

## Review Guidelines

Version 7.0  
June 15, 2020

### Review process time frame<sup>1</sup>:

| <i>Submission deadline</i>             |                                                  |                |
|----------------------------------------|--------------------------------------------------|----------------|
| <b><u>Approximate<br/>duration</u></b> | <u>Administrative and eligibility check (IF)</u> | <b>1 week</b>  |
|                                        | <u>Pre-selection of Applications</u>             | <b>5 weeks</b> |
|                                        | <u>Environmental review</u>                      | <b>3 weeks</b> |
|                                        | <u>Financing Decision</u>                        | <b>1 week</b>  |

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<sup>1</sup> The given time frames are an approximation. The IF reserves the right to modify the time frames. All participants in the process will be notified in due time.

## REVIEW PROCESS

The Innovation Fund (IF) policy is intended to ensure that Applications submitted to the IF are evaluated in line with the timeline prescribed by this document and respecting the principles of transparency, equal treatment, non-discrimination, proportionality and absence of conflict of interest.

Therefore, the review process is organized in the following way:

- Administrative and eligibility check of all Applications received
- Pre-selection of Applications (including the technical review by Peer-Reviewers and the pre-selection decision by the independent Investment Committee)
- Environmental review of all preselected Applications
- Financing Decision by the independent Investment Committee

In the following sections, each step of the review process is described in detail.

### 1. ADMINISTRATIVE AND ELIGIBILITY CHECKS FOR ALL RECEIVED APPLICATIONS

The IF staff conducts a desk review of the eligibility and administrative completeness of all received Applications to ensure their compliance with Program requirements. Administrative and eligibility checks phase last for approximately one week.

Each Application received until the deadline for submission of Applications, will be reviewed for eligibility using the following criteria:

- The Applicant is a legal business unit, incorporated under applicable/current Serbian Company Law, registered at the Serbian Business Registration Agency (SBRA) and located in Serbia;
- The Applicant is a private sector (at least 51% privately owned), micro, small or medium sized company<sup>2</sup>;
- The Applicant has generated a minimum of EUR 200,000 in operating revenue in the previous business year or current year and is profitable.

Applicants that meet any of the following criteria are NOT eligible to apply for the MATCHING GRANTS Program:

- Applicant received financing from any other IF financing program for the same activities;
- Applicant had revenue over EUR 50,000,000 in any of the prior two years;
- Applicant is under control and/or majority owned (greater than 50%) by a parent company that is an operating or holding company that had revenue, or is part of the group that had revenue over EUR 50,000,000 in any of the prior two years;

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<sup>2</sup> In accordance with the current Law on Accounting of the Republic of Serbia, excluding newly founded companies as stipulated in the same law.

- Applicant is considered to be an affiliated entity<sup>3</sup> of a large company<sup>4</sup> (domestic or foreign) or is 10% or more owned by a large company (domestic or foreign);

The Applicant can't receive more than EUR 600,000 of grant financing from the IF under all of the IF programs (including Mini Grants Program, Matching Grants Program, Collaborative Grant Scheme Program, TTF Program and others) over the lifetime of the Company applying for financing. This maximum amount includes the IF financing awarded to any past, present or future affiliated entity<sup>5</sup> (including its subsidiaries, spinoffs or affiliated companies which have changed their trade name).

Modified and improved Applications which were previously rejected are allowed. However, an Applicant can resubmit substantially the same Application only once (regarding all IF's financial programs). An Application which is substantially the same as any two Applications (i.e., based on the substantially same or similar innovative technology, product or service and business plan) previously submitted to the IF by the Applicant will not be considered for further evaluation.

Application submitted by an Applicant who is already implementing a project within the IF's Mini Grants, Matching Grants and the Collaborative Grant Scheme Program at the time of the submission **will not be taken into consideration.**

The administrative check entails verification by the IF that the Applicant has provided the correct Application document templates as listed in the Program Grant Manual and that they are adequately populated in accordance with instructions given in those document templates.

