Ministry of Science, Technological Development and Innovation

SMART START

REPUBLIC OF SERBIA
INNOVATION FUND

Smart Start

PROGRAM GRANT MANUAL

6.1

September 10, 2026

Version 6.1

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1. About the Program

The goal of the Smart Start program (the Program) is to support the most promising teams in their efforts to validate their business ideas and demonstrate the value of their products, services, or technologies through the development of a first prototype or a minimum viable product (MVP).

Awardees will receive **financial and mentorship support** that will help them execute the first phase of market research, develop their product, establish a business model, and begin preparations for the next stage of fundraising. The Innovation Fund (hereinafter: the IF) may also organize a series of specially tailored workshops, if the conditions and program needs allow, with the aim of supporting Awardees in better planning their activities and efficiently launching the operations of their startup companies.

During the course of the Program, it is expected that the Awardees will be able to complete the following deliverables:

- Validate the idea and market need in a realistic market environment,
- Demonstrate the basic technical performance of their product/service (through the creation of a prototype, MVP, or pilot project); and
- Create an effective business model.

Completing these deliverables should provide the Awardee with knowledge and insights which would enable them to polish and verify their product-market fit.

2. Program rules

2.1. For whom is the program intended?

Innovation Fund is focused on supporting highly motivated teams that are looking to commence their entrepreneurial careers. The Program is intended for teams developing scalable technological solutions to address relevant market challenges, with the goal of building a sustainable and successful business venture. Accordingly, the Program is primarily focused on the development and market validation of innovative products, services, and technologies. Research activities may be included as part of the development of the proposed solution but may not constitute the primary objective of the proposed project.

The Program is open to Applications coming from all sectors of the economy and all fields of science and technology. However, please keep in mind that this Program is aligned with the 2020 – 2027 Smart Specialization Strategy Serbia, which focuses on four main priority domains:

- Food for future;
- Information and communication technologies (including specific focus on Artificial Intelligence, as envisaged by the Strategy for the Development of Artificial Intelligence in the Republic of Serbia for the period 2025-2030);
- Machines and production processes of the future;
- Creative industries.

At least 50% of Innovation Fund's available funding for the call for proposals will be allocated to applications in the abovementioned priority domains, depending on the quality of submitted project applications.

2.2. Who should apply?

Eligible Applicants for this Program are:

- **Teams** of 2 to 5 members;
- At least **51% of team members must be residents** of the Republic of Serbia[1];
- At least **51% of team members must not hold ownership stakes in any other company in the Republic of Serbia**.[2]

Each individual team member can participate in only one Application under the current public call of any Innovation Fund program.

When submitting the Application, please note that, if funding is approved, the Applicant will be required to meet the following conditions within the period defined for the pre-contracting phase:

Applicants will be required to establish a limited liability company in accordance with the current Serbian Company Law.[3] The newly established company must be 100% owned by at least 51% of the proposed team members. The distribution of ownership shares is an internal agreement among the team members.

- In case the team is comprised of two team members, **both proposed team members** have to be co-founders.
- In case the team is comprised of three team members, at least **two team members** have to be co-founders.
- In case the team is comprised of four or five team members, at least **three team members** have to be co-founders.

- **The co-founders of the newly established company must be residents of the Republic of Serbia and, at the time of submitting the Application, must not hold ownership stakes in any other company in the Republic of Serbia until the completion of the project implementation under the Program, including the evaluation phase. In addition, none of the co-founders may serve as a legal representative of any other company, regardless of whether they hold an ownership stake in it.**
- **The legal representative** of the newly established company must be one of the founders of the company.

In addition, if funding is approved, each team member will be limited to working on only one project under implementation within any Innovation Fund program. Applications involving team members who

[1] 51% or more of team members are legal residents of the Republic of Serbia in accordance with the current Law on personal income tax. The Applicants might be required to submit the proof of residency, if needed.

[2] This criterion applies to the entire period, starting from the date of submission of the Application for participation in the Program, until the completion of project implementation within the Program, including the evaluation phase.

[3] In accordance with the current Law on Accounting of the Republic of Serbia, including newly founded companies as stipulated in this law.

are already engaged, either as key members or as external collaborators, in other projects under implementation within any Innovation Fund program will not be allowed.

