**Public Call for Proposals for Entrepreneurs, Micro and Small Enterprises**

### **Background**

“Norwegian Support to Western Balkans Development – Norway for You – Montenegro” (NFY) Project will contribute to a more balanced socio-economic development in Montenegro, by increasing employment opportunities, supporting social cohesion and improving local infrastructure in the least developed municipalities. The Norwegian Ministry of Foreign Affairs (MFA) allocated NOK 15 million for this Project implemented by the United Nations Office for Project Services (UNOPS) during 24 months.

The Project will achieve two outputs:

* Output 1: Improved Access to Employment
* Output 2: Enhanced Social Inclusion through Improved Living Conditions.

During its lifetime, the Project will support employment, provide vocational training, organise Call for Proposals for projects of local government institutions, civil society organisations and business support organisations and support projects for improvement of living conditions and quality of life.

The key stakeholders and the direct beneficiaries of the Project are local self-governments and their institutions and organisations along with the Union of Municipalities of Montenegro (UOM), regional development agencies, national employment agency and local branches, civil society organisations (CSOs), business support organisations (BSOs), as well as individual beneficiaries, entrepreneurs, micro, small and medium sized enterprises and especially unemployed women and youth. The final beneficiaries are the inhabitants of the underdeveloped areas where the Project will be implemented.

### **Justification of the Intervention**

The SMEs sector is the main growth driver in Montenegro, as it represents 99% of active business entities and it is a major employment sector by providing 75.5% of total national employment, and participating with 75.2% in export share.

Municipalities targeted by the NFY Project are categorised as 16 least developed municipalities in Montenegro, according to the Rulebook on Local Self-government Development Index[[1]](#footnote-1), and these municipalities are: Andrijevica, Berane, Bijelo Polje, Cetinje, Danilovgrad, Gusinje, Kolašin, Mojkovac, Nikšić, Petnjica, Plav, Pljevlja, Rožaje, Šavnik, Ulcinj i Žabljak . The number of registered micro, small and medium enterprises (MSMEs) in these municipalities is 6,963, which is 25.99% out of the total number of registered MSMEs on the country level, employing 32,172 individuals. In addition, out of total 9,356 registered entrepreneurs in Montenegro, 3,022 or 32.30% of them are registered in these municipalities, employing additional 1,731 individuals.

According to official statistics[[2]](#footnote-2) out of the total number of 197,494 employees on the state level, only 53,961are employed in the Project targeted municipalities, which is 27.32% of the total employed population in the country. On the other side, the number of unemployed people in Montenegro is 38,642[[3]](#footnote-3), whereby 26,182 or 67.5% are from the NFY Project targeted municipalities.

Importance of MSMEs and entrepreneurship is reflected in several national strategic documents, such as the Strategy for Development of Micro, Small and Medium Enterprises 2018 – 2022[[4]](#footnote-4).  The Strategy acknowledges a growing trend of MSMEs number in Montenegro, as by the end of 2017 the number was 26,823. The Montenegrin Economic Reform Programme 2019 – 2021 (ERP)[[5]](#footnote-5) envisages that real GDP growth rate in 2019 and 2020 will be 2.8% and 2.3%, whereby the following industries will predominantly contribute to the GDP growth: tourism and hospitality, construction, agriculture and industrial production encompassing mainly industries related to road construction. ERP is directly referring to supporting MSMEs through Priority Measure 11. Improving support for the micro, small and medium-sized enterprise sector, by insisting on greater financial and technical support to these enterprises.

Montenegrin Employers Federation identified 5 top “business killers”[[6]](#footnote-6), whereas two out of five are: difficulty accessing finances and skills gap.

Even though the financing of MSMEs, in the form of credit support, is largely used by different categories of business start-ups and the existing MSMEs, obstacles also include insufficient availability of other financial instruments which correspond to the needs of MSMEs and entrepreneurs, in particular grant schemes of support.

The Project will therefore support micro and small enterprise (MSE), as well as entrepreneurs, in acquiring and introducing new production technologies, which will result in increased productivity, lowered costs of production, improved quality of the products and add to the value of the products. This support should also lead to improvement of their export competitiveness, and enable the creation of new jobs. Medium size enterprises[[7]](#footnote-7) will be excluded from this grant scheme due to the fact that they make less than 1% of total enterprises in the whole MSMEs ecosystem.

### **Objectives**

**Overall objective:** To increase employment opportunities in underdeveloped areas of Montenegro through private sector development.

