



Ministry of Foreign Affairs of Montenegro
Directorate General for Economic and Cultural Diplomacy



CHAMBER OF
ECONOMY OF
MONTENEGRO

MONTENEGRO INVESTMENT AND BUSINESS OPPORTUNITIES

Fourth Edition

Podgorica, July 2019



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Fourth edition of Montenegro Investment & Business Opportunities (MIBO) is upgraded and designed to be navigated easily and provide reader not only with basic facts and figures concerning Montenegrin economic and legal outlook, but also to draw your attention to exact business opportunities in fields of economy in which Montenegro has credible growth potentials.

MIBO is intended for Montenegrin diplomatic network (Embassies, Missions, General and Honorary Consulates), and other interested parties to provide them with accurate information in a simple manner.

This document, which is updated semi-annually, is created jointly with the Chamber of Economy of Montenegro and other partners, relevant Ministries and Institutions, to which we are thankful.

amb. Veljko Milonjić, acting director general

Directorate General for Economic and Cultural Diplomacy

Contents

1. MONTENEGRO AT A GLANCE	8
Key economic trends and indicators:	9
FDI data – scale, origin and comparative outlook:	10
2. WHY INVEST IN MONTENEGRO	11
3. TAX SYSTEM AND INCENTIVES	13
Tax system	13
Tax incentives	14
4. PROGRAMS FOR IMPROVING THE COMPETITIVENESS OF THE ECONOMY	16
1. Program line for stimulating direct investments	16
2. Decree on Business zones development project	17
3. Program line for cluster development	17
4. Program line for introducing international standards	17
5. Program line for modernization of the manufacturing (processing) industry	18
6. Program line for innovation improvement	18
7. Program line for providing the mentoring services	19
8. Program line for entrepreneurship development	19
9. Program line for crafts development	20
10. Program line for promotion and increasing the competitiveness of domestic products and services	20
11. IDF financial support programs realized through loans	20
Subsidies for employment	21
5. HOW TO REGISTER COMPANY IN MONTENEGRO	22
Establishment of a limited liability company	22
Establishment of a joint-stock company	23
6. INVESTMENT LOCATIONS, BUSINESS ZONES AND FREE ZONES	25
7. SINGLE PROJECT PIPELINE – THE LIST OF PRIORITY INFRASTRUCTURE PROJECTS	27
8. THE PRIVATIZATION PLAN	28
1. Sale of shares and property by public tenders	28
2. Valorization of tourism locations or companies through public private partnership	28
3. Sale of shares at the Stock Exchange	29
4. Sale of shares and property by public auction	29
5. Companies or property not included in the Plan	29
9. BUSINESS ASSOCIATIONS IN MONTENEGRO	30
10. LEGISLATIVE AND STRATEGIC FRAMEWORK	31
Business-related legislation	31
Economic policies, strategies and brochures	31
11. MONTENEGRO - SPECIALISED EVENTS CALENDAR	33
12. MAIN CONTACTS AND USEFUL LINKS	35

PART II SECTORAL INVESTMENT OPPORTUNITIES	37
13. TRANSPORT INFRASTRUCTURE	39
1. STATE ROADS	39
SEETO ROAD ROUTE 4: Bar – Boljare highway	39
SEETO ROAD Route 1: Coastal option of the Adriatic-Ionian highway - Construction of Expressway along the Montenegrin coast	40
2. AIRPORTS	41
Development of Airport Tivat	41
The Projects at the Podgorica International Airport	41
3. RAIL INFRASTRUCTURE	42
Route 4: Reconstruction and modernization of the railway Bar-Vrbnica- Border with the Republic of Serbia	42
Route 2: Reconstruction and Modernization Railway Line Podgorica – Tuzi – Border Crossing with Albania	42
4. PORTS AND MARITIME ECONOMY	43
Rehabilitation of Volujica quay construction (length of 554m) and construction of Volujica quay extension (166m) in Port of Bar	43
Barska plovidba – purchase of used ferryboat	44
14. HEALTHCARE SECTOR	45
Health infrastructure construction opportunities	45
Psychiatric Clinic in Podgorica	45
Building of a general hospital facility in Pljevlja	46
Internal Medicine Clinic of General Hospital Bijelo Polje	46
Medical Tourism Investment Opportunities	46
Institute “Dr Simo Milošević”- Igalo, Herceg Novi (privatisation plan for 2018 - sale of shares and property by public tenders)	46
Private health facility, General Hospital - Meljine, Herceg Novi	47
15. ENERGY	48
Hydropower plants	49
Hydro Power Plants on Komarnica River	50
Hydro Power Plants on Morača River	51
Small Hydropower Plants	52
Solar power plants	53
Solar power plant “Briska Gora”, Ulcinj	53
Solar power plant “Velje Brdo”, Podgorica	53
Wind Power Plants	54
Biomass potential	54
Ionian-Adriatic Pipeline (IAP)	54
16. PROCESSING INDUSTRY	56
Metal Processing Industry	57
Wood Processing	58
Textile Processing	58

17. MINING	60
Mineral resources	60
Oil and Gas Sector	62
18. TOURISM	64
Potential projects for tourism valorization	65
Sale of shares and property by public tenders	68
Real-estate managed by the Ministry of Defense	68
19. AGRICULTURE	70
Organic Production	70
Fruit and Vegetable	70
Olive Processing	71
Wine Production	71
Beer Production	71
Honey Production	71
Meat Production	71
Fisheries	72
Water Production	72
Forestry	73
20. ENVIRONMENT	74
21. RESEARCH & DEVELOPMENT	76
22. THE ICT SECTOR	78
23. CULTURE AND HERITAGE POTENTIALS	80
Potentials of Montenegrin Cultural Heritage Sites	80
Creative and Emerging Industries	81
24. FILMING IN MONTENEGRO – CASH REBATE	82
25. FINANCIAL SECTOR IN MONTENEGRO	83
Banking Sector in Montenegro	83
Insurance Market in Montenegro	83
Microcredit financial institutions in Montenegro	83
Investment and Development Fund of Montenegro IRF	83

1. MONTENEGRO AT A GLANCE



Position:	41°52'-43°42' latitude, 18°26'-20°22' longitude
Population:	622,373 (2017 midyear est.)
Life Expectancy at birth, years:	(2017) 76.7
Capital City	Podgorica
Administrative division:	24 municipalities
Old Royal Capital City	Cetinje
Geographic area:	13,812 km ²
Length of border:	614 km
Coastline:	293 km
Length of beaches:	73 km
Climate:	Mediterranean
Average number of sunny days:	240
Time Zone:	GMT +1
Country code:	+382
Country top-level domain:	.me
.ME ccTLD of Montenegro	https://domain.me/
National Parks:	Durmitor (39,000 ha), Biogradska gora (5,650 ha), Lovćen (6,220 ha), Skadar Lake (40,000 ha), Prokletije (16,630 ha)
UNESCO heritage sites:	Bay of Kotor, Durmitor National Park, Stećci Medieval Tombstone Graveyards, Venetian Works of Defence between the 16th and 17th Centuries: Stato da Terra – Western Stato da Mar

Key economic trends and indicators:

Income Category:	Upper middle income
Currency:	€ (EURO) (not part of the Eurozone)
GDP:	(est.2018) €4.62billion/US \$ 5.4 billion; (2017) €4.30 billion / US\$ 5.1billion ¹
GDP per capita:	(est.2018) €7,422/US \$ 8,758; (2017) €6,908 / US\$ 8,219
GNI per capita:	(est.2018) €7,512; (2017) €7,049
GDP (purchasing power parity)	46% of the EU average
GDP growth rate:	(2018) 4.9%, (2017) 4.7%,
GDP growth forecast:	2.9% (2019), 3.1% (2020) - European Commission 2.9% (2019), 2.4 % (2020) - The World Bank 2.8% (2019), 2,5% (2020) - IMF
Budget for 2019	€2,384,016,305.99
Inflation rate (consumer prices):	2.6% (2018), 2.4% (2017)
Unemployment:	17,8% (2018)

Chart 1: GDP, real growth, %

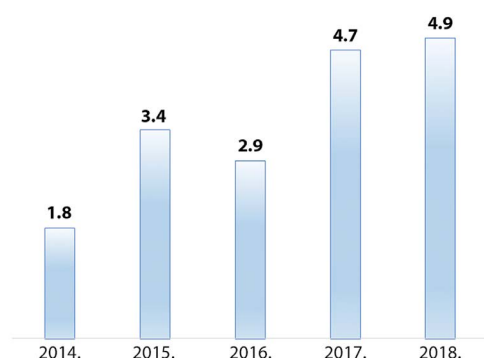
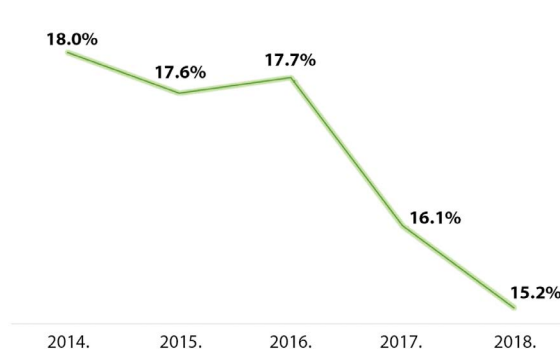


Chart 2: Unemployment rate, LFS



Source Graphs 1-3 and 5: Ministry of Finance

Chart 3: Overnight stays of tourists, growth rate, %

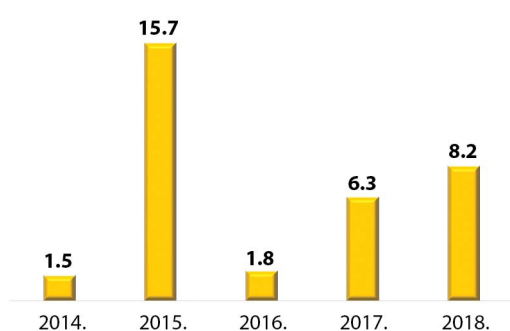
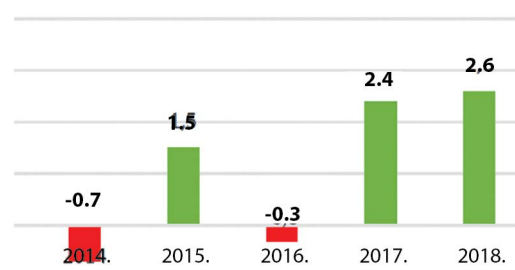


Chart 4: Yearly inflation rate (CPI)



Source: MONSTAT

¹ exchange rate 1€=1.12US\$ for 2019

FDI data – scale, origin and comparative outlook:

Net inflow of FDI	(2018) €843 million, (2017) €659 million
Airports:	Podgorica (TGD), Tivat (TIV), Berane (IVG)
International ports:	Bar, Budva, Kotor, Tivat (Pier and Pier II) and Zelenika
Commercial ports:	Bar, Kotor
Marinas / Nautical tourism:	Marina - Bar, Port of Budva, Luštica Bay, Port of Tivat – Porto Montenegro
Shipyards:	Port Bijela, Port Boniçi - Tivat
Total railways length	250,51 km railway lines; 327,72 km total length of track
Total roads length	7,900 km

Chart 5: FDI inflow, mil.€

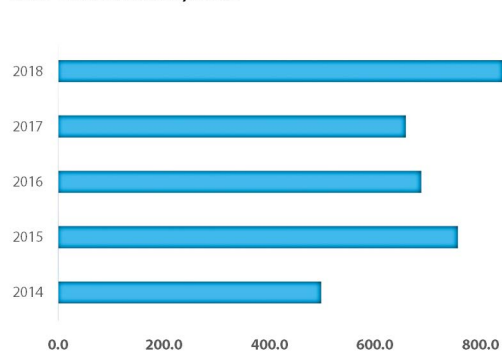
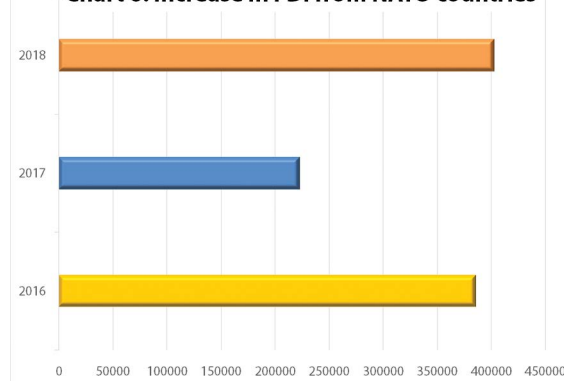


Chart 6: Increase in FDI from NATO countries



Source Graphs 6-7 and Table 1: Central Bank of Montenegro

Chart 7: SDI per capita - regional outlook 2017

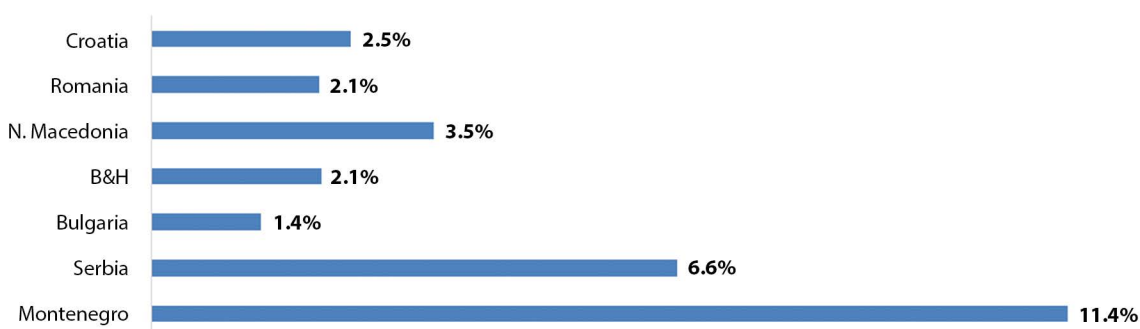


Table 1: Top 20 investor countries in Montenegro 2016 - 2018

Italy	Azerbaijan	Norway	Russian Federation	United Arab Emirates
Serbia	Switzerland	Turkey	Hungary	Germany
Great Britain	Malta	Cyprus	Slovenia	Austria
USA	Spain	Belgium	Sweden	The Netherlands

2. WHY INVEST IN MONTENEGRO

- Politically and economically stable, democratic, multicultural multi-religious society
- Active promoter of good neighborly relations and participant in regional cooperation
- Member of NATO since June 2017
- Candidate for membership of the EU (prospective membership by 2025)
- Member of the World Trade Organization (WTO) since 2012 (party to the Trade Facilitation Agreement – TFA)
- Member of the World Bank since 2007
- Member of the International Monetary Fund (IMF) since 2007
- Euro (€) is the official means of payment
- Enjoying access to a market of around 800 million consumers owing to the free trade agreements with the EU (Stabilization and Association Agreement), CEFTA, EFTA, Russia, Turkey and Ukraine
- “The Gateway to the Balkans”, thanks to its favorable geographical location at the Adriatic / Mediterranean Sea (convenient access for trade via Port of Bar, good railway and road connection to Eastern and Central Europe) and stimulating business environment
- 22 Agreements on economic cooperation in force with following countries: Austria, Belgium-Luxembourg Economic Union, Bulgaria, Czech Republic, Greece, Croatia, Hungary, Germany, Slovenia, Spain, Romania, Slovakia, Albania, Argentina, Azerbaijan, Qatar, China, Republic of North Macedonia, Serbia, Swiss Confederation, Turkey and UAE
- 23 Agreements on mutual promotion and protection of investments in force with: Austria, Slovakia, Serbia, Czech Republic, Finland, Denmark, State of Qatar, Republic of North Macedonia, Malta, France, Greece, Netherlands, Israel, Cyprus, Romania, Germany, Lithuania, Poland, Spain, Swiss Confederation, Azerbaijan, Moldova, and United Arab Emirates
- Agreements on avoidance of double taxation in force with: Albania, Belgium, Belarus, Bosnia and Herzegovina, Bulgaria, Czech Republic, Denmark, Egypt, Finland, France, Netherlands, Croatia, India, Italy, Iran, China, Cyprus, Kuwait, Latvia, Hungary, Macedonia, Malaysia, Malta, Moldova, Germany, Norway, Poland, Romania, Russia, Slovakia, Slovenia, Sri Lanka, Switzerland, Sweden, Turkey, Ukraine, United Kingdom, Ireland, Serbia, UAE, Azerbaijan, Austria, Portugal. Recently signed with the Principality of Monaco
- Highest FDI per capita in the region since regaining its independence in 2006 totaling to over 9 billion EUR with investors from more than 125 countries worldwide;
- Since becoming full member of the NATO Alliance, investments from the Alliance countries in 2018 have grown by 64.1%

Rankings of Montenegrin economy and ease of doing business

- World Bank Doing Business Report 2018: (50/190)
- Moody's: confirmed credit rating B1, retaining “positive” outlook.
- Standard&Poor's (S&P): affirmed stable outlook for Montenegro, maintaining B+/B rating
- Forbes Best Countries for Business: 72/160
- World Economic Forum's Global Competitiveness Report 2018: (71/140)
- Global Innovation Index 2018: (52/126)

- Foreign companies enjoy the same treatment as national companies
- Foreign investors may invest in any industry and are free to transfer funds, assets and other goods, including profit or dividend
- Competitive tax system (general corporate profit tax and personal income tax is 9%, i.e. 11% for net wages above 720€)
- Incentives and tax reliefs for investment on both national and local levels, including in purposefully established Business and Free Trade Zones
- Simple procedure for creating a company (four days and founding capital of €1)
- Quality banking sector, with 13 private banks (no commercial state-owned banks)
- Qualified and affordable workforce: English widely spoken across professions and trades; average gross earning for 2018 €766/ net €511
- Increasingly popular tourism and lifestyle destination ("Wild Beauty" and "the Pearl of the Adriatic") – One of the fastest travel growing destinations in the world, second fastest growing travel destination in Europe in 2017
- Favorable climate with annual average of 240 sunny days
- Geographical location with good accessibility – 2 international airports with year round and seasonal flights with most European capitals and towns and increasing number of flight connections with different regions of the world (including the market presence of low-cost carriers)
- Popular nautical / cruising / yachting destination (Port of Kotor, Port of Bar, Porto Montenegro, Porto Novi, Marina Budva, Marina Bar, Luštica Bay...)
- Fairly liberal visa regime

Development programme for Acquisition of Montenegrin Citizenship by Admission for Investment Purposes

- **WHY INVEST:** Apply for the development programme that provides the **possibility to acquire Montenegrin citizenship on the basis of investments** (launched on January 3, 2019)
- **DURATION:** 2019-2021 (three years)
- **HOW MANY:** maximum of 2,000 applications
- **GOAL:** To further accelerate economic development of Montenegro by creating new tourist, agricultural and processing industry and opening new jobs
- **REQUIREMENTS:** Model of the special program is **grant + investment**. Grant refers to the amount of EUR 100,000 per application of an applicant, intended for development of under-developed local self-government units. Investment refers to the amount intended for investment in one of the development projects from the Development Projects List that is defined by the Government. The amount that a legal entity shall be obliged to pay is:
 - at least EUR 450,000, for the purpose of investing in one of the development projects in the Capital City of Podgorica or the coastal zone of Montenegro; or
 - at least EUR 250,000, for the purpose of investing in one of the development projects in the northern or central region of Montenegro, not including the Capital City of Podgorica.
- **HOW TO APPLY: Only through official intermediary agents:** „APEX CAPITAL PARTNERS“ DOO Podgorica „ARTON GROUP“ GmbH Austria; „HENLEY & PARTNERS GOVERNMENT SERVICES“ LTD Jersey.
- **MORE INFORMATION:** Secretariat for Development projects (www.srp.gov.me)

3. TAX SYSTEM AND INCENTIVES

Foreign companies in Montenegro are guaranteed equal legal treatment as local ones. Foreign investor can operate in Montenegro either as a legal entity or as a natural person. The term “foreign investor” applies to a company that has been set up in Montenegro by a foreigner, or foreign legal entity, whose share of investment capital is higher than 25% of total capital invested. There is no limit on the amount of capital invested in Montenegro. Foreign investors are encouraged to invest freely within any industry and to transfer all assets, including profits and dividends. Foreign investors can acquire rights to real estate, such as commercial property, office space, residential space or land for construction. All major insurance companies around the globe insure investment projects in Montenegro.