During this stage, the IF will provide every Applicant whose Application was initially determined to be administratively deficient with a 72-hour window to rectify the identified deficiencies. Ineligible Applicants and Applicants whose Applications did not pass the administrative aspect of the check will be notified of their ineligibility by email, after the IF completes the administrative and eligibility check of all submitted Applications.

If an Applicant wishes to file a fact-based objection to the outcome of the administrative and eligibility check (citing evident omissions, oversights or mistakes made by the IF staff), they may submit a formal letter of objection to the IF, written in English and not exceeding 500 words within 8 calendar days from the day of receiving the original eligibility review decision notification. The IF will provide an official response to the formal letter on the objection within 14 calendar days from receiving the objection.

The output of the administrative and eligibility check is the final list of eligible Applications for the given public call.

## 2. PRE-SELECTION OF APPLICATIONS

### EVALUATION CRITERIA

The Applications are evaluated based on the following criteria:

- Management and key personnel credentials and ability of the company to deliver;
- Innovative technology, product or service; clear IP position and potential;

<sup>3</sup> As defined by the Serbian Company Law.

<sup>4</sup> In accordance with the current Serbian Law on accounting.

<sup>5</sup> Affiliation is determined on the conditions stipulated in the applicable Serbian Company Law.

- Clear market need, competitive (preferably global) position and commercialization potential;
- Potential for generating revenue within two to three (2-3) years after the project start;
- Viable implementation methodology and capabilities;
- Use of funds and adequacy of the project budget;
- Technology and implementation risk management.

The following evaluation grid will be used by the peer reviewers and the Investment Committee (the questions in the second column should serve as a general guidance to the peer reviewers and the Investment Committee when assessing each of the criteria):

|                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                  |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Management and key personnel credentials and ability of the company to deliver</b>              | <ul style="list-style-type: none"> <li>• Does the management team and key personnel have adequate skills, education, knowledge, track record and experience to execute the proposed project?</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Maximum score: 4 |
| <b>Innovative technology, product or service; clear IP position and potential</b>                  | <ul style="list-style-type: none"> <li>• Will the project result in improvement of existing technologies, products or services?</li> <li>• To what extent does the project suggest and explore unique concepts or applications?</li> <li>• Does the project lead to enabling technologies for further discoveries?</li> <li>• Does the proposed technology, product or service have potential for creation of new IP?</li> <li>• Does the Applicant have full ownership/rights to develop and use the technology/product or service being developed?</li> <li>• Does the Applicant's technology, product or service infringe or violate IP rights of others?</li> </ul> | Maximum score: 4 |
| <b>Clear market need, competitive (preferably global) position and commercialization potential</b> | <ul style="list-style-type: none"> <li>• Does the proposed approach have potential to lead to a marketable technology, product or process?</li> <li>• What is the specific market for the technology, product or process? Is it a growing market? Are customers/users definable?</li> <li>• Evaluate the competitive advantage of this technology vs. alternate technologies that can meet the same market needs.</li> <li>• Is the technology, product or service competitive and what are the competitive threats?</li> <li>• Preference should be given to globally competitive technologies, products and services.</li> </ul>                                      | Maximum score: 4 |
| <b>Potential for generating revenue within two to three (2-3) years after the project start</b>    | <ul style="list-style-type: none"> <li>• Does the proposed technology, product or service have potential to generate revenue within 2-3 years after the project start?</li> <li>• Is the estimate of the target market realistic and who are expected to be the main competitors?</li> </ul>                                                                                                                                                                                                                                                                                                                                                                            | Maximum score: 4 |
| <b>Viable implementation methodology and capabilities</b>                                          | <ul style="list-style-type: none"> <li>• Is the proposed plan a sound approach leading towards commercialization?</li> <li>• Are the overall methodology and activities well-reasoned and appropriate to accomplish the proposed development of the technology, product or service?</li> <li>• Is there sufficient access to resources (materials and supplies, analytical services, equipment, facilities, etc.) to bring the project to successful conclusion?</li> </ul>                                                                                                                                                                                             | Maximum score: 4 |