**Specific Objective:** Job creation and increasing competitiveness of supported entrepreneurs, micro and medium enterprises.

### **Scope**

The Call for Proposals focuses on the enterprises registered between 1 May 2009 and 1 May 2019. The eligible activities under this Call include:

1. **Provision of equipment in amount of at least 80% of the grant value (obligatory)**, with the aim of enhancing the quality of existing or the development of new products, increased productivity, supporting the development of products with higher added value, enabling the introduction of innovations, and facilitating market expansion.

Only new equipment is eligible for procurement under this Call, along with the related costs of transport, installation of equipment, training on using the equipment, warranty, which should be included in the criteria’s for equipment selection. Insurance of the equipment purchased can be allowed in cases where it is estimated that warranty in not sufficient. Off-the-shelf software is considered as equipment. Procurement of passenger and transportation vehicles is not eligible equipment. The minimum value of the requested equipment should be at least 300 Euros per unit.

1. **Provision of services****in amount of maximum 20% of the grant value (optional)** contributing to enhancing the quality of existing, or development of new products, increased productivity, supporting the development of products with higher added value, enabling the introduction of innovations, and facilitating market expansion – optional, accounting for a maximum of 20% of the grant value.

The eligible services under this Call include introduction of international quality standards, certification and attestation of procured equipment, introduction of new technological processes, trainings for usage of the equipment or enhancement of technological processes, branding of products and development of software. The minimum value of the requested service should be at least 300 Euros per unit.

### **Financial Allocation and Cost Share Contribution**

The indicative overall amount available under this Call for Proposals is EUR 354,000.00 (390,000.00 USD). The NFY Project reserves the right **not to award all available funds.**

### Minimum and Maximum Grant Award:

Minimum – 5,000.00 Euros (5,500.00 in USD), Maximum – 10,000.00 Euros (11,000.00 in USD). This amount does not include cost share of the candidate.

**Remark: Budget submitted as Part 5 of the Application form should be fulfilled in USD, respecting minimum and maximum grant amount reflected here in USD. Potential Contracting will also be conducted in USD and payment to grantee will be done in euros.**

### Applicant’s cost share

Applicants’ cost share cash contribution is mandatory in the amount of 10% of the total project eligible costs as cash contribution. An additional amount of at least 10% of the total project eligible costs shall be invested by the Applicant through Corporate Social Responsibility (CSR) activities, be it in kind or as a cash contribution.

### **Duration of the intervention**

Planned duration of the intervention may not exceed 12 (twelve) months. This period includes procurement and installation of equipment and, if planned, provision of services, as well as capturing projected results and acceptance of the final report.

### **Visibility**

The grantee will be expected to comply with communications and visibility requirements as set by Norway for You Montenegro Project. The Project will provide the grantees with adequate guidelines and other information prior to beginning of the project implementation. These requirements cover the written and visual identity of Norway for You, the Kingdom of Norway as a donor and the implementing partner, and requirements apply to print, electronic and any other material, media appearances, presentation, banner, invitation, sign, plaque or goods purchased with the funds provided by the donor and managed by Norway for You Montenegro. The grantee must take all necessary steps to promote the Kingdom of Norway financial contribution in providing grant support. These activities include but are not limited to clear visual identification of the action at site, partaking in various media activities and events including activities designed to raise the awareness of specific or general audiences of the overall Norway support to Montenegro. These include but are not limited to on-camera and other media interviews, participation in high level events and relevant on-line and in person surveys on Project related topics.

### **Criteria**

Assessment and evaluation of the received project proposals will be conducted in line with the following criteria, including the eliminatory general eligibility criteria and evaluation of the project proposals.