Tax system

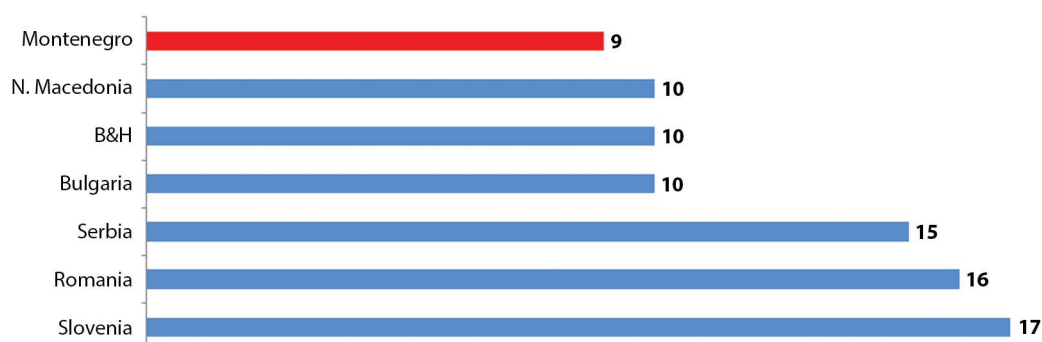
The tax system in Montenegro consists of:

- corporate income tax;
- personal income tax;
- Value Added Tax (VAT);
- real estate tax;
- real estate transfer tax;
- social security contributions;
- excise duties;
- hydrocarbons tax;
- fees;
- customs duties.

The tax system for foreign investors is the same as for local business entities.

Corporate income tax is flat **9%** and it is one of the lowest in Europe, while the tax rate on personal income is **9%** or **11%** (applicable on gross monthly wages above €720).

Chart 8: Corporate income tax (%) regional overview

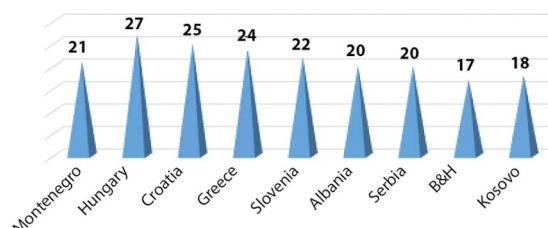


Source Charts 8-9: Montenegrin Investment Promotion Agency

Upon payment of the corporate income tax, business entities operating in Montenegro have the possibility to transfer funds to their accounts abroad at the end of the year.

Two positive rates of value added tax (VAT) are applied, standard rate of **21%** (Article 24 of Law on value added tax) and the reduced rate of **7%** (Article 24a of Law on value added tax), and the **zero rate** (Article 25 of Law on value added tax). Value added

Chart 9: VAT % – regional overview



tax is calculated and paid for:

- delivery of products and services done for a fee by the taxpayer within the performance of its business activities;
- imports of products.

The **tax rate on real estate transfer** is proportional and amounts to 3% of the tax base. Trade in real estate is considered to be all acquisitions of ownership over real estate in Montenegro and this area is thoroughly regulated by the Law on Real Estate Transfer Tax.

Compulsory social insurance in Montenegro is paid by the employees, employers, entrepreneurs and farmers who are not contributors to unemployment insurance.

Contributions for compulsory social insurance are:

- contribution for compulsory pension and disability insurance;
- contribution for compulsory health insurance;
- contribution for unemployment insurance.

Contribution rates are different depending on the category of taxpayers, and they are defined by the Law on Compulsory Social Insurance.

Law on Excise Duties governs the system and introduces the obligation to pay excise duties for individual goods and services that are released to free circulation on the territory of Montenegro.

Excise products are:

- alcohol and spirituous beverages;
- tobacco products including also heat-not-burn tobacco;
- mineral oils, their derivatives and substitutes and coal
- carbonated water;
- liquids for refilling electronic cigarettes.

Excise duty payers calculate the excise duty for the calendar month themselves.

Types of fees in Montenegro that have to be paid by investors are:

- administrative fees;
- court fees;
- utility fees;
- registration fees;
- sojourn fees.

The basis of the customs system in Montenegro consists of the Law on Customs Tariff, The Customs Service Law and the Customs Law². According to the law, investors may be eligible for exemption from customs duties.

As of December 1, 2018, Montenegro has 43 effective double taxation conventions on income and capital.

Tax incentives

In economically underdeveloped municipalities in Montenegro, with development index below 75, the Law on Corporate Income Tax provides that the tax calculated on a newly established legal entity for the first eight years of operation is reduced by 100%. Total amount of tax exemption does

² Customs clearance under this law, includes receipt of import customs declaration, inspection of goods and classification according to the customs tariff and other tariffs, fixing the customs basis, amount of customs duties and other import duties charged on the goods, collection of fixed customs duty amounts and other import duties.

not exceed the amount of €200.000. The Law on Personal Income Tax also stipulates that the tax calculated on the taxpayer's personal income for the first eight years of operation is reduced by 100%. The total amount of tax exemption does not exceed the amount of €200.000. Tax exemption does not apply to taxpayers operating in the sector of primary production of agricultural products, transport or shipyards, fisheries and steel.

Where the amount of tax liability (output tax) in the VAT period is less than the amount of input VAT which may be deducted by the taxpayer in the same VAT period, the difference is recognized as a tax credit for the following VAT period, or refunded upon request within 60 days from the date of filing the VAT return. The VAT difference shall be refunded to a taxpayer who mainly exports goods and taxpayer who in more than three successive VAT assessments states the surplus of input VAT, within 30 days after the VAT return was submitted for calculation. Taxpayer who was granted the right on refund of import VAT, while simultaneously having the obligations regarding the customs duty debt (resulting from VAT), a redirection of these funds may be granted, upon its request, for the purposes of paying VAT on import.

4. PROGRAMS FOR IMPROVING THE COMPETITIVENESS OF THE ECONOMY

In order to continuously improve activities and support the development of entrepreneurship and business in Montenegro and the needs of the economy itself, the Ministry of Economy in 2019 created a new program named - Program for Improving the Competitiveness of the Economy. The new program, which consolidates the existing efforts for the development of entrepreneurship and business sector, is aligned with the Economic Reform Program for the period 2019-2021 and the Development Directions of Montenegro 2018-2021. The total budget allocated for the implementation of the Program for 2019 is € 1,640 million, while the individual amounts, as well as the manner and dynamics of the allocation of support are defined by the individual program lines.

The program consists of 10 program lines, and includes activities and measures for realization of financial and non-financial support to potential and existing entrepreneurs, micro, small, medium and large enterprises, as well as clusters. The goal is to increase their competitiveness on the national and international market, to improve development and business performance, modernization of the industry, development of innovative potentials, affirmation of entrepreneurship and crafts, and implementation of international standards in the field of product improvement, business processes, methods, techniques, management strategies and marketing.

1. Program line for stimulating direct investments:

This program regulates the conditions and method of stimulating development by attracting direct investments into the production or service sectors³, criteria for allocating funds and the payment dynamics, as well as other issues of importance for increasing competitiveness and development of Montenegro through the inflow of direct investment.

The funds to incentivize investments are allocated following a public announcement⁴ (deadline for submission of applications is September 30, 2019 until 3pm). Eligible investment projects include those of minimum worth of €250.000, which generate at least 8 new jobs over the course of three years from the date of signing the agreement on the use of funds (in the Capital City and the southern region), or those worth at least €100,000, which generate at least 4 new jobs (in the northern and central region, excluding the Capital City). The incentives range from €3,000 to €10,000 per new job. The funds allocated for the promotion of investment will be paid to the beneficiary after the conclusion of a use of funds agreement, in three equal instalments (grants).

In addition, any capital investment in excess of €10 million and generating at least 70 new jobs is eligible for incentives of up to 17% of its worth. The program line also envisages the possibility to reimburse the costs of construction of the infrastructure required to implement the investment project. Foreign investors will become eligible to access the funds if they set up a company in Montenegro.

³ Investment incentives cannot be used to finance investment projects in the following sectors: primary agricultural production, synthetic fiber production, traffic involving the carriage of passengers in air, maritime, road or rail and inland waterways or commercial cargo services, games on happiness, trade, primary production of coal and steel, production of electricity, oil and gas, tobacco and tobacco products, weapons and ammunition, production of genetically modified organisms and hazardous waste.

⁴ Application documents can be obtained in person at the premises of the Ministry of Economy, Rinski trg 46, 81000 Podgorica, as well as downloaded from the Ministry's website http://www.mek.gov.me/program_z_a_unapredjenje/

2. Decree on Business zones development project

The business zone is a unique entity in the area of local self-government, partly or fully equipped with infrastructure, which, in addition to the common space and infrastructure, provides potential investors with additional tax and administrative facilities from the state and local levels (<https://www.bizniszona.me/en/>)⁵. The municipalities Bijelo Polje and Mojkovac have establishment business zones (in accordance with the new Decree): "Nedakusi", "Cerovo", "Vraneška dolina", "Bistrička dolina", "Rakonje-Ravna Rijeka", "Ribarevine-Poda" in Bijelo Polje and Business Zone named "Babića Polje" in Mojkovac municipality. Two additional municipalities, Šavnik and Berane, expressed interest in establishing and registering the Business Zone.

3. Program line for cluster development

A comprehensive legislative, strategic and institutional approach for development of SMEs is a prerequisite for strengthening the competitiveness of Montenegrin enterprises and ensuring a more equitable regional development. Cluster formation is of particular importance for greater competitiveness of entrepreneurs, micro, small and medium-sized enterprises (MSMEs). Enhanced entrepreneurship and competitiveness resulting from cluster formation contribute to greater employment, import substitution, increased domestic production and export, better business environment, more balanced regional development and more effective harnessing of natural resources and production capacities.

This Program line aims to provide financial support to the entrepreneurs and 100% privately owned MSMEs within clusters through investment in tangible or intangible assets or operational costs, in order to strengthen their capacities and their positioning in the local and international market. This financial support scheme is based on reimbursement of a certain share of costs. Since clusters are formed mostly as non-governmental organizations, with an additional possibility of being established as a company, the program line specifically defines requirements for both of these forms.

The total budget for the implementation of the Cluster Development Program line in 2019 is 150,000.00 €. Support intensity: Approved assistance by the Ministry of Economy is up to 50%, or up to 65% of the total eligible costs, in accordance with the Project Proposal, in the amount of up to 15,000 EUR (excluding VAT), per project. Funds will be awarded through an open Public Call based on the model of a permanent Call with the deadline for submission of applications by September 2, 2019 until 3pm.

4. Program line for introducing international standards

The program is being implemented under the principle of reimbursement and aims to provide financial support to entrepreneurs, small and medium-sized enterprises, particularly from the less developed municipalities and the northern region, so as to increase their competitiveness as much as possible, primarily through compliance with the requirements of international standards for products and support for accreditation for conformity assessment. The program includes two support components:

- Component I - Accreditation of the conformity assessment body (refund of up to 70% of the eligible costs of accreditation of those companies-bodies accredited⁶ for the conformity

⁵ At its session held on November 17, 2016, the Government of Montenegro adopted a Regulation on Business Zones, which defines the model of classification, establishment, management of business zones, facilities for users, in order to attract new investments, increase employment especially in less developed areas of the country and overcoming regional differences. In June 2018, the Decree on the Regulation on Business Zones was adopted (15.06.2018), which amended only the deadline for harmonization with the Regulation (the deadline for existing business zones to adjust business is extended from 6 months to 18 months).

⁶ The costs of accreditation activities for conformity assessment bodies are subject to refund only if the company has been awarded an accreditation certificate by the Accreditation Body of Montenegro or has performed a supervisory review of an already-granted certificate.

assessment for the ISO / IEC 17020, ISO / IEC 17025, ISO / IEC 17029, ISO / IEC 17021-1, ISO / IEC 17024, ISO / IEC 17043, CEN / TS 15675, EN ISO 15189).

- Component II - Arranging business in accordance with the requirements of international business standards (refund of up to 70% or up to 60% of the eligible costs for standard implementation, certification and certification of MEST EN ISO 9001: 2016, MEST ISO 45001: 2018; MEST EN ISO 14001: 2016; MEST ISO / IEC 20000-1: 2017; MEST EN ISO 18513: 2009; MEST ISO / TR 21102: 2018; MEST ISO / IEC 27001: 2014; MEST ISO 50001: 2018).

The total budget for the implementation of the Program line for the introduction of international standards is 140,000.00 €. Assistance approved by the Ministry of Economy amounts to up to 70% of eligible costs for small enterprises, and up to 60% of eligible costs for medium-sized enterprises, in the amount of up to €5,000 (excluding VAT) per applicant. The remaining amount of 30% or 40% of the total investment is financed by the applicant independently. The public call is conducted as an open procedure according to the model of a permanent Call with the deadline for submission of applications by September 30, 2019 until 03:00pm.

5. Program line for modernization of the manufacturing (processing) industry

In order to eliminate the main obstacles to the development of competitiveness of Montenegrin companies, such as outdated equipment, low flexibility and productivity of manufacture, as well as the unsatisfactory quality level of production systems, the Government of Montenegro is implementing the Modernization of Processing Industry Support Program (<http://www.irfcg.me/en/2014-03-10-14-50-58/industry-modernisation-support-programme>).

The main objective is to strengthen the competitiveness of economic operators, improve business operations, productivity and profitability through investment into technical equipment of production capacities (investment in equipment). The funds committed under the program are intended to co-finance part of the costs of equipment purchase for companies in the field of processing industry, such as: new production equipment/machinery; used manufacturing equipment/machinery (not older than five years); new parts and specialized tools that will be used to put unused machines into operation.

The program involves co-financing of the eligible costs of equipment purchase up to 20% (cannot be less than €5,000 or more than €20,000) for entrepreneurs, micro and small enterprises, and up to 10% for medium-sized enterprises⁷. If the total costs of equipment procurement are in excess of €100,000, the beneficiary can either finance the difference through own participation or increase the loan application with the Investment Development Fund by that amount.

The total budget for realization of the Program line for the modernization of the processing industry is 150.000,00 €. The Ministry of Economy announced the Public Call for participation in the Program line for the modernization of the processing industry which contains basic information, conditions for filing the application, the place of filing and other relevant information. The public call is conducted as an open procedure based on the model of a permanent Call with the deadline for submitting applications by December 10, 2019 until 3pm.

6. Program line for innovation improvement

Support for the introduction of innovation aims to enable businesses to access the knowledge and experience they need to become innovative and enhance their competitiveness and productivity. At the same time, companies are encouraged to establish new relationships with specialized consulting companies, scientific research centers, centers of excellence, science and technology parks, innovation-entrepreneurship centers and business incubators, which should stimulate

⁷ *Accordingly, the value of equipment procurement ranges from €25,000 to €100,000.*

transfer of knowledge and innovation.

The goal of the Innovation Improvement Program line is to strengthen the business performance of micro, small and medium size enterprises through co-financing the use of consulting services in the implementation of innovative activities. The support is focused on covering the costs of consulting services of innovative activities in the company. Through the program, businesses will be supported for the following innovative activities: Innovation of products / services; Innovation of the business process; - Innovation in the organization; Innovation in marketing.

The total budget for the implementation of the Program line for innovation improvement is 50,000.00 €. The principle is that the company finances 100% of all costs until the completion of the innovative activity for which it is applying and then after the submitted documentation proving the spending of the contracted activity funds, the Ministry of Economy approves the refund of part of the costs in the amount of up to 50% of the eligible costs, and in the maximum amount up to 3,500.00 € without VAT. The public call is conducted as an open procedure according to the model of a permanent Call with the deadline for submission of applications by September 30, 2019 until 3pm.

7. Program line for providing the mentoring services

Mentoring is a comprehensive process of support to companies (business entities) and entrepreneurs aimed at supporting the unhindered development and reducing the number of failed enterprises and entrepreneurs. Project implementation constitutes a collaborative work of mentors and companies/ entrepreneurs in order to overcome the current situation and find the most suitable solutions for future operations. Mentoring process represents a certain number of hours that a professional - mentor spends in direct contact/work with the company owner/entrepreneur.

The objective of the Program Line for providing the mentoring services is to enable free, non-financial support for micro, small, medium-sized enterprises and entrepreneurs involved in the production or provision of services⁸. The total budget for realization of the Program line for providing mentoring services in 2019 is 35.000,00 €. The Public Call for this Program for 2019 was closed on May 29, 2019.

8. Program line for entrepreneurship development

The overall goal of the program line is to enable the improvement of efficiency and institutional support to their business and development through the support of opening new micro, small and medium sized businesses, as well as encouraging the creation of new jobs. The support package includes: free trainings, technical support for the preparation of a business plan and providing credit arrangements under favorable conditions. The Investment Development Fund of Montenegro AD, in cooperation with the Ministry of Economy - Directorate for Investments, Development of Small and Medium Enterprises and Management of EU funds, implements non-financial and financial support to improve the conditions for the development of entrepreneurship in Montenegro.

Funds in the amount of € 15,000.00 for realization of non-financial support are provided through the budget funds of the Ministry of Economy, while the funds for receiving credit support are provided through the budget of the Investment Development Fund of Montenegro A.D. The subject of support is the provision of non-financial and financial support for the establishment of new and improved business operations of existing enterprises that operate for a maximum period of one year from the date of publication of the Public call. The Ministry of Economy will announce the 2nd Public Call for this Program during the III quarter of 2019.

⁸ The mentoring process takes place according to the established mentoring scheme, developed in cooperation with the Japan International Cooperation Agency (JICA).

9. Program line for crafts development

The program line for crafts development aims to contribute to the preservation and development of crafts, which are predominantly handmade, as well as requiring special craftsmanship and skills, relying on traditional culture, characterized by recognizable products and quality services.

The program line for crafts development entails financial grants to entrepreneurs and companies that perform craft activity in the production, marketing and provision of services and includes financial support for the purchase of equipment and tools intended exclusively for performing craft activities as well as organization and participation in domestic and international fairs and events.

The total budget for realization of the Program line for the development of crafts is 50.000,00 €. The program line includes financial support that is based on the principle of refund (partial reimbursement). Approved support by the Ministry of Economy will cover 20% of the costs envisaged by the application, excluding VAT within the first component, i.e. up to 3,000 €, and 50% within the second component of the Program line or up to € 3,000 without VAT per applicant, for participation in an international fair, while the amount up to € 2,000 without VAT will be allocated for participation in domestic fair⁹. The remaining 80% and 50% of the costs should be covered from the applicant's own sources. The public call is conducted as an open procedure in accordance with the model of the permanent Call with the deadline for submitting applications by December 1, 2019 until 3pm.

10. Program line for promotion and increasing the competitiveness of domestic products and services

The Ministry of Economy is implementing the project "Promotion of domestic products and services in the function of building a national brand", in cooperation with the Chamber of Economy of Montenegro and the United Nations Development Program. The goal of launching this project is to support the development of the Montenegrin economy, as well as building a national brand and strengthening the readiness of consumers to buy domestic products.

In order for Montenegrin companies to "enter" and position themselves at the international market, it is necessary to be competitive in the local market, to quickly adopt new technologies, to have an accelerated cycle of production, quality products, to be flexible in changing the business companies, to know other markets and characteristics of their demand. The program line focuses on an institutional campaign that should promote the potentials of Montenegro, products and services, as well as producers, through institutional campaigns: "Buy domestic", "Good from Montenegro", products with geographical origin, innovative services, etc..

11. IDF financial support programs realized through loans

The IDF provides financial support programs realized through loans for entrepreneurship, agriculture and food production programme, tourism, production, services, company liquidity, greenfield and brownfield investments and infrastructure projects (water supply, energy efficiency and renewable energy sources).

The loan terms vary depending on the purpose within the range of max amount of up to 6,000,000 EUR, interest rate up to 5% annually, repayment terms up to 15 years including grace period up to 5 years.

