



Ministry of Education, Science
and Technological Development

kat_pult

REPUBLIC OF SERBIA
INNOVATION
FUND



THE WORLD BANK



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SERBIA ACCELERATING INNOVATION AND GROWTH ENTREPRENEURSHIP (SAIGE) PROJECT

KATAPULT

-Program Manual-

v1.1

October 6, 2021

1. PROGRAM DESCRIPTION

The Katapult is Innovation Fund's acceleration program that targets growth oriented innovative startups and offers:

1. Intensive training, including mentoring and experimentation support for companies segmented into two streams:
 - a. **An "Ideation" stream**, to assist founders in the early stages of product and market development. These founders are likely seeking market validation, initial traction and confirmation of a business model. While some participants in this category may have customer traction and paying customers, the Katapult may consider pre-revenue startups where IP/tech is considered unique and compelling. Typically, Ideation startups will be looking to raise initial seed capital, from €100K - €1M.
 - b. **A "Scale-up" stream**, to support companies with proven traction looking to accelerate growth and aiming to raise a late Seed/Series A round of financing, likely between €500K - €2M.
2. Grant funding¹, including:
 - a. **At-Entry Grants** of up to **€20K for Ideation stream companies** and up to **€50K for Scale-up stream companies**.
 - b. **Co-Investment Grants** (CI Grants) of up to 1:1 investment matching **up to the ceiling of €300K** awarded to Katapult companies that secure private investment.

Company selection will focus on highly skilled growth-oriented teams developing new products or services, improving customer acquisition or expanding to new markets.

All companies accepted to Katapult automatically qualify for training and At-Entry Grants, while further diligence will be done to approve companies and investors for Co-Investment Grants.

Both At-Entry and CI Grants are awarded in the form of state aid for newly established enterprises in accordance with the [Regulation on the Conditions and Criteria for Horizontal State-Aid Compliance](#) and [Regulations on Rules for State Aid Granting](#).

2. TRAINING PROGRAM

The Katapult will launch in October 2021 and will include intensive training for bi-annual cohorts including both Ideation and Scale-up companies, with up to 20 companies per cohort. The emphasis will be on customized mentoring for each company, according to its particular challenges and growth potential. If conditions allow, a residential component in or near Belgrade will be included along with in-person, virtual workshops and mentoring sessions.

The curriculum will cover all aspects of business strategy and go-to-market support through a combination of a structured training and hands-on experimentation with world-class mentors. This will be augmented by initial seed funding through At-Entry Grants and connections to investors (see section 6, At-Entry Grants). Participating companies will also have the chance to apply for CI Grant (see section 7).

¹ All amounts in EUR presented in this document will be calculated in RS Dinars at the exchange rate of 120RSD for 1EUR.

3. TARGET GROUPS

While the majority of Applicants are expected to be digital startups, the Katapult will be open to all innovative businesses, with an emphasis on Serbia's Smart Specialization Strategy. At least 50% of available funding will be allocated to Applications in the four priority domains², subject to availability of good quality projects. Women co-founders are specifically encouraged to apply.

4. USES OF GRANT FUNDS

4.1. Eligible Costs

Awardees can use grant funding for both At-Entry and CI grants for costs within the following categories:

- Team/salary costs (gross amounts incl. income taxes and benefits).
- Product development services, including developing and testing technology, R&D, etc.
- Business development services, such as market research, partnership/supplier development, hiring expert consultants, etc.
- Sales and marketing services.
- Goods and other services for the purpose of company growth and development.
- Overheads such as rent, tech/app/data subscriptions, etc.

Only the costs accrued during the timeframe specified in the grant contract with the IF, and services completed, or goods delivered, will be eligible for financing.

4.2. Non-Eligible Costs

The following costs shall not be considered eligible and are not limited to:

- Debts and debt service charges (interest).
- Provisions for losses, debt or potential future liabilities.
- Costs declared by the awardee and financed by another action or work program receiving other public sources of financing.
- Purchases of land or buildings, including any renovation.
- Currency exchange losses, fees and penalties.
- Credits to third parties.
- Salary costs of the personnel of national administrations.
- Taxes, including VAT, duties and charges.
- Entertainment and hospitality expenses, including travel costs thereto.
- Recruitment and relocation costs.
- The procurement of second hand or refurbished goods.
- Any activities outlined in the IF's Environmental and Social Management Framework (ESMF) as Exclusions published on the IF webpage.
- Cash payments from the separate bank account.