An Applicant is allowed to submit t up to three times a substantially the same, modified and/or improved Application that has been considered for evaluation, regardless of the Innovation Fund financing program. The Applicant must provide a clear description of the concrete steps taken to improve the project since the previous submission(s). Such progress may be achieved, for example, by validating the idea with potential clients, creating a demo version of the product, or carrying out other business-relevant activities that clearly demonstrate a path toward a more mature business idea.

Before applying for the IF's programs, the Applicant is advised to carefully read all relevant documents and contact the IF staff if any questions arise.

2.3. Amount of financing

The maximum amount of financing that IF can award is **RSD 5.400.000,00** per project, which represents a maximum **90%** of total project budget (excluding mentorship support). The minimum of **10%** of the project budget (excluding mentorship support) is to be secured by the Applicant from any private source, but it needs to be secured in cash[4]. No in-kind co-financing will be accepted.

Furthermore, all Awardees will receive RSD 600.000,00 of the additional funds that are to be allocated for the mentorship support. The mentorship support is paid by the Awardee directly to the mentor from a separate budget line of the project budget.

The financing awarded by the IF can only be used for costs classified as ELIGIBLE COSTS:

1) Human resources (salaries/compensation for personnel engaged on the project inclusive of all social benefits and income tax for personal working on the project). Gross salary per key personnel per month is limited to 450.000,00 RSD (i.e. net salary with social contributions and income tax – in Serbian '*bruto 2*');
2) Office rent and business support costs (bookkeeping, legal services, tools subscriptions related to project development, and similar);
3) Small Equipment and supplies needed for project development (not including used or refurbished equipment and supplies);
4) External business development services (External R&D services, subcontracts, R&D experts/advisors and similar).

INELIGIBLE COSTS include, but are not limited to:

1) Debts and debt service charges (interest);
2) Provisions for losses, debts or potential future liabilities;
3) Costs declared by the Awardee and financed by another action or work program or other public sources of financing;
4) Purchases of land or buildings, including any renovation;
5) Currency exchange losses, fees and penalties;

[4] E.g., In case the Applicant is looking for the maximum amount of RSD 5.400.000,00 from the Innovation Fund without mentorship support, and the total project budget is RSD 6.000.000,00, the required mandatory co-financing of 10% will be RSD 600.000,00.

6) Credits to third parties;
7) In-kind contributions;
8) Salary costs of the personnel of national administrations;
9) Taxes, including VAT, duties and charges;
10) Entertainment and hospitality expenses;
11) Per diems;
12) Recruitment and relocation costs;
13) The procurement of second hand or refurbished goods;
14) Any activities outlined in the IF's Environmental and Social Management Framework (ESMF) as Exclusions published on IF's website;
15) Cash payments from the project account;
16) Marketing costs.

The dynamics of disbursement of grant funds, as well as mentorship support, is explained in section 5. of this Manual.

De minimis State aid regulation is applied to the financing received by the Awardee from the IF through this Program in accordance with the Innovation Fund's Rulebook on applying state aid rules.

2.4. Duration of the Program

All supported Awardees must complete their project activities within **6 to 9 months.**

In case of significant pivoting from the original idea or unforeseen events which could be considered *force majeure* by the IF, the implementation can be extended for the period of up to 3 months. The extension of the project duration needs to be formally requested and justified by the Awardee and approved by the IF, **at least 15 days** before the end of the project.

3. How to apply and what procedures to follow

Due to the international evaluation process, **applications must be submitted electronically in English** (except where otherwise clearly indicated) via the IF's online portal, using the predefined application forms, by the submission deadline specified in the **public call.** Only Applications submitted using the IF portal and predefined template will be considered.

3.1. Account registration for the application submission

To apply for this Program, Applicants must first register an account on the IF's portal, accessed via the IF website. The registration request is approved by the Innovation Fund following a preliminary review of the information provided in the account registration request (basic Applicant information and contact person details).

Processing of the Applicant's registration request may take **up to three (3) business days**. Accordingly, registration requests must be submitted no later than three (3) days prior to the closing of the public call, i.e., by November 13, 2026. Applicants are advised to submit their registration requests in a timely manner and upload the required application documentation to avoid missing the proposal submission deadline.

Once the Innovation Fund approves the account registration request, the Applicant will receive an email confirmation containing the necessary login credentials. The account then becomes active and is used for submitting the required application documentation in electronic form. **The email address of the contact person provided in the registration request form must be valid, as it will serve as the primary communication channel with the Applicant.**

If the Applicant already has an active user account on the IF's portal and it meets the Program's eligibility requirements as described in Section 2.2 – Who Can Apply?, they are eligible to submit a new application under the current public call

Applicants can open several projects within their account, but can submit only one (1) Application under the given call for proposals.