### **General Eligibility Criteria**

### Registration

* Entrepreneurs and Companies (hereafter ‘Enterprises’)[[8]](#footnote-8)  registered at the Central Registry of Business Entities in Montenegro (CRPS) and classified into Micro and Small Companies[[9]](#footnote-9)  in accordance with the financial statements for 2018
* Enterprises registered on the territory of one of the Project targeted municipalities. Note: Exceptionally, enterprises which have business capacities in one of the Project targeted municipalities are eligible to apply on condition that the employment opportunities will be created in that municipality.
* Enterprises established between 1 May 2009 and 1 May 2019 for an unlimited duration and with an active status in CRPS[[10]](#footnote-10)
* Enterprises registered for production or services, excluding the following categories:
  1. Primary agricultural production (which includes cultivation of plant crops and animal breeding and other purposes in direct connection with the cultivation of plants and breeding of animals, as well as storage. However, purchase of equipment for performing packaging, sorting, processing and freezing activities is not excluded, for example cold storages or green houses).
  2. Production of controlled substances, including:
     1. tobacco industry,
     2. producers of alcoholic drinks (however, wine producers are not considered as producers of alcoholic drinks),
     3. producers of weapons and military equipment,
     4. production and trade of oil and petroleum products,
     5. organisation of games of chance, lottery and similar activities,
     6. producers/dealers of any other substances/materials/products controlled by the Law
  3. Execution of construction works (however, production of construction materials is permitted)
  4. Traffic and transport
  5. Any form of trade or hospitality business, except for hotels, and national food restaurants[[11]](#footnote-11)
  6. Printing and multiplication of audio and video recordings, including printing services
  7. Production of steel and synthetic fibres and extraction of coal
  8. Consulting, accounting, marketing and market research services

### Ownership

* The enterprise has a majority domestic ownership[[12]](#footnote-12)
* The enterprise has a majority private ownership

### Number of employees:

* At least 1 (one) employee by the end of 2018. An owner who pays taxes is considered to be an employee[[13]](#footnote-13).

### Finances

* The enterprise has a net profit at the end of year 2018[[14]](#footnote-14)
* The enterprise does not have negative equity
* The enterprise is not in bankruptcy or liquidation proceeding[[15]](#footnote-15)
* The enterprise is regularly paying its obligations towards employees and has no outstanding debt for social contributions
* The enterprise is regularly paying due taxes to both local and national tax offices[[16]](#footnote-16)
* The bank accounts of the enterprise were not blocked due to the unpaid obligations for a period longer than 40 days during the year 2018.

During the application process, the applicant will be required to submit just statement claiming that all above mentioned requirements are fulfilled. However, in case of being shortlisted for grant award, applicants will be required to submit all statements related to above mentioned requirements.

### Legal issues

* The owner(s) and responsible persons of legal entity have not been criminally convicted or under on-going criminal investigation[[17]](#footnote-17)
* The enterprise has not been issued with prohibition of performing their activities within two years before submitting the application[[18]](#footnote-18)
* The enterprise is not using incentives on the same grounds from other institutions or donors during the period of implementation of activities[[19]](#footnote-19)
* The enterprise owns business premises or has a valid long-term leasing agreement
* The enterprise is not producing anything that infringes copyright, trademark or intellectual property laws[[20]](#footnote-20)

### Other

* Purpose of provisioning of equipment is in line with the current business activity

### **Evaluation of the Project Proposals**

The Concept Notes will be evaluated against the following:

1. **Capacities for the implementation of the business idea** assessing inputs related to physical, human resource and operational and technical and financial capacities of the applicant to implement the business idea.
2. **Expected results and effects** assessing market potential, value chain contribution, impact on efficiency, job creation and innovation.
3. **Sustainability** assessing applicant’s ability to use and maintain the equipment and achieve the set targets in a post project period.
4. **Social impact** assessing effects of the operations of the applicant to the wider community in relation to inclusion of vulnerable groups and contributions to the wellbeing of the community.

The following Evaluation Grid will be used for evaluation of the Project Proposals:

|  |  |  |
| --- | --- | --- |
| Criteria | Criteria Description | Maximum points |
| Capacities for implementation of the business idea (20) | **Capacities**   * Does the applicant have adequate premises and space to install the requested equipment? * Does the project team have experience and expertise to realise the business idea? * Are there technical requirements beyond the project that need to be fulfilled in order to enable realisation of the business idea? * Does the applicant have financial capacity to realise the business idea? * Has the applicant calculated all relevant costs for realisation of the business idea (e.g. equipment installation)? | **20** |
| Expected Results and Effects (50) | **Market Potential**   * Market Extension – Proven market potential based on the market analysis and increase in business revenues – up to 7 points * Is the applicant export oriented? Export orientation will be awarded with additional points - up to 3 points | **10** |
| **Value Chain Contribution**  The value chain contribution will be assessed through several factors:   * The projected value of contribution to the value chain in the first year after the investment * Position within the value chain * Establishing cooperation between the applicant and larger companies and investors * Percentage of input from domestic production | **15** |
| **Increased Efficiency**  Project is contributing to increased efficiency. The efficiency will be assessed through relation of outputs and inputs for production and ratio of proven lessened costs of production (in %). | **10** |
| **Job Creation**  At least one job created and strong demonstration of longer-term impact on employability Duration of employment should be at least 12 months during or after grant implementation, in continuation. | **10** |
| **Innovation**  Projects with an innovation component will be awarded with additional points. Innovation will be assessed through the following factors:   * The proposal includes introduction of ICT technology (up to 2 points) * The proposal envisages enhancement of production processes (up to 3 points) | **5** |
| Sustainability (10) | **Sustainability**  Sustainability will be assessed through the applicant’s ability to use and maintain the equipment and achieve the set targets in a post project period. The following factors will be considered:   * Will the applicant have sufficient technical expertise to maintain equipment operational and in use? * Will the applicant have sufficient funding to maintain the equipment and cover other costs deriving from its use (e.g. maintenance, repairs, tests, insurance, and tax)? * What will be the impact on environment (e.g. energy consumption, waste quantities, recycling)[[21]](#footnote-21) | **10** |
| Social Impact (20) | **Social Impact**   * Does the applicant have production facilities in rural area? * Category of development of the LSG where the business is registered * Is the owner of the applicant enterprise a woman or youth? * Does the proposal envisage employment or other benefits for women, youth, persons with disabilities, or minorities? | **20** |
|  | **TOTAL POINTS** | **100** |