|                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                  |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Use of funds and adequacy of the project budget</b> | <ul style="list-style-type: none"> <li>• Are the items listed in the budget in line with the proposed activities (e.g. man hours, materials)?</li> <li>• Are the proposed costs realistic?</li> <li>• Would the budget benefit from any alterations or corrections (e.g. more funds allocated to IP protection, reducing consultancy costs)?</li> <li>• Does the Applicant demonstrate sufficient commitment with the level of own cofinancing?</li> </ul> | Maximum score: 4 |
| <b>Technology and implementation risk management</b>   | <ul style="list-style-type: none"> <li>• Are potential implementation problems, risks, and proposed solutions clearly identified and presented?</li> <li>• Will the proposed approach establish the feasibility and will the particularly higher risk aspects likely to be managed appropriately?</li> </ul>                                                                                                                                               | Maximum score: 4 |
| <b>MAXIMUM TOTAL SCORE</b>                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 28               |

The total score for an Application is the sum of the scores given to each criterion, producing a maximum of 28 points.

| SCORE | MEANING    |
|-------|------------|
| 1     | poor       |
| 2     | acceptable |
| 3     | good       |
| 4     | excellent  |

Comments for each criterion must correspond in a coherent and consistent manner with the scores awarded for that same criterion.

### FIRST PHASE OF THE PRESELECTION OF APPLICATIONS: TECHNICAL PEER REVIEW

The first phase of review within the pre-selection of applications includes a technical peer review carried out by international peer reviewers. IF Program Managers are responsible for ensuring that each Application receives an objective and fair technical peer review, and that all applicable laws, regulations, and policies are followed. The type of peer review utilized is the blind review, with the name of the reviewer unknown to both the Applicant and the IC members.

The roles and responsibilities of parties engaged in this phase are as follows:

#### IF Program Managers:

- Provide the Peer reviewers with the Declaration of impartiality and confidentiality to sign before assigning them the Applications to review;

- Assign at least two appropriate peer reviewers to each eligible Application based on the corresponding field of industry and science, so that the peer reviewers can conduct their written evaluation and assign individual scores for each criterion;
- Document and manage potential conflicts of interest;
- Attend and oversee all administrative and regulatory aspects of peer review.

#### **Peer Reviewers:**

- Sign the Declaration of impartiality and confidentiality as provided by the IF;
- Receive access to the Applications for review through the IF Portal;
- Examine the Review Guidelines and instructions;
- Within two days of receiving access to the Applications to review, examine each assigned Application to verify that the projects match the reviewers' area of expertise and inform the IF Program Managers of any concerns;
- Review all Applications assigned to them for conflicts of interest or the appearance of conflicts of interest in accordance with the IF Confidentiality and Prevention of Conflict of Interest Policy and inform the IF Program Managers if any issues exist;
- Within 3 weeks of receiving access to Applications, prepare a written evaluation (using the online Peer Review Evaluation Form on the IF Portal) for each Application assigned, based on the defined evaluation criteria and judgment of merit. The peer review must give concise, pertinent and well justified comments for each criteria of the evaluation grid, in a wording that may be given directly to the Applicant, if requested. Strong and weak points must be reflected. In particular, comments should not include only the summary of the Application, but should provide short critical analysis in line with (but not limited to) the respective questions of the evaluation grid;
- Assign a numerical score (from 1 to 4, with 1 being the poorest and 4 being the best) to each evaluation criterion;
- Complete and submit the Peer Review Evaluation Form for each Application assigned to the IF online application portal.