Specific credit lines consider that loans can be financed by European Investment Bank (EIB) with interest rate lower by 0,5 - 0,7p.p. For entities implementing projects in Northern region municipalities or in under-developed municipalities in Montenegro as well as for those that recruit 5 or more new employees under the project realization, a special incentive measure of reduction of the interest

⁹ For activities related to the design and printing of promotional material, the amount of grants that can be awarded to craftsmen is 50% of the eligible costs, or up to € 2,000 without VAT per applicant.

rate by 0,50p.p. shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,00p.p.

Subsidies for employment

Subsidies can be used by the employer who hires:

- A person who is at least 40 years of age;
- Unemployed Roma, Ashkali or Egyptian;
- A person registered with the Employment Agency for more than 5 years;
- A person who is employed on public works;
- A person hired for an indefinite period of time after traineeship;
- A person whose services are no longer needed (redundant), and is registered with the Agency;
- A person who is employed to perform seasonal jobs;
- Unemployed person with over 25 years of insurance, who is a beneficiary of unemployment benefit;
- Persons in business zones.

With respect to persons referred to in this Decree, employers shall not pay:

- contributions for compulsory social insurance on wage earnings (contribution for pension and disability insurance, health insurance contribution, contribution for unemployment insurance, contribution for the Labor Fund);
- personal income tax.

5. HOW TO REGISTER COMPANY IN MONTENEGRO

Foreign legal and natural persons have the right to establish a company in Montenegro under the same conditions as nationals. The most common forms of companies are:

- a. limited liability company (LLC);
- b. joint stock company (JSC).

All regulations regarding the establishment, operation and taxation system are compliant with European standards with benefits for foreign investors. The deadline for registration with the Commercial Court is a maximum of 4 days, while other duties (statistics – company registration number, entry into the tax records, opening a current account, registration in customs records) are completed within a maximum of 3 days.

Establishment of a limited liability company

The process of establishing a limited liability company (LLC) is defined by the Law on Business Organizations (<http://www.mipa.co.me/en/legislation/>) When registering an LLC, it is necessary to download and submit the following to the Central Registry of Business Entities – CRBE (<http://www.crps.me/>):

- **Step 1.** Develop Articles of Incorporation of the company, download an example of articles of incorporation for a single-member company (if the company is founded by one founder);
- **Step 1.1.** Download an example of Articles of Incorporation for a multi-member company (if the company is established by several founders);
- **Step 2.** Draw up a Decision on the establishment of the company (if the company is established by one founder), download an example of the Decision on the Establishment;
- **Step 2.1.** Develop an incorporation agreement (if the company is established by several founders), download an example of the incorporation agreement;
- **Step 3.** Pay €10 into the account of the Tax Administration, account number: 832-3161-26, payment purpose: registration of LLC. Payment slip example on the website of CRBE;
- **Step 4.** Pay €12 into the account of the Official Gazette of MNE, account number: 520-941100-57, payment purpose: registration of LLC. Payment slip example on the website of CRBE;
- **Step 5.** Certify the decision/agreement in 2 copies at the court, or by a notary;
- **Step 6.** Extract from the Central Depository Agency. When taking over the extract, it is needed to submit a copy of the identity card of the founder or a certified copy of the passport if the founder is a foreigner and a payment slip in the amount of €5.08 paid to the bank account of CDA: 510-8092-14, payment purpose: extract fee. Payment slip example on the website of CRBE;
- **Step 7.** A copy of the identity card (if the founder is a Montenegrin national) or a certified copy of passport (if the founder is a foreign national). Certify at the court or by a notary;
- **Step 8.** Fill in the application of the company to start registration, download the registration form – PS 01; Tariff number – if the company wants to import and export products, when filling in the PS-01 form, it is necessary to mark the column numbered 15.4. Customs Register on the back page, in order for the company to be registered at the Customs Administration, on the occasion of which a tariff number is received;
- **Step 9.0.** If the company wants to apply for registration of taxpayers for value added tax (VAT), the PR VAT – 1 form will be filled in and submitted together with other documents required for setting up a businesses;

- **Step 9.1.** If the company wants to apply for registration into the register of excise duty payers, the AKC – P form will be filled in and submitted together with other documents required for setting up a businesses;
- **Step 10.** Submit the collected and certified documents (Articles of Incorporation, certified decisions/agreements in 2 copies, CDA's decision, copy of the ID or certified passport in 2 copies, payment slips and the application for registration, form pr pdv-1/akc-p) to the Central Registry of Tax Administration, Marka Miljanova 54, 81000 Podgorica, Tel: +382 (0) 20 230 858, e-mail: crps@t-com.me, working hours 08:30 – 12:00;
- When submitting documents, a certificate will be issued including the number of the decision, to be presented together with an identification document upon the collecting the certificate of registration, seven days from the date of filing the application.

After obtaining the company registration certificate, it is necessary to do the following:

- make a seal;
- open a bank account;
- register workers at the Tax Administration.

The incorporation agreement states the founding stake (which may be in cash, goods and rights), as well as the percentage ratio of the founders in the management and distribution of profits. The founding stake for the establishment of an LLC is at least €1.00.

Establishment of a joint-stock company

The process of establishing a joint-stock company (JSC) is defined in the Law on Business Organizations (<http://www.mipa.co.me/en/legislation/>). When registering a joint-stock company, it is necessary to download and submit the following to the Central Registry of Business Entities (<http://www.crps.me/>):

- **Step 1.** Develop Articles of Incorporation of the company, download articles of incorporation for a joint-stock company;
- **Step 2.** Develop a founding act of the joint stock company and certify it at the court, or by a notary. Download an example on the incorporation agreement of the joint-stock company;
- **Step 3.** Develop a decision on the appointment of the Board of Directors, auditors, secretary and executive director;
- **Step 4.** Take out a decision of the Securities Commission (minimum founding stake is €25,000.00);
- **Step 5.** Pay to the account of the Tax Administration 50.00 euro, bank account: 832-3161-26;
- **Step 6.** Pay to the account of the Official Gazette of MNE 12.00 euro, bank account: 520-941100-57;
- **Step 7.** Fill in the registration form PS01;
- **Step 8.** Submit the collected and certified documents (Articles of Incorporation, certified decisions/agreements in 2 copies, certified copies of the ID or passport, application for registration in 2 copies, decision of the Securities Commission, founding act, payment slips) to the Central Registry of the Commercial Court, Marka Miljanova 54, 81000 Podgorica, Tel: +382 (0) 20 230 858, e-mail: crps@t-com.me, working hours 08:30 – 12:00;
- When submitting documents, a certificate will be issued including the number of the decision, to be presented upon the collecting the certificate of registration, seven days from the date of filing the application.

After obtaining the company registration certificate, it is necessary to do the following:

- make a seal;
- open a bank account;

- register workers at the Tax Administration.

Note:

- If the company wants to apply for registration as a payer of value added tax (VAT), the PR PDV-1 form will be filled in, and then submitted together with other documents required for registration;
- If the company wants to apply for entry into the register of excise duty payers, the AKC-P form will be filled in, and then submitted together with other documents required for registration.

The founding stake for the establishment of a JSC is at least €25,000.00 and these funds are deposited by the founders with a commercial bank until the establishment of the company. After establishment of the company the funds are used for the company's operations.

A limited liability company can be transformed into a joint-stock company.

- | | |
|--|---|
| • eRegulation Montenegro ¹⁰ | https://montenegro.eregulations.org/?l=en |
| • Central Registry of Business Entities | http://www.crps.me/ |
| • Tax Administration | https://www.poreskauprava.gov.me |
| • Business-related legislation | http://www.mipa.co.me/en/legislation/ |

¹⁰ an online portal that provides thorough information related to administrative procedures in Montenegro

6. INVESTMENT LOCATIONS, BUSINESS ZONES AND FREE ZONES

Contact: **Ministry of Economy of Montenegro, Directorate for Investment, Development of SMEs and Management of EU funds**, www.mek.gov.me
Contact person for Business Zones and Investment Locations:
Ms Anđela Gajević: andjela.gajevic@mek.gov.me, Telephone: +382 20 482 213
Mr Nikola Vujošević: nikola.vujosevic@mek.gov.me
Secretariat for Development Projects
Contact: srp@srp.gov.me, Telephone: +382 020 220 030
Contact persons at local Business Zones: www.biznizsazona.me/en/contact

The website www.investmentlocations.me provides detailed information on investment opportunities for specific locations in all 23 municipalities of Montenegro. The website also contains information on the overall investment environment and incentives and financial reliefs available to investors, including relevant contacts.

The website www.biznizsazona.me provides detailed information about the locations declared as Business Zones in Montenegro, including their real estate and infrastructure potential and incentives offered to prospective businesses.



Source: ME

Contact: **Ministry of Economy of Montenegro, Directorate for Multilateral and Regional Trade Cooperation and Foreign Economic Relations**
Website: www.mek.gov.me
Contact person for Free Zones: Mrs Jovana Krunić: jovana.krunic@mek.gov.me
Telephone: +382 20 482 241

Key legal act regulating special regime of performing economic activities in free zones is the **Law on Free Zones of Montenegro**:

http://www.mek.gov.me/en/WTO/LIBRARY/tg_actual_legislation/Free_zones?alphabet=lat

The Law on Free Zones includes provisions of establishing, managing and terminating work of Free Zones, as well as special conditions of operation (benefits) under which beneficiaries of zones perform a certain economic activity:

- Free Zone is defined as a part of customs area of Montenegro at which economic activities are performed under special conditions set by this Law;
- One or more domestic and foreign legal or natural persons may be a founder of a zone;
- A zone is established with previous consent of the Government of Montenegro, at a proposal of competent ministry, and on the basis of submitted study on economic justification of establishing a zone;
- A zone is managed by a subject specified by the Act on its Establishment (operator);
- Customs Administration issues a decision on beginning of work of a zone if conditions for conducting customs supervision at its area are fulfilled;
- Beneficiary of a zone is a domestic or foreign legal or natural person performing economic activity in its area.

There are two active Free Zones in Montenegro:

1. Free Zone the Port of Bar

https://www.lukabar.me/v2/index.php?option=com_content&view=article&id=129&Itemid=169&lang=en

Contact person: Mr. Deda Đelović, Director of Sector for development and technology
Telephone: +382- 30- 300- 521, Mobile: +382-67-333-024
E-mail: deda.djelovic@lukabar.me

FREE ZONE PORT OF BAR

- Available space and free zone facilities:
- The entire area and facilities of the "Port of Bar" H.Co, excluding the passenger terminal - Pier V, as well as the part of the Pier III space
- Terminal for bulk cargo, liquid and special cargo, Grain terminal, main breakwater, open storage area, individual service and service facilities and administrative facilities.



GRAIN SILO

- Capacity 30 000 tons, Handling capacity 200 000 t per year



2. Free Zone "Novi Duvanski kombinat" Podgorica (established in May 2018), Tobacco production factory, with initial planned export of around €25 million a year, mainly to the countries of the Middle East, northern Africa and Brazil.

Contact person: Ms. Savka Darmanović, CEO: Telephone: +382 (0)69 032 055
Ms. Senija Mazić, Secretary: +382 (0)69 032 029

7. SINGLE PROJECT PIPELINE – THE LIST OF PRIORITY INFRASTRUCTURE PROJECTS

Contact: **Secretariat for Development Projects**
Website: www.srp.gov.me
Contact person: Mr Dejan Medojević, Secretary of the Secretariat for Development Projects: dejan.medojevic@srp.gov.me, srp@srp.gov.me
Telephone/Fax: +382 20 220 030

In January 2019, the Government of Montenegro adopted an **Updated Single Project Pipeline (SPP) – List of priority infrastructure projects**: <http://www.srp.gov.me/ResourceManager/FileDownload.aspx?rId=323959&rType=2>. The objective of the SPP list is to promote infrastructure projects and to provide funds for the implementation of infrastructure projects through the Western Balkans Investment Framework (WBIF) (<https://www.wbif.eu/>), with the support of international financial institutions and other donors ready for co-financing infrastructural investments of the identified priority projects through various models, including PPP.

The list contains infrastructure **projects from six sectors** (consisting of **individual segments/projects**) in the areas of **energy, transport, environment, social services, other infrastructure** (science, sports, culture, public administration and competitiveness) and **digital infrastructure**. The digital infrastructure sector, which was added in 2019, includes three projects - Data Center of State Administration Authorities, Development of infrastructure for broadband internet access, Broadband Network of State Administration Authorities. The Updated Single List of Priority Infrastructure Projects, besides many other priority projects, also includes projects such as the Highway Bar – Boljare or International Institute for the Development of Sustainable Technologies in South East Europe with the “Science for Peace” mission.

Estimated total value of all projects across six sectors, which are expected to be implemented by 2025, is around **€5,33 billion**.

Building and construction is one of Montenegro’s top growth sectors with opportunities for companies in luxury properties, holiday real estate, administrative buildings, and trade outlets, in addition to infrastructural projects as set in the SPP. The tourism sector also fuels market demands as Montenegro invests in Adriatic Sea summer resorts and mountain ski resorts. In particular, Montenegro’s housing market is experiencing rapid growth. Building materials is one of the fastest growing sectors of economy.

There are many opportunities for construction of traffic and architectural buildings, hotel capacities, luxury villas and affordable apartments market, either in the South or the North of the country, as well as building energy efficient buildings.

8. THE PRIVATIZATION PLAN

Contact: The Government of Montenegro Council for Privatization and Capital Projects

Address: ul. Karađorđeva bb, 81000 Podgorica, Montenegro

Contact person: Merima Baković, Secretary of the Council

Telephone: +382 20 48 28 58

Website: www.szp.gov.me

E-mail: savjetzaprivatizaciju@gsv.gov.me

The Privatization Plan for 2019: <http://www.savjetzaprivatizaciju.me/en/privatization-plan/>

The privatization in 2019 will be based on privatization methods and manners adjusted to the free market demands.

1. Sale of shares and property by public tenders

a) Pursuant to the Decision of the Council, for the following privatization company process of the implementation of the tender will be continued: 1. Institute "Dr. Simo Milošević" JSC, Igalo (sale of shares and/or capital increase), and b) Preparation and implementation of public tenders shall be initiated for privatization of the following companies: 1. HG "Budva Riviera" JSC, Budva (sale of shares following restructuring), 2. "Castello Montenegro" JSC - Pljevlja (sale of shares), 3. "Black Metallurgy Institute" JSC - Niksic (sale of shares and/or recapitalization).

2. Valorization of tourism locations or companies through public private partnership

The implementation of the tenders is launched for the following locations:

1. Masline Valley – "Utjeha" Odrač Bay, Bušat, Bar Municipality;
2. The location between Njivice and Sutorina mouth, Herceg Novi Municipality;
3. Location "Donja Arza", Herceg Novi Municipality;
4. Location "Kabala for", Herceg Novi Municipality;
5. The Project of tourism valorisation of the location "Mrkovi – Bijela Stijena", Luštica, Herceg Novi Municipality;



Source: CPCP

6. The Project of Tourist complex Ecolodge Lovćen – National Park Lovćen, Cetinje;

The relevant Tender Committees shall continue with regular activities on the analysis of current situation and preparation of tender documents, in accordance with the procedure for selection of investors for long-term lease for valorization of the following locations or companies:

1. Ada Bojana, Ulcinj Municipality - tourism valorization of the location through development,

construction, financing and management of exclusive tourism complex and longterm lease of the Ada Island;

2. Tourism valorisation of the locations included in the Special Purpose Spatial Plan "Bjelasica and Komovi" - Cmiljača and Žarski, municipalities of Mojkovac and Bijelo Polje.

3. Sale of shares at the Stock Exchange

On the basis of the proposal of the Government of Montenegro, the Pension and Disability Fund of Montenegro, the Employment Agency of Montenegro and the Investment and Development Fund of Montenegro, shares of the following companies will be offered for sale through the stock exchange:

1. Papir JSC Podgorica;
2. "Agrotransport" JSC – Podgorica;
3. HTE "Berane" JSC – Berane;
4. "Dekor" JSC – Rožaje;
5. "Metal produkt" JSC – Podgorica;
6. "Montenegroturist" JSC – Budva;
7. "Crnagoracoop" JSC – Danilovgrad.
8. Ibarmont"JSC - Rožaje.

4. Sale of shares and property by public auction

Parts of property, shares, i.e. stakes in companies will be sold by public auction on the grounds of prior decisions of owners. For companies where the State or State Funds are the majority owners, the Privatization and Capital Investment Council will approve the decision to sell the property whose values exceeds EUR 50.000

5. Companies or property not included in the Plan

If a company or property is not included in this Plan, or if there is a need to change methods and manners of privatization, the Council will decide on the method and principle of privatization in accordance with the Law on Privatization of Economy. The Privatization Plan may be complemented on the basis of a proposal of the project for valorization of a specific location by competent ministries, upon the initiative of a potential investor or upon the proposal of the owner of a part of the share capital in the companies listed in Annex 2 of the Privatization Plan.

9. BUSINESS ASSOCIATIONS IN MONTENEGRO

Chamber of Economy of Montenegro: <http://www.privrednakomora.me/en>

Montenegrin Employers Federation: <http://poslodavci.org/en/>

Montenegro Business Alliance: <http://www.visit-mba.me/>

Association of Montenegrin Managers: <http://amm.co.me/en/>

Association of Women Entrepreneurs of Montenegro: www.preduzetnicecg.me

Association of Business Women in Montenegro: www.poslovnazena.me

Association of Young Entrepreneurs: <http://umpcg.me/>

Chamber of Crafts and Entrepreneurship of Montenegro: www.zanapredak.me

AmCham Montenegro: <http://www.amcham.me/>

Montenegrin Foreign Investors Council: <https://www.mfic.me/>

- **Top 100 companies in Montenegro:** <http://100najvecih.me/?lang=en>

- **Institute of Accountants and Auditors of Montenegro:** <http://www.irrcg.co.me/>

10. LEGISLATIVE AND STRATEGIC FRAMEWORK

Business-related legislation

The business-related legislation listed below is available at the following link: <http://www.mipa.co.me/en/legislation/>

- The Foreign Investment Law
- Foreign Trade Law
- Law on Exploration and Production of Hydrocarbons
- Trademark Law
- Law on Concessions
- Labor Law
- Law on Agriculture and Rural Development
- Law on Business Organization Insolvency
- Law on Contributions for Compulsory Social Insurance
- The Decree on Proclamation of the Law on Organic Agriculture
- Foreigners law
- Law on business organizations
- Law on corporate profit tax
- Law on spatial planning and construction of structures
- The law on financial leasing
- Law on personal income tax
- Decree on fostering direct investment
- Il Regolamento sugli incentivi agli investment diretti
- Law on environmental impact assessment

The Law on Foreign Nationals can be found at <https://rm.coe.int/zakon-o-strancima-eng-foreign-nationals-law-adopted-revidiran/16808ae889>.

NB: Law on Public Private Partnership is expected to be adopted soon (currently being reviewed by the European Commission).