The IF will make regular checks with regards to eligible costs.

² According to the Serbia's Smart Specialization Strategy the four priority domains are: 1) Food for future, 2) Information and communication technologies, 3) Machines and production processes of the future and 4) Creative industries.

4.3. Non-Eligible Activities

Katapult will **NOT** support Applications or activities in relation to:

- Applications or activities that are classified under Environmental and Social Management Framework (ESMF³) risk categorization as High or Substantial risk projects.
- Industrial-related or construction activities, or any other activities that entail pollution generation, in accordance with the exclusion list provided by the ESMF.
- Any of the following Applications or activities:
 - Tobacco production, processing, storage.
 - Production of alcohol, excluding beer and wine.
 - Projects that involve alteration to rivers or other natural environments.
 - Mining Projects.
 - Logging Projects.
 - Adult Entertainment Projects.
 - Gambling Projects.
 - Property Development.

5. SELECTION PROCESS

5.1. Eligibility of Companies

An Applicant must meet the following eligibility criteria:

- The Applicant is a legally registered business, not older than six (6) years at the time of applying to the Katapult.
- The Applicant is a private sector (at least 80% privately owned), micro or small sized company.

An Applicant that meets any of the following conditions is NOT eligible to apply for the Katapult:

- The Applicant or its affiliated entity⁴ is listed on the stock exchange.
- The Applicant or its affiliated entity has received financing from any other IF financing program for the same or similar activities.
- The Applicant or its affiliated entity had revenues over €8,000,000 in any of the prior two years.

A company can be enrolled and be awarded At-Entry and Co-Investment Grants only once in either Ideation or Scale-up stream and cannot participate in both.

Past participation in other IF programs does not disqualify companies from applying. Companies that have been awarded funding by the IF and are in the final stage of implementation (last quarter or less) may apply to the Katapult. The maximum amount of IF financing that a company may receive across any and all awards is €800K.

The IF will run personal and fiduciary background checks on the entire ownership team of all Applicants including founder/co-founders, existing directors with shares, and other shareholders, before awarding

³ ESMF- Environmental and Social Standards Management Framework can be found [here](#).

⁴ Affiliate entity as defined in Article 62 of the [Law on Companies](#)

grants. Companies with founders/co-founders and other shareholders who do not pass this check will not be eligible for the program.

Activities that are focused on routine or periodic changes made to existing products, production lines, manufacturing processes, services and other already established operations (e.g., software version updates, product redesigns) which do not result in the creation of tangible value or new intellectual property are not encouraged to apply, even if those changes may represent improvements for the Applicant's own portfolio or organization.

Any new IP and know-how which may be created during the implementation of the program must be demonstrated as belonging to the Applicant.

5.2. Selection Criteria

Selection will be guided by five main criteria:

1. **Team:** Co-founders should have complementary, diverse, cross-functional skills and be able to demonstrate why they are a good team for the problem they are solving. It is preferable that founding teams have at least two co-founders to be considered for the Accelerator.
2. **Product/Technology:** Should have a minimum viable (Ideation) or market-tested (Scale-up) product that has competitive advantages. The IF is looking to support businesses that develop new products, services or processes with the potential for significant technological improvements over the existing state of the art, and which may therefore face risk of failure.
3. **Business Model and Traction:** Should have a vision (Ideation) or proven (Scale-up) monetization strategy and an efficient, scalable business model. For the Ideation stream, pre-revenue companies are not automatically disqualified, but it is a big plus if the team can show evidence of demand or traction (pre-orders, pilots, signed contracts or other sales indications). To be selected for the Scale-up stream, Applicants must already be generating revenue.
4. **Market:** Should be solving a clear problem for a known customer within a large, accessible market with good prospects for regional/international scaling. Scale-up stream Applicants should be seeking to expand into new geographical markets or new customer segments.
5. **Capital Raising:** Should have good prospects for attracting private investors and be seeking an amount of capital commensurate with the program scope. Scale-up stream Applicants are likely to have raised some seed funding and may be seeking a Series A investment.