3.2. Application content

The complete Application documentation can be found on the IF's website on the following **link**.

The complete Application documentation consists of the following documents:

- **Applicant Statement** (signed by all team members and submitted on the IF portal in the PDF format);
- **Application Form** which has to be completely filled out and uploaded on the IF portal in PDF format. Furthermore, application form contains following sections:
    - Details on the proposed solution and its potential business cases;
      Short biographies of team members (minimum 2, maximum 5) who will be engaged in the implementation of the project. The biographies must contain relevant information on education, professional skills, and previous work experience of each team member, with emphasis on experience relevant to the proposed solution and the field in which the project will be implemented;
    - Simplified budget;
    - Video clip link.

- A **video clip** representing the applicant's elevator pitch lasting up to 3 minutes, including a brief explanation of the innovative concept behind the product/service, and introduction of all team members. The video must be recorded in English and submitted as a link in the designated field within the Application Form (recommended platforms include Vimeo, YouTube, Loom, etc.).

    - The Applicant is fully responsible for the technical quality of the video and for ensuring that it remains accessible to evaluators throughout the entire evaluation process. Videos that are submitted or updated after the public call deadline will not be considered.
    - The video content must include the following elements: an explanation of how the problem being addressed was identified; a presentation of the idea behind the development of the product/service/technology; a justification of why the proposed solution is appropriate for the needs and expectations of the target group; and an introduction of all team members, including a brief description of their roles and specific contributions to the project development. **All team members must be present and visible in the video.**

- The video must not consist solely of sketches, slides, or numerical indicators. Videos created exclusively as PowerPoint presentations with synthetic voice-overs (e.g., using AI tools), or videos that do not show at least one team member acting as a presenter, will be automatically disqualified from the evaluation process. The type of video clip and its content should be tailored as you can find on the example **1 and 2**.

The Applicants are expected to download the above documents from the official Program webpage and carefully review their content before starting the application preparation process.

All fields in the Application Form, as well as in the Applicant's Statement, must be fully completed. Forms containing incomplete or blank sections will be considered administratively invalid and will not be taken into consideration for further evaluation[5].

The completed application documentation must be submitted in the exact visual and structural format and style provided on the Innovation Fund's website for the current public call (version 5). Any attempt to modify the Application Form by unlocking and/or changing formulas or text will result in the disqualification of the application from further evaluation. Applicants are allowed to use text formatting options within the predefined text fields of the Application Form.

3.3. Instructions for the Application submission

Once the Application Form is uploaded to the IF's portal, it can be replaced by simply repeating the upload procedure, if the Applicant needs to update or replace the existing file for any reason. Please note that the previously uploaded document is permanently removed and replaced in the process. Corrections and replacements of previously uploaded documents are possible until the application submission deadline.

Applicants should be aware that the "Submit" button must be clicked before the deadline in order for the application to be considered for further evaluation.

The Applicant's responsibility is to ensure the timely submission of all required information/documents. Applications submitted after the deadline will not be considered for evaluation.

During the public call, the Innovation Fund will provide advisory and non-binding support to all interested Applicants via email, phone, the Frequently Asked Questions section on the IF's website, online information sessions, regarding administrative aspects of application preparation.

By submitting the Application, the Applicant agrees to accept all relevant conditions required by the IF, in order for the Application to be considered and evaluated.

[5] Uncompleted or blank sections refer to sections of the Application Form containing information such as the description of the proposed solution, team information and team members' biographies, as well as other elements necessary for the evaluation of the application. This does not apply to omitted basic contact details or other administrative information that does not affect the ability to conduct a substantive evaluation of the application.

4. Evaluation process, scoring and financing decision

The evaluation process of Aplication includes the following steps:

- First screening – eligibility and administrative check of applications;
- Preselection; and
- Final decision on financing.