Economic policies, strategies and brochures

- **Montenegro Development Directions 2018-2021** <http://www.mif.gov.me/en/news/184592/Montenegro-Development-Directions-2018-2021.html>
- **Economic Reform Programme for Montenegro 2019-2021** http://www.gov.me/en/homepage/Montenegro_Economic_Reform_Programme/
- **Montenegro Fiscal Strategy 2017-2020** <http://www.mf.gov.me/en/organization/sector-for-economic-policy-and-development-/176344/Montenegro-Fiscal-Strategy-2017-2020.html>
- **Energy Policy of Montenegro until 2030** <http://www.minekon.gov.me/en/organization/>

Energy/144373/Energy-Policy-of-Montenegro-until-2030.html

- **Investment location in Montenegro** <https://investmentlocations.me/>
- **National Strategy for Sustainable Development until 2030** <http://www.nssd2030.gov.me/>
- **National strategy for chemicals management 2019 – 2022, with Action plan** <https://www.informea.org/en/action-plan/montenegro-national-implementation-plan-stockholm-convention-2014-2021>
- **National plan for implementation Stockholm convention 2014-2022** <http://www.mrt.gov.me/biblioteka/strategije?alphabet=cyr&sortDirection=desc>
- **Industrial Policy of Montenegro until 2020 and Multi-Annual Action Plan for the Implementation of Industrial Policy of Montenegro until 2020** <http://www.minekon.gov.me/en/organization/industry/163074/Industrial-Policy-of-Montenegro-until-2020-and-Multi-Annual-Action-Plan-for-the-Implementation-of-Industrial-Policy-of-Montenegr.html>
- **Trade Facilitation Strategy 2018-2022** http://www.mek.gov.me/en/wto/library/strategic_documents
- **Business zones development project** <https://www.biznizszone.me/en/>
- **Programi podsticaja razvoja biznisa (available only in Montenegrin)** <http://www.mek.gov.me/ResourceManager/FileDownload.aspx?rId=271317&rType=2>
- **Montenegro in figures 2018** <http://monstat.org/eng/novosti.php?id=2411>
- **Statistical Yearbook 2018** <http://monstat.org/eng/novosti.php?id=2412>
- **Montenegro Investment Promotion Agency: “Why Invest in Montenegro”** <http://www.mipa.co.me/en/publications/>
- **Secretariat for Development Projects: Investment Climate in Montenegro**
<http://www.srp.gov.me/en/home> (downloadable from the right-hand side banner)
- **World Bank Doing Business Report 2018** <http://www.doingbusiness.org/data/exploreeconomies/montenegro>
- **Forbes Best Countries for Business** <https://www.forbes.com/places/montenegro/>
- **World Economic Forum’s Global Competitiveness Report 2018** <http://www3.weforum.org/docs/GCR2018/05FullReport/TheGlobalCompetitivenessReport2018.pdf>
- **Global Innovation Index 2018** <https://www.globalinnovationindex.org/analysis-indicator>

11. MONTENEGRO - SPECIALISED EVENTS CALENDAR

June – August 2019 (dates tbc)	Kotor ART https://kotorart.me/en	Kotor
June 15 – Sept. 15 2019	45th Summer Fair www.adriafair.co.me	Budva
June 26 – July 1, 2019	Southern soul festival http://www.bruskin.me/event/southern-soul-festival-26-06-01-07-2019/	Ulcinj
July 2019 (dates tbc)	International Jazz festival http://www.tobijelopolje.me	Bijelo Polje
July 20, 2019	Sea Rock Music Festival www.waytomonte.com	Kotor
24 – 26 July, 2019	In Art, International festival of street performers http://www.inartfest.org/	Tivat
24 – 28 July, 2019	WAVEUL festival http://www.urbanbug.net/kalendar-desavanja/dogadjaj/waveul-festival	Ulcinj
July - August	Grad teatar https://butua.com/	Budva
1 -7 August, 2019	Montenegro Film Festival http://filmfestival.me/	Herceg Novi
3 – 5 August, 2019	Bedem fest http://www.bedemfest.me/	Nikšić
8-10 August, 2019	Lake Fest http://www.lakefest.me/?page_id=855&lang=en	Nikšić
August 2019 (dates tbc)	Riječka noć www.cetinjskilist.com	Cetinje
18 August, 2019	Bokeljska noć or Boka night https://rove.me/to/montenegro/bokeljska-noc-or-boka-night-in-kotor	Kotor
August (dates tbc)	Avanturistička trka „Northern Challenge/ Izazov sjevera“ www.pedalaj.me/northern-challenge-izazov-sjevera/	Mojkovac
21 – 28 August, 2019	Operosa Montenegro Opera Festival http://www.operosa.org/sr/festival/naredni-festival	Herceg Novi
August 30, 2019	Petrovačka noć https://www.budvanocu.com	Petrovac (Budva)

30 August – 1 September 2019	Sea Dance https://www.seadancefestival.me/en/	Buljarica (Budva)
25 - 29 September, 2019	41th Civil Engineering Fair www.adriafair.co.me	Budva
25 - 29 September, 2019	14th Water – water supply systems– sanitary technologies fair www.adriafair.co.me	Budva
25 - 29 September, 2019	7th Energy Fair www.adriafair.co.me	Budva
September 29 – October 5, 2019	26th Festival of Information Technology Achievements – Infofest http://www.infofest.com/en/	Budva
09 – 13 October, 2019	19th Automobile Show www.adriafair.co.me	Budva
October 2019 (dates tbc)	Economic Conference of Montenegro (Chamber of Economy) http://www.privrednakomora.me/en/conference-economy-montenegro	Budva
25 – 26 October, 2019	Business Fair www.adriafair.co.me	Budva

12. MAIN CONTACTS AND USEFUL LINKS

- **Government of Montenegro:** www.gov.me Twitter: @MeGovernment
- **Ministry of Foreign Affairs:** www.mvp.gov.me Twitter: @MFA_MNE
 - **Embassies and Consulates:** <http://www.mvp.gov.me/en/sections/Missions/Embassies-and-consulates-of-Montenegro/>
 - **Honorary Consuls:** <http://www.mvp.gov.me/en/sections/Missions/Honorary-Consuls-of-Montenegro/>
 - **Honorary Consuls of foreign countries in Montenegro:** <http://www.mvp.gov.me/rubrike/misije/Pocasni-konzuli/>
 - **Visa regime for foreign citizens:** <http://www.mvp.gov.me/en/sections/consular-affairs/visa-regimes-for-foreign-citizens>
- **Ministry of Finance:** <http://www.mif.gov.me/en/ministry> Twitter: @MiniFinME
- **Ministry of Economy:** www.mek.gov.me Twitter: @MinEkCG
- **Ministry of Sustainable Development and Tourism:** www.mrt.gov.me Twitter: @MRTME
- **Secretariat for Development Projects:** www.srp.gov.me
- **Montenegro Investment Promotion Agency:** www.mipa.co.me
- **Montenegro National Office for Statistics – MONSTAT:** www.monstat.org
- **Invest in SEE (regional investment platform):** <http://investinsee.com/home>
- **Business Zones:** <http://www.biznizsona.me/en>
- **The Law on Foreign Investment:** http://www.mipa.co.me/dcs/THE_FOREIGN_INVESTMENT_LAW.pdf
- **Decree on fostering direct investment:** http://www.srp.gov.me/EN/home/direct_investments
- **Investment locations in Montenegro:** www.investmentlocations.me
- **How to register a company in Montenegro:** <http://www.biznizsona.me/en/company-registration-in-montenegro/>
- **Chamber of Economy of Montenegro:** www.privrednakomora.me/en
- **Central Bank of Montenegro:** www.cb-cg.org
- **Public Procurement Administration of Montenegro:** [http://www.ujn.gov.me/en/Innovation and Entrepreneurship Center TEHNOPOLIS, Nikšić](http://www.ujn.gov.me/en/Innovation%20and%20Entrepreneurship%20Center%20TEHNOPOLIS,%20Nikšić) <http://www.tehnopolis.me/online/en/home-eng/>
- **Public Procurement Search Portal:** <http://portal.ujn.gov.me/delta2015/search/noticeSearch.html>
- **Renewable Energy:** www.oie-res.me
- **Projects in Tourism:** <http://www.savjetzaprivatizaciju.me/en/valorization-of-tourist-sites/>
- **Official Travel & Tourism Website:** www.montenegro.travel
- **Montenegro Tourism statistics:** <http://www.monstat.org/eng/page.php?id=44&pageid=44>
- **Council for Privatization – Public calls:** www.savjetzaprivatizaciju.me/en/

- **Montenegro e-tenders:** <http://www.etenderi.me/>
- **Public announcements for the sale of property of bankrupt companies:** www.stecaj.co.me
- **Montenegro Foreign Trade statistics:** <http://www.monstat.org/eng/page.php?id=32&pageid=32>
- **Montenegro Customs Administration:** <http://www.upravacarina.gov.me/en/administration?alphabet=lat>
- **Customs Tariff 2018:** <https://www.monstat.org/eng/page.php?id=494&pageid=494>
- **Stock Exchange of Montenegro:** <http://www.montenegroberza.com/code/navigate.asp?Id=59>
- **Investment & Development Fund of Montenegro:** <http://www.irfcg.me/en/>
- **Association of Banks in Montenegro** - <http://ubcg.info/en/>
- **Port of Bar** – www.lukabar.me
- **Port of Adria (Global Ports Holding):** <https://www.portofadria.me/>
- **Adriatic Fair Budva (organizers of specialized fair events):** www.adriaticfair.co.me
- **Games of Chance Administration:** <http://www.upravazaigrenasrecu.me/1/index.php/en/>
- **Montenegrin Employers Union:** <http://poslodavci.org/en/>
- **Montenegro Business Alliance:** <http://www.visit-mba.me/>
- **Montenegrin Foreign Investors Council:** www.mfic.me
- **AmCham Montenegro:** <http://www.amcham.me/>

Disclaimer

Every effort has been made to ensure that the information contained in this brochure was accurate and up-to-date. Nevertheless, the Ministry of Foreign Affairs of Montenegro – Directorate General for Economic and Cultural Diplomacy, cannot be held responsible for the exactness of all the information provided by other sources mentioned herein. The Ministry expressly denies any responsibility for the damages that would stem from the use of the information from this brochure. The brochure contains links to other web pages that are not the responsibility of the Ministry of Foreign Affairs of Montenegro.

PART II

SECTORAL INVESTMENT OPPORTUNITIES

13. TRANSPORT INFRASTRUCTURE

Investment in road and railway networks, airports and port facilities are the absolute priority for the Government of Montenegro, as preconditions for a more dynamic overall economic development.

1. STATE ROADS

Contact: **Ministry of Transport and Maritime Affairs - Directorate for State Roads**

Contact person: Mr. Mirsad Ibrahimović, Director General:

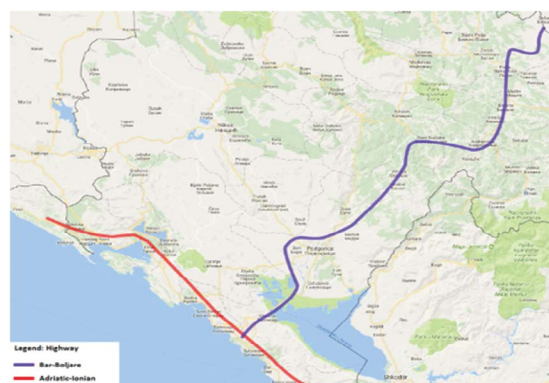
E-mail: mirsad.ibrahimovic@msp.gov.me

Website: <http://www.msp.gov.me/ministarstvo>

SEETO ROAD ROUTE 4: Bar – Boljare highway

*The shown assessment does not cover the costs of land acquisition. Current technical documentations is mainly at the level of Conceptual Design.

ORIENT-EAST MEDITERRANEAN CORRIDOR - SEETO CORE TRANSPORT NETWORK, SEETO Road Route 4: The highway Bar – Boljare www.barboljare.me, marked in purple in the map (S-NW) – is a project of supreme strategic importance for Montenegro. It will connect Montenegro's strategic Port of Bar on the Adriatic coast, via the Capital City Podgorica, to the border with Serbia, and further to Eastern and Central Europe. The Project includes construction of 5 sections, total length of 170 km: Djurmani (Bar) - Farmaci; Bypass around Podgorica (Smokovac - Tološi - Farmaci); Smokovac - Uvac - Mateševo; Mateševo - Andrijevića, and last section Andrijevića-Boljare. Total estimated budget for the entire project is **€1.699.761.951**.



DESCRIPTION	Mateševo - Andrijevića	Smokovac - Tološi - Farmaci (by-pass road Podgorica)	Andrijevića - Boljare	Đurmani - Farmaci	TOTAL
Length (km)	21	18	56	34	129
Construction period (year)	3	3	5	4	
Budget (EUR) estimate	294.840.000	233.121.952	731.160.000	440.640.000	1.699.761.952



Source: MTMA

The priority section Smokovac - Uvac - Mateševo (41km) – is currently under construction. Contracted costs of this section for design and construction, done by Chinese company China Road and Bridge Corporation (CRBC), www.crbcmne.me, is **€809,6 million**. This value will be increased by the value for the construction of subsequent and unforeseeable

works, as planned for by the Design and Build Contract for the section of Smokovac-Matesevo of the Bar-Boljare highway signed in 2014. In March 2018, the Government of Montenegro signed a Memorandum of Understanding and Cooperation with CRBC to cooperate further on the Bar-Boljare Highway project. In July 2018 the Government of Montenegro with the Government of Serbia signed the Memorandum of understanding and cooperation on realizing infrastructure projects.

Interested parties are invited to submit their letters of interest and propose terms and models for the construction of the remaining sections of Bar-Boljare Highway – on the principles of Public-Private Partnership and adhering to best international practice, with full respect of the principle of equal treatment, free competition and non-discrimination.

Accompanying public facilities along the highway also represent an opportunity for investment: planned future construction of motels, gas stations, R&R facilities with shops, restaurants, etc.

SEETO ROAD Route 1: Coastal option of the Adriatic-Ionian highway - Construction of Expressway along the Montenegrin coast

MEDITERRANEAN CORRIDOR - SEETO CORE TRANSPORT NETWORK, SEETO ROAD Route 1: Coastal option of the Adriatic-Ionian highway - Construction of Expressway along the Montenegrin coast.

Through Montenegro, the Adriatic-Ionian Expressway will include approximately 108 kilometers (with 4 X 3.25 m traffic lanes and calculated speed of 80 km/h) that will connect Croatia, Montenegro and Albania. A Western Balkans Investment Framework (WBIF) grant of €3,5 million (of which €1 million for Feasibility study for Montenegro) has already been approved for this project. Approximate costs of construction is **€10,5 million/km**. Priority for the construction has been given to the bypass around Budva as a part of this road (an additional grant has been obtained by the WBIF for the preparation of technical documents (€4 million), and for the construction (€40 millions)).



Possible financing models: PPP/concessions/hybrid model.

Source: MTMA

- **Ministry of Transport and Maritime Affairs:** <http://www.msp.gov.me/en/ministry>
- **Directorate for Transportation:** <https://dzscg.com/index.html>
- **South East Europe Transport Observatory (SEETO):** <http://www.seetoint.org/>
- **SEETO Corridors:** <http://www.seetoint.org/seeto-comprehensive-network/seeto-comprehensive-road-network/corridors/>
- **SEETO Routes:** <http://www.seetoint.org/seeto-comprehensive-network/seeto-comprehensive-road-network/routes/>
- **Chamber of Economy of Montenegro – Construction Industry Association Board:**
<http://www.privrednakomora.me/en/construction-industry>
- **Chamber of Economy of Montenegro – Transport Association Board:**
<http://www.privrednakomora.me/en/transport>
- **MONSTAT –Transport statistics:** <http://www.monstat.org/eng/page.php?id=36&pageid=36>
- **Directorate for Public Works:** www.djr.gov.me
- **Single Project Pipeline (Updated, 2018):** <http://www.srp.gov.me/en/home/nik/184233/Single-Project-Pipeline-updated-2018.html>
- **Monteput (joint stock company):** <http://monteput.me/>

2. AIRPORTS

Contact: **Ministry of Transport and Maritime Affairs - Directorate for Civil Aviation**
Website: www.msp.gov.me
Contact person: Mr. Zoran Kostić, Director General: zoran.kostic@msp.gov.me
Contact: <http://www.msp.gov.me/en/contact?alphabet=lat>

The Government of Montenegro plans to make an analysis with the cooperation of the International Finance Corporation (IFC) to define a model for the future development Tivat and Podgorica airports, which combined are expected to serve a record 2.5 million passengers in 2018.

Development of Airport Tivat

Tivat Airport (IATA: TIV; ICAO: LYTV) is an international airport located 4 km (2 miles) from the center of Tivat, the Kotor Bay. The main passenger terminal underwent an extension and refurbishment in 2006. The airport is expected to be expanded and equipped for night landings. The project includes reconstruction and expansion of the maneuvering area and apron at Tivat Airport (Construction of new Terminal Building and Reconstruction of the existing Control Tower). Preliminary design is done by SPEA Engineering with the EBRD grant.

The Government of Montenegro has engaged the International Finance Corporation (IFC) as part of the World Bank Group with specific experience in finding private financing to be the lead advisor for modelling structures at **Tivat and Podgorica airports**. The preparation of tender documentation for the realization of investments at Tivat and Podgorica airport can be expected in 2019. The planned financing model for the realization of this investment is through PPP (finding a strategic partner / private investor investment) where the minimum obligation of the state (through capital budget or borrowing) will be to cover the costs of expropriation.

Ministry of Transport and Maritime Affairs (MoTMA) together with the IFC made a concession contract and a concession act, the public hearing ended on September 10, 2018, a report from a public hearing is available on the MoTMAs website

The Projects at the Podgorica International Airport

Podgorica Airport (IATA: TGD; ICAO: LYPG) is an international airport located in Golubovci, approximately 12 km (8 miles) south of Montenegro's capital. It has eight departure and two arrival gates, and can handle up to one million passengers per year. Construction of a cargo terminal at the Podgorica Airport, along with construction of a fuel depot and an airport hotel are all planned by the Government.

The Government's intention is to publish two tenders at the same time for detailed project and for construction.

- **Aerodromi Crne Gore / Montenegro Airports (joint stock company):** <https://www.montenegroairports.com/eng/>
- **Montenegro Airlines (joint stock company):** <https://www.montenegroairlines.com/>

3. RAIL INFRASTRUCTURE

Contact: **Ministry of Transport and Maritime Affairs - Directorate for Railway Traffic**

Contact person: Mr. Milan Banković, Director General:

milan.bankovic@msp.gov.me

Telephone: +382 20 482 156

Contact: <http://www.msp.gov.me/en/contact?alphabet=lat>

Route 4: Reconstruction and modernization of the railway Bar-Vrbnica- Border with the Republic of Serbia

This project is part of the ORIENT-EAST MED CORRIDOR - SEETO CORE TRANSPORT NETWORK SEETO RAIL Route 4: Reconstruction and modernization of the railway Bar-Vrbnica-border with the Republic of Serbia: General overhaul of the Trebešica-Bar railway line and modernization of the signaling and safety system on the Vrbnica-Bar line.

The purpose of this project is to get Route 4 to the design and modernize the signal security system. The project has been under continuous development since 2006, the annual investments of the state are from €10-14 million. Funds are being used from the loan (EIB, EBRD, CHEB, WBIF), grants (WBIF), IPA funds, etc.

Project documentation is prepared for the most of the project. Until now, there is rebuilt section from Vrbnica to Kos; ongoing repair works are on the section Kos – Trebešica and for the next period, we have provided funds for repair works of next part of line of 20km length.

Route 2: Reconstruction and Modernization Railway Line Podgorica – Tuzi – Border Crossing with Albania

This project is included in the latest SEETO Multi-annual plan. Total investment is estimated at **€35 million** and involves preparation of technical documentation; reconstruction of the rail track and modernization of structural facilities; modernization and reconstruction of signaling - interlocking devices and contact line; and reconstruction and adaptation of station buildings and border crossing point.

An application was submitted from the WBIF Fund for the preparation of project documentation for the general overhaul of the superstructure, electrification of the complete line and modernization of the signaling and security system. A grant for pre-feasibility study was approved, which will be prepared in the next period.

- **Railway Infrastructure of Montenegro (joint stock company):** <http://www.zicg.me/>
- **Railway Transport of Montenegro (joint stock company) (Željeznički prevoz Crne Gore – ŽPCG):** <http://www.zcg-prevoz.me/>
- **Montecargo (joint stock company) :** <http://www.montecargo.me/>
- **Održavanje željezničkih vozniha sredstava /Maintenance of railway vehicles (joint stock company):** <http://www.ozvs.me/index.html>
- **Railway Directorate:** www.dzzcg.me
- **SEETO Rail Corridors Network:** <http://www.seetoint.org/seeto-comprehensive-network/seeto-comprehensive-rail-network/coridors-rail/>

4. PORTS AND MARITIME ECONOMY

Contact: **Ministry of Transport and Maritime Affairs - Directorate for Maritime affairs**
Contact person: Mr. Vladan Radonjić, Director General:
vladan.radonjic@msp.gov.me

Ministry of Transport and Maritime Affairs - Directorate for the Maritime Economy
Contact person: Ms. Maja Mijušković, Director General
E-mail: maja.mijuskovic@msp.gov.me
Telephone: +382 20 234 049

The Port of Bar is a node in the SEETO Core Seaport Network.

