



**ANNUAL REPORT FOR 2021  
OF  
THE INNOVATION FUND**

Belgrade, February 2022

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## Acronyms

EU	European Union
IPA	Instruments for Pre-Accession Assistance of the European Union
MESTD	Ministry of Education, Science and Technological Development
SMEs	Small and medium-size enterprises
SRO	Scientific Research Organization
RS	Republic of Serbia
Fund	Innovation Fund
CFCU	Department for Contracting and Financing European Union Funded Programs in the Ministry of Finance

## Names of projects and programs in Serbian and English

### Serbian name

Пројекат за унапређење конкурентности и запошљавања

Развој нових производа и услуга кроз комерцијализацију истраживања у малим и средњим предузећима

Пројекат акцелерације иновација и постицање раста предузетништва у Србији

Повећање иновационих капацитета и технолошке спремности малих и средњих предузећа

Повећање иновационих капацитета и раста малих и средњих предузећа

Програм раног развоја

Програм суфинансирања иновација

Програм сарадње науке и привреде

Паметни почетак

Иновациони ваучери

Катапулт акцелератор

Програм трансфера технологије

Доказ концепта

Фонд фондова

### English name

*Serbia Competitiveness and Jobs Project*

*New Products and Services Developed through Research Commercialization in the SMEs*

*Serbia Accelerating Innovation and Entrepreneurship Growth*

*Increased innovation capacity and technological readiness of SMEs*

*Increased innovation capacity and growth of SMEs*

*Mini Grants Program*

*Matching Grants Program*

*Collaborative Grant Scheme Program*

*Smart Start*

*Innovation Vouchers Scheme*

*Katapult Accelerator*

*Technology Transfer Program*

*Proof of Concept*

*Fund of Funds*

## INTRODUCTION

For the Innovation Fund, 2021 was a jubilee year. Ten years of intensive work are behind us. Even today, the Fund is a proactive, efficient and development-oriented institution that makes an exceptional contribution to building an attractive, competitive and innovative economy and contributes to creating an environment conducive to the creation and development of innovation. The Fund has positioned itself as an indispensable partner in the creation and implementation of national policies, which is accompanied by the provision of annual budgets for the work of the Fund, both in the national budget and by donors. On the other hand, the Fund, as a proactive institution, listening to the needs of the market in Serbia and following global trends, from year to year, enriches its offer of incentive mechanisms, both to the economy and to scientific research organizations.

Last year, in addition to the successfully implemented familiar support programs, was marked by the launch of two new programs and the preparation of another whose goal is to encourage private investment in innovation. In addition, at the end of the year, a new Law on Innovation Activity was adopted, which enables the establishment of new competencies of the Fund.

Our mission is to empower innovative companies and to strengthen the links between research and development on the one hand and the business sector on the other. The Government of the Republic of Serbia and the Ministry of Education, Science and Technological Development, the European Union and the World Bank are our support in achieving the mission. Investing in innovation is investing in our future.

We thank everyone for their support and cooperation on the important joint contribution to the construction and strengthening of innovative entrepreneurship in Serbia.

Dr. Ivan Rakonjac

Director  
Innovation Fund

## 1. GENERAL OVERVIEW OF THE ACTIVITIES OF THE INNOVATION FUND

The Innovation Fund of the Republic of Serbia (hereinafter: the Fund) is a state organization specialized in providing support to innovation activity and managing financial resources to encourage the development of innovation. The Fund was established by the Law on Innovation Activity ("Official Gazette of RS", No. 110/2005, 18/2010 and 55/2013), and the adoption of the new Law on Innovation Activity ("Official Gazette of RS", No. 129/2021 of December 28 2021) created the legal basis for the new competencies of the Fund.

The new Law on Innovation Activity defines that the Fund has the mandate to provide and manage financial resources to implement support programs to encourage innovation and strengthen the capacity of the national innovation system following national innovation policies. In that sense, the Fund can use the funds to provide support and incentives to the subjects of the national innovation system, support and incentives for the implementation of joint innovation projects by companies and scientific research organizations, then to invest in companies, alternative investment funds and other organizations with the aim of innovation development. In carrying out its work, the Fund applies the principles of objectivity and accountability, internationally recognized standards of good practice and openness in its work and decision-making. The new Law on Innovation Activity created a legal basis for expanding the Fund's competencies in terms of keeping a single register of the national innovation system, the purpose of which is to keep numerical records of entities, as well as easier access to financing innovation activities, economic incentives and incentive procedures. The introduction of a single register of the national innovation system opens the opportunity for all subjects of the national innovation system to register voluntarily, enabling them to identify themselves before state bodies (and other entities - primarily investors) without additional procedures.

The Fund continuously carries out its legally defined activities, and implements activities defined by the work program based on the principles set out in key national strategic documents, as follows:

- Strategy of Scientific and Technological Development of the Republic of Serbia for the period from 2021 to 2025 - Power of Knowledge - the role of the Fund is seen in the contribution to "nurturing the top quality of science and technological development and strengthening the competitiveness of the economy";
- Smart Specialization Strategy in the Republic of Serbia for the period from 2020 to 2027 - the role of the Fund is seen in contributing to "strengthening the economy through research and development and cooperation among participants in the quadruple helix" by taking into account when approving funds that at least 50% of supported companies operate in one of the four priority areas;
- Strategy for the Development of Startup Ecosystems of the Republic of Serbia for the period from 2021 to 2025 - The Fund is recognized as an institution that will improve mechanisms for financing startups and establish a mechanism for identifying various startup ecosystems actors.
- Strategy for the Development of Artificial Intelligence in the Republic of Serbia for the period 2020-2025 - the role of the Fund is seen through the achievement of the following goals: development of science and innovation in the field of artificial intelligence and its applications and the development of economy based on artificial intelligence;
- Industrial Policy Strategy of the Republic of Serbia from 2021 to 2030 - the role of the Fund was seen in achieving the first special goal, i.e. "improved digitization of business models of industrial production and by increasing the availability of financial instruments for digitization and innovation in industry";

- Strategy for the Development of the Information Society and Information Security for the period from 2021 to 2026 - the role of the Fund in financing projects of small and medium enterprises in the field of information and communication technologies is emphasized;
- Intellectual Property Strategy for the period from 2018 to 2022 - as one of the institutions in providing significant support through various innovation funding programs and support for the protection of intellectual property rights abroad to create preconditions for more successful commercialization in foreign markets;
- National Program for the Adoption of the Acquis Communautaire - The Fund is designated as a participant in the implementation of research and innovation policy and institutions whose activities contribute to the improvement of research and innovation capacities in continuity.

In its work, the Fund applies internationally recognized standards of good practice, taking into account safety and health at work and environmental protection.

The seat of the Fund is in Nemanjina Street no. 22-26, Belgrade, while the address of the Fund's activities is located at Veljka Dugoševića Street no. 54, Belgrade, in the Science and Technology Park "Belgrade", whose business premises the Fund used non-commercially in accordance with the Conclusion of the Government of the RS 05 number: 022-3124/2015 of March 26, 2015.

### **1.1. Organization and bodies of the Innovation Fund**

The Republic of Serbia, i.e. the Government of the Republic of Serbia, performs the management and control function in the Fund through its representatives appointed by the Management and Supervisory Board. In accordance with the Law, the members of the Management and Supervisory Board of the Fund are appointed and dismissed by the Government of the Republic of Serbia, while the powers of the Management and Supervisory Board are determined in the Statute of the Innovation Fund. The Director manages the Fund. The Management Board and the Director are responsible for the proper operation of the Fund in accordance with the Law, while the Supervisory Board supervises the work of the Fund.

The Management Board has five members. The President and members of the current convocation of this body of the Fund were appointed by the Decision of the Government of the RS, number 24: 119-1676/2021 of February 25, 2021:

- President of the Management Board: Dejan Ilić, Doctor of Physical Chemistry;
- Other members of the Management Board:
  - Dr. Marija Gnjatović, Research Associate at the Institute for the Application of Nuclear Energy, University of Belgrade;
  - Branka Sarić, Assistant Director of the Tax Administration;
  - Jelena Grubačić, Advisor at the Ministry of Construction, Transport and Infrastructure;
  - Milena Kostadinović, Operational Manager at the Innovation Fund.

The Management Board of the Fund held five sessions in 2021.

The Supervisory Board has three members. The president and members of the current convocation of this body of the Fund were appointed by the Decision of the Government of the RS 24 number: 119-1680/2021 of March 4, 2021:

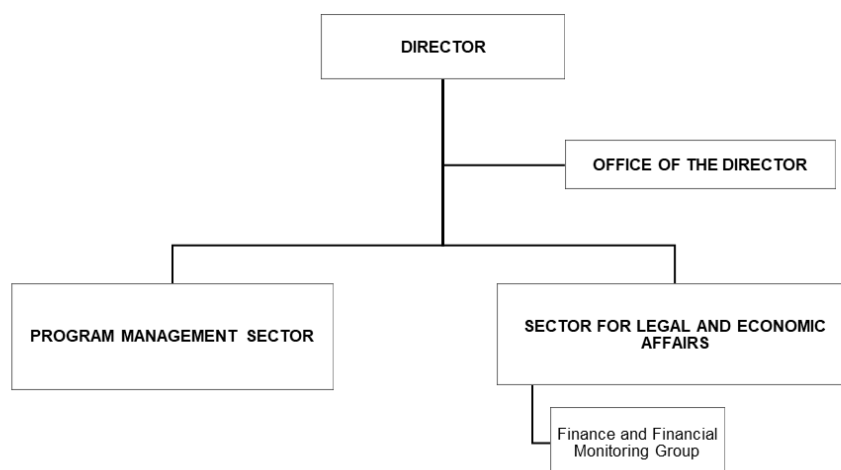
- President of the Supervisory Board: Sasa Dulić, Assistant Director of the Sector for Information and Communication Technologies of the Tax Administration;
- Other members of the Supervisory Board:
  - Nikoleta Ilić, Professor of Russian language, Elementary School "20. oktobar", Belgrade;
  - Aleksandra Benković, employed in the Ministry of Construction, Transport and Infrastructure.

In 2021, the Supervisory Board of the Fund held two sessions.

### Operational capacity of the Fund

The structure of employees in the Fund is regulated by the Rulebook on internal organization and job classification in the Fund (No. 872 of June 1, 2020) and the Rulebook on Amendments to the Rulebook on Internal Organization and Job Classification in the Fund (No. 447 of August 20, 2021) and other acts of the Fund adopted in accordance with these regulations in order to carry out the core activities of the Fund in full capacity.

Diagram 1: Overview of the organizational structure of the Fund



To improve the quality, security and efficiency of operations, in 2021 the Fund established an integrated management system and certified for the quality management system according to the requirements of *ISO 9001:2015* and the anti-bribery management system according to *ISO 37001:2016*. Adopting a quality management system and an anti-bribery management system is a strategic decision. It requires constant improvement of business processes and quality support programs, in order to meet the needs and expectations of users and all stakeholders. The Fund continued to be a trusted partner. The improvement of the system has been documented through procedures, and professional training has been organized for employees.