5.3. Application Process

Registration

All Applications are handled through the [Katapult portal](#). To register an account, the Applicant must have a valid Tax Identification Number (PIB). An email address given during the registration will be used for all future correspondence with the Applicants.

Application Content

Applicants should be prepared to provide the following:

- Completed Application questionnaire.
- Management resumes and a list identifying key employees or representatives of the company.
- List of existing shareholders and their percentage ownership (capitalization table).
- Brief financial history/records.

- Environmental and Social Screening Checklist filled in and signed by the Applicant.

To be considered for the Scale-up stream, it is expected that Applicants will also provide the following materials:

- Financial statements for the most recent operating periods up to two years, if available.
- Investor deck or / and business plan.
- Pro forma financial model.
- Indicative fundraising ask (amount and use of funds, e.g.).

Application Submission

Only complete and timely Applications submitted through the [Katapult portal](#) will be evaluated.

Applicants can submit only one Application in a specific call for proposals. An Applicant rejected in the first call can submit improved Application in a subsequent call. It is strongly advised that companies not accepted and reapplying take into account any evaluation feedback when reapplying.

Application can be modified and changed until the deadline for Applications, using the link to the [Katapult portal](#). Applications cannot be changed or submitted after the deadline.

Administrative and Eligibility Screening

IF will check eligibility according to the eligibility criteria provided above. In the case of Application information deficiencies, companies will be notified and given 72 hours to make changes to their Applications, and subsequently informed of the screening outcome by email. Further details of the selection processes are given in the Katapult Review Guidelines available on the website of the IF.

Environmental and Social Review

Environmental and Social Review is conducted only for pre-selected Applications. It starts after the pre-selection and must be finished before any Agreements are signed. The first step in the process of assessing environmental and social impact is filling out the Environmental and Social Screening Checklist (ESSC). The IF's expert for environmental and social matters will examine all submitted ESSCs and categorize Applications according to the risk level:

- Low – no further action required.
- Moderate – monitoring required during implementation.
- Substantial – the IF stops the evaluation process and denies the Application.
- High – the IF stops the evaluation process and denies the Application.

Applicants will be informed about the outcome of this review only if the Application is categorized as a Moderate risk Application, in which case Environmental and Social Management Plan (ESMP) will be required. When the Application requires the preparation of the ESMP, it is the responsibility of the Applicant to prepare the ESMP and submit it to the IF. Approval of the ESMP by the IF is a condition for signing Acceleration Agreement. The guidance on the content of the ESMP is provided in the ESMF. All environmental and social procedures requiring adherence are specified in the ESMF, which are consistent with Serbian national legislation. In cases where the Application requires an ESMP and the Applicant does not prepare it, that Application would become ineligible for further evaluation.

Ethics Issues

An ethics expert will be called upon to provide assessment of any Applications that raise possible ethical risks and to suggest follow up measures or prepare specific monitoring provisions for such Applications.