PORT OF BAR – FACILITIES		
DRY BULK CARGOES FACILITIES Specialized for handling bauxite, ores, scrap, grain, wooden chips, alumina, etc. the length of the operational quay is 550 m; the depth of the terminal water area is up to 14 m, allowable draft is 12,8 m with possible deepening; the open storage area is 5 ha; three gantry cranes with 12t capacity are installed; mobile harbour crane (Liebherr LHM 550), of 144t capacity	 	FACILITIES FOR LIQUID CARGOES Specialized for handling oil and oil derivatives The depth of the port aquatorium is 13,5 m; 23 reservoirs with total capacity of 116 600 m ³ (owned by Jugopetrol – Kotor and Montenegrobonus – Cetinje); Discharging point for acetic acids with capacity 600 t/h (owned by MSK – Kikinda); Specialized reservoirs for basic oil, capacity 1.400 m ³ (owned by the Port of Bar);

Current investment opportunities:

Rehabilitation of Volujica quay construction (length of 554m) and construction of Volujica quay extension (166m) in Port of Bar

The project, basically, implies implementation of activities that may be systematized within the following three components:

- **Project 1 Component:** Rehabilitation of the Volujica quay construction with the length of 554m, according to the Main project of rehabilitation - elimination of existing damages at operational quay construction, provision of allowed workload of 6 t/m² and installing cathodic protection of the quay construction;
- **Project 2 Component:** preparation of project documentation and execution of works on the Volujica operational quay extension for 166 m (width of 30 m); designing and installing cathodic protection system of the operational quay construction; designing and construction of open storage in hinterland of the operational quay with dimensions 116 m x 50 m; designing and construction of needed infrastructure (electrical energy, water and sewage, railway rails); deepening of aquatorium with the operational quay extension, with the width of 100 m, and up to 14 m in depth, and all in accordance with elements of Spatial-planning documentation for the Port area;
- **Project 3 Component:** designing and installing overthrow dust sweeping system from stored dry bulk cargoes at Volujica quay (in the complete zone, in hinterland of the operational quay of length 720 m (554 m + 166 m); designing and installing collection and treatment system of surface waste waters at whole open storage area, in hinterland of the operational quay of length 720 m (554 m + 166 m)

Without project documentation that provides reliable basis for specifying expected project

implementation costs, but based on available data that relate to similar projects, the value of expected Project implementation costs has been determined in the amount of 13.150.000,00 €.

Expected key effects of the project are:

- Elimination of risk for people and existing material goods due to damage in the construction of built part of Volujica quay;
- Capacity increase of Dry Bulk Cargo Terminal for cca 30 % and establishing foundation for attraction of new cargo flows and enabling Dry Bulk Cargo Terminal development into a terminal of regional importance;
- Revenue increase of "Port of Bar" H. Co, and at the same time revenue increase for subjects that are direct participants in the port operations (agents, forwarders, shipping companies, road carriers, railway carriers, ...), as well as revenues of municipal budget (based on increased surtax on tax, property tax, ...) and State budget (revenues from the quay use fees, taxes and contributions on employees' wages, ...); etc.

- **Luka Bar / Port of Bar (joint stock company):** <https://www.lukabar.me/index.php/me/>
- **Barska plovidba / Bar Maritime Transportation (joint stock company):** <https://www.montenegrolines.net/>
- **Crnogorska plovidba / Montenegrin Maritime Transportation (joint stock company):** <http://crnogorskaplovidba.com/>
- **Luka Kotor / Port of Kotor (joint stock company):** <http://www.portofkotor.co.me/>
- **Marina Bar (joint stock company):** <http://www.marina-bar.me/>

Barska plovidba – purchase of used ferryboat

Barska Plovidba (<https://www.montenegrolines.net/>) is presently **seeking to buy a used ferryboat** with following specifications: 130 m long, draft up to 6 m, capacity from 500 to 1000 passengers, up to 250 automobiles or 40 trucks/busses, to be night ferry with cabins, to satisfy international maritime regulations, especially Stockholm agreement for two compartments.

Contacts: Mr. Tihomir Mirković, Executive director: barplov@t-com.me, and Capt. Ljubo Kočović, President of the Board of Directors: lj.kocovic@barplov.com; www.montenegrolines.net

14. HEALTHCARE SECTOR

Contact: **Ministry of Health of Montenegro:** www.mzdravlja.gov.me
Contact Person: Mr Aleksandar Čampar: Directorate for economic and project in health: aleksandar.campar@mzd.gov.me
Telephone: +382 20 482 369

Montenegro population size: 620,029 (MONSTAT Official Census 2011), 622,303 (MONSTAT estimate January 2016). Life expectancy: men 74,2; women 79 (2016 MONSTAT). Child mortality: 3,8 (The mortality rate of children under five years in the 2016). Health expenditure, total 6,4% of GDP (Source: The World Bank); GDP per capita: US\$ 6,701 (2016) (Source: The World Bank); Health expenditure per capita (current US\$) 2014: 458 (Source: The World Bank).

The organization of healthcare services in Montenegro is similar to that of most European countries. Health care is provided at the primary, secondary and tertiary level. There are approximately 7476 employees in the public health institutions (including public pharmacies Montefarm: <http://www.montefarm.co.me/>). About 78,28% of total number of employees is health care workers, while 21,72% are non-medical staff. Providers of health care in the health system are doctors and nurses. Indicated number of doctors per number of citizens is important tool for the assessment of health care in the certain country. The indicator for Montenegro is 2,2 doctors per 1000 inhabitants (2014), and is currently lower than the indicator in the EU - 3,2, (<http://data.euro.who.int/hfadb>). The public healthcare system in Montenegro (2015) employs 142 general practitioner, 1044 medical specialists, 305 specializing doctors, 29 dentists and 109 pharmacists.

There is 1 Clinical Centre in Montenegro, 7 General hospitals, 3 Special hospitals, 18 Health centers. There is also the Institute for Public Health, 55 public pharmacies – Montefarm, the Institute for Health Emergency and the Institute for Blood Transfusion. Current bed capacities: total 2,394 beds (2015), or more specifically: 1,087 in general hospitals, 96 in stationary health centers; 504 beds in special hospitals and 707 beds in Clinical Center of Montenegro (KCCG). Overall, Montenegro has 3,85 beds /1000, while the EU average is: 5,22 beds/ 1,000.

Health infrastructure construction opportunities

Part of the projects or construction and works in public health facilities is outlined in the Single Project Pipeline (SPP) (described above <http://www.srp.gov.me/en/home/nik/184233/Single-Project-Pipeline-updated-2018.html>).

Psychiatric Clinic in Podgorica

The purpose of building this infrastructure project is to provide comprehensive, accessible, safe, quality and timely health care for its users. Planned Gross surface = 3,600 m² (lower ground floor + ground floor + 2 floors). The main project has been completed.

Construction of the building of the Emergency Center for the needs of the Clinical Center of Montenegro

. The purpose of the Infrastructure Project " Construction of the Emergency Center Facility " is primarily reflected in the fact that it provides tertiary health care for the whole of Montenegro and additional secondary health care for the cities of Podgorica, Danilovgrad, Kolašin and (at least one third of the population of Montenegro). Total anticipated area together with the stationary section it moves about 6000m². The estimated financial value is around € 15,000,000.

The construction of the Emergency Center, appropriate bedding capacity and space, with accompanying equipment and human resources is an unambiguous priority of the health system of Montenegro. The burden on spatial and diagnostic capacities as well as the burden on physicians and healthcare personnel is at the margin of tolerance, all due to the lack of adequate space in order to organize the individual parts and personnel organically.

By building new capacities of the Emergency Center, the Clinical Center of Montenegro as well as the entire health system, it would make significant progress in providing health services to emergency patients with the application of the most up-to-date European standards in their treatment.

Building of a general hospital facility in Pljevlja

The purpose of the infrastructure project is to provide comprehensive, accessible, safe, quality and timely health care for the inhabitants of Pljevlja Municipality. Planned Gross surface = 4,617 m² (Lower ground floor + Ground floor + 2 floors). The building location has been determined. The planned activities: designing of the main project and carrying out the works.

Internal Medicine Clinic of General Hospital Bijelo Polje

Total cost estimation: **€4,078,560.00**. The purpose of the infrastructure project is to provide comprehensive, accessible, safe, quality and timely health care for its users. Planned Gross surface = 4,944 m² (Ground floor + 2). Status: the main project has been finished.

Medical Tourism Investment Opportunities

Institute "Dr Simo Milošević" - Igalo, Herceg Novi (privatisation plan for 2018 - sale of shares and property by public tenders)

Institute "Dr Simo Milošević" Igalo - <http://www.igalospa.com/> - is the largest and most important medical center for multidisciplinary spa treatment in Montenegro is included in privatization plan for 2018 - sale of shares and property by public tenders. The Institute is located at the entrance at the Bay of Kotor, 23km from the international airport Tivat (Montenegro) and 25 km from the international airport Dubrovnik (Croatia). It is located in close proximity to the seafront and is surrounded with pine trees. The Institute was established in 1949 as a spa and climatic health resort. It is considered the originator of the modern physical and preventive medicine, rehabilitation, wellness and thalassotherapy and of the major international centers for the rehabilitation of children, adults and elderly. Most patients/service users come by referral from Montenegro Health State Found (around 80,000 overnights per year), but also from the Kingdom of Norway (State program, since 1976), the Netherlands (since 1986), and the Russian Federation (since 1996).

The Institute for Physical Medicine, Rehabilitation and Rheumatology "Dr. Simo Milošević" JSC, Igalo is a Joint Stock Company incorporated and operating under the laws of Montenegro, registered in the Central Register of Business Entities under the registration number 4-0000823, with the total registered capital in nominal amount of EUR 59.240.278,65 divided into 382.351 shares. The nominal value of shares amounts to EUR 154,9369. Identification number of the Company is 02008386. The code of the Company's core activity is 8610.

Subject of the Tender is the sale of 215.954 shares and/or capital increase of the Company Institute for Physical Medicine, Rehabilitation and Rheumatology "Dr. Simo Milošević" JSC, Igalo, i.e. 56.4806% of share capital of the Company, with obligation of the Company to implement the Investment Programme and/or capital increase.

The share capital that is the subject of the sale is owned by the State and the property rights are exercised by the Government (73.387 shares or 19.1936%), Investment and Development Fund of Montenegro (90.411 shares or 23.6461%), Health Insurance Fund of Montenegro (39.117 shares or 10.2307%) and the Employment Agency of Montenegro (13.039 shares or 3.4102%). PUBLIC INVITATION for participation on the tender for sale of 56.4806 % of share capital expressed through

215, 954 shares in the company INSTITUTE FOR PHYSICAL MEDICINE, REHABILITATION AND RHEUMATOLOGY DR SIMO MILOSEVIC AD IGALO was announced on October 16, 2018. The deadline for submitting a bid is 14 January 2019.

Contact: <http://www.szp.gov.me/en/contact>

Contact: <http://www.savjetzaprivatizaciju.me/en/contact/>

Private health facility, General Hospital - Meljine, Herceg Novi

Private Health facility, General hospital Meljine - <http://www.bolnica-meljine.me/index.php?action=naslovna&lang=ENG> - is located in the Boka Bay with direct access to the sea in the length of 500m. The waterfront park area of 50 000 m² with 19 separate facilities in the area of 20,000 m². The hospital location was chosen more than 100 years ago due to its exceptional microclimate. Capacity: 92 beds in a hospital ward and 150 in the Rehabilitation section. The hospital has modern medical equipment for diagnosis, treatment and rehabilitation, as well as competent and professional medical staff. Medical Specialties: Surgery, Internal medicine, Cardiology, Endocrinology, Rheumatology, Gynecology and Obstetrics, ENT, Ophthalmology, Rheumatology with Ultrasound and CT diagnostics, Hyperbaric and underwater medicine, Physical therapy and rehabilitation, Psychiatry, Microbiology, Transfusion medicine, Biochemistry.

- **University of Montenegro, Faculty of Medicine:** <http://www.ucg.ac.me/fakultet/18>

- **Clinical Centre of Montenegro:** www.kccg.me

- **Agency for Medicines and Medical Devices of Montenegro:**

https://www.calims.me/Portal/faces/glavna?_afLoop=4052609232501632&_afWindowMode=0&_adf.ctrl-state=5ec19heqf_117

- **Health Insurance Fund of Montenegro:** <http://fzocg.me/>

- **Montenegro Health Tourism Cluster:** <http://slideplayer.com/slide/9877558/>

- **World Health Organization – Montenegro Office:** <http://www.who.int/countries/mne/en/>

- **Association of Dentists of Montenegro:** <http://stomkomcg.me/>

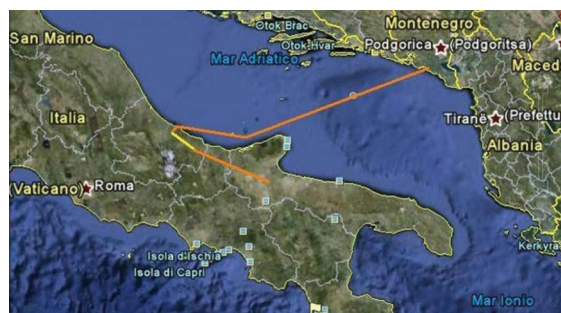
- **Physiotherapists' Association of Montenegro:** <http://www.fizioterapeuti.me/en>

15. ENERGY

Contact: **Ministry of Economy of Montenegro, Directorate for Energy**
 Website: www.mek.gov.me, Contact: <http://www.mek.gov.me/en/contact>
Renewable Energy Sources: www.oie-res.me
 Telephone: (+382)20 482 240; 482 498; 482 251
 Contact person: Mr. Marko Radulović: marko.radulovic@mek.gov.me

Due to a fact that Montenegro has substantial potential for new projects in the area of renewable energy, energy sector is one of most prospect industry sector in Montenegro (wind farms, small hydro plants, solar energy, biomass, oil and gas, etc).

Notwithstanding the relatively small size of Montenegro's energy market of around only 385,000 customers (electricity production in Montenegro in 2018 was approximately 3,787 GWh), Montenegro has ambition to become **an energy hub** of the Balkans. With the impending completion of the Montenegro – Italy project of construction of electricity transmission system of underwater energy cable, Montenegro will be able to export electricity to Italy, from its own sources and also from the countries of the region.



Montenegro adopted three packages of EU directives and regulations. Montenegrin Regulatory Agency for Energy (RAE) has an observer status at the Agency for the Cooperation of Energy Regulators (ACER), being the first non-EU regulator to obtain this status. This is another signal that investors in Montenegro are guaranteed the status and rights as in any EU country.

Electricity market in Montenegro has been liberalized as of 1 January 2009 for all consumers, except households, which obtained the right to choose their own supplier in 2015. Montenegro's operator of the distribution system CEDIS (www.cedis.me) was established in 2016, ensuring a non-discriminatory access to the distribution network.

Apart from the state-owned power utility EPCG (www.epcg.com), five more electricity suppliers operate in the Montenegrin electricity market: Montenegro Bonus LLC (majority State owned) (www.montenegrobonus.me/en/), Energija gas and power Podgorica (private, Serbian), Uniprom Nikšić (private, Montenegrin), Energija gas and power (private, Slovakia) i Petrol Crna Gora (private, Slovenian).

Official website for renewable energy sources: www.oie-res.me

Procedures for projects in the field of renewable energy sources

According to the **Law on Concessions**, concessions imply designing, constructing, maintaining and using of the energy-related and other structures for generation, transmission, and distribution of electrical energy, thermal energy, and gas or the reconstruction, modernization, maintenance, and usage thereof. Concessions shall be awarded pursuant to an annual plan adopted by the Government and published on the web site of the Government of Montenegro: www.gov.me, www.mek.gov.me.

The energy permit is issued in accordance with the Energy Law and the Rulebook on the contents

of the request for issuing an energy permit and the content of the energy permit register, based on the annual plan adopted by the Government of Montenegro. On the basis of concluded concession contracts, concessionaire pays the concession fee.

The Government has not envisaged issuing energy permits in its Plan for 2019.

Pursuant to the Law on State Property, investors are obliged to pay the rent for the state owned land which is the object of a land tenure agreement concluded with the Government of Montenegro.

Hydropower plants

Concession awarding procedures for hydropower plants

The concession for construction of large power plants can be awarded on the basis of two Laws:

- Law on Concessions and
- Law on Conclusion and Implementation of International Treaties.

When the procedure is initiated based on Law on Concessions, awarding concessions shall be grounded on the principles of transparency, non-discrimination, and competitiveness. The Government or the Parliament, shall adopt a decision to award a concession for the concession subject matter of which the ownership rights and authorizations are exercised by Montenegro depending on the term for which a concession shall be awarded.

The procedure for awarding concession shall be initiated by the competent authority upon a development of a concession act, in accordance with the plan. The procedure may also be initiated upon an initiative presented by an interested party.

A concession shall be awarded based on a public notice, by:

1. Open procedure public competition
2. Two-stage public procedure and
3. Accelerated procedure public competition.

The procedure for awarding concession can also be carried out without a public notice in case of conducting a concession carried out pursuant to the international agreement or contract entered between Montenegro and one or more countries or international organizations, whereby joint carrying out of the concession by the parties to the agreement is envisaged.

The Competent Authority shall publish a tender procedure upon the adoption of the Concession Document. The tender can be launched based on the initiative of the competent authority or initiative of an interested investor. In case of initiating a tender procedure, initiative competent authority that shall submit the data and information necessary for the preparation of the concession document. If the competent authority estimates that the initiative is acceptable it shall determine the deadline for the party submitting the initiative to deposit the estimated amount for the development of the concession document, including the development of tender documentation and the draft concession contract, costs for the work of a Tender Commission and the costs for carrying out a public consultation. If, in the implemented procedure, a concession is awarded to a Tenderer who is not a party that submitted the initiative for awarding concession, the Competent Authority shall, without any delay, return deposited money to the party who submitted the initiative, decreased by the amount for the purchase of tender documentation, while the costs for development of the Concession Document shall be collected from a Concessionaire.

The procedure can also be initiated without tendering, based on Law on Conclusion and Implementation of International Treaties. International Treaty is a contract concluded by Montenegro with one or more States or with one or more International Organizations regulated by International Law.

The procedure for conducting negotiations and concluding International Treaties is initiated by the Government of Montenegro. The Parliament of Montenegro confirms International Treaties and the issuance of new law is required.

Hydro Power Plants on Komarnica River

Komarnica River is the main tributary of the Piva River, which has significant hydroelectric potential. A part of this potential was utilized by the construction of the HPP Piva, subsidiary hydro power plant, with normal water surface on 675 m.a.s.l.

According to the existing documentation HPP Komarnica is planned as a frontal HPP with arch dam and accumulation in the Piva River Basin.

Construction of HPP Komarnica is undisputable both in spatial and Water Management Plans of Montenegro and there are no obstacles for its realization. There are no industrial capacities, roads, business facilities or households which would be endangered, but the accumulation would flood the area which is not inhabited and arid land. Headwater level is limited in order to protect the canyon Nevidio and town Šavnik from flooding. Until now, national energy company EPCG (<https://www.epcg.com/en>) has conducted a number of survey works for needs of drafting the project documentation. The survey works are being conducted in cooperation with Electric Power Industry of Serbia (51:49% - investment ratio) and by now around €4 million was spent. Survey works have been finalized, and Elaborate on survey works is currently under preparation. According to the existing project documentation, the planned period for construction of this facility is 7 years.

In February 2018, a **Contract on development of the Preliminary Design with a Feasibility Study and the Environmental Impact Assessment Study for hydro-power plant Komarnica** was signed between the EPCG and a group of contractors - Institute for development of water resources Jaroslav Černi A.D. and Energoprojekt Hidroinženjering A.D. The deadline for the development of the Preliminary Design and supporting documentation is 15 months from the date of signing the contract.

