



Ministry of Science, Technological
Development and Innovation

**SMART
START**

REPUBLIC OF SERBIA
INNOVATION
FUND



**Smart Start
Program Grant Manual
v 3.0**

November 6, 2023

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1. About the Program

The goal of the Smart Start program (Program) is to support highly promising teams in their efforts to validate their business ideas and demonstrate future usefulness of their technology through development of a first prototype or a minimum viable product (MVP).

The program Awardees will receive **financial and mentorship support** that will help them execute the first phase of market research, engage in product development, establish business model and begin preparation for the next phase of fundraising. Furthermore, in addition to the mentorship support through the Program, if and where is applicable, the Innovation Fund (IF) will organize a series of specifically targeted workshops that will help them deliver their projects successfully, better organize their operations and start-on their startups on the right foot.

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

- Validate the idea and market need in a realistic market environment,
- Demonstrate the product's fundamental technical viability (through a prototype, MVP or pilot), and
- Create an effective business model.

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

2. Who should apply?

This Program is focused on supporting highly motivated teams that are looking to commence their entrepreneurial careers. The Program is ideally intended for teams offering scalable and technically sound ideas solutions for relevantly identified problems in the market and are hoping to build a compelling business behind these ideas.

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

- Food for future;
- Information and communication technologies (including specific focus on Artificial Intelligence, as envisaged by the Strategy for the Development of Artificial Intelligence in the Republic of Serbia for the period 2020-2025);
- Machines and production processes of the future;
- Creative industries.

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

The Smart Specialization Strategy Serbia document can be found on this [link](#).

3. Who is Eligible to apply?

Eligible Applicants for this Program are:

- **Teams** comprised of 2 to 5 members, with at least 51% of team members that are residents of the Republic of Serbia¹.
- Each individual team member can participate in only one Application within the current public call regardless of the IF programs.

An Applicant is allowed to submit up to three times substantially the same, modified and /or improved Application which was considered for evaluation, regardless of the IF financing program. The Applicant must provide a clear description on what concrete steps have been undertaken to improve the project since the previous application. This progress can be achieved for example, through working towards idea validation with potential clients, creating a demo version of the product, or conducting other activities relevant to the field of business that clearly present a path towards a more mature business idea.

If financing is approved, the Applicants will be required to establish a limited liability company in accordance with the current Serbian Company Law². Furthermore, **the newly established company must be 100% owned by at least 51% of the proposed team members who are residents of the Republic of Serbia and does not have any stake in any other company in the Republic of Serbia.** The ownership percentage among team members is subject to their internal agreement. **Note** that in case the project is comprised of two team members, both proposed team members have to be residents of the Republic of Serbia, without any stake in any other company in the Republic of Serbia and if financing is approved newly established company must be owned by both proposed team members.

In addition, if financing is approved, each individual team member is limited to one implementing project within Innovation Fund Programs. Accordingly, the Application where team members/key personnel are also part of other implementing project within Innovation Fund's Programs, will be disqualified from the further evaluation process.

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

4. Amount of financing and eligibility of costs

The financing awarded by the IF can cover a maximum of **90%** of total project budget (excluding mentorship support), but the total IF co-financing cannot exceed more than **RSD 5.400.000,00** per project. The minimum of **10%** of the project budget (excluding mentorship support) is to be secured by the Applicant from any private source, but it needs to be secured in cash³. No in-kind co-financing will be accepted.

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

² In accordance with the current Law on Accounting of the Republic of Serbia, including newly founded companies as stipulated in this law.

³ **E.g., In case the Applicant is looking for the maximum amount of RSD 5.400.000,00 from the Innovation Fund without mentorship support, and the total project costs is RSD 6.000.000,00, the required mandatory co-financing of 10% will be RSD 600.000,00.**

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

The dynamics of disbursement of grant funds, as well as mentorship support, is explained in section 9.2. of this Manual.

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

The following budget categories and costs are considered eligible:

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

The following types of costs are considered ineligible:

- a) Debts and debt service charges (interest);
- b) Provisions for losses, debts or potential future liabilities;
- c) Costs declared by the Awardee and financed by another action or work program or other public sources of financing;
- d) Purchases of land or buildings, including any renovation;
- e) Currency exchange losses, fees and penalties;
- f) Credits to third parties;
- g) In-kind contributions;
- h) Salary costs of the personnel of national administrations;
- i) Taxes, including VAT, duties and charges;
- j) Entertainment and hospitality expenses;
- k) Per diems;
- l) Recruitment and relocation costs;
- m) The procurement of second hand or refurbished goods;
- n) Any activities outlined in the IF's Environmental and Social Management Framework (ESMF) as Exclusions published on IF's [website](#);
- o) Cash payments from the project account;
- p) Marketing costs.