For the needs of the procedure of evaluation and selection of projects for financing, the Fund forms the Expert Commission, according to the procedures prescribed by the Statute of the Fund and the Act on Procedures for Selection of Independent International Expert Consultants for the Fund Implementation Program No. 138-01 of March 31, 2017. The composition and manner of work of the Investment Committee are regulated by the Rulebook on the Composition and Manner

of Work of the Investment Committee adopted by the Decision of the Director of the Fund on August 21, 2017, and approved by the Management Board on August 24, 2017. Investment Committee are formed based on a transparently conducted competitive procedure, with the application of the principles of publicity, equality and competitiveness.

In 2021, the members of the Investment Committee by programs were:

- For the Mini Grants Program:
  - *Frank Hannigan*, President
  - *Vesna Bajšanski-Agić*, Member
  - *Gordon McConnel*, Member
  - *Woon Yee Ho*, Member
  - *Christoph Berndt*, Member
- For the Matching Grants Program and Collaborative Grant Scheme Program:
  - *Milica Radišić*, President
  - *Alvise Bonivento*, Member
  - *Vladan Pantović*, Member
  - *Dragan Petrović*, Member
  - *Ian Proctor*, Member
- For the Smart Start Program:
  - *Frank Hannigan*, President
  - *Gordon McConnell*, Member
  - *Vesna Bajšanski-Agić*, Member
- For the Katapult Program:
  - *Jeremy Allan Bauman*, President
  - *Vladeta Marjanović*, Member
  - *Maria-Carolina Romero*, Member

## 1.2. Starting bases related to the realization of the Work Program for 2021

The Fund's activities in 2021 were primarily focused on ensuring adequate and timely implementation of established and new programs, implementation of an efficient and competitive financing scheme and continuation of initiated international and regional projects and initiatives. The Fund's work program for 2020 defines activities related to the support of innovation activities for which funds are provided within the Budget Law of the Republic of Serbia for 2021 ("Official Gazette of RS", No. 149/2020), as well as through obligations undertaken by the Republic of Serbia by signing important international and other agreements, as follows:

- **Loan Agreement between the Republic of Serbia (Ministry of Finance) and the International Bank for Reconstruction and Development (World Bank)**, which regulates the implementation of the "Serbia Competitiveness and Jobs Project";
- **Loan Agreement between the Republic of Serbia (Ministry of Finance) and the International Bank for Reconstruction and Development (World Bank)**, which regulates the implementation of the project "Serbia Accelerating Innovation and Entrepreneurship Growth";
- **Direct Grant Agreement - New Products and Services Developed through Research Commercialization in the SMEs** between the Fund and the Ministry of Finance (Department for Contracting and Financing European Union Funded Programs) - IPA 2014;
- **Direct Grant Agreement - Increased innovation capacity and technological readiness of SMEs** between the Fund and the Ministry of Finance (Department for Contracting and Financing European Union Funded Programs) - IPA 2018;



- **Capital Subscription Agreement in relation to the Enterprise Innovation Fund k.d. ENIF**, which was signed between the Fund and the management of ENIF, on the basis of which the Republic of Serbia joined this regional venture capital fund and confirmed the obligation to pay the contribution as a beneficiary country.

## 2. INNOVATION FUND PROGRAMS

Following the mandate to perform activities related to the preparation, implementation and development of programs, projects and other activities in innovation policy, the Fund implements programs through which it finances the creation of new products, services and technologies with market potential. On the one hand, the programs are intended for small and medium enterprises, namely those in the early stages of development (Mini Grants Program, launched in 2011 and Smart Start, launched in 2021), in the growth phase, Matching Grants Program, launched in 2012), as well as for cooperation with scientific research organizations in the form of a consortium (Collaborative Grant Scheme Program, launched in 2016). Following the trends and needs, the Fund also launched the Acceleration Program - Katapult, which is designed as an intensive three-month mentoring program with grants in the form of public-private investments. On the other hand, the Fund provides support to scientific research organizations to increase the ability and efficiency in the commercialization of inventions (Technology Transfer Program, launched in 2015), as well as support researchers to test their research to prove they are the basis for new product development (Proof of Concept, launched in 2019). Through the awarding of innovation vouchers (launched in 2017), the Fund enables small and medium-sized enterprises to use the technical services of scientific research organizations. Table 1 provides an overview of the Fund's programs by support objectives, target group and amount of funding.

Table 1: Basic characteristics of the Innovation Fund program

Program	Objectives	Target group	Grant size
<b>Start Smart</b>	Support for the development of an idea to the level of a prototype or product of least use value and the development of a valid business plan	Teams and micro and small enterprises (< 2 years old)	Up to EUR 30,000 + 5,000 for mentoring support/ up to 90% co-financing by the Fund for projects up to 6 months
<b>Mini Grants Program</b>	Support for startups to survive during the critical phase of research and development and increase efficient business capacities through which they will launch their innovations on the market	Micro or small sized enterprise (<5 years old) or team	Up to EUR 80,000/ Up to 70% co-financing by the Fund for projects up to 12 months
<b>Acceleration Program - Katapult</b>	Support for early-stage and growing startups through an intensive three-month mentoring program and awarding grants	Micro, small and medium-sized enterprise	At-Entry grant from EUR 20,000 to EUR 50,000 depending on the level of development of the startup and Co-investment grant up to EUR 300,000
<b>Matching Grants Program</b>	Support for the commercialization of research and development	Micro, small and medium-sized enterprise	Up to EUR 300,000a/ up to 60%, or 70% co-financing by the Fund for projects up to 24 months
<b>Collaborative Grant Scheme Program</b>	Incentive for private SMEs and SROs to work together in consortia to create new commercially viable products and services	Micro, small and medium-sized enterprise and SRO (as Consortium)	Up to EUR 300,000/ up to 60%, or 70% co-financing by the Fund for projects up to 24 months
<b>Innovation Vouchers</b>	Financial incentive that aims to encourage SME to use the services of the R&D sector to raise the level of innovation of their products	Micro, small and medium-sized enterprise	Up to RSD 800,000/ Up 60% of the total service cost (valid for 6 months)
<b>Technology Transfer Program</b>	<b>Services for SRO</b> Support for SRO to increase capabilities and efficiencies in the commercialization of inventions		Up to EUR 20,000/ 100% financing by the Fond
	<b>Proof of Concept</b> Support researchers to test their research to prove they are the basis for new product development		Up to EUR 20,000/ / 100% financing by the Fond for projects up to 12 months

As shown in Table 2, in the period from 2011 to the end of 2021, the Fund approved a total of EUR 53.62 million, of which EUR 45.93 million for 327 innovative projects (under the Mini Grants Program, the Matching Grants Program and Collaborative Grant Scheme Program), EUR 4.89 million for 979 innovation vouchers and EUR 0.6 million to support technology transfer, as well as EUR 1.7 million for the proof of concept.

Table 2: Overview of approved project applications for funding through the Fund's programs from 2011 to 2021

Program	Number of Public calls	Number of projects applications	Number of awarded projects/ vouchers	Total value of projects/ services (EUR)	Amount of approved funds by the Fund (EUR)
Mini Grants Program	11	1,571	205 <i>(13% of applicants)</i>	20,640,583	15,283,102 <i>(74% project values)</i>
Matching Grants Program	8	479	63 <i>(13% of applicants)</i>	25,601,405	15,763,366 <i>(62% project values)</i>
Collaborative Grant Scheme Program	5	308	59 <i>(19% of applicants)</i>	22,453,181	14,883,938 <i>(66% project values)</i>
Innovation Vouchers	7	1,112	979 <i>(88% of applicants)</i>	7,041,646	4,889,470 <i>(69% project values)</i>
Technology Transfer Program	Constantly open	38	28 <i>(72% of applicants)</i>	599,850	599,850
Proof of Concept	2	521	93 <i>(18% of applicants)</i>	1,752,077	1,752,077
Covid-19 call	<i>Ad hoc call</i>	229	12 <i>(5% of applicants)</i>	552,793	468,907 <i>(85% project values)</i>
<b>Total</b>	-	<b>4,259</b>	<b>1,439</b>	<b>78,613,764</b>	<b>53,616,167</b>

Table 3: Overview of project implementation through the Fund's programs from 2011 to 2021 (as of December 31, 2021)

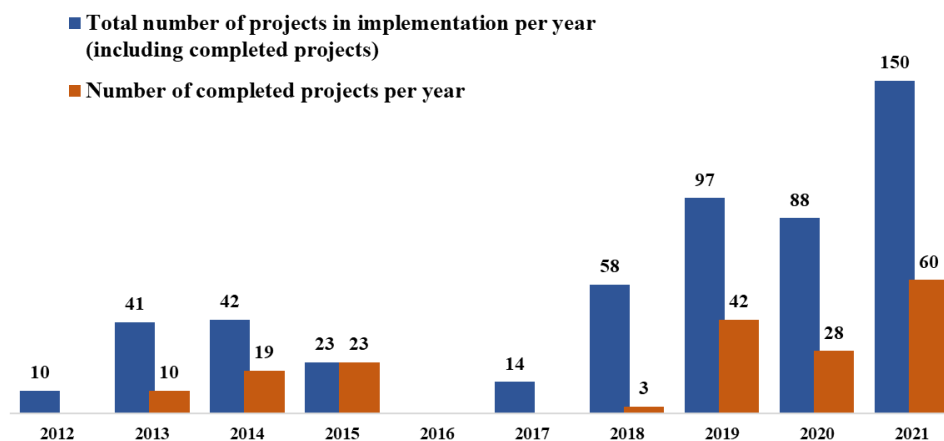
Program	Number of awarded projects/ vouchers	Number of implemented projects/ vouchers	Number of projects/ vouchers in implementation	Number of projects in contracting	Number of terminated projects/vouchers
Mini Grants Program	205 (100%)	121 (59%)	48 (23%)	30 (15%)	6 (3%)
Matching Grants Program	63 (100%)	34 (54%)	14 (22%)	13 (21%)	2 (3%)
Collaborative Grant Scheme Program	59 (100%)	23 (39%)	23 (39%)	11 (19%)	2 (3%)
Innovation Vouchers	979 (100%)	701 (72%)	101 (10%)	-	34 (3%)
Technology Transfer Program	25 (100%)	22 (79%)	2 (7%)	2 (7%)	2 (7%)
Proof of Concept	93 (100%)	64 (69%)	29 (31%)	-	-
Covid-19 call	12 (100%)	12 (100%)	-	-	-
<b>Total</b>	<b>1,439 (100%)</b>	<b>977 (68%)</b>	<b>217 (15%)</b>	<b>56 (4%)</b>	<b>46 (3%)</b>

In 2021, EUR 16.3 million were approved, EUR 14.69 million for 100 innovative projects and EUR 1.61 million for 347 innovation vouchers.