Application Review & Selection Process

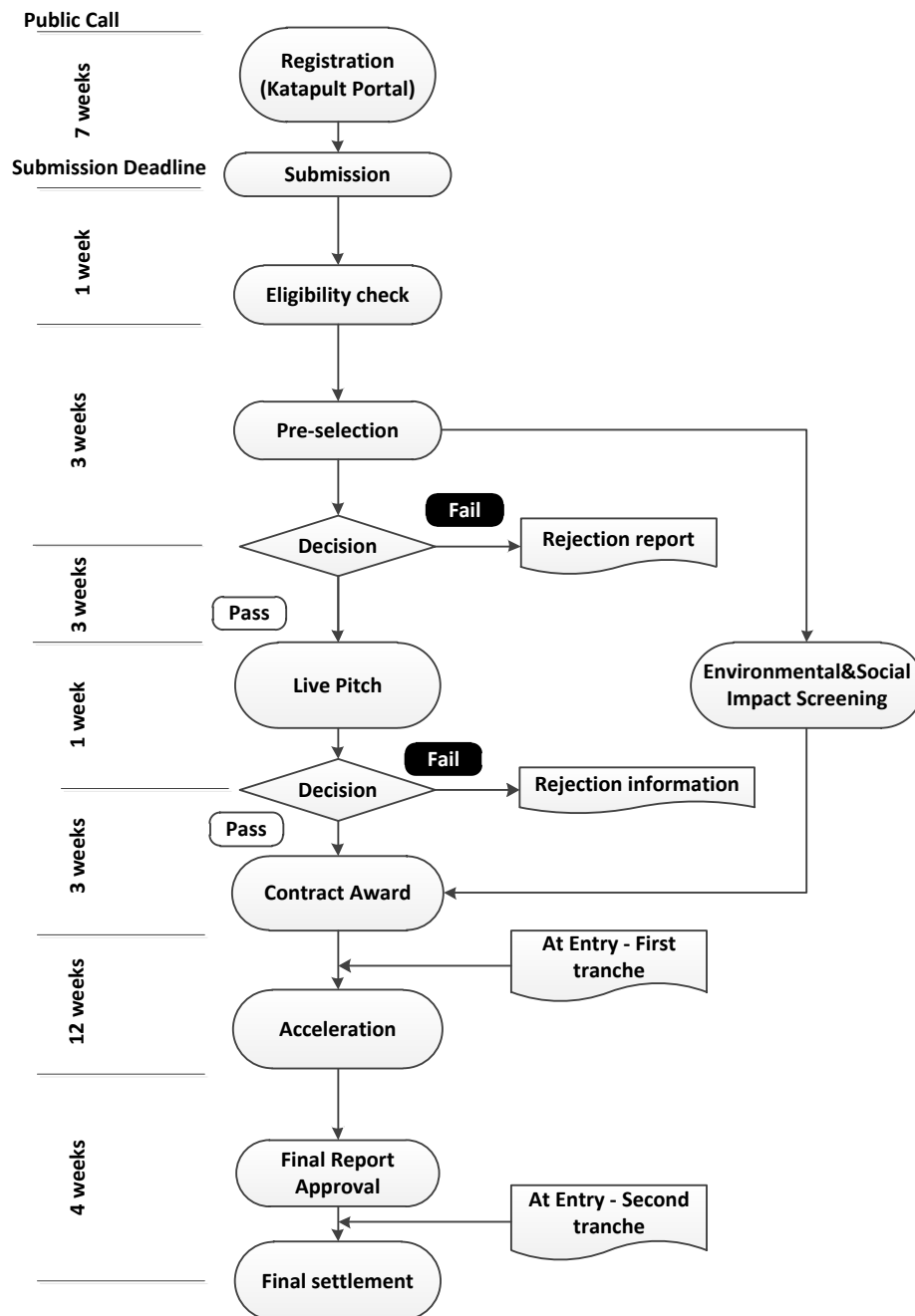


Figure 1: Application Review & Evaluation Process

5.4. Selection Committee Review and Decision

Upon eligibility and administrative check, eligible Applications will then move to the first phase of evaluation to include review by the subject matter expert and pre-selection by the Selection Committee (SC), comprising three external experts. A subject matter expert will be invited to review specific Applications matching their field of expertise, though they will not be directly involved in the decision-

making process. The pre-selection will include Application scoring according to the procedure defined in the Review Guidelines and selection criteria defined in Section 5.2. After the pre-selection, the SC will prepare a short list of Applicants that will be invited to pitch before the SC.

Final decision for enrollment is made by the Selection Committee (SC) following the in-person pitch. Placement of the Awardees into Ideation or Scale-up stream will be part of the SC's Final decision. **No written evaluation will be provided, aside from the oral input from the SC during the pitch session.**

Selected Awardees will be notified via email of the SC decision and will be offered to sign an Acceleration Agreement with the IF, which should be signed within three weeks. In principle, only Awardees with signed Acceleration Agreements will be included in the program. The Acceleration Agreement will specify the stream (Ideation or Scale-up) and the associated At-Entry Grant.