5. Duration of the Program

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

In case of significant pivoting from the original idea or unforeseen events which could be considered *force majeure* by the IF, the implementation can be extended for the period of up to 3 months. The extension of the project duration needs to be formally requested and justified by the Awardee and approved by the IF, **at least 30 days** before the end of the project.

6. Application

6.1. Application registration

In order to apply for this Program, the Applicants first need to register an account on the IF's portal, accessed via the IF website. The registration request is approved by the Innovation Fund staff after preliminary assessment of the information provided in the account registration request.

Processing the Applicant's registration request may take up to three (3) business days. Applicants are advised to submit their registration requests in a timely manner and upload necessary Application documents to avoid being locked out of the deadline for calls for proposals.

Upon approval of the account registration request by the IF staff, the Applicant will receive a confirmation e-mail with the necessary login credentials. The account then becomes active and is used to submit the necessary Application documents in electronic form. The e-mail address of the contact person given in the Applicant registration form needs to be a valid e-mail address as it will be used for future communication with the Applicant.

Applicants can open several projects with their account, but can only submit one (1) Application within a Call for proposals.

6.2. Application contents

In order for any **Application** to be evaluated, it needs to be **submitted within the given submission deadline electronically through the IF portal**. Only Applications submitted using the IF portal and predefined template will be considered. The Application Form can be found on the IF's website on the following link: <https://www.inovacionifond.rs/en/programs/smart-start/documentatation-november-2023>.

The content of the Application must be fully submitted in English, unless it is clearly specified otherwise.

The complete Application documentation consists of the following documents:

- Applicant Statement (signed and submitted on the IF portal in the PDF format);
- Application Form which has to be filled out and uploaded on the IF portal in PDF format. Furthermore, application form contains following sections to be filled out:
 - Details on the proposed solution and its potential business cases;
 - Brief description background of the key personnel to be engaged on the project (minimum 2 and maximum 5 key personnel);
 - Simplified budget;

- A video clip representing the applicant’s elevator pitch lasting no longer than **3 minutes**, including a brief explanation of the concept behind the product/service, and introduction of the team members. *The video clip should not only contain sketches and numerical indicators. It should represent the way in which the problem was identified, the idea behind the product / service / technology and the explanation why the solution would be adequate for a target users. **This video clip must be recorded in English and the link must be provided in the Application form** (Vimeo, YouTube or similar link). Applicant bears full responsibility for the quality of the video and its availability to the evaluators. The type of video clip and its content should be tailored as you can find on the example [1](#) and [2](#).*

Note: Application form must be submitted in the exact same visual and structural format and style as it is provided on the IF website. Any attempt to modify the Application form by unlocking and/or altering the formulas or text will result in the Application being disqualified from further evaluation. Applicants are allowed to use style formatting options within the predefined text boxes in the application form.

6.3. Application submission

Once the application form is uploaded on the IF portal, it can be overwritten by simply repeating the upload procedure, if the Applicant needs to update or replace the existing file for whatever reason. Please keep in mind that the previously uploaded document is permanently removed and replaced in the process. Overwriting of previously uploaded documents is possible up until the Application submission deadline.

Applicants should keep in mind that the “Submit” button must be clicked before the expiration of the deadline in order for the Application to be taken into consideration for further evaluation.

During the public call, the Innovation Fund (IF) will provide advisory, non-obligatory and non-conclusive support to all interested Applicants via e-mail, phone, through frequently asked questions, information sessions and/or open doors in regards to the administrative aspects of preparing the Applications and specifics of the program itself.