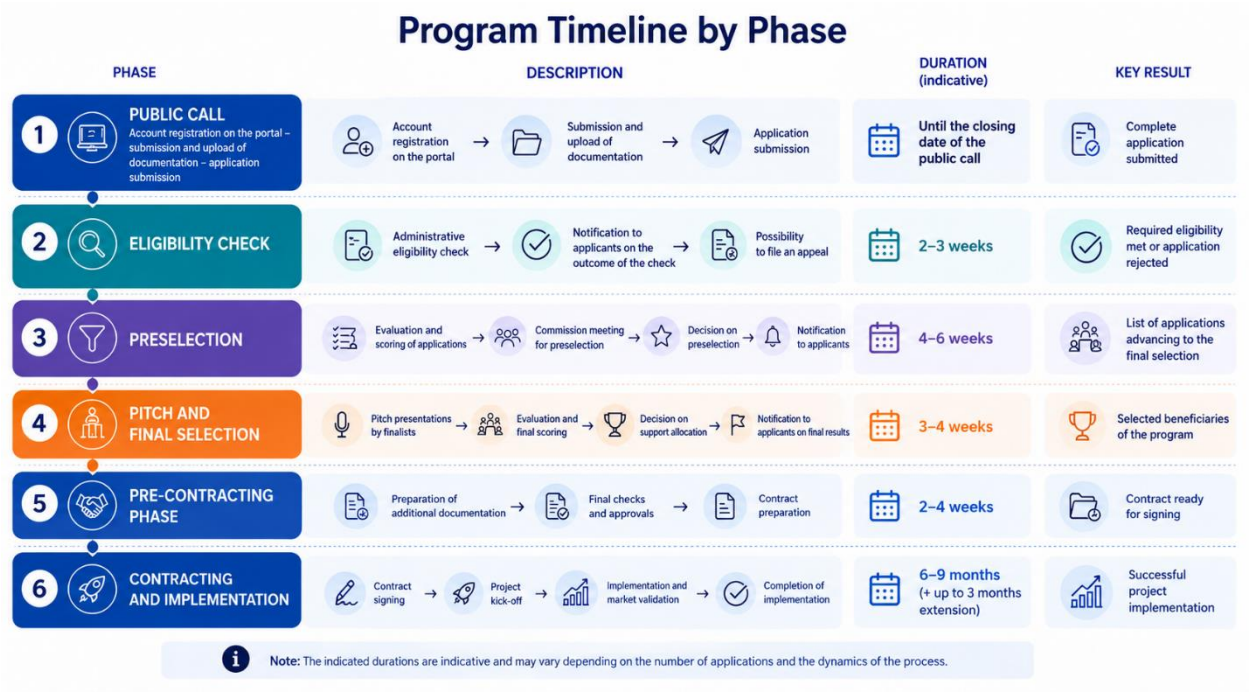


Diagram 1: Timeline of the evaluation process[6]

During the evaluation process, the Fund engages experienced local and international experts with proven expertise in business, project development and management, investment, entrepreneurship, as well as in the development and support of startups and innovative companies, to ensure a high-quality and objective assessment and selection of applications with the greatest potential. The following sections describe all steps of the evaluation process.

Every individual participating in any stage of the evaluation process is required to comply with Innovation the Fund's Rules on the Prevention of Conflict of Interest and Confidentiality of Information.

4.1. Administrative, Eligibility Check and First screening of applications

After the Application is submitted, the Innovation Fund performs a basic eligibility check and an administrative completeness review of the submitted Applications, which includes verifying:

[6] The outlined timeline is approximate and may be adjusted depending on the number of received applications and the overall duration of the evaluation process.

1. whether all required documents have been submitted in the predefined forms and are duly signed, and
2. whether Applicants meet all eligibility requirements in accordance with the section 2.2.

During this phase, the Innovation Fund will allow each Applicant whose Application is found to have administrative deficiencies related to basic Applicant information a period of 72 hours to correct these deficiencies—but only in cases where the original application used the appropriate forms provided by the Fund.

Administrative information includes, among other things:

- full name, contact email, and phone number of the contact person,
- name and status of the Applicant (e.g., team or legal entity),
- properly completed and submitted mandatory forms (e.g., Application Form, Applicant's Statement),
- technical requirements such as document formats,
- other basic information necessary for the administrative processing of the application.

Deficiencies that go beyond the administrative level, such as an incomplete description of the proposed solution, incomplete CVs of team members, failure to meet the Program eligibility criteria, or the absence of other key elements required for the evaluation of the application, will not be subject to subsequent supplementation, and such applications will be rejected.

For the purposes of this provision, an incomplete Application Form does not include omissions of basic contact details or other administrative information, which may be subject to clarification or supplementation.