Study of hydro energy solutions for HPP Komarnica (Elektroprojekt Ljubljana, 1988), envisages the construction of a concrete arch dam 176 m high, with powerhouse at the dam toe with two power generator units with installed power of around 168 MW and annual production of around 232 GWh. This technical solution is used as a basis for the development of the aforementioned Preliminary Design.

Preliminary design development will be implemented in two phases. The first phase, which implies analyses on optimization and acquisition of background information necessary for development of the Preliminary Design with 6-8 months deadline, envisages finding solutions related to dam, defining the operational performance and economic indicators for construction of HPP, its pertaining structures and reservoir as well as examining plants'/facilities' impact to the environment. During the second phase, which implies the development of a Preliminary Design, a Feasibility Study and an Environmental Impact Assessment (EIA) Study, the process of selecting the best possible option of HPP will be finished and a final unequivocal decision on both HPP and its pertaining facilities will be adopted.

Cost effectiveness of HPP Komarnica construction will be established by the Feasibility Study. The EIA Study shall both encompass all potential impacts to environment and envisage measures for reduction thereof, given that those measures will be pursued during construction of HPP Komarnica as well as environmental impact monitoring. More precise construction price and technical features of HPP Komarnica and its pertaining facilities will be represented upon completion and adoption of the Preliminary Design and the Feasibility Study.

In December 2018, the Government of Montenegro adopted the Decision on the preparation of the Detailed Spatial Plan for Multi-Purpose Storage Reservoir on the Komarnica River and it appointed

the manager for its preparation. The preparation of the concept for the Detailed spatial plan is in progress. The finalization and the adoption of the Detailed Spatial Plan as well as the Strategic environmental impact assessment for the Detailed spatial plan is planned for 2019. It is expected that the preparation of the Project design with the Feasibility Study and Environmental impact assessment study will be finished by the end of 2019, followed by the Project design review¹¹.

Hydro Power Plants on Morača River

In 2010 the Government of Montenegro adopted two key documents: “Draft Detailed Spatial Plan for an area of multipurpose accumulations on the Morača river” and “Draft Strategic Environmental Assessment”, developed by Norwegian consortium COWI, Oslo. These two documents were prepared based on Basic technical solution which envisages **construction of four hydropower plants** (HPP Andrijevo, HPP Raslovići, HPP Milunovići and HPP Zlatica) **with total installed power of 238,4 MW and average annual production of electricity of 721 GWh**, with maximum accumulation level of HPP Andrijevo of 285 m.a.s.l. and accumulation volume of 250 hm³.

The project involves the construction of hydroelectric power plants with the total capacity of 238MW comprising a 127.4MW (2x63.7MW) HPP in Andrejevo and three 37MW (2x18.5MW) HPPs in Zlatica, Raslovići and Milunovići areas respectively. The project includes the construction of a dam, access roads, valve house, surge chamber, penstock, power station and other related facilities, the installation of turbines, generators and transformers, and the laying of transmission lines. The construction costs are estimated to **€540 million / US\$630 million**. Aforementioned data are the preliminary input data, but not the final data, for calculating the cost effectiveness of the implementation. The investor is given the opportunity to use the hydro-energy potential of Morača river in a different way.

An ensuing public debate resulted in several main decisions to amend/ supplement the Draft Detailed Spatial Plan and Draft Strategic Environmental Assessment:

- To amend the two documents with Basic technical solution II, which envisages construction of four hydropower plants with total installed power of 238,4 MW and average annual production of electricity of 616 GWh, with maximum accumulation level of HPP Andrijevo of 250 mnm and accumulation volume of 100 hm³. This solution has less impact on environment and cultural heritage but smaller economic and energetic effects.
- Drafting of Study of Biodiversity Conservation for the project area was launched. First phase of the Study – preparation of the data base – has been finalized. Drafting of the Study is of extreme importance from the point of view of protection, conservation and repositioning of flora and fauna which could be endangered by the Project.
- Study of protection and valorization of cultural heritage in the basin of Morača was prepared, including Monastery Morača as the most valuable cultural good in the project area.

Tender for construction of HPP Morača in 2011 was pronounced as unsuccessful because the interested companies which had purchased tender documents did not submit final offers. In 2013, the project was placed on hold due to lack of investors. In 2015, the Government signed a memorandum of understanding with the governments of Slovenia and Turkey for the development of the project. In 2016, extensive geotechnical and hydrological investigations on the sites completed. In October 2016, the Government signed a cooperation deal **with Northern International Cooperation Co Ltd (Nornico)**. Under the terms of the contract, Norinco will provide necessary technical services for the implementation of the project. In November 2016, the Government of Montenegro received bids from several companies. One of the bidders was Norinco, which has not been selected to construct the project, but its technical services bid was accepted as final. Norinco offered a proposal to build five hydroelectric power plants in the main stream of the Morača River and one on each of its three

¹¹ Condition for completion of the Project design with accompanying studies and its final review is the adoption of the Detailed Spatial Plan for Multi-Purpose Storage Reservoir on the Komarnica River with Strategic environmental impact assessment.

tributaries Mrtvica, Sjevernica and Mala Rijeka. The other bidder was Bereket Enerji whose proposal implied construction of four HPPs without any tributaries.

The Government is in the process of evaluating bids and finalising proposals. However, **the DBOT or BOT contractor is yet to be chosen**. Subject to the appointment of the contractor, construction works are scheduled to take six years for completion.

Even though the Basic technical solution envisages construction of four hydropower plants with installed power of 238,4 MW, the Government of Montenegro is also willing to consider new technical proposals if better solution and performances could be achieved.

Small Hydropower Plants

Small hydropower streams

Planned	Contracted	Remaining
120,9M W	94 MW	26,9 MW

There are three ways of applying for concession rights over small streams rivers:

- By responding to the Ministry of Economy initiated tender;
- By investor-initiated expression of interest (through tender procedure);
- By issuing of energy permits (Exclusively mini hydro power plants).

For hydropower plants with the installed capacity up to 1 MW is necessary to obtain energy permit. If energy permits are issued for the construction of power plants with installed capacity up to 1 MW, using state resources, a standard Contract of the concession is signed with the holder of energy permit, in accordance with the Decision of the Government.

The process related to the construction of energy facilities with installed capacity of more than 1MW is defined by the Law on Spatial Planning and Construction of Structures. Specifically, if the construction of an energy facility is provided for on a location on which the construction of a facility is planned in the spatial and planning documents and if the Employer has resolved property law relations regarding the land, in accordance with the Law on Spatial Planning and Construction of Structures, the Employer shall submit an application to the competent body for issuing zoning and technical specifications. Upon obtaining zoning and technical specifications, the employer shall initiate the process of preparing the design documentation which is a precondition for issuing a building permit. Upon completion of works, the Employer shall apply for an occupancy permit, in accordance with legal procedure, upon which the employer can start with economic use of the facility.

Energy permits are issued on the basis of the Annual Plan adopted by the Government of Montenegro. After analyzing the results of the previous program for promoting electricity generation from RES and initial results of construction projects without financial incentives, the Government of Montenegro did not adopt the Plan. The reason is that preliminary data show that the national target of 33% has been met. It is expected that in the following period the Government will adopt a Report on implementation of the National Action Plan for the Use of Energy from Renewable Sources, which will determine precisely the aforementioned share. Law on Concessions stipulates possibility of awarding concessions based on an annual plan adopted by the Government and published on the web site of the Government. The tender can be launched upon the initiative of a competent authority or upon initiative of an interested investor.

In accordance with decision to optimally exploit available hydro potential in Montenegro, five tender procedures and one initiative have been conducted for awarding concession contracts for usage of hydropower potential for production of electricity in SHPPs.

According to the concluded concession contracts construction is planned of 55 SHPPs, with

completely installed power of around 96 MW, with planned annual production of around 313 GWh. According to conceptual designs and feasibility studies drafted by concessionaires, value of total investments for realization of these projects amounts around 144 million €.

36 concession contracts have been signed for the construction of 55 small hydro power plants to date. For 2018, **€13 million** worth investment it is planned for the construction of small hydropower plants, and **€30 million** in 2019.

Solar power plants

Due to a good geographical position Montenegro is “rich” with solar radiation. Areas with highest solar radiation are located in south of Montenegro (aria around cities Bar and Ulcinj) and area around capital city Podgorica.

There is also a growing interest for renting of state-owned ground for construction of on ground installed solar power plants. In these cases, when investor is interested in the construction of PV power plant in certain area a public tender for rent of state-owned ground may be organized.

The Ministry of Economy is currently monitoring the implementation of 14 projects related to the construction of solar power plants based on issued energy permits. Their total installed power is around 7,4 MW, while the planned annual production is around 9,4 GWh.

Solar power plant “Briska Gora”, Ulcinj

On May 19, 2018 the Ministry of Economy of Montenegro invited interested investors to submit bids for the lease of state-owned land in the Briska Gora locality – Ulcinj Municipality for the construction of a solar power plant. The subject of the Public Invitation was the lease of state-owned land covering the surface area of 6,621,121 m², for the purpose of designing, constructing, using and maintaining a solar power plant with **installed**



power higher than 200 MW. The land offered for the lease (6,621. 121m2) is situated in the Briska Gora locality, Ulcinj Municipality. The procedure was concluded by signing a contract with a consortium consisting of Electric Power Company of Montenegro (EPCG), Finnish Fortum and Sterling and Wilson, which envisages the construction of a 250 MW solar power plant.

Solar power plant “Velje Brdo”, Podgorica

In 2016 the local authority of the capital city of Podgorica issued planning documents for construction of a ground mounted solar power plant at Velje Brdo, with **installed power of at least 50 MW.** The tender will be announced in the future at the website of Ministry of Economy of Montenegro: www.mek.gov.me

- **Montenegro – solar energy:** <http://www.oie-res.me/index.php?page=sunceva-energija>
- **Engineering Chamber of Montenegro:** <http://www.ingkomora.me>

Wind Power Plants

Wind potential

Planned	Contracted	Remaining
239MW	118 MW	121 MW

There are currently two wind parks in Montenegro: Wind Farm Krnovo (completed in 2017 and on stream since November 2017) and Wind Farm Možura - which is put in a trial operation in May with planned installed power of 72 MW and 46 MW respectively, and annual production of around 272 GWh. Total investment value estimate for these two projects is around €227 million. New tenders related to the exploitation of additional available wind potential shall be published soon.

The Government of Montenegro has adopted information on the initiative for the construction of the wind farm at locality Brajići, Budva and Bar Municipality, with estimated energy potential for installation around 75 MW wind park. The preparation of tender documentation is in progress. It is expected that the tender will be published by the end of 2019, (please check the website of Ministry of Economy of Montenegro: www.mek.gov.me).

Biomass potential

Biomass potential

Planned	Contracted	Remaining
39 MW	none	39 MW

Montenegro has significant biomass potential that can be used for energy generation: forestry residues, fast-growing plantations, wood-processing industry residuals, viticulture (cutting residual, residual during production of liquor), fruit-growing (cutting residuals, residual during production of olive oil, etc.).

The largest biomass energy potential is in the forestry sector, with potentially available wood quantity in forest fund of the Montenegro assessed to 2.6 m³/ha/year. Currently forestry production is half of its possible potential, which points out to significant reserves. The growth of fast-growing plantations would be significant improvement in energy potential of biomass. Total estimation of energy value is **4.200 GWh**.

Looking for partner institutions and companies for technology transfer for biomass technology in order to create conditions for the best use of current potential and future development.

Ionian-Adriatic Pipeline (IAP)

The Energy Development Strategy of Montenegro until 2030, has identified IAP as the leading option for the gasification of Montenegro and for its potential for marketing its own gas, as a result of the construction of the gas infrastructure and being closer to the significant gas market. The 530km long IAP, planned to connect Fier (Albania) to Split (Croatia), is expected to pass through the territory of Montenegro - 94km along the coast. IAP is planned to connect to the Trans Adriatic Pipeline (TAP) in Fier and allow transportation of the gas from the Caspian Sea. Montenegro has produced, with EU/WBIF funding, the Gas Master Development Plan with Priority Project Portfolio, and is currently in process of developing the IAP Preliminary Design for Montenegro and Albania sections of IAP (<http://www.delme.ec.europa.eu/code/navigate.php?ld=3147>).

The Energy Development Strategy also estimates that by 2030 up to 7 billion barrels of oil and 425 billion cubic meters of natural gas could be discovered along the coast. Currently, Montenegro does not yet have any system or necessary technology for distribution of natural gas, which may represent opportunity for FDI.

Energy Community – IAP Project description:

<https://www.energy-community.org/regionalinitiatives/infrastructure/PLIMA/Gas16.html>

- **Energy Regulatory Agency:** http://regagen.co.me/site_cg/public/index.php/index/kategorija?id_kategorija=1
- **Energy Statistics (MONSTAT):** <http://www.monstat.org/eng/page.php?id=39&pageid=39>
- **Energy Development Strategy of Montenegro until 2030:** http://www.oie-res.me/uploads/Dokumenta%202016/Action_Plan_2016_-_2020_ENG.pdf
- **Energy Efficiency in Montenegro:** <http://www.energetska-efikasnost.me/index.php?l=en>
- **Energy Community:** <https://www.energy-community.org/>
- **International Renewable Energy Agency (IRENA):** <http://resourceirena.irena.org/gateway/countrySearch/?countryCode=MNE>
- **Board of Association of Energy and Mining of the Chamber of Economy of Montenegro:** <http://www.privrednakomora.me/en/tip-organizacione-strukture/udruzenje-energetike-i-rudarstva>
- **Environment Protection Agency:** <https://epa.org.me/>
- **Electric Power Company of Montenegro, Holding company – Nikšić (EPCG – Nikšić) (comprising of energy production plants HPP “Perućica” HPP “Piva” TPP “Pljevlja”):** <https://www.epcg.com/en>
- **Elektroprenosni sistem (Electrical Transmission System):** <http://www.cges.me/en/>
- **CEDIS (Montenegrin electric distribution system):** <http://www.cedis.me/>
- **COTEE (Montenegrin Operator of Electric Energy Market):** <http://www.cotee.me/>
- **Montenegrin Power Exchange:** <http://belen-spot.me/>

16. PROCESSING INDUSTRY

Contact:	Ministry of Economy of Montenegro – Directorate for Industry and Transformation Contact person: Ms. Renata Milutinović: renata.milutinovic@mek.gov.me Telephone: +3 82 20 482 157
Contact:	Ministry of Agriculture and Rural Development – Directorate General for Forestry; Wood Processing Industry and Hunting Contact Person: Mr. Adem Fetić, Director General: adem.fetic@mpr.gov.me Telephone: +382 20 482-275
Contact:	The Government of Montenegro Council for Privatisation Address: ul. Karađorđeva bb, 81000 Podgorica, Montenegro Mrs: Merima Baković, Secretary of the Council Telephone: +382 20 48 28 58 Website: www.szp.gov.me E-mail: savjetzaprivatizaciju@gsv.gov.me
Contact:	Chamber of Economy of Montenegro - Association of small and medium enterprises and entrepreneurs, Mr. Veselin Dragičević, Secretary of the Association Board Telephone: +382 20 230 545, e-mail: vdragicevic@pkcg.org - Association of metallurgy and metal processing industry Ms. Marija Milačić, Secretary of the Association Board Telephone: +382 20 230 705, e-mail: mvukovic@pkcg.org - Association of agriculture and food-processing industries Ms. Lidija Rmuš, Secretary of the Association Board Telephone: +382 20 230 494, e-mail: lrmus@pkcg.org

Montenegro's industrial production is divided in two categories: heavy industry – which includes energy, mining, metal processing industry and chemical industry, and light industry – which includes food processing industry, textile industry, wood processing industry, graphic industry and construction materials industry.

In 2016 the Government of Montenegro adopted a strategic document called **“Industrial Policy of Montenegro until 2020”**: <http://www.minekon.gov.me/en/organization/industry/163074/Industrial-Policy-of-Montenegro-until-2020-and-Multi-Annual-Action-Plan-for-the-Implementation-of-Industrial-Policy-of-Montenegro.html>.

According to the document, priority sectors identified with strong growth and export potential include: the manufacturing industry – agro-food, wood processing, metal and pharmaceuticals; energy and tourism. (The energy and tourism sector opportunities are presented separately in this overview)

Abundance of natural resources, cheap and good-quality domestic raw materials, relatively cheap and qualified work force, investment-friendly environment, favorable geographical position with good maritime transport connectivity (strategic location Port of Bar), with free trade access to a market of around 800 million consumers thanks to the Stabilization and Association Agreement with the EU, as well as CEFTA agreement, and FTAs with EFTA, Turkey, Ukraine and Russia – all represent Montenegro's competitive advantages in this area.

As for the other categories of Montenegro's industrial production, mining and metal processing industry have significant potential for further development. Attracting reputable foreign investments in further development of the mining and metal processing sector, namely those with high environmental protection standards and practices, remains one of key priorities of Montenegro.

Metal Processing Industry

The metal processing industry - production of primary metals and metal products (non-ferrous metals, steel and iron) - is the most significant sector of manufacturing industry in Montenegro. Aluminum sector alone represents the largest export sector by value within Montenegro.

The largest companies in the industry are:

- **UNIPROM KAP** (Aluminum Plant): <https://www.uniprom.me/en/kap/> and
- **Toščelik Allied Engineering Steel Nikšić** (Steel Mill Nikšić): <http://toscelikspecialsteel.com/>

Global trends within the aluminum industry suggest a need to re-orient focus towards re-processing and recycling of aluminum, and development of other metal working sub-sectors, based on existing workforce skills within the metal sector, and research capacity in materials science, as well as expansion of metal products for use in the construction industry.

'Black Metallurgy Institute' JSC Nikšić

"Black Metallurgy Institute" JSC Nikšić: <http://en.icm.co.me/> is a joint stock company and a licensed scientific and research institution that deals with research and development activities in the field of technical and technological sciences, laboratory-field testing and thorough characterization of metallic and non-metallic materials, process equipment and market oriented production of steel castings, grey iron castings, steel products, semi-finished steel products and non-ferrous metals and their related alloys for aluminum and steel and mining industry, power plants, chemical industry, construction industry etc.

In the area of casting production, the liquid steel is produced in the induction furnaces with capacity of 2.000 tons per year, and then streamed for making castings and ingots intended for further processing by rolling and forging practices. Electric slag re-melting unit - the ingot weight range 0,65t - 3t - is used for the steel ingot production.

The total registered capital is in the nominal amount of €5.220.145 and the nominal value of each share amounts to €8.16. According to the Privatisation Plan for 2019, "Black Metallurgy Institute" JSC is planned for privatization by method of privatization, sale of shares and property by public tenders- sale of shares and/or recapitalization. For possible expression of interest for privatization, the Government of Montenegro would offer 51.1159% of the capital of the "Black Metallurgy Institute" JSC, for sale of shares and/or recapitalization, expressed through 326.992 shares.

- **Chamber of Economy of Montenegro – Association of Metallurgy Board:** <http://www.privrednakomora.me/tip-organizacione-strukture/udruzenje-metalurgije-i-metalopreradivacke-industrije>
- **Montenegro Metal Producers Cluster:** <http://metalproducersmontenegro.me/>
- **University of Montenegro - Faculty of Metallurgy and Technology:** <http://www.ucg.ac.me/mtf>

Wood Processing

Forests and forest land in Montenegro occupy an area of 942 thousand ha, accounting for 67% of the total area. By the value of forest land, conservation, organization, diversity, management and the impact on the environment, the forests of Montenegro are among the finest in Europe. The timber mass stock is estimated at 114,7 million m³, of which 41% are conifers and 59% are deciduous trees. The total annual increment in forests is estimated at 2,8 million m³. Annual possible allowable cut, based on planning documents, is 700 thousand m³ of the gross timber, of which 532 thousand m³ in the state and 177 thousand m³ in private forests.