7. Evaluation Criteria

All Applications will be evaluated based on the following criteria:

<p>Usefulness and competitive advantage of the proposed solution</p>	<p><i>Before discussing the specifics of the technology, it is mandatory for the applicants to clearly indicate the problem that they are looking to solve, explain the specifics of it and then lay out details of the proposed solution and how it will help in solving the problem. This is the fundamental assumption.</i></p> <p><i>Technology is important! A scalable, well defined and elegant solution is one of major prerequisites for establishing a competitive advantage. Applicants should be very specific about the current stage of product development and provide a roadmap for future activities.</i></p> <p><i>New products and services, enhancements of existing solutions and processes, new models of doing business are all welcomed. However, the program is aimed to support solutions that bring new added value to the business model, and it is not intended for Applications that offer standard upgrades (e.g. standard software upgrades or simple product redesign). The IF is not looking to support “me too” Applications that do not offer differentiation in comparison to technology or business models of existing solutions.</i></p>	<p>Maximum 30 points</p>
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	<i>It is quite expected for young startup companies to pivot their ideas, and this isn't in any way something you should be discouraged by.</i>	
Market potential	<p><i>The focus of this program are solutions that could achieve broad market scale. This doesn't disqualify startups and teams that are looking to solve a niche market problem, but they should be very specific in explaining how they will be able to grow a sustainable business.</i></p> <p><i>We are advising you to think about higher scale application from the get-go.</i></p> <p><i>Put your knowledge of the market on full display. Explain why this solution would offer premium value over existing ones. Describe your ideal customer. Be detailed about what is the value of your solution to identified users.</i></p> <p><i>Always think about the competition. They are not necessarily only those offering extremely similar products or same level of service, but could also be companies that are offering different solutions fulfilling the same needs you are looking to satisfy.</i></p> <p><i>Lay down the roadmap for getting the product on the market in your best-case scenario.</i></p>	Maximum 30 points
Team competence	<p><i>The IF is looking to support highly motivated, coachable and well-balanced teams that are complementary in terms of having technical knowledge, but also has an understanding of how the market works, recognizes market opportunities and has capability to build a lasting business around the proposed solutions.</i></p> <p><i>Understanding on how industry work is of great importance. Previous experience of the key personnel in the field, or any other indication of experience that is relevant to project success is regarded as very useful.</i></p> <p><i>Track record of previous collaboration is a plus, but it is definitely not mandatory for a team to be successful.</i></p> <p><i>This program is not necessarily designed to favor teams that are prepared to devote their full time to the development of their solution, but it is considered that the team will be prepared to put in maximum effort in order to complete all tasks on time and deliver.</i></p>	Maximum 40 points
MAXIMUM NUMBER OF POINTS THROUGH ALL THREE CRITERIA:		100 points

8. Evaluation process

The IF utilizes investment professionals with rich international expertise in working with startups to choose the most promising Applications. The following sections cover all steps of the evaluation process.

8.1. Administrative and Eligibility Check and First screening of Applications

All Applications will be subjected to the Administrative and Eligibility Check, conducted by the IF team. Please observe that in order to be considered for further evaluation, the Application must comply with all rules described in this Manual and be timely submitted in appropriate templates, while the Applicant must comply with all requirements described under the section 3. "Who is eligible to apply?".

During the course of this evaluation phase, the Applicant may be required to submit supplemental information necessary for the IF to determine certain eligibility conditions.

In order to select the most promising Applications, the IF team will conduct the First screening of all eligible Applicants. During this phase, the IF team will assess if the Application content is satisfactory and

provides sufficient information in regards to the established Evaluation criteria (especially related to the explanation of the product/service/technology, competitive advantage or the identified market potential which the Application has to present with substantial detail). The IF team will eliminate Applications whose content is clearly lacking the information and substance as described above.

Applicants that do not pass the administrative and eligibility check and first screening will be notified of this outcome by email, after the IF completes its assessment of all submitted Applications.

8.2. Pre-selection

Eligible Applications which pass Administrative and Eligibility Check and First screening will qualify for the subsequent round of evaluation conducted by the Investment Committee (IC). IC will assess all Applications based on the content provided in the Application following the established Evaluation criteria. As a result of the Pre-selection phase, **Applications that score 75 points or above will qualify for the final phase of the evaluation.**

At the end of the pre-selection phase, all Applicants will be notified of the outcome via email.

8.3. Final decision

In the final phase of the evaluation, all pre-selected Applicants will be required to submit the project presentation and pitch their projects to the IF's Investment Committee (IC).

Based on the results of the pitch and overall evaluation of the project, the IC will score (using same evaluation criteria described in this Manual) all preselected Applications and make the final decision on financing.

While making the final decision on financing, the IC will take into consideration the total amount of available funds for the public call. If the number of quality Applications that the IC would approve for funding exceeds the total available budget allocated for a particular public call, up to five (5) projects will be considered for financing by the IF, if any of the originally approved ones fail to sign the Financing Agreement.

