the form of originals, photocopies or scanned versions (i.e. showing legible stamps, signatures and dates) of the said originals.

Where such documents are not in one of the official languages of the European Union or in the language of the country where the action is implemented, a translation into English of the relevant parts of these documents proving the lead applicant's and, where applicable, co-applicants' and affiliated entity(ies)' eligibility, must be attached for the purpose of analysing the application.

Where these documents are in an official language of the European Union other than English, it is **strongly** recommended, in order to facilitate the evaluation, to provide a translation of the relevant parts of the documents, proving the lead applicant's and, where applicable, co-applicants' and affiliated entity(ies)' eligibility, into English.

If the above mentioned supporting documents are not provided before the deadline indicated in the request for supporting documents sent to the lead applicant by the Contracting Authority, the application may be rejected.

After verifying the supporting documents, the evaluation committee will make a final recommendation to the Contracting Authority, which will decide on the award of grants.

NB: In the eventuality that the Contracting Authority is not satisfied with the strength, solidity, and guarantee offered by the structural link between one of the applicants and its affiliated entity, it can require the submission of the missing documents allowing for its conversion into co-applicant. If all the missing documents for co-applicants are submitted, and provided all necessary eligibility criteria are fulfilled, the above mentioned entity becomes a co-applicant for all purposes. The lead applicant has to submit the application form revised accordingly.

* 1. Notification of the Contracting Authority’s decision
		1. Content of the decision

The lead applicants will be informed in writing of the Contracting Authority’s decision concerning their application and, if rejected, the reasons for the negative decision.

An applicant believing that it has been harmed by an error or irregularity during the award process may lodge a complaint. See further section 2.4.15 of the Practical Guide.

* + 1. Indicative timetable

|  |  |  |
| --- | --- | --- |
|  | **DATE** | **TIME** |
| **1. Information meeting (if any)** | Date and time to be announced within 15 days of the launch of this Call for Proposals (see 2.2.4 above) |
| **2. Deadline for requesting any clarifications from the Contracting Authority** | 17th April 2018 | 15:00h |
| **3. Last date on which clarifications are issued by the Contracting Authority** |  27th April 2018 | 15:00h |
| **4. Deadline for submission of applications** | 8th May 2018 | 14:00 h |
| **5. Information to lead applicants on opening, administrative checks and concept note evaluation (Step 1)** | 8th June 2018 | - |
| **6. Information to lead applicants on the evaluation of the full applications (Step 2)** | 6th July 2018 | - |
| **7. Notification of award (after the eligibility check) (Step 3)** | 3rd August 2018 | - |
| **8. Contract signature** | 7th September 2018 | - |

All times are in the time zone of the country of the Contracting Authority.

This indicative timetable refers to provisional dates (except for dates 2, 3, and 4) and may be updated by the Contracting Authority during the procedure. In such cases, the updated timetable will be published on the:

* EuropeAid web site

<https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome> and

* Website of the Contracting Authority:

<http://www.mif.gov.me/en/sections/CFCU_Tenders>.

* 1. Conditions for implementation after the Contracting Authority’s decision to award a grant

Following the decision to award a grant, the beneficiary(ies) will be offered a contract based on the standard grant contract (see Annex G of these guidelines). By signing the application form (Annex A of these guidelines), the applicants agree, if awarded a grant, to accept the contractual conditions of the standard grant contract. Where the Coordinator is an organisation whose pillars have been positively assessed, it will sign a PA Grant Agreement based on the PAGoDA template. In this case references to provisions of the standard grant contract and its annexes shall not apply. References in these guidelines to the grant contract shall be understood as references to the relevant provisions of the PA Grant Agreement.

Implementation contracts

Where implementation of the action requires the beneficiary(ies) and its affiliated entity(ies) (if any) to award procurement contracts, those contracts must be awarded in accordance with Annex IV to the standard grant contract.

1. LIST OF annexes

**Documents to be completed**

Annex A: Grant Application Form (Word format)

Annex B: Budget (Excel format)

Annex C: Logical Framework (Excel format)

Annex D: Legal Entity Sheet[[20]](#footnote-21)

Annex E: Financial identification form

**DOCUMENTS FOR INFORMATION[[21]](#footnote-22)**

Annex G: Standard Grant Contract

- Annex II: general conditions

- Annex IV: contract award rules

- Annex V: standard request for payment

- Annex VI: model narrative and financial report

-Annex VII: model report of factual findings and terms of reference for an expenditure verification of an EU financed grant contract for external action

-Annex VIII: model financial guarantee

-Annex IX: standard template for transfer of ownership of assets

Annex H: Daily allowance rates (Per diem), available at the following address: <http://ec.europa.eu/europeaid/funding/about-procurement-contracts/procedures-and-practical-guide-prag/diems_en>

Annex J: Information on the tax regime applicable to grant contracts signed under the call.

Annex K: Guidelines and Checklist for assessing Budget and Simplified cost options.

**Useful links:**

**Project Cycle Management Guidelines**

[http://ec.europa.eu/europeaid/aid-delivery-methods-project-cycle-management-guidelines-vol-1\_en](https://ec.europa.eu/europeaid/aid-delivery-methods-project-cycle-management-guidelines-vol-1_en)

**The implementation of grant contracts**

**A Users' Guide**

<http://ec.europa.eu/europeaid/companion/document.do?nodeNumber=19&locale=en>

**Financial Toolkit**

<http://ec.europa.eu/europeaid/funding/procedures-beneficiary-countries-and-partners/financial-management-toolkit_en>

Please note: The toolkit is not part of the grant contract and has no legal value. It merely provides general guidance and may in some details differ from the signed grant contract. In order to ensure compliance with their contractual obligations beneficiaries should not exclusively rely on the toolkit but always consult their individual contract documents.