Wood industry is an important segment of the economy of Montenegro and its development is based on the use of local natural resources and it is traditionally export-oriented. Raw material resources and capacities represent a good basis for much higher level of production, as well as a significant share in total GDP, export and employment. The structure of today's wood industry production consists of:

1. Primary production (production of lumber and elements),
2. Secondary production (pallets and elements for pallets with the production of briquettes),
3. Final production (production of furniture, parquet flooring, prefabricated wooden houses, latex strips, joinery (doors and windows)).

Present day wood industry sector in Montenegro is made up of 90% of primary and secondary production and 10% of the final production. Cut timber, plywood boards, slabs, latoflex slats, laminated three-sided billets, ship's floor and lamperia are the main products of primary wood processing. This represents opportunity for investment in this industry.

- Chamber of Economy of Montenegro – Forestry and Wood Processing Association Board:

<http://www.privrednakomora.me/tip-organizacije-strukture/udruzenje-sumarstva-drvene-industrije-graficke-i-izdavacke-djelatnosti>

- Forestry Statistics (MONSTAT): <http://www.monstat.org/eng/page.php?id=64&pageid=64>

Textile Processing

The textile sector is one of the traditional sectors in Montenegro. Besides the opening of the new factories, the potential for new investment can be found in the factories which ceased the production, especially having in mind the existing facilities, qualified existing staff and available incentives for stimulating this industry sector.

“Castello Montenegro” Pljevlja

“Castello Montenegro” Corp. Pljevlja was registered on November 21, 2002 as a joint-stock company. The Government of Montenegro owns 86.8% i.e. 278,238 of its shares. The company's activity is the production of socks and light clothing / work clothes. During the past few years, the company has not organized production in the production plants for socks, while the light clothing factory has not been operational since the mid-1990s. The company has a significant business space (Administrative building and building where there are two production halls, a larger hall for production of light clothing and smaller for the production of men's and children's socks) that are on the lease, which enables them to settle their obligations on the basis of salaries and other expenses. The Company's business relies on the services concluded with the Agreement with the Customs Administration of Montenegro on the use of a truck customs terminal on the basis of which the Company charges services, also services concluded by the Contract with the Ministry of Interior, on the basis of which the Company charges services for the issuance of business premises.

This company is planned for privatization in 2019 through the sale of shares on a public tender. The subject of the Tender is the sale of 86.8123% of the capital of the Joint Stock Company "Castello Montenegro" JSC, Pljevlja expressed through 278.238 shares, which is composed of the following structure of the capital and the number of shares: 86.7387% of the capital owned by the Ministry of Finance (278.002 shares) and 0.0736% of the capital owned by the Government of Montenegro (236 shares).

Contact e-mail: castellomont@t-com.me

Textile Companies in Montenegro

La Vista - Petnjica – Anel Adrović - 051 238 288/248 630 /068 111 071; la-vista@t-com.me – anel.adrovic@la-vista.me ; 068-047-797; www.la-vista.me

Owner: Adrović Resid; Director: Adrović Irena

Basic activity: manufacturing of men's, women's and children's shirts

Products sold to: Domestic market 30%; EU market 30%; CEFTA 40%.

Dress press – Bracana Bracanovića 84, Tuški put Podgorica - Petar Čalić - 020 650 488 - 078 102 514 - 068 258 614 - dressp@t-com.me - info@dresspress.me,

Owner: Čalić Nataša, Čalić Petar; Director: Čalić Nataša;

Basic activity: manufacturing of textile products

Founded in 12.05.2003;

Number of employees:15;

Simtex – Grbe bb Danilovgrad –

Owner: Stojan Kralj - 020 886 105 - 067 617 098 - simtexmontenegro@gmail.com – www.simtex.me

Basic activity: manufacturing of textile products

One of the first factories for manufacturing of work, commercial and sports clothing in Montenegro. Their team consists of people with 25 years of experience working in the textile industry

Spark - Serdara Šćepana bb Nikšić – Petar and Jelena Miković — 040 246 106 / 242-135 / 242-096; jelena@spark-cg.com petar@spark-cg.com vladimir@spark-cg.com; www.spark-cg.com

Basic activity: manufacturing of work clothing, manufacturing of textile products

Spark d.o.o. Nikšić is the only specialized manufacturer of HTZ equipment and distributor of protective agents at work in Montenegro.

Rudex company Nikšić –VI Crnogorske bb. – Executive Director: Irena Vukmirović - 040 241-344 - 242-452 - rudex@t-com.me –

Basic activity: Manufacturing of bedding, household linen and hotels equipping

17. MINING

Contact: **Ministry of Economy – Directorate for Mining and Geological Researches**

Contact person: Ms. Ljiljana Maksimović: ljiljana.maksimovic@mek.gov.me

Telephone: +382 20 48 23 00

Contacts: <http://www.mek.gov.me/en/contact>

Mineral resources

Mineral raw materials are natural resources owned by the State. However, all mining companies in Montenegro are privately owned, with the Government owning a percentage of shares in two major companies. The most significant mineral deposits of Montenegro are coal, red bauxite, lead and zinc. On the basis of exploitation of minerals as such coal, red bauxite, sea salt, etc, Montenegro has developed other processing industries (construction of thermal power plant, aluminum factory, salt processing plant), and therefore completed the reproduction chain.

So far, 28 types of mineral resources have been found in the territory of Montenegro. Today, based on concessions, 6 are exploited (lignite coal, brown coal, red bauxite ore, lead and zinc ores, architectural or decorative stone and technical-construction stone), in addition to 9 exploited in the previous period (cement raw materials, marl and tuff - Pljevlja, ore barite - Pljevlja, clay for brick and cement - Pljevlja, Berane, Bijelo Polje, Kolašin, Danilovgrad and Tivat, bentonite - Bar (Crmnica), tuff - Savnik, white bauxite ore - Cetinje's capital, gravel and sand of glacial origin - Žabljak and the sea salt - Ulcinj). The remaining 10 types of mineral raw materials are not in exploitation (peat, oil and gas, ore mines, chromium ores and titanium ores, iron ores, copper ore, dolomites, quartz sand, chert and gypsum).

Geological explorations have established the existence of reserves of available mineral resources with varying volumes, potential and exploitability. Except for four mineral resources (sea salt, mineral waters, groundwater and gravel and sands from the watercourse), which are part of the renewable, the rest are non-renewable. Of the total number, 23 kinds of mineral resources have economic importance.

- Metallic mineral resources (MMR): red bauxite, lead and zinc, copper, mercury, occurrences of manganese, iron, titanium, chromium and rare earth elements in bauxites.
- Energy mineral resources (EMS): coal, oil and gas.
- Non-metallic mineral resources (NMS): architectural-building stone, travertine, technical-building stone, sand and gravel, brick clay, cement lime, white bauxite, dolomite, barite, bentonite, quartz sand, chert, sea salt.

Exploitation of mineral resources is done in accordance with The Mining Law ("Official Gazette of Montenegro", No. 65/08, 74/10), the Law on Exploration and Production of Hydrocarbons ("Official Gazette", No. 41/10 and 62/13).

Investment opportunity:

Potential for cement production in Pljevlja - Technical deposit of cement marl

The locality "Jagnjilo", abounding with cement marl in an area of about 90 ha, is located near Pljevlja, on the slopes of Rajčev hill (1121 m.), in vicinity of the main road Pljevlja-Prijepolje, as well as the intersection for the regional road Pljevlja-Adriatic Sea. According to the available data, the total quantity of different qualitative characteristics of marl for the "Jagnjilo" deposit is about 46 million

m3. Analyses conducted by CEMAG, COLAS and HOLCIM indicate that these are very good raw materials such as marl; fly ash and slag as an additive (replacement for clinker) that can be used to obtain cement type CEM II 32.5 and 42.5. The technical deposit of cement marl "Jagnjilo" is envisaged for the award of the concession by the Concession Planning Plan for detailed geological exploration and exploitation of mineral raw materials for the year 2018.

Cement production - cement plant

The spatial-urban plan of the Municipality of Pljevlja and the Local Study of the location "Otilovići" foresee the construction of cement plants at the mentioned site. Montenegro Cement Company LLC, Pljevlja is the owner of 45 ha land for the construction of the plant. Based on the preliminary design of the cement plant, detailed geotechnical investigations of the soil were carried out for the needs of the construction and completed levelling of the terrain.

Logistics - possible railroad tracks - Pripolje or Bijelo Polje. One cargo terminal is about 25 km from Pljevlja and the other about 55 km. The project site has thermal energy (local coal), mineral raw materials (marl, limestone, fly ash, chemical gypsum, coal slag), electricity, water, etc. The project also has a positive impact in the use of waste from Thermal Power Plant (fly ash, slag, chemical gypsum).

COPPER ORE

The most significant concentrations of copper ore in Montenegro were discovered in Varine (near Pljevlja). Based on the results of the survey, reserves (for cave exploitation) were estimated at about 7.3 million tons of ore, C1 + C2 category, with 0.77% Cu.

Prospective mineral reserves in Varine (for surface exploitation) were estimated at about 24.3 million tons, C2 + C1 category, with 0.29% Cu.

The above data on proven and estimated copper reserves in Varine, indicate that this deposit represents a mineral resource of (special) economic importance, bearing in mind the fact that the demand for this metal is constant. For the economic valorization of this deposit, the fact that the copper ore contains silver and gold is also significant.

BARIT

Economically important barite sites in Montenegro are concentrated in the extreme northwest of Montenegro, in the area of Kovač planina, where three ore fields are found, with deposits of barite: Potkovac, Plakali and Plani-Arslanovina.

The total proved reserves of barite ore are about 400,000 t, with average content of BaSO₄ from 38 to 56%. Prospective reserves of the C2 category of the Plani-Arslanovina ore field are 36,500 tons,

BRICK CLAY

Clay sediments in the northeastern part of Montenegro are found to the Neogene basins of Pljevlja, Maoca and Berane, and also occur in the Bjelo Polje basin and the Lipovo valley near Kolašin. In Central Montenegro, they are represented in Bjelopavlići and Crmnica valley. They are also present on the Montenegrin coast. According to the origin, they belong to lake or alluvial sediments. Research on clay, was carried out in all mentioned areas, and their exploitation and processing into brick products was carried out in Pljevlja, Berane, Tivat, Spuž, Kolašin and Bijelo Polje.

In the Maljevac locality near Pljevlja, the research shows the balance reserves of this mineral resource of 4.700.000 t B + C1 category and off-balance reserves of 8.8 million t.

In the area of Maoca, clay occurs in the context of roof sediments (i.e. above the coal layer), with calculated reserves of the C1 category of about 1.7 million tons and prospective reserves of approximately 573 million tons.

In the lake sediments of Mataruga, the clay reserves of about 10 million tons were estimated. In the catchment of Kalušić village, C1 reserves are estimated at 12.7 million tons, and prospective at about

12 million tons.

In the lake sediments of Berane (locality Jasikovac - Bara), reserves of clay B + C1 category have been determined in the amount of 1,324,000 t, while the prospective reserves are estimated at around 2.100.000 tons.

The other genetic type of clay deposit in Montenegro belongs to alluvial deposits. Reserves of this mineral raw material are found in: Kukavicki vrh near Bijelo Polje, Donje Lipovo near Kolasin, Moromis and Stanjevica rupa at Spuz, Sinjarevo and Zekova Glavica near Tivat and in Ćurke near Ulcinj. The total B + C1 reserves in the category of brick clay in these deposits amount to about 12 million tons, of which the best quality clay is found in the vicinity of Tivat.

DOLOMITE

Dolomite rocks are present in all regions of Montenegro. In the area of southern Montenegro, or in the coastal belt, the perspectives of dolomites have been found in the areas of Volujica, Marjan, Bijela Gora, Luštica and Grbalj. The most important manifestations of dolomites in the central part of Montenegro are in the area of Virpazar, Vranjina, Rijeka Crnojevića, Cetinje, Tresnjevo, Grahovo and Nikšić, where they form the direct extension of the Dolomites belt of Herzegovina. In northern Montenegro, Dolomites of Jurassic and Cretaceous age have a significant distribution in the area of the Kucka kraljst, in the areas of Piva, Vojnik, Maganik, Prekornica and Žijovo. In the northeastern part of Montenegro, dolomites, mainly from Triassic ages, are locally developed.

Examinations have proved the four ore fields of dolomite located in the Virpazar area (reservoirs Virpazar and Vranjina) and in Niksic (deposits Bršno and Šume). Total balance reserves of dolomite A + B + C1 categories amount to 88.810.000 tons in these four deposits, of which 6.678.000 tons are labeled A category and 82.132.000 tons are of B + C1 category.

- **Ministry of Economy – Mining and Geological Research Directorate:** <http://www.mek.gov.me/organizacija/rudarstvo-i-geoloska-istrazivanje>

- **Board of Association of Energy and Mining of the Chamber of Economy of Montenegro:** <http://www.privrednakomora.me/en/tip-organizacione-strukture/udruzenje-energetike-i-rudarstva>

- **UNIPROM, Nikšić** – <https://www.uniprom.me/en/metal/>

- **Coal Mine Pljevlja (Rudnik uglja Pljevlja):** <http://www.rupv.me/>

- **EPCG:** <https://www.epcg.com/en/about-us/about-us>

- **Gradir Montenegro, Pljevlja** - <http://www.gradirmontenegro.com/>

Oil and Gas Sector

Contact: **Montenegro Hydrocarbons Administration**

Website: <http://www.mha.gov.me/en/contact>

Phone: +382 20 675 976

E-mail: mha@mha.gov.me

Exploration and Production of Hydrocarbons (Oil & Gas)

The results of previous studies, on land and in the waters, indicate the conditions for the formation of hydrocarbons. Finding oil and wet gas in the undersea of Montenegro confirm that in this area the mother rocks are present, and that the thermal transformation level of organic matter is analogous

to the oil and gas generation zone. Offshore territory of Montenegro is divided into blocks (grid-based system) having the size of 12 arcminutes East-West and 10 arcminutes North-South. In the First Bid Round of the Hydrocarbons Production Concession Contract in Montenegro offshore, Montenegro offered 13 blocks/parts of blocks in the offshore area with sufficient level of available exploration data. Concession Contracts for production of hydrocarbons in the Montenegrin offshore were signed for six blocks.

A tender for the exploration of oil and gas in the Montenegrin submarine, second bid round, is expected to be announced in 2019.

- **Geological Survey of Montenegro (Zavod za geološka istraživanja):** www.geozavod.co.me
- **Board of Energy and Mining Association of the Chamber of Economy of Montenegro:** <http://www.privrednakomora.me/en/energy-and-mining>
- **Ministry of Economy – Directorate for Mining and Geological Research:** <http://www.minekon.gov.me/en/organization/mining>

18. TOURISM

Contact: **Ministry of Sustainable Development and Tourism**
V proleterske brigade 19, 81000 Podgorica, Montenegro
Website: <http://www.mrt.gov.me>

Privatization and Capital Investment Council/Tender Commission for Valorisation of Tourism Locations
Karađorđeva bb, 81000 Podgorica, Montenegro
Website: http://www.szp.gov.me/en/Valorization_of_tourist_sites
Contact person: Ms. Nada Mihailović Pavićević: nada.mihailovic@mrt.gov.me
Telephone: +382 20 446 383

Tourism is the most dynamic sector in Montenegro with investment opportunities in the construction and operation of high-end hotels, congress centers, resorts, golf courses, upscale shopping centers, entertainment facilities, etc.

Montenegro is among the fastest growing tourist destinations in the world and the only Mediterranean destination with a constant turnover growing trend. It holds the leading position in the region when it comes to the amount of foreign investment “per capita”. According to World Travel and Tourism Council (WTTC) long-term forecast, an average annual growth rate in tourism revenues of 6% is expected in the following 10 years.

As part of its re-branding as a **“best kept secret” luxury destination**, Montenegro has successfully attracted world-wide reputable brands from the industry, and also successfully created its own recognizable brand.

Benefits for investors in the Tourism sector in Montenegro

To enhance utilization of major resources and bring in the new investments, the tax reform policy introduced fiscal incentives for the investments in the following sectors: **high-end tourism – hotels with 5 or more stars; food production, except the primary agricultural production, and capital investments in the energy sector.**

The Law on VAT stipulates zero VAT rate on the delivery of products and services for the construction and furnishing of any hospitality establishment with 5 or more stars, construction of energy-generation facilities with more than 10 MW installed capacity or of food production plants categorized within sector C group 10 under the Law on Business Activity Classification, if the investment exceeds €500,000.

With the aim to eliminate business barriers and incentivize high-end tourism, the Law Amending the Law on Real Estate Tax allows local governments to lower the tax rate for the hospitality establishments that operate throughout the year by up to 30% for the 4-star ones and up to 70% for those with more than 4 stars.

Upon payment of corporate income tax (see Chapter 3), business entities operating in Montenegro have the possibility to transfer funds to their accounts abroad at the end of the year.

Two positive VAT rates are applied, namely the standard rate of 19% and the reduced rate of 7% for, among other, some services, such as: accommodation; food and beverage services in the hotels with at least 4 stars in the northern region and at least 5 stars in the central or coastal regions (effective as of 1 Jan 2018); public passenger transport, etc.

Potential projects for tourism valorization

1) Masline Valley - Odrač Bay, Bušat, Bar

Cove Masline is around 15 km away from Bar towards Ulcinj. Hinterland of the Cove accommodates a small settlement and beach in the Cove Masline is around 200 m long, and the average width of the beach is 20 m. The beach is a typical example of the so-called pocket beaches, created between two rocky bays. The beach is directly exposed to the influences of waves coming from the west. The total area of the land that is the subject of valorization is 29.829 m² and includes parts of cadastral parcels: 2876, 2877 and 4085/3.



PROPERTY RELATIONS: Owned by the State of Montenegro; there is burden "Coastal Zone". The respective land includes one object under construction owned by Bar Municipality.

Source: MSDT

PLANNING DOCUMENTS: The location is in the scope of the Spatial Plan of Special Purpose for the Coastal Zone (Sector 59) which provides basic guidelines for the development of this location. Currently, there is no detailed elaboration for the development of this location. Accordingly, before starting the construction, detailed elaboration of this location is required based on the general guidelines set out in the aforementioned planning document.

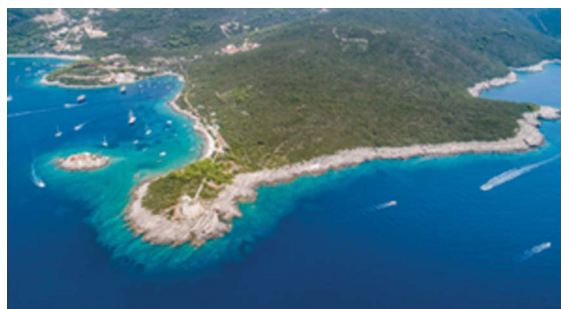
2) Location between Njivice and the Sutorina mouth, Herceg Novi

PROJECT DESCRIPTION: The location that is the subject of the Tender includes 30.597 m² of land and belonging space of aquatorium. The land is located south from the Sutorina River mouth, and north from the Njivice settlement. The location that is a subject of valorisation includes the area which borders: the beach on the location "Pećine" on the north, Njivice-Kobila-Prevlaka road on the west, Njivice settlement on the south and the sea coast on the east side. The land that is the subject of the tender is registered in the real estate folio in the land register 1003, cadastral municipality Sutorina, Herceg Novi Municipality, as the property of the State of Montenegro and includes several cadastral parcels¹².

PROPERTY RELATIONS: The State of Montenegro owns the land that is the subject of the valorization and there are no burdens and restriction, except the burden "Coastal Zone". Subdivision of the land was performed in accordance with the planning document. PLANNING DOCUMENTS: The location is in the scope of the State Study of Location for "Sector 1" that address the area Kobila - Njivice - Sutorina mouth. At the location, the plan envisages the construction of a hotel category of minimum 4* and a capacity of up to 75 beds with accompanying facilities.

3) Location "Donja Arza", Herceg Novi

PROJECT DESCRIPTION: The location that is the subject of the Tender includes 94.681 m² of land and belonging space of aquatorium. It is located near the Arza Fortress, the Austrian Hungarian structure located on the island of the same name, and near the Žanjice Beach on the road to the Blue Cave.