**Only the applications that have been given a total score of a minimum 70 points.**

### **Application Procedure**

### **Forms for submission of the Applications**

**1. The applicant has to submit the following application until 20 September 2019 in Montenegrin language:**

* Project proposal submission form *(Annex I)*
* Application Form including the Budget *(Annex II)*
* Statement on incentives from other institutions and donors *(Annex III)*
* Co-funding statement *(Annex IV)*
* Administrative checklist *(Annex V)*

**2. After conducting the evaluation of the applications received, only selected candidates will be required to submit:**

* Administrative checklist referring to the legal and financial stability of the applicant *(Annex VI)*

The Project reserves the right to conduct a site validation visit, to validate information related to applicants’ eligibility and assess past performance, management and administrative capacity of the applicant, as well as to validate the project proposal and data provided by the applicant. A site validation visits may include meetings with responsible persons and key operational and business personnel and visits to any part of the premises/sites for the purposes related to the application.

### **Instructions for submission of the applications**

* Applications must be submitted exclusively to the e-mail [**rsoc.applications@unops.org**](mailto:rsoc.applications@unops.org)
* Applications sent by any other means (e.g. by fax or by post or by hand delivery) or delivered to other emails different from the stated in CFP will be rejected. Hand-written applications will not be accepted.
* Applications must have reference number of the Call (**CFP 06-2019**) and the name of the applicant in the subject of the e-mail.
* Exclusively via e-mail in PDF format (signed, stamped and scanned) and in original editable format (i.e. Excel, Word). Signed, stamped and scanned versions must contain exactly the same application documents as the electronic versions in original editable format. In case of discrepancies, signed, stamped and scanned version will prevail.
* **The applicant can submit application forms in Montenegrin language. In case that application is selected for granting, obligation of the applicant will be to translate the application form to English language.**
* The total email size of the application should not exceed 15 MB, as that is the maximum allowed email message size by the UNOPS server. If the application is larger than 15 MB, documents should be sent in a series of emails, with each email not exceeding 15 MB size thresholds. Each part of the application should be numbered in the email subject field.
* Applications must be submitted to the e-mail address below: **rsoc.applications@unops.org**. Automatic notification of the delivery would follow upon successful submission of email application. One notification is sent to each sender (for the first sent email only).
* The deadline for the submission of applications is 20 September 2019. Any application submitted after the deadline will be rejected.
* Applications must be received before midnight-local time on the closing date of the Call for Proposal. Applicants are kindly advised to submit the application timely, as late deliveries due to slow internet connection or other network/hardware/software related problems may lead to disqualification of the application. Only applications received by UNOPS mail server before the deadline would be accepted.
* Requests for clarification should be submitted to the e-mail address below: **rsoc.cfp.clarifications@unops.org** by 6 September 2019, the latest referring to the CFP number of the project **“question related to CFP 06-2019”**. UNOPS reserves the right to request the original versions of submitted documents from applicants where/when original documentation is required by the Evaluation Team.