#### **Scoring**

Peer Reviewers will consider each of the evaluation criteria and give a separate score for each criterion. The scoring system utilizes a 4-point rating scale (4 = excellent; 3 = good; 2 = acceptable; 1 = poor). The total score for an Application is the sum of the scores given to each criterion, producing a maximum of 28 points. All projects will be scored based on the average score of at least two peer-reviews and ranked accordingly for the IC. Scores between 1 and 4 (not 0) must be given. Half points are not accepted.

Based on the previously mentioned need for consistency between peer reviewer comments and scoring, the peer reviewer must avoid scenarios where they present a high score combined with critical or negative comments or a low score accompanied by positive comments. Should the IF

establish that the Peer Reviewer has not provided sufficiently elaborate comments to justify the claims and conclusions made for any of the evaluation criteria, the IF reserves the right to ask of the Peer Reviewer to expand upon their comments and supplement their opinion with additional explanations.

**Peer Reviewer comments and scoring represents the output of this phase and constitutes only a segment of the evaluation within the preselection phase.**

## **SECOND PHASE OF PRESELECTION OF APPLICATIONS: INDEPENDENT INVESTMENT COMMITTEE REVIEW**

The second phase of review is carried out by the independent Investment Committee (IC) and administered by the IF Program Managers. IF Program Managers are responsible for ensuring that each Application receives an objective review, and that all applicable laws, regulations, and policies are followed. The IF Program Managers will assign the Applications to the Investment Committee at the same time as they assign the Applications to the Peer Reviewers.

### **IF Program Managers:**

- Provide the IC members with the Declaration of impartiality and confidentiality to sign before assigning them the Applications to review;
- Attend and oversee administrative and regulatory aspects of the IC meetings;
- Document and manage potential conflicts of interest situations;
- Ensure that all the documentation including Peer Review comments and scoring is available to the IC on the IF online application portal or via email;
- Assign projects to each IC member;
- Take meeting minutes during the IC meetings;
- Prepare Pre-selection evaluation report, based on the IC Decision on pre-selection.

### **Investment Committee Members:**

- Sign the Declaration of impartiality and confidentiality as provided by the IF;
- Receive access to the Applications for review through the IF Portal;
- Examine the Review Guidelines and instructions;
- Review all Applications for conflicts of interest or the appearance of conflicts of interest in accordance with the IF Confidentiality and Prevention of Conflict of Interest Policy and inform the IF Program Managers if any issues exist;
- Within 4 weeks of receiving the Applications, prepare for discussions at the Investment Committee preselection meeting;
- IC members will summarize the Applications assigned to them and discuss each Application's merits during the preselection meeting, taking into account the Peer Reviewer comments;

- Assign a numerical score in the scoring table supplied by the IF (from 1 to 4, with 1 being the poorest and 4 being the best) for each of the Applications and each evaluation criterion, including written evaluation for each Application assigned (please see details below).

After the IC assigns numerical scores for all Applications in the scoring table supplied by the IF (which already includes individual and average numerical scores from Peer Reviewers for each Application) during the preselection meeting, the scoring table will display the final scoring for all Applications based on the following scoring formula:

- Average Peer Reviewer (APR) score is weighted with 30%
- IC score is weighted with 70%
- Final score =  $APR \times 0.3 + IC \times 0.7$

The threshold for an Application to be preselected is 21 points (75% of the maximum score, which is 28).

Following the finalization of the scoring table, the IC will confirm the Applications which will advance to the next phase of the review process, which is the Financing decision phase.

At the conclusion of the preselection phase, the IC will:

- Prepare a written evaluation (using the online Investment Committee Pre-Selection Form on the IF Portal) for each Application assigned, based on the defined evaluation criteria and judgment of merit. The IC must give concise, pertinent and well justified comments for each criteria of the evaluation grid, in a wording that will be given directly to the Applicant. Strong and weak points must be reflected. In particular, comments should not include only the summary of the Application, but should provide a critical analysis in line with (but not limited to) the respective questions of the evaluation grid;
- Complete and submit the Investment Committee Pre-Selection Form for each Application on the IF portal and assign the appropriate status (preselected or not preselected) for each of the assigned Applications on the IF online application portal.