5.5. Applicant Grievance Mechanism

Applicants may file a fact-based objection to the outcome of any of the phases of the selection process (citing evident omissions or mistakes made during the process), or for any other reason, by submitting a letter of objection to the IF, by email, at katapult@inovacionifond.rs. The letter must be written in English with a recommended limit of 500 words. The IF will provide an official response to the formal letter of objection no later than 8 calendar days from receiving the objection.

6. AT-ENTRY GRANT FUNDING

6.1. Grant Amount

At-Entry Grants are available to all selected companies, with Ideation phase Awardees eligible for a maximum of RSD 2,4M (~€20K) and Scale-up Awardees eligible for a maximum of RSD 6M (~€50K).

Awardees can opt to accept and use an At-Entry Grant, or not. Should the Awardee turn down the funding, this amount will be available to secure under the CI Grant (provided the Awardee manages to raise qualified investment and thus become eligible for CI Grant funding).

6.2. Drafting of the Acceleration Agreement

The Acceleration Agreement is prepared by the IF before the official start date of the Katapult accelerator. It contains provisions for using the At-Entry Grant, type of acceleration support provided by the IF and obligations of Awardees taking part in the Katapult.

Before signing the Acceleration Agreement, an Awardee must provide the following:

- ESMP (where Applicable), to be approved by the Environmental Expert engaged on the SAIGE Project.
- Separate bank account to which the proceeds of the At-Entry Grant will be transferred.
- Names of co-founders (up to three, unless explicitly agreed with the IF) who will participate in the Katapult accelerator.
- Written statement that the Awardee will comply with all the provisions of Law on labor and protection at work.

Awardees that opt for the At-Entry Grant may use these funds upon signing the Acceleration Agreement with the IF. The funding can be used for the duration of the Accelerator and up to 30 days after the

program completion. The IF will not ask Awardees to provide a specific budget for At-Entry Grants. However, monitoring procedures will be in place to ensure that no funds are used to cover ineligible costs. Awardees are recommended to consult their Lead Mentors while using the proceeds of At-Entry Grants.

6.3. Disbursement

The At-Entry Grant will include an up-front and a reimbursable portion. The IF will make available €15K upon signing the Acceleration Agreement with Ideation Awardees and €35K with Scale-up Awardees. The remaining grant funds will be kept by the IF as a final reimbursable tranche to be transferred to the account of the Awardee for pre-approved expenses accrued during the acceleration program up to the balance of the full grant amount after the Awardee completes the program and a Final Report is approved by the IF.

To justify its costs and claim the final tranche, the Awardee must provide the IF the Final Report with acceptable financial documentation (invoices, proof of deliveries, proof of payments, bank statements, etc.). The final tranche is transferred to the Awardee upon signing the Final Settlement, which is prepared and signed after the Acceleration Agreement is completed.

6.4. Reporting

The Awardee is obligated to submit a Final Report upon completion of the acceleration program. Approval of the Final Report is a condition for disbursing the reimbursable portion of the At-Entry Grant.

The Final Report will include a survey to assess the overall experience and support received during the Accelerator as well as a narrative summary describing completed activities and the main achievements of the acceleration phase, including the At-Entry Grant use-of-funds and related, measurable KPIs/outcomes linked to participation objectives (product development, customer traction, revenue growth, etc.).

The financial section of the report must document all the payments made from the separate bank account. These payments must be properly itemized to allow easy review by the IF.

7. CO-INVESTMENT GRANT FUNDING

As a non-dilutive instrument, Co-Investment Grants preserve equity for founders while lengthening the “runway” during the high-risk, early stages of development, thereby de-risking investments for investors.

All Awardees enrolled in the Katapult accelerator will be considered eligible to apply for Co-Investment Grant funding. These companies may apply for and receive CI Grants at any time during the acceleration program and nine (9) months following completion of their cohort, provided a qualified investment is raised⁵, provided no breach of Acceleration Agreement have occurred during the program.