To select the most promising applications, the Innovation Fund will also conduct a first screening of all eligible applications, assessing whether the application content is satisfactory and provides sufficient information regarding the established evaluation criteria (particularly with respect to the explanation of the product/service/technology, competitive advantage, or identified market potential, all of which must be presented in detail in the application). The IF will eliminate applications whose content clearly lacks the necessary information and substance as described above.

Applicants who do not pass the administrative check, eligibility check, or first screening phase will be notified by email once the Innovation Fund completes the review of all submitted applications.

4.2. Preselection

Applications that pass the administrative check, eligibility check, and first screening phase will qualify for the next round of international evaluation process conducted by the IF's independent Investment Committee (IC). The Investment Committee will assess all applications based on the content provided in the application against the established evaluation criteria. **As a result of this phase, applications scoring 75 points or higher will qualify for the final round of evaluation.**

All Applications will be evaluated based on the following criteria:

Evaluation criteria and scoring			
Usefulness and competitive advantage of the proposed solution	*Before discussing the specifics of the technology, it is mandatory for the applicants to clearly indicate the problem that they are looking to solve, explain the specifics of it and then lay out details of the proposed solution and how it will help in solving the problem. This is the fundamental assumption.* *Technology is important! A scalable, well defined and elegant solution is one of major prerequisites for establishing a competitive advantage. Applicants should be very specific about the current stage of product development and provide a roadmap for future activities.* *New products and services, enhancements of existing solutions and processes, new models of doing business are all welcomed. However, the program is aimed to support solutions that bring new added value to the business model, and it is not intended for Applications that offer standard upgrades (e.g. standard software upgrades or simple product redesign). The IF is not looking to support "me too" Applications that do not offer differentiation in comparison to technology or business models of existing solutions.* *It is quite expected for young startup companies to pivot their ideas, and this isn't in any way something you should be discouraged by.*	***Maximum 30 points***	***1-10 points**: The product or service is a generic idea with minimal innovation, lacking unique features or competitive advantage, and does not effectively address a relevant local issue.* ***11-20 points**: The product or service improves on existing innovations by introducing some new features, offering limited competitive advantage, and partially addressing a regional problem.* ***21-30 points**: The product or service creates a new innovation with distinct features, provides a substantial competitive advantage, and effectively solves a critical global problem.*
Market potential	*The focus of this program are solutions that could achieve broad market scale. This doesn't disqualify startups and teams that are looking to solve a niche market problem, but they should be very specific in explaining how they will be able to grow a sustainable business.* *We are advising you to think about higher scale application from the get-go.* *Put your knowledge of the market on full display. Explain why this solution would offer premium value over existing ones. Describe your ideal customer. Be detailed about what is the value of your solution to identified users.Always think about the competition.*	***Maximum 30 points***	***1-10 points**: Poor or minimum understanding of customers and target markets, no specific advantage in highly competitive market.* ***11-20 points**: Adequate or good understanding of customer and target markets, moderate advantage in competitive market.* ***21-30 points:** Very strong or excellent understanding of customer and target markets, high level of*

	They are not necessarily only those offering extremely similar products or same level of service, but could also be companies that are offering different solutions fulfilling the same needs you are looking to satisfy. *The Applicant is expected to clearly present the pathway from the current stage of development of the proposed solution to its market validation and commercial application. The proposed activities should focus on validating market needs, developing and validating the product/service, and creating the necessary conditions for its market launch. Research and development activities may form part of this process but should be directly linked to the development and market validation of the proposed solution.* *Lay down the roadmap for getting the product on the market in your best-case scenario.*		*advantage in favorable market.* ***The proposed solution has a clearly defined and credible pathway from its current stage of development to market validation and commercial application, with clearly identified customers, market needs, and a realistic go-to-market strategy.***
Team competence	*The IF is looking to support highly motivated, coachable and well-balanced teams that are complementary in terms of having technical knowledge, but also has an understanding of how the market works, recognizes market opportunities and has capability to build a lasting business around the proposed solutions.* *Understanding on how industry work is of great importance. Previous experience of the key personnel in the field, or any other indication of experience that is relevant to project success is regarded as very useful.* *Track record of previous collaboration is a plus, but it is definitely not mandatory for a team to be successful.* *This program is not necessarily designed to favor teams that are prepared to devote their full time to the development of their solution, but it is considered that the team will be prepared to put in maximum effort in order to complete all tasks on time and deliver.*	***Maximum 40 points***	***1-10 points**: Founders and team have minimum or some relevant domain competencies, technical skills and teamwork experience.*
			***11-20 points**: Founders and team have adequate or good relevant domain competencies, technical skills and teamwork experience.*
			***21-30 points**: Founders and team have substantial or very good relevant domain competencies, technical skills and teamwork experience.*
			***31-40 points:** Founders and team have excellent or exceptional relevant domain competencies, technical skills and teamwork experience.*
MAXIMUM NUMBER OF POINTS THROUGH ALL THREE CRITERIA:			***100 points***

At the end of the preselection phase, all Applicants will be notified of the outcome via email.