Feedback to the Applicants whose Applications were not preselected will include IC comments for each of the evaluation criteria.

The Applicants whose Applications are preselected will be notified about the IC decision via email. For each Applicant, the IC will prepare specific questions which will be used to steer the discussion during the presentations on the final pitch event. These questions will first be sent to the IF following the preselection decision and the IF will distribute them to each preselected Applicant, after which these Applicants are obligated to incorporate the answers to these questions into a PowerPoint presentation template provided by the IF and send it back to the IF at least seven (7) days before the date set by the IF for the final pitch event.

**The output of this phase is the “Decision on pre-selection”, signed by the members of the IC or the IC member authorized by the IC, and the Pre-selection evaluation report whose integral part is the “Decision on pre-selection”.**

If an Applicant wishes to file a fact-based objection to the outcome of the preselection decision (citing evident omissions or mistakes made by the Investment Committee or the IF staff), they may submit a

formal letter of objection to the IF, written in English and not exceeding 500 words within 8 calendar days from the day of receiving the original preselection decision notification. The IF will provide an official response to the objection within 14 calendar days from receiving the objection.

### **3. ENVIRONMENTAL REVIEW**

Once the IC makes the preselection decision, all Applications which were preselected will undergo a review by the IF's Independent environmental and social management expert (IESME) to verify compliance with the Environmental and Social Management Framework (ESMF).

The environmental review consists of assessment of all Environmental Screening Questionnaires (ESQ) which represent an integral part of each Application. The pre-selected Applicants will be informed about the results of the ESQ assessment only if the Environmental Management Plan (EMP) is required. When an Application requires the preparation of the EMP (Category B), it is the responsibility of the Applicant to prepare the EMP and submit it to the IESME within two (2) weeks after IESME provides feedback on the ESQ. The guidance on the content of the EMP is provided in the Environmental and Social Management Framework (ESMF) available on-line [www.inovacionifond.rs](http://www.inovacionifond.rs). Environmental and Social Management Framework specifies environmental and social procedures for implemented projects to adhere to, which are consistent with Serbian national legislation. In cases where an Application requires an EMP and the Applicant does not prepare it, that Application would become ineligible for further evaluation. Additionally, all preselected Applications which are categorized as type A projects according to the ESMF are considered automatically ineligible for financing under this program.

#### **IF Program Managers:**

- Provide the IESME with the Declaration of impartiality and confidentiality to sign before assigning them the Applications to review for environmental assessment;
- Document and manage potential conflicts of interest situations;
- Assign the preselected Applications to the IESME and provide access to Application documents required for assessment;
- Assign the appropriate Environmental status on the IF Portal following the completion of the assessment conducted by IESME.

#### **Independent environmental and social management expert (IESME):**

- Sign the Declaration of impartiality and confidentiality as provided by the IF;
- Review all assigned preselected Applications for conflicts of interest or the appearance of conflicts of interest in accordance with the IF Confidentiality and Prevention of Conflict of Interest Policy and inform the IF Program Managers if any issues exist;
- Assess all assigned preselected Applications, categorize and verify compliance of corresponding ESQs with the Environmental and Social Management Framework (ESMF);
- Sign ESQs of all assigned preselected Applications, thus confirming their ESMF categorization and compliance.

- For all assigned preselected Applications which require EMPs, provide guidance to the Applicants to formulate the appropriate EMPs and verify that the final EMP is compliant with the Environmental and Social Management Framework (ESMF).