7.1. Grant Amount

Total funding available to Awardees is up to RSD 36 million (~€300K) including both At-Entry and Co-Investment Grants. For example, an Awardee enrolled in the Ideation stream that received and spent an At-Entry Grant of €20K may unlock up to €280K, while a Scale-up Awardee may access an additional €250K. Co-Investment Grants will match private investment 1:1 (i.e., provide 50% of an investment round)

⁵ Extensions may be allowed in exceptional cases and at the discretion of the IF.

up to the funding ceiling of €300K. A minimum private investment of RSD 6 million (~€50K) is required to qualify for a Co-Investment Grant.

Co-Investment Grant funds will only be disbursed after the investors have deployed their capital, or in the case of a tranching investment, after the deployment of the first tranche provided that the initial capital invested meets the RSD 6 million minimum.

7.2. Investor Eligibility

Eligible investors include angel groups, experienced “super angels,” individual angels as syndicates, seed funds, VC funds, corporate VCs/investors or other early-stage private investors.

Investors must be reviewed and approved by the Innovation Fund. All investors interested in investing in companies eligible for the co-investment mechanism are invited to declare their interest and be approved as Co-Investment Partners by the IF prior to pursuing any specific investment in order to speed up the CI Grants Application review and approval process. Investors may also register on a deal-by-deal basis.

To be accredited or approved as Co-Investment Partner or on an individual deal basis, investors will be required to provide information by filling out a questionnaire, declaring all potential Conflicts of Interest and submitting materials to the IF for review. Required information includes:

1. Angel Groups
 - Group name and contact information.
 - Document stating Group’s business status, if available (LLC, Charity, Partnership, etc.).
 - CVs/LinkedIn profiles of leadership and members that may participate in investments.
 - Copy of the membership agreement and group code of conduct, if available.
 - History of investments:
 - Portfolio company names and date of the investments.
 - Investment amounts.
2. Institutional Investors (VCs, funds, family offices, corporate investors)
 - Institution name and contact information.
 - Company registration documents.
3. “Super Angels”⁶ or Syndicate of Solo Investors
 - Individual names and contact information.
 - CVs of individuals involved.
 - History of angel-type investments made, if any.
 - List of investments made/portfolio.
 - Indication of investment size and if they were a lead investor for each investment.

⁶ A “super angel” is a high-net-worth individual that invests at a significant level (in the case of the Katapult, the minimum of €50K to unlock the CI Grant, e.g.) and has experience and a track record as an angel investor, having completed previous investments. They often invest individually and directly into a company rather than as part of a group.

All investors must pass a fiduciary check to be undertaken by the IF. The IF will reserve the right to vet investors through letters of recommendation, interviews, and background checks, and to reject potential investors for any reason at any time in the process.

It is the responsibility of the Applicant and investor to disclose any familial or other close relationships between the company founders or key employees and investor(s). CI Grants will not match investment rounds that are led by family members, though with discretion may match investments where family members are not leading and are participating as minority investors.

7.3. Application Process for CI Grants

Application Instructions

In preparing the CI Grant Application, Applicants should consider the following:

- All Applications including information and documentation must be submitted in English.
- Only Applications submitted via IF's [CI Grants portal](#) will be considered.
- All Application supporting materials must be uploaded to the relevant section of the [CI Grants portal](#) (no hard copies will be accepted).
- Both the firm Application and the supplemental investor materials are needed to consider the CI Grant Application complete.
- Only complete Applications will be processed.
- An Applicant can receive more than one CI Grant up to a total of EUR 300K, cumulative with the At-Entry Grant.

Application Content

The following information and materials must be submitted as part of the CI Grant Application:

- Online Application properly filled out on the IF's [CI Grants portal](#).
- List of existing shareholders and their percentage ownership (capitalization table).
- Investor deck or / and business plan.
- Signed term sheet or a letter of intent from the investor.
- Pro forma financial projections for at least two years.
- Budget breakdown for the requested CI Grant and the investment capital use of funds in the IF's template.
- Environmental and Social Screening Checklist filled in and signed by the Applicant.

In addition, investors must provide supplemental information separately directly via email to katapult@inovacionifond.rs, to include:

- Individual/firm information according to Section 7.2.
- Due diligence summary or investment memo.
- Signed investment agreement(s) (Stock Purchase Agreement, Investment Agreement, Shareholders Agreement, etc.) [may be submitted after the CI Grant Agreement is signed].