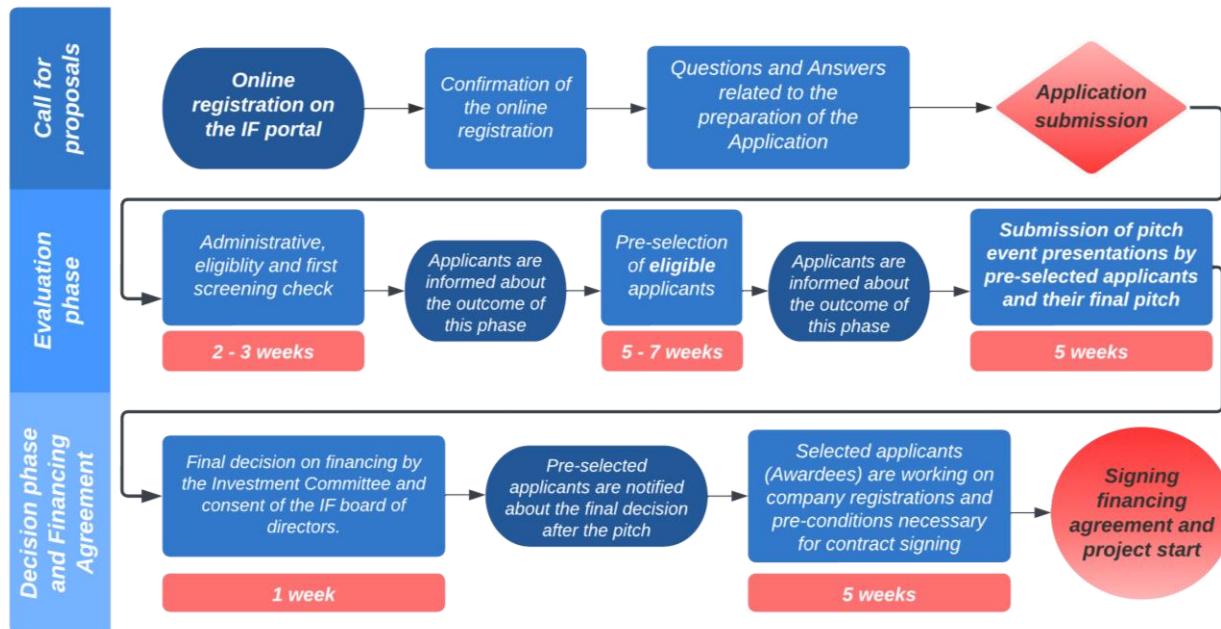
The IC reserves the right to modify budget (proposed by the Applicant) and to set specific conditions for each individual project, where deemed necessary.

All Applicants that have participated in the final phase of the evaluation process will be notified about the outcome via email.

8.4. Applicant Grievance Mechanism

Applicants may file a fact-based objection to the outcome **of eligibility and pre-selection phase of the selection process** (citing evident omissions or mistakes made during the process), by submitting a letter of objection to the IF, by email, at smartstart@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.

8.5. Process flow and approximation of timeline



9. Financing Agreement and project implementation

Following the notification from the IF that the Application has been approved for financing, the Applicant will be offered to sign the Financing Agreement with the IF. **By taking into account all requirements stated in the eligibility criteria (see section 3.), Awardee is required to establish a company, where at least 51% of proposed team members should have 100% ownership in the newly established company.**

Before signing off the Financing Agreement, the Awardee is obliged to provide the following information and documents to the IF:

- 1) **Information on the outcome of the matchmaking sessions with mentors organized by the IF (see section 9.1. Mentorship).** After these sessions the Awardee must choose which mentor they want to work with;
- 2) **Official company registration and its registered founders in the Serbian Business Registers Agency (SBRA);**
- 3) **Proof that the Awardee is listed in the Register of Tenderers (srb. "Registar ponuđača") in the Serbian Business Registers Agency (SBRA);**
- 4) **Proof or Contract on opening a dedicated bank account to which the grant will be transferred as well as confirmation that there were no financial transactions on that bank account;**
- 5) **Signed *De minimis* State aid regulation form;**
- 6) **Any additional documents if needed.**

After the aforementioned secured documents and information, the IF will organize the **Info Day**, which represents the onboarding day managed by the IF staff and the day when the Financing Agreement is signed.

Upon signing the Financing Agreement, the Applicant will commence with project implementation.

9.1. Mentorship

The IF will establish and manage a group of knowledgeable and experienced mentors that will help the Awardees with the implementation of their projects.

The purpose of engaging these mentors is to maximize the value the Awardees get from their skills and experiences.