**The output of this phase is a table containing the Environmental status for preselected projects, signed by the IESME.**

#### **4. FINANCING DECISION**

All Applicants which have been previously pre-selected by the IF's Investment Committee and satisfied the Environmental review will present their Applications in front of the independent Investment Committee in person. Based on the results of the live presentation, the Investment Committee will make its final decision. The IC will use the same evaluation criteria stipulated in Section 2 of this document, as well as the same scoring system also found in Section 2.

The IC members will consider each of the evaluation criteria and give a separate score for each. The scoring system utilizes a 4-point rating scale (4 = excellent; 3 = good; 2 = acceptable; 1 = poor). The total score for an Application is the sum of the scores given to each criterion, producing a maximum of 28 points. The IC scoring and comments are to be based on the IC's overall evaluation of the Applications, which includes their holistic assessment of each Application's qualities and an impartial and fact-based judgment of merit.

##### **IF Program Managers:**

- Provide all pitch participants with a non-disclosure agreement to sign before the beginning of the final pitch event;
- Attend and oversee administrative and regulatory aspects of the final pitch event;
- Document and manage potential conflicts of interest situations;
- Prepare the final scoring table for the IC to populate with numerical scores for each Application and each evaluation criterion;
- Take meeting minutes during the final pitch event;
- Prepare the Final evaluation report, based on the IC Financing decision.

##### **Investment Committee Members:**

- Give an introductory speech to all groups of Applicants who will present during the final pitch event, explaining the concept of the event and its goals;
- Thoroughly prepare for discussions for each preselected Application which will be presented at the final pitch event;
- The IC will provide each Applicant with a 10-minute time window to present their Applications through a PowerPoint presentation, followed by a 10-minute time window for specific questions that the IC may have for each project;

- Following the presentations of preselected Applications, assign a numerical score in the scoring table supplied by the IF (from 1 to 4, with 1 being the poorest and 4 being the best) for each of the Applications and each evaluation criterion;
- Perform the necessary budget clearing for every pre-selected project to optimize the use of available financing in this public call.

After the IC assigns numerical scores for all Applications in the final scoring table supplied by the IF during the final pitch event, the final scoring table will display the final scores for all Applications and sort them from highest to lowest.

Following the finalization of this scoring table and based on the amount of available funds, the IC will confirm the Applications which will be selected for financing, and will also:

- Prepare a written evaluation (using the online Investment Committee Financing Decision Form on the IF Portal) for each Application assigned, based on the defined evaluation criteria and judgment of merit. The IC must give concise, pertinent and well justified comments for each criteria of the evaluation grid, in a wording that will be given directly to the Applicant. Strong and weak points must be reflected. In particular, comments should not include only the summary of the Application, but should provide a critical analysis in line with (but not limited to) the respective questions of the evaluation grid;
- Submit the Investment Committee Financing Decision Form for each Application on the IF portal and assign the appropriate status (Approved or Not approved) for each Application.

Feedback to all Applicants which have presented their Applications on the final pitch event will include the IC written comments from the Financing Decision Form. Following the Investment Committee's decision to award financing, the Applicant will be notified about the positive decision on financing and subsequently offered to sign the Financing Agreement. In case any significant changes arise within the structure of a Project that was approved for financing before the signing of the Financing Agreement, the independent Investment Committee reserves the right to alter and adjust its decision in accordance with these changes.

The IF will also notify all pre-selected Applicants whose projects were not awarded about the outcome of the final phase of the evaluation process and they will receive the Investment Committee's comments for their project, for each evaluation criterion.

While making the final decision on financing, the IC will take into consideration the total amount of available funds for the public call. If the number of quality Applications that the IC would approve for funding exceeds the total available budget allocated for a particular public call, three (3) projects with the highest scores from the list of those Applications which were preselected, but not ultimately approved for financing will be considered as reserve projects. These Applications are to be subsequently offered financing by the IF should any of the originally approved ones fail to sign the Financing Agreement.

**The output of this phase is the "Financing Decision", signed by the members of the IC or the IC member authorized by the IC, and the Final evaluation report whose integral part is the "Final Decision".**