4.3. Final decision

In the final stage of evaluation, all Applicants who have been shortlisted will prepare a project presentation and have the opportunity to present their project before the Committee.

Based on the presentation results and the overall project evaluation, the Investment Committee will assess (using the same evaluation criteria described in this Manual) all shortlisted applications and make the final funding decision.

When making the final funding decision, the Investment Committee will take into account the total amount of funds available for the public call.

The Innovation Fund reserves the right to adjust the budget (as initially proposed by the Applicant) and to set specific conditions for each individual project where deemed necessary.

All Applicants who participated in the final stage of the evaluation process will be notified of the outcome via email. Applicants whose projects have been selected for funding will also receive detailed instructions regarding the pre-contracting phase. Applicants whose projects have not been selected will receive written feedback based on the Committee's comments.

Following the Commission's decision on the award of funding and the completion of the relevant procedures in accordance with the Fund's Statute, the Applicant will be notified by email of the positive funding decision and will subsequently be offered to sign the Financing Agreement.

Before signing the contract, the IF will conduct a final verification on the fulfillment of formal requirements, which includes, among other things, verification of the company incorporation status, co-founders' status, and compliance with all prescribed Program rules.

4.4. Appeal Mechanism

Applicants may appeal the outcome of the first screening and eligibility check, as well as the shortlisting stage, on factual grounds (citing evident omissions or errors made during the process) by submitting a complaint to the Innovation Fund via email at smartstart@inovacionifond.rs. The letter must be written in English, with a recommended limit of 500 words, and submitted via email within 8 calendar days from the date of receipt of the notification. The IF will provide an official response to the formal complaint letter no later than 14 calendar days from the date of receipt of the complaint.

5. Financing Agreement and project implementation

5.1. Signing of the Financing Agreement

After being notified by the IF that their application has been approved for funding, the Applicant will be invited to sign the Financing Agreement with the Innovation Fund. **The Applicants will be required to establish a legal entity (taking into account all conditions stated in Section 2.2), in which at least 51% of the proposed team members must have 100% ownership in the newly established company.**

Before signing the Financing Agreement, the Applicant must provide the IFwith the following documents:

1) Proof of official registration of the company and its founders with the Serbian Business Registers Agency *(Agencija za privredne registre – APR).*

2) Proof of registration in the Register of Bidders with the SBRA *(srb. Registar ponuđača);*
3) Agreement for opening a dedicated bank account to which the IF's funds will be transferred;
4) Signed De minimis State aid regulation form;
5) Information on the outcome of matchmaking sessions with a mentor organized by the IF (details on cooperation with the mentor are explained in Section 5.2 of this Manual). Following these sessions, the Awardeemust select one mentor to work with;
6) Any additional documents, if required.

Once the Applicant has provided all of the above documents and information within the prescribed time, and has successfully passed the final compliance verification, the Innovation Fund will organize an **Info Day workshop**, which serves as both an introduction to the Program's implementation rules and the day of signing the Financing Agreement.

After signing the Financing Agreement, the Awardee will commence project implementation.

The Applicant **is required** to register in the Register of Entities of the National Innovation System *(srb. Registar subjekata nacionalnog inovacionih sistema)* during the project implementation period.

5.2. Mentorship

The IF has a pool of skilled and experienced mentors who will assist the Program Awardees in implementing their projects. The purpose of engaging mentors is to maximize the value that Program Awardees gain from their skills and experience.

The IF will assign one Mentor from its mentor list to each Awardeeafter matchmaking sessions ("pairing with a Mentor"). These matchmaking sessions are organized after the final funding decision has been made, during precontract phase.

Upon signing the Financing Agreement and being assigned a Mentor, the Awardee(the registered company) and the Mentor must formalize their cooperation and sign a Mentorship Agreement within three weeks.

The IF will provide the Mentorship Agreement template, and the Awardeeis obliged to conclude the agreement with the Mentor, who may have the status of either a natural person or an entrepreneur, in accordance with the provided template.