Table 4: Overview of approved funds under the Fund's programs in 2021

Програм	Number of Public calls	Number of awarded projects/ vouchers	Total value of projects/ services (EUR)	Amount of approved funds by the Fund (EUR)
Mini Grants Program	2	64	7,174,827	4,823,893
Matching Grants Program	1	13	5,946,243	3,657,388
Collaborative Grant Scheme Program	2	23	9,258,118	6,207,383
Innovation Vouchers	2	347	2,700,061	1,613,186
<b>Total</b>		<b>447</b>	<b>25,079,249</b>	<b>16,301,850</b>

Graph 1: Overview of the number of projects in implementation within the Mini Grants Program, the Matching Grants Program and the Collaborative Grant Scheme Program



In 2021, a total of 150 projects were implemented, of which 60 projects were completed.

## 2.1. Mini Grants Program

The Mini Grants Program<sup>1</sup> is intended for private companies developing technological innovation that is needed in the market, and that has the potential to create new intellectual property. The goal is to provide financing for developing innovative technologies, products, and services with market application to encourage techno-entrepreneurship and enable business survival during the critical phase of research and development. The application for financing projects within the Mini Grants Program can be applied for by a private micro or small company in majority Serbian ownership, established in Serbia and not older than five years at the time of application, and teams with a maximum of 5 members. The funds allocated can cover a maximum of 70% of the total approved project budget, i.e. up to 80,000 EUR<sup>2</sup>.

In 2021, the Fund had:

- conducted active supervision over the implementation of 86 projects (control of financial reports and supporting materials and control of progress of development activities quarterly, monitoring visits and additional control of environmental impact for projects obliged to implement the Environmental Protection Plan),
- implemented the tenth public call (open from July 5 to September 15, 2021) and approved funds for 34 projects,
- implemented the eleventh public call (open from February 22 to April 29, 2021) and approved funds for 30 projects,
- published the twelfth public call for funding (open from December 1 2021, to March 15 2022).

For new beneficiaries, the Fund organized an Info Day to instruct them in preparing documentation for signing the financing agreement, the principles of implementation and reporting on project implementation.

Funds for the implementation of the Mini Grants Program in 2021 are provided through the project "New Products and Services Developed through Research Commercialization in the SMEs" (public call in 2019), then through the "Serbia Competitiveness and Jobs Project" 2020) and through the project "Increased innovation capacity and growth of SMEs" (two public calls in 2021).

From 2012 to 2021, the Fund implemented eleven public calls for the Mini Grants Program, to which a total of 1,571 applications were submitted. Funding was approved for 205 projects (13% of all applications) with a total value of 15.28 million EUR, representing 74% of the total value of projects (20.64 million EUR). The average amount of approved funds per project is 74,061 EUR. In total, by the end of 2021, the implementation of 116 projects has been completed, 53 projects are being implemented, 30 projects are in the contracting phase, while 6 have been suspended or abandoned (one project from the first, fifth and eighth cycle, and three from the 10th cycle).

Observed by industrial areas, the most significant number of supported projects is in the field of information and communication technologies (61%), followed by mechanical

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<sup>1</sup> The Mini Grants Program was developed within the "Innovation Support Project in Serbia", which was financed through the EU IPA for 2011 (IPA I), and administered by the World Bank and implemented in the period from 2011 to 2016. The program was launched in 2011.

<sup>2</sup> Until the eighth cycle of the Mini Grants Program, only micro and small enterprises up to three years old could apply, and the amount of mandatory participation by companies in financing the project was at least 15% of the total approved project budget.

engineering (9%) and energy efficiency and food industry and agriculture (6% each). The most significant number of supported companies was registered in Belgrade (57%), followed by Novi Sad (16%) and Nis (6%).

Table 5: Overview of applications for public calls within the Mini Grants Program

Cycle/ Year	Number of project applications	Number of eligible project applications	Number of pre-selected project applications	Number of project applications approved for funding
1 (2011)	47	43	16	11(23% of the total number of applications)
2 (2012)	106	97	26	8 (8% of the total number of applications)
3 (2013)	86	74	25	13 (15% of the total number of applications)
4 (2013)	102	98	30	10 (10% of the total number of applications)
5 (2017)	137	126	23	20 (15% of the total number of applications)
6 (2018)	143	138	40	13 (9% of the total number of applications)
7 (2019)	141	132	32	23 (16% of the total number of applications)
8 (2019)	180	170	41	22 (12% of the total number of applications)
9 (2020)	253	227	46	21 (8% of the total number of applications)
10 (2021)	226	203	60	34 (15% of the total number of applications)
11 (2021)	150	132	60	30 (20% of the total number of applications)
<b>Total</b>	<b>1,571</b>	<b>1.440</b>	<b>399</b>	<b>205 (13% од укупног броја пријава)</b>

Table 6: Overview of financial implementation of projects under public calls within the Mini Grants Program

Cycle/ Year	Number of awarded project applications	Total value of projects (EUR)	Amount of approved funds by the Fund (EUR)	Disbursement, 31.12.2021. (EUR)	Implementation period
1 (2011)	11	968,988	814,528	704,527 (86.5%)	2Q 2012 - 2Q 2013
2 (2012)	8	709,382	589,576	528,270 (89.6%)	1Q 2013 - 2Q 2013
3 (2013)	13	1,185,509	960,339	908,067 (94.6%)	3Q 2013 - 4Q 2014
4 (2013)	10	940,560	760,230	730,021 (96%)	2Q 2014 - 2Q 2015
5 (2017)	20	1,734,827	1,450,463	1,395,221(96.2%)	1Q 2018 - 1Q 2019
6 (2018)	13	1,214,038	999,485	962,751 (96.3%)	4Q 2018 - 4Q 2019
7 (2019)	23	2,151,781	1,743,156	1,672,038 (95.9%)	4Q 2019 - 1Q 2021
8 (2019)	22	2,262,827	1,569,498	1,429,116 (91.1%)	3Q 2020 - 3Q 2021
9 (2020)	21	2,299,274	1,571,497	1,261,808 (80.3%)	1Q 2021 - 1Q 2022
10 (2021)	34	3,874,021	2,583,648	446,737 (17.3%)	4Q 2021 – 4Q 2023
11 (2021)	30	3,300,806	2,240,246	-	In the contracting phase
<b>Total</b>	<b>205</b>	<b>68,698,998</b>	<b>45,929,921</b>	<b>27,672,418</b> (60.2% approved funds)	

According to reports from supported companies, based on funded projects (from the first to the ninth cycle), 128 companies (93%) have developed 258 products. By the end of 2021, out of 97 companies supported through the fifth, sixth, seventh, eighth and ninth cycles, 63 (65%) placed products on the market and, on that basis, generated revenue of EUR 12.5 million, cumulatively generated revenue, which includes and income from previous years).

Table 7: Overview of the number of developed products and product commercialization by cycles

Cycle/Year	Number of SMEs that have developed new products	Number of products developed	Number of SMEs that commercialized products	Number of commercialized products	Total realized revenue from commercialization as of December 31, 2021 (EUR)
1 (2011)	9 (90%)	12	-	-	-
2 (2012)	7 (88%)	7	-	-	-
3 (2013)	13 (100%)	14	-	-	-
4 (2013)	8 (80%)	9	-	-	-
5 (2017)	19 (100%)	49	15 (79%)	30	2,837,344
6 (2018)	13 (100%)	36	8 (62%)	18	1,227,124
7 (2019)	22 (96%)	54	15 (43%)	32	1,142,499
8 (2019)	21 (100%)	47	15 (41%)	26	4,416,807
9 (2020)	16 (76%)	30	10	13	2,921,145
<b>Total</b>	<b>128 (93%)</b>	<b>258</b>	<b>63 (65%)</b>	<b>119</b>	<b>12,544,919</b>

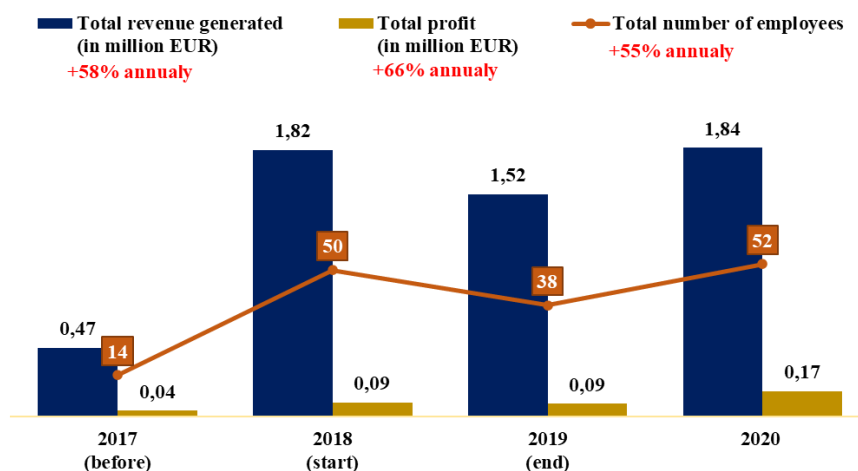
Table 8: Overview of filed patent applications by cycles

Cycle/Year	Number of SMEs that have filed patent applications	Number of patent applications	- national phase	- international phase
1 (2011)	8 (80%)	14	8	6
2 (2012)	7 (88%)	11	7	4
3 (2013)	10 (77%)	17	7	10
4 (2013)	4 (40%)	8	5	3
5 (2017)	10 (53%)	12	7	5
6 (2018)	7 (54%)	12	7	5
7 (2019)	8 (35%)	12	7	5
8 (2019)	7 (33%)	13	7	6
9 (2020)	4 (19%)	5	4	1
<b>Total</b>	<b>65 (47%)</b>	<b>104</b>	<b>59</b>	<b>45</b>

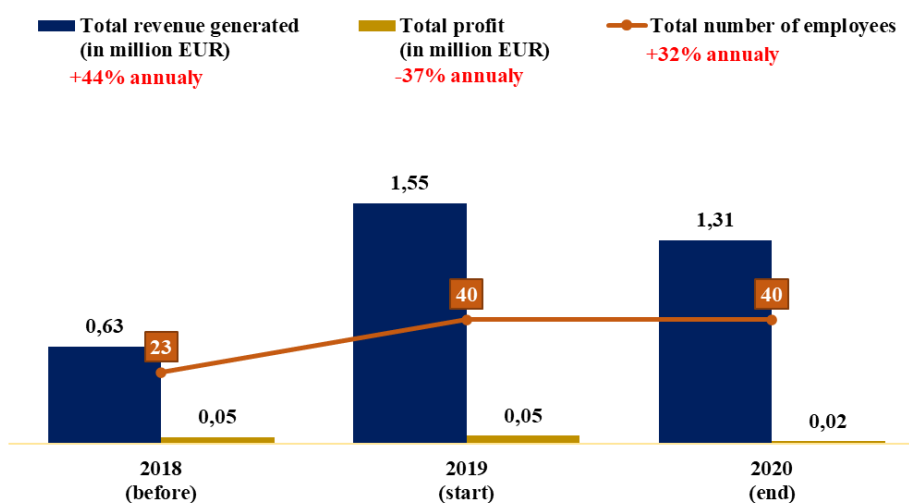
The Fund monitors specific parameters of companies whose projects are financed (income, profit and employment). Below are the results achieved for companies whose projects were completed by the end of 2020, i.e. companies whose projects were financed from 2017 to 2018 within the Mini Grants Program<sup>3</sup>. In the mentioned period, the realization of 32 innovative projects was completed, while the completion of one project was interrupted. The total value of these projects is 2.28 million EUR, and the funding from the Fund amounts to 2.39 million EUR. The percentage of disbursed funds, in relation to the approved ones, is 96.