### **Indicative Timeframe**

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| --- | --- |
| **Activity** | **Timeframe/ Deadline** |
| Publishing the Call for Proposals (Annexes I to V) | 18 June 2019 |
| Implementation of the Info Sessions for the Call | 28 June – 15 July |
| First deadline for the Project Proposals Submission | 10 August 2019 |
| Implementation of the additional Info Sessions for the Call | 3 September – 6 September |
| Final deadline for the Project Proposals Submission | 20 September 2019 |
| Evaluation of the Project Proposals\* | September - October 2019 |
| Site Validation Visits | October 2019 |
| Submission of additional documentation (Annex VI) | October 2019 |
| Information on the Evaluation Results | November 2019 |
| Signing of Agreement | November 2019 |

\*Duration of evaluation process may vary, depending on the number of received applications.

1. [Rulebook on local self-government development index](http://www.srp.gov.me/ResourceManager/FileDownload.aspx?rId=310672&rType=2), 2016 [↑](#footnote-ref-1)
2. Source: Statistical Office of Montenegro (MONSTAT) - [Monthly employment data](https://www.monstat.org/userfiles/file/publikacije/2019/4/3.zz.pdf) [↑](#footnote-ref-2)
3. Source: [Employment Agency of Montenegro monthly report](http://www.zzzcg.me/wp-content/uploads/2019/04/022019-BILTEN.pdf) [↑](#footnote-ref-3)
4. [Strategy for development of micro, small and medium enterprises](http://www.gov.me/ResourceManager/FileDownload.aspx?rId=325628&rType=2) 2018 - 2022 [↑](#footnote-ref-4)
5. [Montenegro Economic Reform Programme](http://www.gov.me/ResourceManager/FileDownload.aspx?rId=347071&rType=2) 2019 - 2021 [↑](#footnote-ref-5)
6. Source: <http://www.poslodavci.org/biblioteka/publikacije/5-ubica-biznisa> [↑](#footnote-ref-6)
7. According to [Law on Accountancy](http://www.poreskauprava.gov.me/ResourceManager/FileDownload.aspx?rid=248374&rType=2&file=Zakon%20o%20racunovodstvu.doc), medium enterprises have more than 50 employees and annual income over 8 million euros [↑](#footnote-ref-7)
8. Company is defined by the Law on companies: <https://www.paragraf.me/propisi-crnegore/zakon-o-privrednim-drustvima.html> [↑](#footnote-ref-8)
9. In line with [Law on Accounting and Auditing](http://www.privrednakomora.me/multimedija/racunovodstveno-poslovanje/zakon-o-racunovodstvu-i-reviziji) [↑](#footnote-ref-9)
10. Certified photocopy of the registration documents with the CRPS [↑](#footnote-ref-10)
11. The hotels, small lodgings and national food restaurants will be eligible to apply for procurement of industrial equipment, and not furniture or small white appliances [↑](#footnote-ref-11)
12. A minimum of 51% of the domestic private ownership is required. Sources of information: For entrepreneurs: Certified photocopy of the registration documents with the CRPS and photocopy of a personal ID card; For companies: Constitutive Act of a Company (Decision on Incorporation or Memorandum of Association with all amendments issued), Certified photocopy of the registration documents with the CRPS and photocopy of a personal ID card for a domestic natural person, a photocopy of a passport for foreign person [↑](#footnote-ref-12)
13. Certificate about employees issued by the relevant tax authority, confirming that owner fulfilled tax obligations. [↑](#footnote-ref-13)
14. Income Statement (Profit and Loss Account) and Balance Sheet for 2018 or signed financial report signed by the enterprise’s accountant for the micro enterprises and entrepreneurs with simple bookkeeping [↑](#footnote-ref-14)
15. The certificate of the competent authority that no bankruptcy or liquidation proceedings have been initiated against the economic entity [↑](#footnote-ref-15)
16. The certificate of the competent tax administration that the applicant has paid all tax obligations until the date of publication of the Call (certificate must be issued after the date of publication of the Call) - original or certified copy of the certificate [↑](#footnote-ref-16)
17. The certificate that owner(s) and responsible person of legal entity have not been criminally convicted or under criminal investigation – original or certified copy of the certificate. [↑](#footnote-ref-17)
18. The certificate that the applicant has not been issued with executive measure of prohibition of performing their activities within two years before submitting the application [↑](#footnote-ref-18)
19. Statement that the applicant is not using incentives on the same grounds from other institutions or donors during the period of implementation of activities [↑](#footnote-ref-19)
20. This will be part of the contractual arrangement [↑](#footnote-ref-20)
21. The projects must be environmentally friendly in terms of compliance with the current environmental policy. Thus, ecological impact will be assessed through a scope wider than the minimum legal requirements [↑](#footnote-ref-21)