The IF will assign one mentor from the mentor list to every Awardee following a matchmaking session. Matchmaking sessions are organized following the notification of the final decision.

Upon signing the Financing Agreement and assigning of the mentor, the Awardee (registered company) and mentor need to formalize their cooperation and sign the mentorship agreement within the 3 weeks period.

Mentors will provide consultancy, guidance and help Awardees establish their goals and help them achieve the defined reports.

Mentors will provide Awardees with the assistance in the following areas:

- Structuring the team
- Creating a development/milestone plan
- Idea validation
- Interview with potential users
- Defining the prototype/MVP/pilot
- Producing a viable business model
- Preparation for the project presentation.

Besides providing their expertise and consultancy to Awardees, the mentors will also ensure that Awardee is completing the activities in line with the defined milestone plan, as well as to confirm the deliverables that are mandatory for the subsequent IF payments.

The IF reserves the right to consult each mentor on the work performed by the Awardees.

Mentor's remuneration

Mentors are paid directly by the Awardees, from the portion of the funds, specially allocated by the IF for these services. The amount of mentor's remuneration is RSD 600.000,00 for minimum 10 working days of engagement which is defined between the Awardee and its mentor in the mentorship agreement. This fee cannot be used for other costs i.e., it cannot be relocated to other cost categories during the project implementation.

Mentor can be matched with maximum three Awardees.

9.2. Disbursement of funds

The Awardee must open a new separate bank account where project financing from the IF will be deposited. This account must not be used for any other purpose except for **the implementation of the approved project activities** and **mentorship payment**. The Awardee bears full legal responsibility for this account, and documents all the payments made to and from it.

Schedule of payments of tranches is presented in the following table:

Number of tranches	Deliverables required for funds/tranche disbursement	Awardee portion % (max. grant amount – RSD 5.400.000,00)	Mentorship portion % (Amount – RSD 600.000,00)
1 st tranche	<ul style="list-style-type: none"> • <i>Mentoring agreement signed with matched and assigned mentor;</i> • <i>Milestone plan formulated by the Mentor and the Awardee, approved by assigned mentor and the IF;</i> • <i>Proof of payment by Awardee for mandatory co-financing (bank statement);</i> 	30%	-
2 nd tranche	<ul style="list-style-type: none"> • <i>Idea and market need validation report approved by assigned mentor and the IF;</i> • <i>Proof of payment by Awardee for mandatory co-financing (bank statement);</i> 	30%	30%
3 rd tranche	<ul style="list-style-type: none"> • <i>Prototype/MVP/pilot development report approved by the assigned mentor and the IF;</i> • <i>Proof of payment by Awardee for mandatory co-financing (bank statement);</i> 	20%	30%
4 th tranche	<ul style="list-style-type: none"> • <i>Business model development report approved by the assigned mentor and the IF;</i> • <i>Proof of payment by Awardee for mandatory co-financing (bank statement);</i> 	10%	20%
5 th tranche	<ul style="list-style-type: none"> • <i>Pitch deck of the finalized project presented to the assigned mentor and IF staff and approved by the IF;</i> • <i>Proof of payment by Awardee for mandatory co-financing (bank statement);</i> • <i>Signed final Settlement agreement between IF and the Awardee⁴.</i> 	10%	20%

The disbursement dynamics will vary based on the specific goals of each project, i.e., the actual time needed to fulfill the deliverables mentioned above. **The IF will provide templates of reports stated above, to be used by the Awardees.** All reports need to be approved and signed by the assigned mentor, and further approved by the IF before any payments.

9.3. Reporting obligations

At the beginning of project implementation, the Awardee will provide a detailed milestone plan and with tentative timeframes for the deliverable achievements. Based on this plan, the Awardee will report on the progress of these activities to the IF, with the help of their mentor. **If needed, the IF can require**

⁴ After the Final Settlement Agreement is signed, which regulates the payment of the 5th tranche from the Financing Agreement, the project of the Awardee will be considered completed.

information about the project progress at any stage of the implementation as well as financial progress in terms of grant funds spending.

In case that the Awardee may foresee any delays and problems in regards to the milestone plan, they are obliged to inform the IF.

The Awardee needs to archive all project documentation in the master file (digital and physical) for a period of **at least 5 years following project completion**. The project archive should include all relevant project implementation document (application, Financing Agreement, deliverables under the project, other contracts, official approvals, proof of payments, etc.).

The master file must be made available to the IF and any entities named by the IF for inspection upon request.