<sup>3</sup> According to the Manual for monitoring and evaluation, the Fund monitors companies five years after the completion of project implementation.

Graph 2: Business performance of companies supported under the fifth financing cycle (19 companies)



Graph 3: Business performance of companies supported under the sixth financing cycle (13 companies)



## 2.2. Matching Grants Program

The Matching Grants Program<sup>4</sup> is intended for companies that need significant financial resources to implement the development cycle of technological innovation and cover the high costs of transferring research into a commercially viable product. The applicants are micro, small and medium private enterprises established in Serbia that are developing technological

<sup>4</sup> The Matching Grants Program was developed within the "Innovation Support Project in Serbia", which was financed through the EU IPA for 2011 (IPA I), and administered by the World Bank and implemented in the period from 2011 to 2016. The program was launched in 2012.



innovation for which there is a market need and have the potential to create new intellectual property and a competitive position in the global and domestic environment. The funds allocated by the Fund under this program cover a maximum of 70% of the total approved project budget for micro and small enterprises, and up to 60% for medium enterprises. The amount allocated by the Fund cannot exceed 300,000 EUR, and the realization of projects can last for a maximum of two years.

In 2021, the Fund had:

- conducted active supervision over the implementation of 27 projects (control of financial reports and supporting materials and control of progress of development activities quarterly, monitoring visits and additional control of environmental impact for projects required to implement the Environmental Protection Plan),
- implemented the eighth public call (open from July 5 to September 15, 2021) and approved funds for 13 projects, and
- published the ninth public call for funds (open from December 1 2021, to March 15 2022).

For new beneficiaries, the Fund organized an Info Day to instruct them in preparing documentation for signing the financing agreement, the principles of implementation and reporting on project implementation.

Funds for the implementation of the Matching Grants Program in 2021 are provided within the budget of the Republic of Serbia (public call in 2021), then through the project "New Products and Services Developed through Research Commercialization in the SMEs" (public call in 2019), through the "Serbia Competitiveness and Jobs Project" (public call in 2020) and through the project "Increased innovation capacity and technological readiness of SMEs" (two public calls in 2021).

From 2012 to 2021, the Fund implemented eight public calls for the Matching Grants Program, to which a total of 479 applications were submitted. Funding was approved for 63 projects (13% of all applications) with a total value of 15.76 million EUR, representing 61.5% of the total value of projects (25.62 million EUR). The average amount of approved funds per project is 250,212 EUR. The realization of 34 projects has been completed so far, 14 projects are in implementation, 13 are in the contracting phase, and the completion of 2 projects has been interrupted (one project from the third and fifth cycle).

Table 9: Overview of applications for public calls within the Matching Grants Program

Cycle/Year	Number of project applications	Number of eligibly project applications	Number of pre-selected project applications	Number of project applications approved for funding
1 (2012)	40	34	8	<b>5</b> (13% of the total number of applications )
2 (2013)	39	35	10	<b>5</b> (13% of the total number of applications )
3 (2013)	40	38	9	<b>2</b> (5% of the total number of applications )
4 (2017)	100	91	9	<b>5</b> (5% of the total number of applications )
5 (2018)	75	75	23	<b>9</b> (12% of the total number of applications )
6 (2019)	72	60	18	<b>10</b> (14% of the total number of applications )
7 (2020)	69	57	20	<b>14</b> (20% of the total number of applications )
8 (2021)	44	37	24	<b>13</b> (30% of the total number of applications )
<b>Total</b>	<b>479</b>	<b>427</b>	<b>121</b>	<b>63</b> (13% of the total number of applications )

Table 10: Overview of the implementation of projects under public calls within the Matching Grants Program

Cycle/ Year	Number of awarded project applications	Total value of projects (EUR)	Amount of approved funds by the Fund (EUR)	Disbursement, 31.12.2021. (EUR)	Implementation period
1 (2012)	5	1,858,144	1,285,043	1,217,961 (94.8%)	1Q 2013 – 3Q 2015
2 (2013)	5	1,743,640	1,170,998	1,101,060 (94%)	3Q 2013 – 4Q 2015
3 (2013)	2	824,985	551,990	243,004 (44%)	3Q 2014 – 4Q 2015
4 (2017)	5	1,476,379	998,992	935,951 (93.7%)	1Q 2018 – 1Q 2020
5 (2018)	9	3,347,100	2,045,306	1,823,021 (89.1%)	4Q 2018 – 1Q 2021
6 (2019)	10	4,104,168	2,330,244	2,271,310 (97.5%)	4Q 2019 – 4Q 2021
7 (2020)	14	6,320,746	3,723,406	2,246,835 (60.3%)	1Q 2021 – 4Q 2023
8 (2021)	13	5,946,243	3,657,388	-	In the contracting phase
<b>Total</b>	<b>63</b>	<b>25,621,405</b>	<b>15,763,366</b> <i>(61.5% project values)</i>	<b>9,839,141</b> <i>(62.4% approved funds)</i>	

Observed by industrial areas, the most significant number of supported projects is in the field of information and communication technologies (30%), followed by mechanical engineering (16%) and electronics (14%). The most significant number of supported companies was registered in Belgrade (49%), followed by Novi Sad (17%) and Nis (13%).

According to reports from supported companies from seven cycles, based on funded projects, 40 companies (83% supported) have developed 72 products. By the end of 2021, 24 companies (50%) had placed their products on the market and, on that basis, generated revenue of 3.41 million EUR (cumulative revenue, which includes revenues from previous years).

Table 11: Overview of the number of developed products and product commercialization by cycles

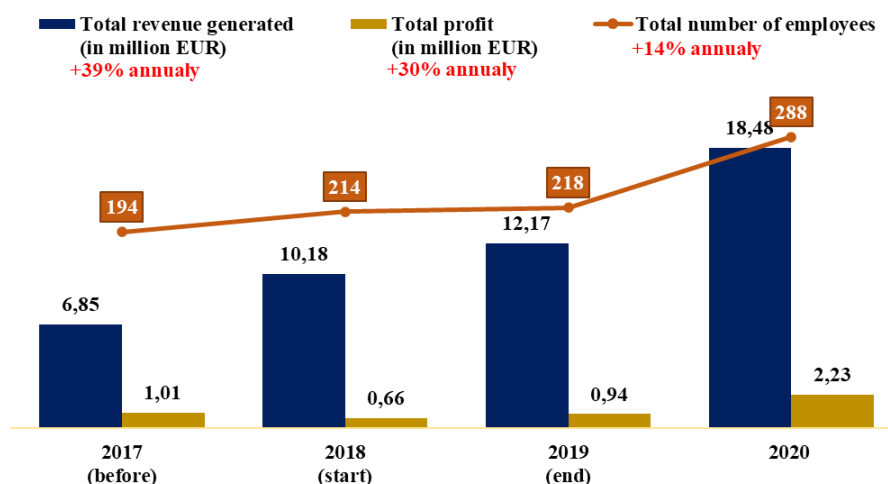
Cycle/ Year	Number of SMEs that have developed new products	Number of products developed	Number of SMEs that commercialized products	Number of commercialized products	Total realized revenue from commercialization as of December 31, 2021 (EUR)
1 (2012)	4 (80%)	11	4 (80%)	11	1,638,183
2 (2013)	5 (100%)	8	4 (80%)	7	410,957
3 (2013)	1 (100%)	1	0	0	0
4 (2017)	5 (100%)	17	4 (80%)	16	235,556
5 (2018)	7 (78%)	10	3 (38%)	4	441,588
6 (2019)	9 (90%)	13	4 (40%)	5	212,802
7 (2020)	9 (64%)	12	5 (35%)	8	472,565
<b>Total</b>	<b>40 (83%)</b>	<b>72</b>	<b>24 (50%)</b>	<b>51</b>	<b>3,411,651</b>

Table 12: Overview of filed patent applications by cycles

Cycle/ Year	Number of SMEs that have filed patent applications	Number of patent applications	- national phase	- international phase
1 (2012)	1 (20%)	1	-	1
2 (2013)	3 (60%)	4	3	1
3 (2013)	0	0	-	-
4 (2017)	0	0	-	-
5 (2018)	3 (22%)	4	4	-
6 (2019)	3 (10%)	4	4	-
7 (2020)	4 (29%)	5	4	1
<b>Total</b>	<b>14 (29%)</b>	<b>18</b>	<b>15</b>	<b>3</b>

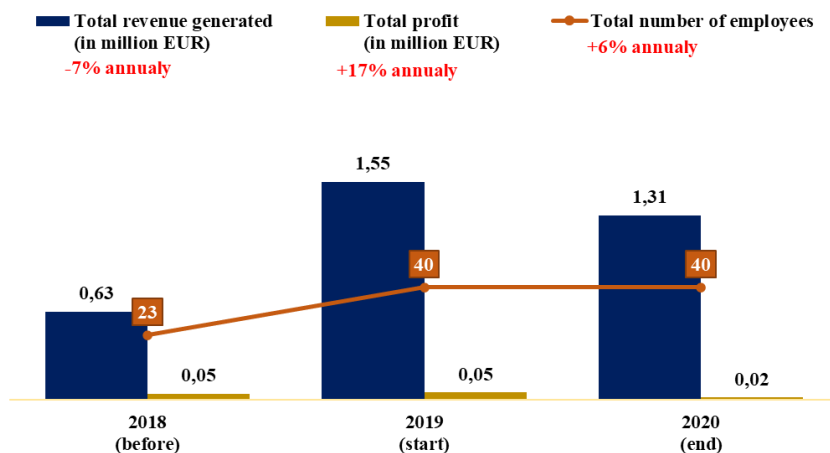
The fund monitors the parameters of companies whose projects are financed (income, profit and employment) and below are the results achieved for companies whose projects were completed by the end of 2020, i.e. companies whose projects were financed in the period from 2018 to 2020 within the Matching Grants Program<sup>5</sup>. In the mentioned period, the realization of 13 innovative projects was completed, while for one project the implementation was interrupted. The total value of the realized projects is 4.33 million EUR, and the financing by the Fund amounts to 2.74 million EUR. The percentage of disbursed funds, in relation to the approved ones, is 96.

Graph 4: Business performance of companies supported under the fourth financing cycle (5 companies)



<sup>5</sup> According to the Manual for monitoring and evaluation, the Fund monitors companies five years after the completion of project implementation.