Mentors will provide consultations, guidance, and support to Program Awardees in setting and achieving their goals and completing their reports. Specifically, mentors will assist in the following areas:

- Proper structuring of the team;
- Creating a development plan / milestone plan;
- Idea validation;
- Interviewing potential customers;
- Defining a prototype / MVP / pilot;
- Creating a sustainable business model;
- Preparing for project presentations.

In addition to providing consulting services and expertise, mentors will ensure that Program Awardees complete their activities in accordance with the defined milestone plan and will confirm the results achieved, which are prerequisites for disbursement of funds (i.e., tranches). The IF reserves the right to consult the Mentor regarding the performance of the Program Awardee.

The Mentor is required to prepare a project completion report in a predefined format and submit it to the IF no later than 30 days after the project implementation ends.

Mentorship Fee

The mentorship fee is paid directly by the Program Awardees from the portion of funds specifically allocated by the IF for these services. The mentorship fee amounts to a gross RSD 600,000.00 for a minimum of 10 working days of mentorship, as defined in the Mentorship Agreement. This gross amount includes all relevant taxes and contributions, excluding VAT. The fee cannot be used for other costs, nor can it be reallocated to other cost categories during project implementation.

International mentors (non-residents of the Republic of Serbia) are required to cover, from their own resources, all VAT or other tax obligations that may arise from the mentorship fee. The Innovation Fund and the Awardee bear no responsibility for the mentor's tax liabilities.

A Mentor may work with a maximum of three Awardees at the same time.

5.3. Disbursement of funds

The Awardee must open a new, dedicated bank account into which the IF's funds will be deposited. **This account must not be used for any other purpose except for carrying out the approved project activities and paying the mentor.** The Awardee bears full legal responsibility for this bank account and must document all transactions (inflows/outflows).

All payments to the Awardee will be made in Serbian dinars (RSD), in accordance with the Approved Budget and the signed Financing Agreement.

The disbursement schedule of the grant funds is presented in the following table:

Number of tranches	**Deliverables required for funds/tranche disbursement**	**Awardee portion %** *(max.* **grant** *amount – RSD 5.400.000,00)*	**Mentorship portion %** *(Amount – RSD 600.000,00)*
1st tranche	• **Mentoring agreement signed with matched and assigned mentor;** • **Milestone plan formulated by the Mentor and the Awardee, approved by assigned mentor and the IF;** • **Proof of payment by Awardee for mandatory co-financing (bank statement);**	**30%**	-
2nd tranche	• **Idea and market need validation report approved by assigned mentor and the IF;** • **Proof of payment by Awardee for mandatory co-financing (bank statement);**	**30%**	**30%**

3rd tranche	• **Prototype/MVP/pilot development report submitted in the second half of project duration and approved by the assigned mentor and the IF;** • **Proof of payment by Awardee for mandatory co-financing (bank statement);**	**20%**	**30%**
4th tranche	• **Business model development report approved by the assigned mentor and the IF;** • **Proof of payment by Awardee for mandatory co-financing (bank statement);**	**10%**	**20%**
5th tranche	• **Pitch deck of the completed project presented to the assigned mentor and the IF;** • **Final report approved by the assigned mentor and the IF;** • **Proof of payment by Awardee for mandatory co-financing (bank statement);** • **Signed final Settlement agreement between the IF and the Awardee[7].**	**10%**	**20%**

The disbursement schedule will vary depending on the specific objectives of each project and the actual time required to achieve the above-mentioned results. The IF will provide Awardees with the templates for the Reports listed in the table above. All completed Reports submitted by the Awardeemust be approved and signed by the mentor and must also be approved by the IF before any payments can be made.

5.4. Reporting obligations

At the beginning of the project implementation, the Awardee will submit a detailed milestone plan and a proposed timeline for achieving the results. Based on this plan, the Awardee will, with the assistance of the Mentor, report to the IF on the progress of their activities. If necessary, the IF may request information about the project's progress and the expenditure of project funds at any stage of implementation.

If the Awardee foresees any delays or issues related to the defined plan, they are obliged to inform the IF accordingly.

The Awardee must archive and store all project documentation in a master file (both digital and physical) for a period of at least 5 years after the project's completion. The project archive should contain all relevant documentation related to the project implementation (application, Financing Agreement, results achieved during the project, official approvals, payment evidence, etc.).

Upon an official request, the master file must be made available to the Innovation Fund and any third parties appointed by the IF for audit purposes.