For the program deliverables, the Awardee is required to provide the following:

Deliverable	Expected outcome	Reporting and approval
1. Milestone plan	The milestone plan is created on the basis of time-critical events in the project. Milestone plan should present each milestone along with the scheduled deadline and fit into project timeline.	Milestone plan must be signed by Awardee and approved by the mentor.
2. Idea and market need validation report	Conducting a survey with the relevant target group in order to confirm the existence of the market challenge and if there is a need for the product among potential clients/customers.	The report should include all relevant data on target group, type of the survey, questionnaire, summary of the results and the main findings conclusions. The report must be signed by Awardee and approved by the mentor.
3. Prototype/MVP/pilot development report (Demonstration of the product's fundamental technical viability)⁵	The fundamental technical viability of the future product or service needs to be demonstrated. These functionalities need to offer sufficient value to attract early adopters (and in the case of pilot to prove that it can function in a relevant environment).	The report should include the description of what has been accomplished in terms of technology development, and must include pictures, videos or any other material relevant for this deliverable. The report must be signed by Awardee and approved by the mentor. <i>The IF reserves the right to require the demonstration of the technology.</i>
4. Business model development report	Establishing a suitable business model for the product. This should be accompanied by solid market research, competition analysis and roll-out strategy.	This deliverable is presented in the template provided by the IF. The report must also be signed by Awardee and approved by the mentor.

⁵ **The prototype/MVP/pilot development report cannot be submitted to the Innovation Fund before half of the contracted project duration.**

<p>5. Presentation of the finalized project</p>	<p>Pitch deck presentation of the finalized project by the key personnel should include (and is not limited to), project explanation, prototype presentation, viable business model and future development of the project. The duration of the pitch deck presentation should be approximately 10 minutes.</p>	<p>This deliverable is presented in front of the assigned mentor and IF staff. Key personnel of the project and assigned mentor have to be listed as collaborators in the pitch deck presentation.</p>
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The IF reserves the right to request additional information at any point of the project implementation and 5 years after the project implementation. Furthermore, if deemed necessary, the IF will conduct monitoring visit in order to get better acquainted with the progress.

If the Awardee breaches the Financing Agreement or generates ineligible expenses, the Awardee will be legally obligated to pay back the received financing or any part of it as deemed appropriate by the IF.

9.4. Pivoting the idea

The IF is looking to support the most promising Applications, but even in those cases it can be expected that, through the process of idea validation and interviews with potential users, the Awardees might learn about new ways on how they should improve and adapt their products to better fulfill the market need.

This might require the Awardees to reconsider their concept and redefine their approach to problem-solving in order to fit it better to customer needs.

Though pivoting of the idea might take additional time and resources, it is often necessary for startups in this development phase. In case this occurs, the Awardee should promptly notify the IF and start working on the revision of the development plan with the mentor. **The revised plan needs to be formally approved by the IF.** In case that the new plan requires additional time, it must also be clearly communicated with the IF. The amount of funds granted from the IF’s side is not subject to increase, regardless of the Awardee’s need to pivot or alter the original development plan.

9.5. IP and know-how requirements

Any new IP and know-how which may be created during the implementation of the project must belong to the Applicant. To ensure this, the Applicant has to secure these IP and know-how rights in agreements concluded with any third party.

9.6. Visibility requirements

The Awardees must take all necessary steps to publicize the fact that the IF has financed or co-financed the Awardee’s project. As far as possible, projects that are wholly or partially funded by the IF must incorporate information and communication activities designed to raise the awareness of specific or general audiences of the reasons for the project and the IF support for the project in the country or region concerned, as well as the results and the impact of this support.

9.7. Environmental and social aspects

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

10. 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 Investment 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 Applicant, Investment Committee member, or IF staff or consultants in relation to the execution of this project is compromised because said Applicant, Investment 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.

11. Fraud and corruption

Furthermore, the Applicant agrees to undertake all necessary actions in order to prevent possible Fraud and Corruption activities during the implementation of the project. In pursuance of this policy, the practices constituting Fraud and Corruption are defined as follows:

- (i) “corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the actions of another party;
- (ii) “fraudulent practice” is an act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
- (iii) “collusive practices” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- (iv) “coercive practices” is impairing or harming, or threatening to impair or harm, directly or indirectly, persons or their property to influence their participation in a procurement process, or affect the execution of a contract;
- (v) “obstructive practice” is:
 - (a) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an 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
 - (b) acts intended to materially impede the exercise of inspection and audit rights.