Graph 5: Business performance of companies supported under the fourth financing cycle (8 companies)



In 2021, the Fund continued to monitor the commercialization of products and services based on technology developed under the Matching Grants Program as part of monitoring *royalty* payments. A total of thirteen companies are required to report based on the *royalty* component (financed in the period from 2017 to 2018). The total amount paid to the Fund based on the *royalty* component in 2021 is 370,176 dinars.

### 2.3. Collaborative Grant Scheme Program

The Collaborative Grant Scheme Program<sup>6</sup> aims to encourage private sector enterprises and public sector research organizations to conduct joint research and development projects to create new or improve existing commercially viable products and services and innovative technologies that significantly impact future development and market potential. Through this program, the Fund approves a maximum of EUR 300,000 for two-year projects, or a maximum of 70% of the total approved project budget when the leading member of the consortium is a micro or small enterprise or 60% when a medium-sized enterprise. Beneficiaries are consortia made up of at least one private company and one public sector research organization (a consortium can have a maximum of 5 members).

In 2021, the Fund had:

- conducted active supervision over the implementation of 21 projects (control of financial reports and supporting materials and control of progress of development activities on a quarterly basis, monitoring visits and additional control of environmental impact for projects obliged to implement the Environmental Protection Plan),
- implemented the fourth public call (open from February 22 to April 29, 2021) and approved and contracted funds for 12 projects,

<sup>6</sup> The Collaborative Grant Scheme Program was designed within the second component of the "Research, Innovation and Technology Transfer in Serbia Support Project", which is funded by EU IPA for 2013, with the technical assistance of the World Bank. The program was launched in 2016.

- implemented the fifth public call (open from July 5 to September 15, 2021) and approved funds for 11 projects, and
- announced the sixth public call for funds (open from December 1 2021 to March 15 2022).

For new beneficiaries, the Fund organized an Info Day to instruct them in preparing documentation for signing the financing agreement, the principles of implementation and reporting on project implementation.

Funds for the implementation of the Collaborative Grant Scheme Program in 2021 are provided within the budget of the Republic of Serbia (public call in 2021), through the "Serbia Competitiveness and Jobs Project" (public call in 2018 and 2019) and project "Increased innovation capacity and technological readiness of SMEs" (two public calls in 2021).

From 2016 to 2021, the Fund realized five public calls for the Collaborative Grant Scheme Program. Out of a total of 308 applications, 59 were approved funding (19% of the total number of submitted applications) in the amount of 14.88 million EUR, which represents 66.3% of the total value of projects (22.43 million EUR). The average amount of approved funds per project is 252,269 EUR. Out of 59 projects, for 23 projects, the realization has been completed, 22 are in implementation (projects from the third and fourth cycle), and 11 projects are in the process of contracting. For two projects from the third cycle, the realization was interrupted.

Table 13: Overview of submitted applications for public calls within the Collaborative Grant Scheme Program

Cycle/Year	Number of project applications	Number of eligibly project applications	Number of pre-selected project applications	Number of project applications approved for funding
1 (2016)	97	73	27	<b>14</b> (15% of the total number of applications)
2 (2018)	67	63	22	<b>9</b> (13% of the total number of applications)
3 (2019)	54	42	19	<b>13</b> (24% of the total number of applications)
4 (2021)	62	57	25	<b>12</b> (19% of the total number of applications)
5 (2021)	29	26	18	<b>11</b> (38% of the total number of applications)
<b>Total</b>	<b>308</b>	<b>261</b>	<b>111</b>	<b>59</b> (19% od ukupnog broja prijava)

Table 14: Overview of financial implementation of projects within the Collaborative Grant Scheme Program

Cycle/ Year	Number of awarded project applications	Total value of projects (EUR)	Amount of approved funds by the Fund (EUR)	Disbursement, 31.12.2021. (EUR)	Implementation period
1 (2016)	14	4,365,609	2,990,784	2,925,958 (97.8%)	1Q 2017 – 1Q 2019
2 (2018)	9	3,498,448	2,249,468	2,166,415 (84.4%)	2Q 2019 – 2Q 2021
3 (2019)	13	5,331,006	3,436,304	2,317,597 (31.2%)	3Q 2020 – 3Q 2022
4 (2021)	12	4,571,591	3,045,665	384,749 (31.2%)	4Q 2021 – 4Q 2023
5 (2021)	11	4,668,708	3,161,669	-	In the contracting phase
<b>Total</b>	<b>59</b>	<b>22,435,580</b>	<b>14,883,890</b> (66.3% project values)	<b>7,794,720</b> (52.4% approved funds)	

Seventy-one companies and 32 SROs participated in the realization of the project. The most represented SROs as the main partners in the projects are the Faculty of Electrical

Engineering in Belgrade (9 projects), the Faculty of Mechanical Engineering in Belgrade (7 projects), the Faculty of Technology and Metallurgy in Belgrade (5 projects), then the Institute of Physics and the Faculty of Technical Sciences in Novi Sad (4 projects each).

Table 15: Overview of consortium members

Cycle/ Year	Number of consortiums	Number of SMEs	Number of SRO (unique)
1 (2016)	14	22	11
2 (2018)	9	11	12
3 (2019)	13	16	10
4 (2021)	12	13	10
5 (2021)	11	16	12
<b>Total</b>	<b>59</b>	<b>71</b>	<b>32</b>

Observed by industrial areas, the most significant number of supported projects is in the field of information and communication technologies (30.5%), food industry and agriculture (20.3%), followed by mechanical engineering (13.6% each). Holders of the consortium were most often registered in Belgrade (59.3%), significantly less in Novi Sad (13.6%) and Kragujevac (5.1%).

According to reports from supported companies from the first three cycles, based on funded projects, 31 companies (91% supported) developed 89 products. By the end of 2021, 14 companies (41%) placed products on the market and, on that basis, generated revenue of 9.44 million EUR (cumulative revenue, which includes revenues from previous years).

Table 16: Overview of the number of developed products and commercialization of products by cycles

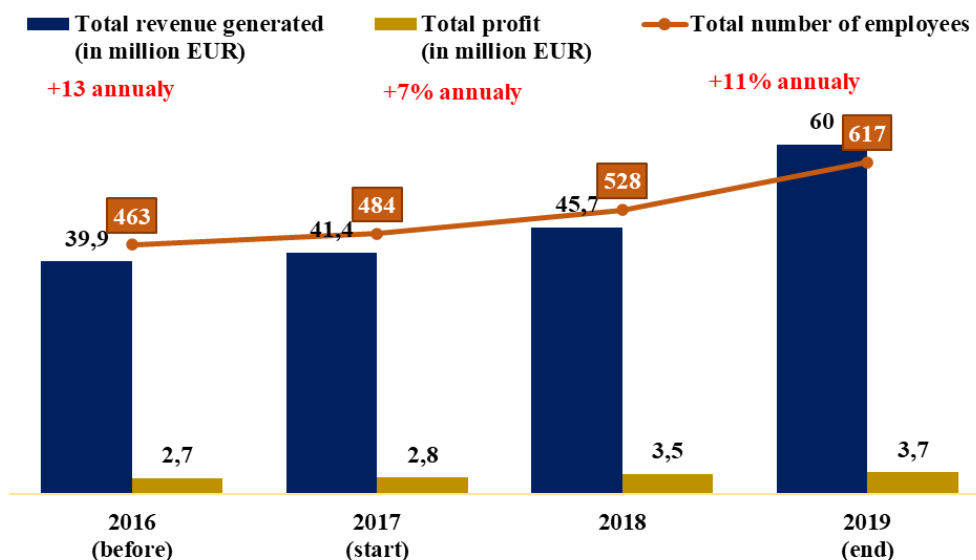
Cycle/ Year	Number of consortiums that have developed new products	Number of products developed	Number of consortiums that commercialized products	Number of commercialized products	Total realized revenue from commercialization as of December 31, 2021 (EUR)
1 (2016)	14 (100%)	57	9 (64%)	26	8,318,647
2 (2018)	8 (89)	13	3 (33%)	3	249,774
3 (2019)	9 (82%)	19	2 (15%)	4	889,872
<b>Total</b>	<b>31 (91%)</b>	<b>89</b>	<b>14 (41%)</b>	<b>33</b>	<b>9,458,293</b>

Table 17: Overview of filed patent applications by cycles

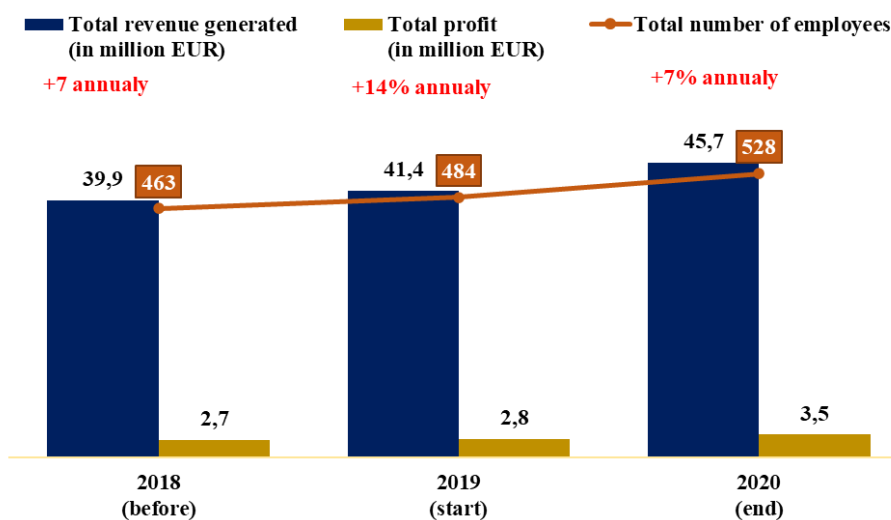
Cycle/ Year	Number of consortiums that have filed patent applications	Number of patent applications	- national phase	- international phase
1 (2016)	6 (42%)	16	10	6
2 (2018)	5 (55%)	15	6	9
3 (2019)	3 (27%)	3	3	0
<b>Total</b>	<b>14 (41%)</b>	<b>34</b>	<b>19</b>	<b>15</b>

The Fund monitors the financial parameters of all supported companies (income, profit and employment) and below are the results achieved for companies whose projects have been completed, i.e. companies whose projects were funded under the first and second cycles of the Collaborative Grant Scheme Program.

Graph 6: Business performance of the consortium leader within the first financing cycle - 14 companies



Graph 7: Business performance of the consortium leader within the second financing cycle - 9 companies



## 2.4. Innovation Vouchers Scheme

Innovation vouchers<sup>7</sup> represent a simple financial mechanism that enables small and medium-sized enterprises to use the services of the scientific research sector to raise the level of innovation of their products and become more competitive in the market. Micro, small and medium enterprises, which are majority privately owned and registered in Serbia, can use the

<sup>7</sup> The design and procedures for the implementation of the innovation voucher scheme were prepared within the project "Support to Research, Innovation and Technology Transfer" funded by the EU IPA funds for 2013, and administered by the World Bank.

innovation voucher to provide services by scientific research organizations from the public sector, i.e. accredited by MESTD (including those privately owned). The maximum amount approved per innovation voucher is up to RSD 800,000, i.e. the innovation voucher covers up to 60% of the total costs of the service (and does not include value-added tax). Until the seventh public call, one applicant could be granted a maximum of two innovation vouchers (regardless of the public call), in the maximum amount of 1,200,000 dinars. From the seventh public call, one applicant can be granted several innovation vouchers, up to a maximum of RSD 2,400,000.