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1. These finding are stipulated in the *Industrial Policy of Montenegro 2020*. [↑](#footnote-ref-2)
2. Chapter 1 - Free movements of goods, Chapter 3 - Right of establishment and freedom to provide services, Chapter 7-Intellectual property rights, Chapter 8 - Competition policy, Chapter 20 - Enterprise and industrial policy, Chapter 22 Regional policy and coordination of structural instruments and Chapter 25 - Science and research. [↑](#footnote-ref-3)
3. These programmes are financed from the state budget and implemented in the form of state aid to the various categories of SMEs. [↑](#footnote-ref-4)
4. Note that a Lead applicant (i.e. a Coordinator) whose pillars have been positively assessed by the European Commission and who is awarded a grant will not sign the standard grant contract published with these guidelines but a PA Grant Agreement based on the PAGoDA template. All references in these guidelines and other documents related to this call to the standard grant contract shall in this case be understood as referring to the relevant provisions of the PAGoDA template. [↑](#footnote-ref-5)
5. International organisations are international public-sector organisations set up by intergovernmental agreements as well as specialised agencies set up by them; the International Committee of the Red Cross (ICRC) and the International Federation of National Red Cross and Red Crescent Societies are also recognised as international organisations. [↑](#footnote-ref-6)
6. To be determined on the basis of the organisation’s statutes that should demonstrate that it has been established by an instrument governed by the national law of the country concerned and that its head office is located in an eligible country. In this respect, any legal entity whose statutes have been established in another country cannot be considered an eligible local organisation, even if the statutes are registered locally or a “Memorandum of Understanding” has been concluded: [↑](#footnote-ref-7)
7. The Industrial Modernization Support Programme [↑](#footnote-ref-8)
8. It is applied to the northern, central and southern region of Montenegro. [↑](#footnote-ref-9)
9. The development of the Strategy for Development of SME 2011-2015 was financed and conducted by GIZ (later GTZ). Presently, the Working group coordinated by Directorate for Development of Small and Medium Enterprises is drafting the Strategy for Development of SMEs 2018-2022. [↑](#footnote-ref-10)
10. The Smart Specialization Strategy is being drafted. It stipulates the precise directions on identifying niche areas of competitive strength, innovation partnerships emphasizing greater co-ordination between different societal stakeholders and aligning resources and strategies between private and public actors. [↑](#footnote-ref-11)
11. Including COSME, Horizon 2020 and other EU programmes. [↑](#footnote-ref-12)
12. The Activities under Result 3 are based upon the outputs of the results one and two i.e. precondition for implementation of Grant Scheme and related activities will be defined thought implementation directions from the policies that are the subject of result 1and 2 (Programme for supporting industry modernisation , Mid-term review of Industrial Policy until 2020 , Revision of the Strategy for Development of Small and Medium Sized Enterprises 2018-2020, Revision of the Smart Specialisation Strategy) [↑](#footnote-ref-13)
13. Categories of applicants eligible for financial support are:

Micro, small and medium-sized companies registered in accordance with the Law on Enterprises ("Official Gazette of the Republic of Montenegro", No. 06/02

Clusters of entrepreneurs, micro, small and medium enterprises registered as a non-governmental organisation (NGO) or as a company in accordance with the Law on Non-Governmental Organisations (Official Gazette of the Republic of Montenegro, No. 27/99, 09/02, 30/02, "Official Gazette of Montenegro", no. 11/07) and the Law on Enterprises ( "Official Gazette of the Republic of Montenegro", no. 06/02, "Official Gazette of Montenegro" no. 17/07, 80/08, 40 / 10, 36/11, 40/11) [↑](#footnote-ref-14)
14. These third parties are neither affiliated entity(ies) nor associates nor contractors. [↑](#footnote-ref-15)
15. Examples: - for staff costs: number of hours or days of work \* hourly or daily rate pre-set according to the category of personnel concerned; - for travel expenses: distance in km \* pre-set cost of transport per km; number of days \* daily allowance pre-set according to the country; - for specific costs arising from the organisation of an event: number of participants at the event \* pre-set total cost per participant etc. [↑](#footnote-ref-16)
16. No supporting document will be requested for applications for a grant not exceeding EUR 60 000. [↑](#footnote-ref-17)
17. Where the lead applicant and/or a co-applicant(s) and or an affiliated entity(ies) is a public body created by a law, a copy of the said law must be provided. [↑](#footnote-ref-18)
18. To be inserted only where the eligibility conditions have not changed from one call for proposals to the other. [↑](#footnote-ref-19)
19. This obligation does not apply to natural persons who have received a scholarship or that are in most need in receipt of direct support, nor to public bodies and to international organisations. It does not apply either when the accounts are in practice the same documents as the external audit report already provided pursuant to section 2.4.2. [↑](#footnote-ref-20)
20. Only applicable where the European Commission makes the payments under the signed contracts. [↑](#footnote-ref-21)
21. These documents should also be published by the Contracting Authority. [↑](#footnote-ref-22)