Investors will be required to provide signed investment documents before the first tranche of the CI Grant funding is disbursed. All investors participating in the round and providing investment that will be matched by the CI Grant must provide information to confirm investor eligibility and investment agreements must include signatures of all participating investors (i.e., all investors that will be investing

capital matched by CI Grant funds). Only the lead investor needs to provide the due diligence summary or investment memo.

7.4. Evaluation & Financing Decision

Applications will be reviewed by the internal IF Co-Investment Review Committee (CIRC).

The CIRC will examine Applications to (i) confirm the requisite information and materials have been provided in full, (ii) verify the company continues to meet the eligibility criteria and ESMF compliance requirements, (iii) confirm investor(s) eligibility (including Conflict of Interest compliance) and (iv) confirm that the investment structuring and terms are acceptable.

The following factors will be considered while assessing the proposed investment:

1. **Company receiving investment:** The investment must be either in the Katapult Awardee or in a related legal entity (parent company, e.g.) incorporated specifically for the purpose of receiving the investment and operating in a specific geography. Irrespective of the specific legal entity that is receiving external investment, the majority of company operations and key principals (majority of co-founders or executive team members, e.g.) should be based in Serbia. The CI Grant awarded by the IF will in any case be transferred to the Awardee entity that is registered in Serbia.
2. **Investment structuring:** The IF will match equity and quasi-equity investments (including convertible debt/SAFEs, etc.) and may consider alternative structures.
3. **Terms of the investment:** The IF will consider whether the terms are consistent with local and global markets good practices for early-stage private investing.

Awardees may submit an investment term sheet and ask for preliminary, non-binding opinion from the IF regarding the compliance of the terms of the proposed investment with CI Grant qualifying requirements. Negative preliminary opinion will include reasons for non-compliance with qualification criteria and possible measures to correct the terms to qualify for the CI Grant.

Evaluation of Applications will include environmental and social screening based on the ESSC submitted by the Applicant and the specific interview with the specialist for environmental and social matters, in line with the ESMF.

The CIRC will prepare a report with the final co-financing decision. Two decisions are possible:

1. Approval. CI Grant Applicant is notified, and the process moves forward.
2. Denial. CI Grant Applicant is notified that the Application has not been approved.

The IF will communicate the CIRC decision to the Applicants via email.

7.5. Drafting of Grant Agreement

Once the positive CI Committee decision is communicated the IF will prepare the CI Grant Agreement⁷ to be signed.

The following documentation must be prepared as a condition for signing CI Grant Agreement:

- ESMP (where Applicable) which needs to be approved by the Environmental Expert engaged on SAIGE.

⁷ CI Grant Agreement may be signed in the form of annex to the existing Acceleration Agreement.

- Separate bank account to which the CI Grant proceeds will be transferred. This may be the same account used for the At-Entry Grant.
- Written statement made under material and criminal responsibility that the Awardee will comply with all the provisions of Law on labor and protection at work.

7.6. Disbursement

CI Grant funds will only be disbursed after the investor(s) have deployed their capital and the Awardee provides evidence (via a bank statement, e.g.).

As noted above, the Awardee must open a separate bank account where CI Grant funds from the IF are transferred. This account must not be used for any other purposes except the implementation of the approved grant(s). The Awardee bears full legal responsibility for this account, documents all the payments made to and from it and reports them back to the Innovation Fund.

Expenditures to be covered from the grant may not be incurred before the start of the project.

The CI Grant is disbursed on a quarterly basis. The minimum period for the disbursement of the CI Grant is 12 months, provided the investment is transferred in the period of 12 months or less, and may be up to 24 months.

Prior to quarterly disbursements, the Awardee must submit quarterly progress and financial reports within two (2) weeks after the last calendar day of the reporting period along with other required documentation, and these reports must be approved by the IF.

All payments to the Awardees are made in Serbian Dinars.

The IF reserves the right to adopt the grant structure and disbursement schedule according to specific circumstances related to the Awardee or terms of the investment.