Innovation vouchers are awarded based on a public call, in the order of received applications, within seven working days from the date of submission of the application. An approved innovation voucher must be used within six months.

In 2021, the Fund issued two public calls (sixth and seventh) for the award of innovation vouchers:

- based on the sixth public call issued in February 2021, 211 innovation vouchers were awarded to 170 SMEs, with a total value of RSD 110,735,005;
- Based on the seventh public call announced in November 2021, 136 innovation vouchers were awarded to 114 companies, totalling RSD 82,847,359.

Conclusive with the seventh public call, the Fund approved a total of 979 innovation vouchers for 640 companies, in a total value of 574,903,894 dinars. The average value of the voucher is 587,236 dinars. Companies use vouchers mostly to develop new or improve existing products, processes or services (61.3%), followed by evaluation and various types of product testing (11.6%). 70 SROs have been hired to provide services, and the most represented are the Faculty of Mechanical Engineering in Belgrade (17%), and the Innovation Center of the University of Nis (8.4%). Following the Smart Specialization Strategy of the Republic of Serbia, 85% of approved vouchers are from priority areas (applied since the sixth public call), mostly in the field of machines and production processes of the future (42%), then food for the future (39%).

Considering the first five public calls, out of 632 issued vouchers, 603 were successfully implemented, representing a success rate of 95%.

Table 18: Overview of the implementation of public calls for the award of innovation vouchers

Cycle/Year	Number of applications	Number of issued vouchers	Total amount of approved vouchers (RSD)	Number of realized vouchers	Disbursement (RSD)	Success rate (in %) <sup>8</sup>
1 (2017)	134	118	74,284,426	112	70,005,122	95%
2 (2018)	124	107	68,643,649	102	65,604,449	95%
3 (2019)	113	106	67,400,753	103	65,146,753	97%
4 (2019)	243	183	110,899,088	175	105,317,620	95%
5 (2020)	133	118	60,093,614	111	55,349,647	94%
6 (2021)*	226	211	110,735,005	166	79,706,085	-
7 (2021)**	139	136	82,847,359	-	-	-
<b>Total</b>	<b>1,112</b>	<b>979</b>	<b>574,903,894</b>	<b>769</b>	<b>443,317,575</b>	<b>95%</b>

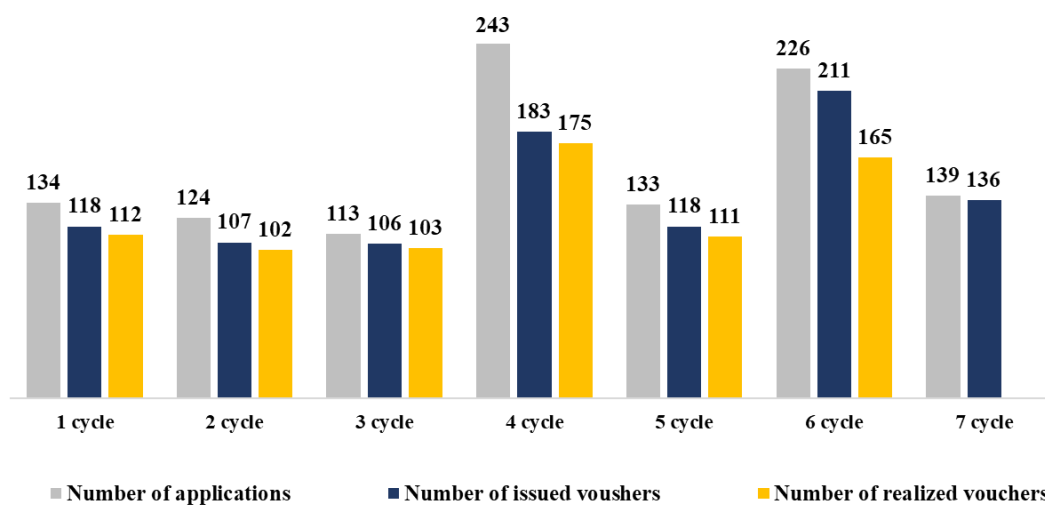
\* The stated data on the total number of realized vouchers and the paid amount is for the period ending on 31.12.2021.

\*\* In the implementation phase.

<sup>8</sup> The success rate shows the ratio of selected and realized innovation vouchers.



Graph 8: Overview of the implementation of public calls for the innovation vouchers



## 2.5. Technology Transfer Program

The Technology Transfer Program (TT Program)<sup>9</sup> aims to stimulate the commercialization of research or creative work conducted in SROs and improve the practice of technology transfer in SROs in Serbia. Support through the TT Program is intended for researchers from public SROs and all other accredited SROs (including privately owned SROs) and it can be used to: define the strategy and tactics of intellectual property protection, define and implement commercialization strategy, negotiate and conclude transactions, as well as marketing activities. Financial support through this program amounts to 2,400,000 dinars, covering 100% of the approved project budget. The program also provides mandatory advisory support for commercialization.

By the end of 2021, a total of 39 applications were submitted for funding under the TT Program, of which 28 were approved for funding, in the total amount of 599,335 EUR. Out of the total number of approved, by the end of 2021, the implementation of 22 projects has been completed, the implementation of two projects and the contracting of support for two more projects is in progress, while two projects have given up support.

In 2022, funding for one project was submitted and approved, and the contracting process is underway.

<sup>9</sup> The program was designed within the first component of the "Project for Support to Research, Innovation and Technology Transfer in Serbia", which is funded by EU IPA for 2013, with a total value of 2.5 million euros.

Table 19: Overview of TT Program applications

Year	Number of project applications	Number of awarded projects	Total value of projects (EUR)	Number of completed projects	Disbursement (EUR)
2016	7	5	98,230	5	97,644
2017	13	8	147,425	7	121,425
2018	8	7	135,100	6	107,750
2019	8	5	159,500	4	105,157
2020	2	2	40,000	0	28,580
2021	1	1	20,000	0	0
<b>Total</b>	<b>38</b>	<b>28</b>	<b>600,255</b>	<b>22</b>	<b>460,556</b>

Through the TT Program, 21 SROs were supported, mostly from Belgrade (20 projects), and then from Novi Sad (3). Most projects are in the field of agriculture and food industry (6 projects) and chemical engineering (4 projects), followed by the development of medical devices (3 projects).

With the support of the TT Program, 7 license agreements for the commercialization of research products were signed between SROs and private companies and 5 companies were established.

### Proof of Concept

As a service under the TT Program, in 2019, the Fund launched Proof of Concept, which aims to identify research that has the potential to become discoveries of commercial significance. The support is intended for researchers in SROs in the public sector and all other institutions and organizations in Serbia that are accredited for scientific research (including private). Support is granted in the form of financial resources directed towards proof of concept, product and market definition, i.e. market segment for a given product, possible prototyping, additional testing, to define intellectual property ownership, and support for business development during the whole procedure. International reviewers evaluate the submitted applications according to criteria that include the strength of the research team, innovation and feasibility of the proposed concept, usefulness and potential for commercialization of the product under development and feasibility of the implementation plan. The amount of funds that can be approved is a maximum of RSD 2,400,000 per project and covers 100% of the total eligible costs.

Table 20: Overview of the implementation of public calls for Proof of Concept

Cycle	Number of project applications	Number of awarded projects	Total value of projects (RSD)	Start of implementation	End of implementation
1(2019)	269	26	57,799,879	1Q 2020	3Q 2021
2 (2020)	252	67	153,058,463	3Q 2020	2Q 2022
<b>Total</b>	<b>521</b>	<b>93</b>	<b>210,858,342</b>		

Table 21: Overview of financial realization of public calls for Proof of Concept

Cycle	Number of awarded projects	Total value of projects (RSD)	Disbursement, December 31, 2021 (RSD)
1 (2019)	26	57,799,879	54,785,320 (96% approved funds)
2 (2020)	67	153,058,463	145,135,179 (96% approved funds)
<b>Total</b>	<b>93</b>	<b>210,858,342</b>	<b>199,920,499</b>

Through two cycles, the Fund approved financing for 93 projects, in the total amount of RSD 210.9 million. Taking into account both cycles, the largest number of funded projects is in the field of natural sciences (30%), food industry and agriculture (19%) and environmental protection (15%). Individually, the largest number of projects are implemented by the Vinca Institute of Nuclear Sciences (14 projects, 15%), the Institute of Molecular Genetics and Genetic Engineering (9 projects, 9.7%) and the Institute for Multidisciplinary Research (6 projects, 6.5%). As support, 27 mentors/business advisors participate in implementing the project.

By the end of 2021, the implementation of 63 projects has been completed, while the implementation of another 30 projects will be completed in the first half of 2022.

## 2.6. Katapult Accelerator

In 2021, the Fund, in accordance with the Serbia Accelerating Innovation and Entrepreneurship Growth Project in the Republic of Serbia, launched the Acceleration Program called Katapult.

The Katapult is intended for companies in the early phase and companies in the growth phase, which have the potential for rapid and large growth for which they need investment. The support is intended for micro and small enterprises that are majority (80% or more) privately owned and have revenues of less than 2 million EUR in any of the previous two years. Participants in the program will be divided into two groups, depending on whether they are in the early stages of development or in the stage of growth.

The program consists of intensive mentoring training and funding. Through the Katapult, beneficiaries will go through an intensive multi-month mentoring program (approximately 3 months) that will be tailored to the needs of the company, with a part that will be common to all beneficiaries of the program. Depending on the needs, the training will cover typical areas of business development such as business model development, go-to-market strategy, market definition, business internationalization, use of intellectual property in business, defining the so-called *product-market-fit*, increase in sales, preparation for investment, presentation of business to investors and the like.

All Katapult beneficiaries have up to 300,000 EUR at their disposal, which will be available through:

1. Entry grant of 20,000/50,000 EUR depending on the level of development of the company that will be available at the beginning of the acceleration; and
2. Co-investing grant for companies which, during the acceleration and nine months after completion, manage to secure a qualified investment from investors eligible by the Fund. The amount of the co-investing grant will be equal to the amount of the investment reduced by the amount of the Entry Grant, and up to a maximum of 300,000 EUR.

The first public call for the selection of participants in the Katapult was open from September 15 to December 6, 2021, and it is expected that, after the process of evaluation of submitted applications, the mentoring program will begin in March 2022. A total of 148 applications were submitted to the first public call, mostly in the field of information and communication technologies (47%).