[7] After the Final Settlement Agreement is signed, which regulates the payment of the 5th tranche from the Financing Agreement, the project of the Awardee will be considered completed.

As proof of achieved results, the Awardeeis required to submit the following, in the specified order:

Deliverable	Expected outcome	Reporting and approval
1. Milestone plan	The milestone plan is created on the basis of time-critical events in the project. Milestone plan should present each milestone along with the scheduled deadline and fit into project timeline.	Milestone plan must be signed by Awardee and approved by the mentor.
2. Idea and market need validation report	Conducting a survey with the relevant target group in order to confirm the existence of the market challenge and if there is a need for the product among potential clients/customers.	The report should include all relevant data on target group, type of the survey, questionnaire, summary of the results and the main findings conclusions. The report must be signed by Awardee and approved by the mentor.
3. Prototype/MVP/pilot development report **(Demonstration of the product's fundamental technical viability)**[8]	The fundamental technical viability of the future product or service needs to be demonstrated. These functionalities need to offer sufficient value to attract early adopters (and in the case of pilot to prove that it can function in a relevant environment).	The report should include the description of what has been accomplished in terms of technology development, and must include pictures, videos or any other material relevant for this deliverable. The report must be signed by Awardee and approved by the mentor. *The IF reserves the right to require the demonstration of the technology.*
4. Business model development report	Establishing a suitable business model for the product. This should be accompanied by solid market research, competition analysis and roll-out strategy.	This deliverable is presented in the template provided by the IF. The report must also be signed by Awardee and approved by the mentor.
5. Final report and Presentation of the completed project and developed MVP	Final report Pitch deck presentation of the finalized project by the key personnel should include (and is not limited to), project explanation, prototype presentation, viable business model and future development of the project. The duration of the pitch deck presentation should be approximately 15 minutes.[9]	This deliverable is presented in the template provided by the IF. The report must also be signed by Awardee and approved by the mentor. Pitch deck is presented in front of the assigned mentor and the IF. Team members of the project and assigned mentor have to be listed as collaborators in the pitch deck presentation.

The IF reserves the right to request additional information at any point during the project implementation, as well as for a period of 5 years after its completion. Furthermore, if deemed necessary, the IF will conduct a monitoring visit to gain a better understanding of the Awardee's progress.

[8] The prototype/MVP/pilot development report cannot be submitted to the Innovation Fund before the second half of the project duration.

[9] Following the approval of the Fourth Report, the Program Beneficiary will receive detailed instructions for the preparation of the Final Presentation, in accordance with the procedures defined by the Fund

If the Awardee breaches the Financing Agreement or incurs ineligible expenses, they will be legally obliged to return the funds received, or any portion thereof, if so determined by the IF.

5.5. Pivoting the idea

The Fund aims to support applications with the greatest innovation potential, but even in such cases, during the process of idea validation and interviews with potential clients/customers, Awardees may identify new ways to improve and adapt their products/services in order to better meet market demands.

Such a situation may require the Awardee to reconsider their concept and redefine their approach to problem-solving so it is better aligned with customer needs.

Although modifying the idea may require additional time and resources, such situations are expected in the early stage of startup development. Should this occur, the Awardeemust inform the IF as early as possible and begin working with the Mentor on revising the development plan, which must then be submitted to the IF for approval. The revised plan must be officially approved by the IF. If the new plan requires additional time, this must also be clearly indicated. The total amount of funds granted by the Innovation Fund is not subject to increase, regardless of the Program Awardee's need to change or expand the original development plan.

5.6. Additional notes

Environmental and social impact in this program is expected to be negligible due to the nature of the projects. However, in cases where the IF suspects potential negative impact, environmental and social management specialist may be called upon to do detailed assessment and to advise on any safeguard issues, in which case the terms of the Environmental and social management framework available online will apply.

Any new intellectual property and knowledge that may be created during project implementation must belong to the Awardee. To ensure this, the Awardee must secure these intellectual property rights and knowledge in contracts concluded with any third parties.

Awardees must take all necessary precautions to avoid any actual or perceived conflict of interest and must promptly inform the IF of any situation that constitutes or could lead to such a conflict.

All Awardees must take all necessary actions to prevent potential fraudulent activities and corruption during the period of support from the IF and in the use of financial resources provided by the IF.

The Awardee is obliged to publicly acknowledge the fact that the Innovation Fund has financed the project.