7.7. Reporting

Reporting includes Quarterly Financial and Progress Reports. The required reporting period will be between 12 and 24 months after signing of the respective CI Grant Agreement, depending on the grant disbursement schedule.

Awardees shall keep accurate and regular accounts of the implementation of CI Grant funding using an appropriate accounting system. These systems may either be an integrated part of the Awardee's regular system or an adjunct to that system. This system shall be run in accordance with accepted standards of accounting and bookkeeping policies and rules. Accounts and expenditures relating to CI Grants must be easily identifiable and verifiable.

Quarterly Financial Reports (QFR) should include cash flow statements from the separate bank account in the template provided by the IF.

While the QFRs describe the changes in the separate bank account only, Quarterly Progress Report will include a narrative recap that focuses on the entire business of the Awardee, outlining the main activities the Awardee has undertaken. In addition, the narrative should focus on the main achievements the Awardee has made in a particular reporting period, challenges it faces and general overview of the business activities. Depending on the reporting requirements imposed to the CI Grant Awardee by the investor, the IF may request reporting on specific KPIs defined in advance. In addition to the reports required under the CI Grant Agreement, it is the Awardee's obligation to report significant events to the

IF, positive or otherwise. It is expected that the IF will also be provided with any investor reports shared with company investors.

7.8. Monitoring

The IF may perform monitoring visits if deemed necessary. The purpose of any monitoring visit by the IF is primarily to check that all important activities are occurring as reported and as stated in the approved documents. The IF staff will notify the Awardee in writing by email approximately one (1) week in advance about the monitoring visit. The notification will outline the purpose of the visit, what is to be reviewed, and who should attend the meeting during the monitoring visit.

8. TERMINATION OF GRANT AGREEMENTS

At-Entry and CI Grants may be terminated, and Awardee required to repay part or the full grant amount if any breach of the CI Grant Agreement is made, including under the following circumstances:

- Where the Awardee uses the grant funds in contravention to the purposes stated in the any of the Grant Agreements.
- Where the Awardee uses the grant funds to pay for ineligible expenses or activities listed in the any of the Grant Agreements.
- Where the Awardee has deliberately falsified or provided incomplete information to obtain the grant.
- Where the Awardee fails to cooperate and provide the necessary information as requested by IF.
- Where the Awardee violates any of the Environmental & Social Safeguards stated in any of the Grant Agreement.

9. CONFLICTS OF INTEREST

All procedures for approval for grant funding will be done with utmost diligence and any conflicts of interest declared. Any IF staff or program Selection Committee member involved in the above procedures will be required to declare any personal or organizational relationship or interest in any enterprises or individual Applicants, and/or disclose those interests in which they have a particular stake.

Additionally, Applicants are to take all necessary precautions to avoid real or perceived conflicts of interests and shall inform the IF without delay of any situation constituting or likely to lead to any such conflict.

Conflict of interest is present in, but not limited to, situations where the impartial and objective exercise of the functions of any grant Applicant, grant selection committee member, or IF staff or consultants in relation to the execution of this project is compromised because said Applicant, committee member or staff member is in a position to derive personal benefits from actions or decisions made in their official capacity due to personal or professional relationships.

10. FRAUD AND CORRUPTION

All Awardees must agree to undertake all necessary actions to prevent possible Fraud and Corruption during the period of support by the IF and in deploying the funding provided by the IF. In pursuance of this policy, the practices constituting Fraud and Corruption are defined as follows:

- a) "Corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.
- b) "Fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
- c) "Collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.
- d) "Coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
- e) "Obstructive practice" is:
 - Deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a World Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
 - An act intended to materially impede the exercise of the IF's or World Bank's inspection and audit rights.

Before signing any of the Grant Agreements, Awardees are obliged to provide the following documents to the IF: penalty records certificate, i.e. a certificate from the competent court and competent police administration of the Ministry of Internal Affairs that the Awardee and its legal representative/s have not been charged with any of criminal offences as the member of an organized criminal group; nor charged with any of criminal offences against economy, environment, active and passive bribery, or fraud. If the Awardee is listed in the Register of Tenderers in the Serbian Business Registration Agency, the above documents are not required to be submitted.