## 2.7. Smart Start

In 2021, the Fund launched a new Smart Start program for informal teams and start-ups and young companies in the earliest stages of developing innovative ideas. This program aims to develop ideas to the level of a prototype or Minimum Viable Product (MVP) with the help of financial and mentoring support, conduct market research, and develop a valid business plan to improve the quality of these ideas in the next phase of development. Potential applicants are informal teams consisting of a maximum of 5 members or micro-enterprises not older than 2 years at the time of application. If the funding is approved to the informal team, they will be obliged to register the company that will be the project leader. The amount allocated by the Fund can be up to 30,000 EUR (up to 90% of the total approved project budget) and an additional 5,000 EUR to receive mentoring support. Realization of projects can take a maximum of 6 months.

On December 15, the Fund issued a public call for applications for support under this program. The public call is open until February 22, 2022. The Fund organizes info sessions at least once a week during the public call. Funds for the implementation of this program are provided within the budget of the Republic of Serbia.

### 3. INTERNATIONAL AND OTHER ACTIVITIES

#### **Tax incentives for research and development**

Amendments to the Law on Corporate Income Tax in 2019 introduced measures related to tax relief for companies that have intellectual property and are engaged in research and development. These are the "IP Box" tax relief and the "R&D deduction" tax relief. In 2021, the Fund provided the necessary support for the beneficiaries of funds within its programs to submit applications for the incentives provided by these benefits. The training was organized for all beneficiaries of Funds, and a manual and templates for submitting requests were prepared, which are publicly available on the Fund's website (<http://www.inovacionifond.rs/cir/info/poreski-podsticaji>).

#### **International cooperation**

In 2021, the Fund continued to develop international cooperation, both within the international organizations of which it is a member and by strengthening its direct bilateral cooperation with related European institutions. The Fund will continue to nurture successful collaboration with organizations and institutions, such as the Delegation of the European Union to the Republic of Serbia, the World Bank, the *Joint Research Center*, and embassies of foreign countries in the future. The Fund has established cooperation with similar institutions from Slovakia, Bulgaria, Russia, and Montenegro in the past period.

The Fund is a member of the European Network of Innovation Agencies - *TAFTIE*, consisting of 32 organizations from 28 different European countries. Within this network, meetings of bodies and working groups are continuously organized at which good practices for processes relevant to the work of innovation agencies are analyzed and defined, and personal experiences and various solutions are exchanged. By participating in the work of individual *TAFTIE* working groups, the Fund adopts new knowledge based on which it will work to improve its processes to ensure maximum expertise, transparency and efficiency in all phases of the implementation of innovative programs. In 2021, the Fund participated in forums and expert sessions and coordinated a working group dealing with the characterization of innovation support agencies.

#### **Western Balkans Enterprise Development and Innovation Program**

The Western Balkans Enterprise Development and Innovation Program is a regional initiative to create a platform for financial support to innovative SMEs with high-tech potential, which was approved in December 2011 through the Western Balkans Investment Framework. One of the instruments in this program is the Fund for Innovative Companies (Regional Venture Capital Fund), which the Republic of Serbia joined in 2017. The Government of the Republic of Serbia has authorized the Fund to undertake activities and sign documents on behalf of the Republic of Serbia regulating the formation and functioning of the Enterprise Innovation Fund (*ENIF*) and the program as a whole, as well as to start contracting and implementing this program. The total contribution of the Republic of Serbia in this program, which was paid through the Fund in the previous period, amounts to 1,328,000 EUR.

By the end of 2021, 15 Serbian companies have been supported with investments through the Fund for Innovative Companies, with EUR 17.58 million<sup>10</sup>.

### **Promotional activities**

In order to provide all interested applicants with information on the conditions and details for submitting applications, the Fund's team in 2021, under the current epidemiological situation, conducted and organized the promotion of funding programs through seven public calls. In cooperation with local partners, as well as all organizations working with small and medium enterprises and SRO (chambers of commerce, regional development agencies, startup centres, science and technology parks, incubators, innovation centers, startup centres, youth offices, colleges and institutes), the Fund organized workshops. Also, the Fund organized media advertisements in the form of interviews, statements and guest appearances for both national and local media.

In 2021, the Fund continuously informed the general public about new public calls for funding programs and the results achieved by presenting funded projects of companies and SROs through press releases, publications on its social networks, and Internet presentations.

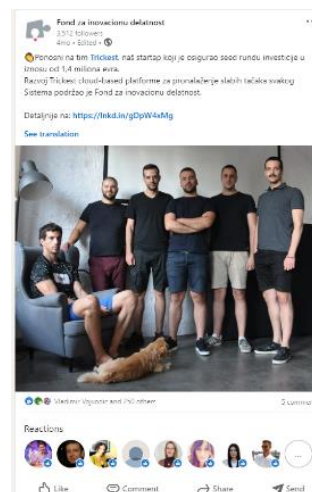
According to the media monitoring agency, the Fund has been the subject of more than 900 media reports. Most reports are published on websites, i.e. more than 800 publications, followed by 74 in the press and 40 in the electronic media. Among the websites, *rts.rs*, *ekapija.com* and *biznis.rs* are in the lead in terms of the number of publications, Radio Television of Serbia and Radio Television of Vojvodina stand out from the television, and Kurir, Politika, Dnevnik and Narodne novine Nis stand out among the press.

In 2021, the Fund participated in more than 15 events (panel discussions, workshops, fairs, conferences, online events). Among the most important are participation in the *Dubai Expo* within the week "Knowledge and Learning", *RE-SET SUMMIT*, Kopaonik Business Forum, *Belgrade Venture Forum*, and participation in the event organized by the AFA Association "Women at Marakana" and Innovation Month, organized by *NALED*.

The fund has profiles on social networks *Facebook*, *Twitter*, *LinkedIn* and *Instagram*. The total number of followers at the end of 2021 on social networks is 3,108, on *Facebook* 2,956 (an increase compared to the previous year by 703 followers), *Twitter* 975 (an increase compared to the previous year is 183), *LinkedIn* 3,512 followers (increase compared to the previous year, it is 1,285), the *Instagram* profile was launched in January 2021, and the total number of followers to date is 937. The most followed posts in 2021 on social networks have been singled out.

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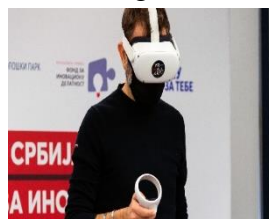
<sup>10</sup> An overview of supported companies is available at: <https://sc-ventures.com/portfolio-with-categories/>



**The most significant events in 2021:** In November 2021, the Fund, under epidemiological measures in cooperation with the Science and Technology Park Belgrade, and at the initiative of the Delegation of the European Union to Serbia, organized an event called "Serbia and the European Innovation Union" intended for EU Ambassadors and the media. On this occasion, the Fund marked the closing of the project "New Products and Services Developed through Research Commercialization in the SMEs" and the opening of the second public call for applications for funding innovative projects under the project "Increased innovation capacity and technological readiness of SMEs". The event was addressed by First Deputy Prime Minister and Minister of Education, Science and Technological Development Branko Ruzic, Minister for European Integration Jadranka Joksimovic, EU Ambassador to Serbia Emanuele Giaufret, Director of the Science and Technology Park Belgrade Gordana Danilovic Grkovic and Director of the Innovation Fund Ivan Rakonjac.

As an illustration of the investment so far, four companies have presented themselves – *Pirate Art* and *Digital Mind* from Belgrade, as well as the company *Suncokret* from Hajdukovo and *Zanus* from Valjevo, whose innovative projects were supported by funds from the pre-accession funds of the European Union through the Fund's programs.

The event was an opportunity to present the achieved results and announce new investments in innovations and innovation ecosystem of Serbia, and at the same time emphasize the orientation of the Government of the Republic of Serbia towards strengthening the knowledge and innovation economy and show the synergetic effect of the partnership between Serbia and the European Union.



#### 4. INNOVATION FUND PROJECTS

In accordance with the Law on Innovation Activity, the work of the Fund is financed from the funds realized based on international bilateral and multilateral cooperation. An overview of the projects (chronologically) based on which the Fund's activities are financed is in progress.

Table 22: Overview of the Fund's projects

Projects	Duration	Source of financing	Total project budget(in mill. EUR)	Budget allocated to the Fund (in mill. EUR)
Innovation Serbia Project	2011-2016	IPA 2011	8,4	7,1
Creating a Comprehensive R&D Collaboration	2016-2019	IPA 2013	3,4	3,4
Serbia Research, Innovation and Technology Transfer Project	2015-2019	IPA 2013	2,5	1,185
New Products and Services Developed through Research Commercialization in the SMEs	2018-2021	IPA 2014	4,5	4,5
Serbia Competitiveness and Jobs Project	2016-2021	Loan (World Bank)	89,5	22,4
Serbia Accelerating Innovation and Entrepreneurship Growth	2020-2024	Loan (World Bank)	43	7
Increased innovation capacity and technological readiness of SMEs	2021-2025	IPA 2018	20	20
Increased innovation capacity and growth of SMEs - in contracting phase	2022-2026	IPA 2019	26	26

The **Innovation Serbia Project** was implemented from 2011 to 2016 and was financed by the EU Instrument for Pre-Accession Assistance for 2011 in 8.4 million EUR. The World Bank administered the project. The Project's objectives included encouraging innovative entrepreneurship through the establishment and improvement of institutional infrastructure to support innovation in Serbia and raising awareness of the role of technological development and innovation in the economy. Two pilot programs were launched through the Project: the Mini Grants Program and the Matching Grants Program, with the primary goal of providing key funding for project development during the research and development phase. Following international examples of best practices, these programs are designed as effective mechanisms to provide financial support for projects with high market potential and strengthen the capacity of innovative enterprises. This project represents the first coordinated effort of the Government of Serbia, the European Union and the World Bank to develop programs dedicated to encouraging the development of innovation in Serbia and facilitating institution building in Serbia and creating institutional infrastructure crucial for the country's innovation ecosystem.

Building on the success of the Innovation Serbia Project, the Fund, in partnership with MESTD, in the period from 2015 to 2019, implemented the **Serbia Research, Innovation and Technology Transfer Project**. The project was financed from IPA funds for 2013 with a total value of 2.5 million EUR, of which 1.185 million EUR were intended for the Fund. The Project aimed to encourage cooperation between the academic and private sectors to commercialize research and promote technology transfer. Within this project, a Technology Transfer Program was designed and implemented to encourage technology transfer through existing local offices



at universities and other scientific research organizations in Serbia and enable the commercialization of research. Within the same project, with the technical assistance of the World Bank, the Collaborative Grant Scheme Program was designed with the aim of uniting the best potential of the private sector and the research sector in implementing activities that will examine research and technological possibilities and create clear prospects for commercial use and exploitation. The realization of the first public call for the Collaborative Grant Scheme Program was financed within the project **Creating a Comprehensive R&D Collaboration**, for which funds of 3.4 million EUR were provided from IPA funds for 2013 (2.4 million EUR from the European Union and one million EUR from the budget of the Republic of Serbia, through the MESTD section). The project was implemented in the period from 2016 to 2019.

The World Bank and the Republic of Serbia have agreed on a loan for the implementation of the **Serbia Competitiveness and Jobs Project** in the amount of 89.5 million EUR, which will be implemented from the end of March 2016 to June 30, 2019, that is, after the restructuring until June 30, 2021. The Loan Agreement between the Republic of Serbia (Ministry of Finance) and the International Bank for Reconstruction and Development (World Bank) was signed on October 7, 2015, in Lima, and ratified by the National Assembly of the Republic of Serbia on December 29, 2015 – with a Law on Ratification of the Loan Agreement ("Official Gazette of RS - International Agreements", No. 24/15-4). The Loan Agreement was restructured in 2018 by the Conclusion of the Government of the Republic of Serbia of July 30, 2018 (05 No. 48-6875/2018) on amendments to the Loan Agreement with amendments to the indicators for evaluation and monitoring of results and extension the duration of the Loan Agreement until June 30, 2021. The project aims to improve the efficiency and coordination of selected public programs to alleviate constraints on competitiveness and job creation, including investment and export promotion, innovation, active employment measures, labor market mediation. The focus is on activities that have been identified as key drivers of economic competitiveness and job creation, and among them, a prominent place belongs to innovation activities. In that sense, one of the components (Support to Economic Innovation) refers to the Fund's operations and programs and envisages an annual minimum allocated budget for financing the Fund's operational work and Fund programs: at least 0.72 million EUR for operational work and at least 3.6, i.e. 4 million EUR after the restructuring in 2018 for the Fund's programs. Except for 2016, when the funds were not allocated following the project-defined amounts, since 2017, the annual budget has been harmonized with the project requirements, with significantly higher funds being allocated from year to year than projected.

**New products and services developed through research commercialization in the SMEs** is the name of the project financed from IPA funds for 2014 and co-financed from the budget of the Republic of Serbia from the MESTD section. The project's total value is 4.5 million EUR (2.5 million EUR from the European Union and 2 million EUR from the budget of the Republic of Serbia) and is being implemented in the period from December 2018 to December 2021. Through this project, funds have been provided for implementing the Mini Grants Program and the Matching Grants Program. The project is being implemented on the basis of the Direct Grant Agreement signed on May 31, 2018, between the Fund and the Ministry of Finance (Department for Contracting and Financing Programs from European Union Funds), and became effective on December 1, 2018.

The Loan Agreement between the Republic of Serbia and the International Bank for Reconstruction and Development (World Bank) regulates the implementation of the **Serbia**

**Accelerating Innovation and Growth Entrepreneurship Project.** The Agreement was ratified by the National Assembly of the Republic of Serbia on December 24, 2019 (Official Gazette of the RS - International Agreements, No. 3/2020). The project is structured through the implementation of activities divided into three basic components, and the Fund will be responsible for implementing the second component - business acceleration, which aims to increase the potential for business growth and is intended for early and early-stage companies. The Supplementary Agreement, signed on May 15, 2020, concluded between the Republic of Serbia (Ministry of Finance) and the Innovation Fund, entrusted the Fund with implementing the second component of this project. The project's total value is 43 million EUR, of which 7 million EUR have been allocated for the realization of the second component.

**Increased innovation capacity and technological readiness of small and medium enterprises** is the name of the project financed from IPA funds for 2018 and co-financed from the budget of the Republic of Serbia from the MESTD section. The project's total value is 20 million EUR (15 million EUR from the European Union and 5 million EUR from the budget of the Republic of Serbia) and is being implemented in the period from December 2018 to December 2021. Through this project, funds have been provided for implementing the Mini Grants Program, the Matching Grants Program and the Collaborative Grant Scheme Program. The project is being implemented based on the Direct Grant Agreement signed on March 4, 2021, between the Fund and the Ministry of Finance (Department for contracting and financing programs from European Union funds).

**Increased innovation capacity and growth of SMEs** is the project's name that will be financed from IPA funds for 2019 and co-financed from the budget of the Republic of Serbia from the MESTD section. The project's total value is 26 million EUR (16 million EUR from the European Union and 10 million EUR from the budget of the Republic of Serbia). Through this project, funds have been provided for implementing the Mini Grants Program, the Matching Grants Program and the Collaborative Grant Scheme Program. The project is in the contracting phase.

## 5. LEGAL AND FINANCIAL ASPECTS OF OPERATIONS OF THE INNOVATION FUND

### 5.1. Financial aspect of operations

Table 23: Overview of revenues and expenditures of the Innovation Fund

Basis of income and expenditure	Income	Expenditure
Law on the Budget of the Republic of Serbia for 2021 - operating costs	159,000,000 RSD	116,011,768 RSD
Law on the Budget of the Republic of Serbia for 2021 - Financing programs implemented by the Innovation Fund, including related costs of the selection process based on international expert review and independent Investment Committee and other direct costs that may arise in the process of implementing the Program	1,101,000,000 RSD	204,097,173 RSD
Direct Grant Agreement - New Products and Services Developed through Research Commercialization in the SMEs, EU IPA 2014	131,710,000 RSD	100,452,247 RSD
Direct Grant Agreement - Increased innovation capacity and technological readiness of SMEs, EU IPA 2018	300,413,040 RSD	28,791,034 RSD
Serbia Accelerating Innovation and Entrepreneurship Growth - SAIGE	749,887 EUR (уплата из 2020. године)	143,875 EUR
Royalty component (Matching Grants Program)	370,176 RSD	
Contribution of the Republic of Serbia for participation in the Western Balkans Enterprise Development and Innovation Program (ENIF)	366,891 EUR	17,254,774 RSD
Return of 50% of the profit on the completed account for 2020	-	4,068,399 RSD
Reimbursement of unspent funds from 2020	-	23,851,248 RSD
Funding programs implemented by the Innovation Fund based on the Serbia Competitiveness and Jobs Project	-	836,147,692 RSD

Although it is not obliged to audit in accordance with the Law, as for every previous year of business operations, the Fund also provided accounting audit services in the Financial Plan for 2021. As the external auditor of the Fund for 2021, the auditing company *MOORE Stephens Audit and Accounting* was hired, which was selected in the procurement procedure conducted in accordance with the Law and acts of the Fund. The audit of the Balance Sheet and Income Statement, as of December 31, 2021, is planned for March 15, 2022, and the final opinion of the auditing company is expected by March 15, 2022.

### 5.2. Procurements

During 2021, the Fund conducted procurement in accordance with the Law on Public Procurement ("Official Gazette of the RS", No. 91/2019, hereinafter: LPP or Law), the Rulebook on further regulation of public procurement, procurements to which the Law does

not apply and the procurement of social and other special services (992/9.7.2020), the Act on Procedures for the Selection of Independent International Expert Consultants for Procedures for the Implementation of Financing Programs (138-1/31.3.2017), the Practical Guide to Contracting Procedures for EU External Action (PRAG), as well as World Bank Procurement Regulations for Borrowers for the Financing of Investment Projects – Goods, Works, Non-Consulting and Consulting Services of July 2016, as amended in November 2017 and August 2018 for projects (World Bank Rules).

Table 24: Overview of realized procurements in 2021

Procedure/Low of Public Procurement	Type of procurement	Number of contracts <sup>11</sup>	Net contract value (RSD)	Gross value of the contract (RSD)
Public procurement open procedure (Article 52)	Goods	1	4,642,797.00	5,571,356.40
Public procurement open procedure (Article 52)	Services	1	6,439,000.00	7,726,800.00
Procurement from projects in accordance with WB regulations (Article 11, paragraph 1, item 1)	Services	8	53,410,201.90	66,717,904.91
Procurement from projects in accordance with WB regulations (Article 11, paragraph 1, item 1)	Goods	1	4,415,400.00	4,415,400.00
Procurement from projects in accordance with EU PRAG (Article 11, paragraph 1, item 1)	Services	10	82,174,513.19	84,720,759.77
Procurement of international consultants (Article 12, paragraph 1, item 12)	Services	10	24,280,559.10	34,805,942.78
Procurement under 1 mil. RSD (Article 27, item 1)	Goods	24	2,572,188.30	3,085,078.68
Procurement under 1 mil. RSD (Article 27, item 1)	Services	66	9,047,008.25	10,095,098.17

The public procurement plan for 2021 was adopted on June 21, 2021. It is planned to conduct four public procurements through an open procedure. Two public procurement procedures were initiated and completed in 2021. The third public procurement procedure was launched in 2021, and contracting will be done in 2022. In accordance with the changed needs for the subject of procurement, due to the epidemiological situation in the country, the fourth public procurement has not been initiated.

The annual report on conducted procurements that are exempt from the application of the Law and on contracts concluded in public procurement procedures was published through the Public Procurement Portal and publicly available (<https://jnportal.ujn.gov.rs/annual-reports>).

<sup>11</sup> In the case of procurement without a contract, the number of invoices per procurement is included.

### 5.3. Legal aspect of the Fund's operations

In 2021, rulebooks, manuals and instructions within the competence of the Fund were adopted, which are important for the legal and efficient functioning, in order to improve and enhance the internal procedures and processes of the Fund.

Table 25: Adopted regulations, acts and procedures in 2021

Назив документа	Поступак усвајања
Rulebook of Labour	Adopted by decision of the Management Board (August 19, 2021)
Rulebook of the Innovation Fund on applying state aid rules	<ul style="list-style-type: none"> <li>Adopted by decision of the Director (November 8, 2021), after approval of the State Aid Control Commission (November 4, 2021)</li> <li>Acceptance of the Management Board (November 12, 2021)</li> </ul>
Rulebook on Amendments to the Rulebook on Internal Organization and Systematization of Jobs in the Fund for Innovation Activity	Adopted by decision of the Director (August 20, 2021)
Rulebook on Accounting and Accounting Policies of the Innovation Fund	Adopted by decision of the Director (December 31, 2021)
Rulebook on the Manner of Recording, Classifying, Archiving and Storing Archival Material and Documentary Material	<ul style="list-style-type: none"> <li>Adopted by decision of the Director (December 24, 2021)</li> <li>Approval of the Management Board (December 24, 2021)</li> </ul>
Rulebook on the manner of recording, protection and use of electronic documents	<ul style="list-style-type: none"> <li>Adopted by decision of the Director (December 24, 2021)</li> <li>Acceptance of the Management Board (December 24, 2021)</li> </ul>
Risk Assessment Act	Adopted by decision of the Director (September 13, 2021)
Implementation Manual for Mini Grants Program, Matching Grants Program and Collaborative Grant Scheme Program ( <i>Implementation Manual, Version 2.0.</i> )	Adopted by decision of the Director (January 18, 2021)
Implementation Manual for Mini Grants Program, Matching Grants Program and Collaborative Grant Scheme Program ( <i>Implementation Manual, Version 2.1.</i> )	Adopted by decision of the Director (July 1, 2021)
Guidelines for Applicants for Proof of Concept	Adopted by decision of the Director (April 16, 2021)
Monitoring Manual for Mini Grants Program, Matching Grants Program and Collaborative Grant Scheme Program ( <i>Version 3.2.</i> )	Adopted by decision of the Director (July 1, 2021)