Source: MSDT

¹² 5828/9 area of 5.008 m², 5828/10 area of 13.510 m², 5828/11 area of 1.759 m², 5828/12 area of 2.561 m², 5828/13 area of 95 m², 5828/14 area of 283 m², 5828/16 area 219 m², 5828/17 area of 578 m², 5828/18 area of 778 m², 5828/19 area of 363 m², 5829/2 area of 834 m², 5829/3 area of 546 m², 5829/4 area of 309 m², 5829/5 area of 50 m², 5829/6 area of 728 m², 5829/7 area of 25 m², 5829/8 area of 73 m², 5829/9 area of 114 m², 5829/10 area of 602 m², 5829/11 area of 157 m², 5829/12 area of 344 m², 5829/13 area of 1.537 m², 5829/14 area of 38 m²

PROPERTY RELATIONS: The land that is the subject of the Tender is registered in the real estate folio in the land register number 755, cadastral municipality Radovanići, Herceg Novi Municipality, as the property of the State of Montenegro, and includes cadastral parcels: 3230/12 area of 93.330m² and 1850 area of 1.351m²

PLANNING DOCUMENTS: The location is elaborated in detail through the State Study of Location "Sector 34" - zone "C" and zone "F". The planning document envisages the construction of hotel with a capacity of up to 226 beds and 12 villas with a total capacity of 72 beds, with accompanying facilities. The planned category of tourist complex is 5*.

4) Location "Kabala for", Herceg Novi

PROJECT DESCRIPTION: The land is located on the east coast at the entrance to the Bay of Kotor, on the peninsula Luštica, in the locality of Kabala For. Territorial, the land belongs to the municipality of Herceg Novi. The land that is subject to valorisation is registered in the real estate folio in the land register number 242 KO Rose. The land area is 12.121 m² and consists of the following cadastral parcels 1537/2 (527 m²), 1539/2 (737 m²), 1539/3 (92 m²), 1539/4 (3.639 m²), 1539/5 (4.645 m²), 1539/6 (1,870 m²), 1539/7 (583 m²) and 1539/8 (28 m²).

PROPERTY RELATIONS: The State of Montenegro owns the land.

PLANNING DOCUMENTS: This location is defined by the Decision on adoption of the Study of Location Sector 32 (Official Gazette of Montenegro 71/09), as a part of facilities of the hotel and the tourism settlement "Kabala for". The plan envisages the construction of 6 rent-a-pull villas on the location of a total capacity of up to 24 beds. The planned categorization of the tourist complex is 5 stars.



Source: MSDT

5) The Project of tourism valorization of the location "Mrkovi – Bijela Stijena", Luštica, Herceg Novi

PROJECT DESCRIPTION/ PLANNING DOCUMENTS: The site is located on the Luštica Peninsula, "Mrkovi - Bijela Stijena", Herceg Novi Municipality. A part of the land is located in the Coastal Zone. Also, the site is located in the immediate vicinity of the future mixed-use resort - a hotel complex which is, according to the Spatial Plan of Herceg Novi Municipality, planned for [9] construction of a luxury hotel complex of 5* category. Hotel-tourism complex that is planned near of the location is designed in the spirit of the development of the entire location and the surrounding of preserved nature and autochthonous characteristics of Luštica.

PROPERTY RELATIONS: The location that is the subject of the valorisation is registered in the real estate folio in the land register number 242 - cadastral parcel 1563/2, cadastral municipalities Rose and Mrkovi, Herceg Novi - land register number 24 - cadastral parcel 1537/1, land register number 185 - cadastral parcel 1537/2 and land register number 24 - cadastral parcel 1529 and part of the cadastral parcel 41 area of 41.122m², recorded in land register number 24 cadastral municipality Mrkovi. The state of Montenegro owns the location and municipality of Herceg Novi has a right to dispose of property. The Municipal Assembly of Herceg Novi has adopted the Decision on initiating the procedure for granting long-term lease of land and transferring authorizations. All cadastral parcels are recorded by the burden "Coastal Zone".

PLANNING DOCUMENTS: The Special Purpose Spatial Plan for the coastal zone covers the location ("Official Gazette of MNE", no. 56/18).

6) The Project of Tourist resort Ecolodge Lovćen – National Park Lovćen, Cetinje

PROJECT DESCRIPTION: The location includes land that covers an area of 41,787m², recorded in

land register number 1544, and includes cadastral parcels no. 6208, 6381/3 and 6381/4, cadastral municipality Njeguši, Cetinje, as well as the object of the mountain home, registered at cadastral parcels no. 6208, cadastral municipality Njeguši, Cetinje. The location is in an attractive area of the National Park Lovćen, in the scope of Special Purpose Spatial Plan for the Lovćen National Park. The location is located in the centre of the National Park Lovćen, at Ivanova korita, not far from the local road connecting Cetinje with Boka Bay, near children's resorts and bungalows of the National Park.

PROPERTY RELATIONS: The location is in the ownership of Montenegro.

PLANNING DOCUMENTS: In accordance with the Detailed elaboration of the location of Ivanova korita within the Special Purpose Spatial Plan for the National Park Lovćen ("Official Gazette of the Republic of Montenegro", no.19/97 and "Official Gazette of Montenegro" no. 34/14), the reconstruction and adaptation of the ruined mountain home is foreseen. Any additional investments in the National Park shall be carried out in accordance with the Law and Plan of temporary facilities in the area of the National Park "Lovćen". The plan of temporary facilities in the area of the National Park "Lovćen" for the period 2017-2019 envisages the construction of up to 30 Ecolodge houses of up to 38m², an adventure park, an artificial alpine wall, playgrounds for children and other facilities.

7) Tourism valorization of the location Ada Bojana, Ulcinj

PROJECT DESCRIPTION: The size of the island is approx. 522 ha. The valorisation of one part is planned, together with awarding the right to develop and manage the unique, high-quality tourist complex that offers a range of leisure and recreation activities. It is envisaged that the complex has at least one 4+* or 5* hotel, which will be managed by a well-known international tourism operator(s). In addition, the opportunity to develop villas and other residential accommodation for long-term lease, as a part of an integral plan, will be considered. Development of the complex is planned in the north-west part of the island (part of capacities to be allocated for a nudist centre), by the sandy beach. The location also includes vegetation zone on the dunes in the hinterland of the beach, nature reserve (in the south-east part) with forests, marshes and meadows.

PROPERTY RELATIONS: The area of Ada Bojana covers the land of a total area of approx. 522 ha, registered in the land registers 110 and 236 cadastral municipality Gornji Štoj, as a subject of state ownership and disposal of the Government of Montenegro (Land register 110), ie the property of Montenegro and land user - HTP Ulcinj Riviera AD Ulcinj (Land register 236). There is a burden "Coastal Zone".

PLANNING DOCUMENTS: The location is covered by the Special Purpose Spatial Plan for the coastal zone (sector 67), based on which will be done a detailed elaboration of this area, in accordance with the general guidelines settled in aforementioned planning document ("Official Gazette of MNE", no. 56/18).

8) Tourism valorization of the locations included in the Spatial Plan of Special Purpose "Bjelasica and Komovi" – Cmiljača and Žarski

PROJECT DESCRIPTION: The zone of the base settlement Cmiljača is located in the northern part of the territory of Bjelasica, in the territory of Bijelo Polje Municipality, in the northeast part of the zone of the Mountain Centre Žarski at 1.620 m.a.s.l., north from ski terrains, and it extends over 7.5 ha. Access to the base settlement is organized from the east, from the direction of Bijelo Polje, and is connected with the ski plateau of the base settlement Žarski which is located between mountain tops Mušnica and Govedarica.

The concept of organization of the base settlement of the Mountain Centre - base settlement Cmiljača should ensure accommodation capacities for tourists in the vicinity of ski lifts and tracks of the ski area Žarski. Cmiljača will be used as an additional accommodation capacity during winter months and the main capacity of summer tourist destination. The commercial zone is located in the base settlement Žarski. A road connection to Žarski is planned on the route of the existing unpaved road to connect base settlements Žarski and Cmiljača. The concept of the zone of ski tracks is such that it represents an integrated network.

PROPERTY RELATIONS: The location of Cmiljaca is mostly owned by the state of Montenegro, while in smaller part it is privately owned. The base settlement covers the area of 142.515 m², of which 85.007 m² are state-owned, and includes the following cadastral parcels: 4267/1, 4267/2, 4267/3, 4267/4, 4267/5, 4267/6, 4268/1, 4151/15, 4151/16, 4151/17, 4151/18, 4151/19, 4151/20, 4151/21, 4151/22, 4151/23, 4151/24, 4151/25, 4151/26, 4151/27, 4151/28. Private property area covers 57.508 m² and includes the following cadastral parcels of the castral municipality Majstorovina, Bijelo Polje Municipality: 3881/1, 3881/2, 3882/1, 3883/3, 3884/1, 3884/2, 3884/3, 3885/1, 3885/2, 3885/3, 3885/4, 3886/1, 3886/2, 3886/3, 3886/4, 3886/5.

When it comes to the location of Žarski, it is located in two castral municipalities – CM Bjelojevići – Mojkovac and CM Majstorovina – Bijelo Polje. Smaller part of the location of Žarski is owned by the state of Montenegro, while the bigger part is privately owned. The base settlement covers the area of 1.789.652 m², of which 707.435 m² are state-owned (disposal right holders are Mojkovac or the Government of Montenegro), while 1.082.217 m² are private property².

PLANNING DOCUMENTS: The location is elaborated in details by the Special Purpose Spatial Plan Bjelasica and Komovi and by the Detailed Elaboration of the location Cmiljača (Official Gazette of Montenegro 4/11). The base settlement of the Mountain Centre Cmiljača includes a zone with 4 hotels and 22 bungalows and starting points of ski lifts, with the total of 1995 beds. A network of pedestrian paths is planned within the base settlement, which connects all facilities of the settlement and allows natural mobility of users while complying with the configuration of the terrain. The zone of ski tracks is interpolated into the zone of the base settlement so as to ensure ideal accessibility to skiers.

Sale of shares and property by public tenders

Privatization Plan 2018: SALE OF SHARES AND PROPERTY BY PUBLIC TENDERS:

1. Hotel Group “Budva Riviera” JSC, Budva

HG “Budva Riviera” JSC, Budva (<http://www.hgbudvanskarivijera.com/index.php/en/>) is a Joint Stock Company incorporated and operating under the laws of Montenegro, registered in the Central Register of Business Entities under the registration number 40004651 with the total registered capital in the nominal amount of EUR 80.897.155,70. The nominal value of each share amounts to EUR 9.9740. The registration number of the Company is 02005328. The code and name of the Company’s core activity is 55110, hotel +and similar accommodation.

The subject of the Tender is the sale of 58.7334% of the capital of the Joint Stock Company HG “Budva Riviera” JSC Budva, after restructuring, which is composed of the following structure of capital and number of shares: 41.6353% of the capital owned by the Government (3.376.939 shares), 12.8236% of capital owned by the Pension and Disability Insurance Fund of Montenegro (1.040.093 shares) and 4.2745% of capital owned by the Employment Agency of Montenegro (346.698 shares). <http://www.szp.gov.me/en/contact>

Real-estate managed by the Ministry of Defense

Contact: **Ministry of Defense**

Contact person: Ms. Alma Ljuljanaj: alma.ljuljanaj@mod.gov.me

Telephone: +382 20 482-389

Privatization and capital investment council

Karađorđeva bb, 81000 Podgorica, Montenegro

Certain real estate formerly used by the Montenegrin Armed Forces is available for sale or lease in order to enable investment activities and development in these areas of Montenegro. There are approximately 50 real-estate plots throughout Montenegro, mainly in prime locations for developments. Out of this number, 20 locations have been allocated to Privatization and capital investment council of Government of Montenegro. It is institution which is responsible for providing the list of available locations upon request.

- **Ministry of Sustainable Development and Tourism:** <http://www.mrt.gov.me/en/ministry>
- **Law on Tourism and Hospitality (March 2018):** <http://www.mrt.gov.me/en/news/182561/Law-on-Tourism-and-Hospitality.html>
- **Tourism Association Board of the Chamber of Commerce of Montenegro:** <http://www.privrednakomora.me/en/tip-organizacione-strukture/udruzenje-turizma-i-ugostiteljstva>
- **National Tourism Organization:** <https://www.montenegro.travel/>
- **Montenegro Tourism Association:** <http://ctu-montenegro.org/en>
- **University of Montenegro – Faculty of Tourism and Hospitality:** <http://www.ucg.ac.me/fakultet/22>
- **Visa Regime for Foreign Citizens:** <http://www.mvp.gov.me/en/sections/consular-affairs/visa-regimes-for-foreign-citizens/>
- **World Travel and Tourism Council – Economic Impact 2017 Montenegro:** <https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2017/montenegro2017.pdf>
- **National Statistics Office (MONSTAT) – Tourism statistics:** <http://www.monstat.org/eng/page.php?id=43&pageid=43>
- **Montenegro Airlines:** <https://www.montenegroairlines.com/>
- **Montenegro Airports (Tivat, Podgorica):** <https://www.montenegroairports.com/eng/>
- **Montenegro Health Tourism Cluster:** <http://slideplayer.com/slide/9877558/>
- **Airways Montenegro – scenic and charter helicopter tours:** <http://www.airwaysmontenegro.com/>

19. AGRICULTURE

Contact: **Ministry of Agriculture and Rural Development**
Website: www.mpr.gov.me, E-mail: elektronskaposta@mpr.gov.me
Contact person: Ms Rahela Nisavic: Rahela.nisavic@mpr.gov.me
Telephone: + 382 20 482 225

Montenegro has optimal conditions for **honey production**, a rich tradition in **viticulture** (wine is the most important export product of the food processing industry), olive growing and **olive oil production**, remarkable potential for **fruits and vegetables processing**, organic productions of **natural herbs** (over 5,000 herb species, over 200 endemic for Montenegro), untapped potential for **natural spring water** bottling business, **fisheries** (both saltwater and freshwater), **livestock farming**, and **wood processing** (almost 60% of Montenegrin land is covered with woods and 99% of forest potential is of natural origin). The size of available land in Montenegro is 334,048.8 ha (preliminary data), which represents 25.7% of the total territory. There is extraordinary potential for investment in the sector of processing of agricultural produce - food processing (canning, fish processing, fruit and vegetable processing, dairy processing, food packaging plants, etc). There is a significant potential for productivity increase, as well as linking agriculture (especially organic food and traditional specialties production) with growing tourism demand. Wood processing, categorized as part of agriculture sector, has significant opportunity, especially when considering the booming real-estate and tourism industry in Montenegro (quality furniture manufacturing, for hotels and residencies).

Organic Production

Montenegro's organic production potential has particular relevance in the context of its ever-growing high-end tourism sector. Significant opportunities for FDI are found in organic agriculture and production of products that have either the protected designation of origin (PDO) or protected geographical indication (PGI).

Key livestock sector organic products are traditional meat products, eggs and dairy. Key organic farming sectors with significant production potential are: medicinal and aromatic herbs, vegetable farming, as well as sheep and goat farming.

- **MONTEORGANICA – Organic Production of Montenegro:** <https://orgcg.org/>
- **IFOAM EU GROUP – Montenegro:** <http://www.ifoam-eu.org/en/montenegro>

Fruit and Vegetable

Due to preserved soil and favorable, diverse Mediterranean and continental climate, Montenegro has excellent potential for growing various types of fruits (citrus fruits, melons, berries, pits and core) and vegetables (tomatoes, potatoes, cucumbers, early season vegetables, microgreens, tobacco, etc.). However, the fruit and vegetable sector is fragmented, with a large number of small producers - mostly unspecialized households with underdeveloped agricultural technologies, inadequate processing capacities, and little experience in branding. Precisely these challenges represent exceptional opportunities for FDI.

Olive Processing

Olive tree (*Olea europea* L.) is the oldest subtropical culture on the Montenegrin coast. Mediterranean climate is favorable for the cultivation of olives and production of high-quality olive oil with its extraordinary flavor. There are currently no large olive processing companies in Montenegro that would buy olives from small local producers. This represents a unique opportunity for FDI.

Association of Olive Oil Producers of Montenegro: <http://oliveoilmontenegro.me/pages/about/>

Wine Production

Montenegro has experienced intensive development of viticulture and winemaking in the last decade. There has been steady increase in vineyard areas, the number of wineries and the number of wine types. Company **“13. Jul - Plantaže”** (<http://www.plantaze.com/en/>) accounts for around 94.5% of the total production of wine in Montenegro, i.e. quantity of 145.000 hl of all types of wine). The company exports over 17 million bottled products (90% wines, 10% brandy or “rakija”) each year to around 40 countries around the world.

Except “13. Jul Plantaže”, 107 other entities produce wine. Family wineries have an annual production of 2 to 5.000 liters of wine, and legal entities each of 20 to 50,000 liters of wine annually. Among them, the stable and good quality of wine have: “Ravil” doo from Cetinje, “Buk” doo from Bar, “MBN Kruna” doo from Ulcinj and 5 subjects from Podgorica: “Winery Vučinić”, “Boutique Winery Knežević” doo, Winery Krgović”, “Vukićević Company” doo and “3 & D” doo.

- Association of Winegrowers and Winemakers of Montenegro: <http://winesofmontenegro.me/>

Beer Production

Trebjesa Brewery (<https://www.pivaratrebjesa.com/>) until recently was for decades the only brewery in Montenegro. It is based in Nikšić, and is owned by Molson Coors (<http://www.molsoncoors.com/en>). The company produces four lagers under the brand name “Nik”: Nikšićko pivo, Nik Gold, Nik Cool, and Nikšićko tamno.

A new brewery was opened in Nikšić in June 2018 by Comp Comerc, a local company, which produces a variety of ale and lager, branded “Mammut”, mainly for the local market.

Honey Production

Montenegrin beekeeping has a long and rich tradition. Different climate zones in the country, large areas covered with natural meadows and pastures, and vast karst regions with rich flora and plenty of honey plants provide excellent natural conditions for apiculture. Honey is the main product but the economic value of apiculture products could be higher if beekeepers were to expand their assortments of product to include beebread, propolis, pollen, selected bee queens.

- All activities related to beekeeping are consolidated in the House of Honey, which is the center for development of beekeeping, and is the result of joint projects of the Ministry of Agriculture and Rural Development, and the National Beekeeping Association of Montenegro.

Meat Production

The livestock and meat sector is the most important food chain in Montenegro, as it represents 45% of the total agricultural production. Montenegro is becoming increasingly an important regional

player with positive export trends for meat products, thus contributing to the agricultural export balance and local employment, both on the small-scale and larger farms. There is a young and dynamic meat processing industry, which achieves significant results in stimulating meat production and is becoming one of the best-developed processing industries. More and more companies have industrial scale export oriented production, high productivity, high quality products, modern production processes.

- **Association of agriculture and food-processing and tobacco industries, Chamber of Economy of Montenegro** – Contact person: Ms Lidija Rmuš, Secretary of the Association Board, Telephone: +382 20 230 494, e-mail: lrmus@pkcg.org

Fisheries

Montenegro's fisheries potentials are abundant and insufficiently exploited, considering the fact that Montenegro has at its disposal vast volumes of fish from both the Adriatic Sea and the Skadar Lake, the largest lake in Southeast Europe.

There is significant potential for profit from exporting anchovy and sardines, due to growing demand for this type of fish. Only three licenses for catching these fish species were issued in Montenegro, which is an opportunity to expand the plant's operations.

- **Fisheries Statistics (MONSTAT):** <http://www.monstat.org/eng/page.php?id=162&pageid=162>

- **Ministry of Agriculture and Rural Development - Fisheries Directorate:**

http://www.minpolj.gov.me/kontakt/Direktorat_za_ribarstvo/

- **Prominent Montenegrin fish companies:**

- **Zeta Fish:** <http://www.zeta-fish.com/>

- **Montefish:** <http://www.montefish.me/>

- **Cogimar:** <https://www.cogimar.com/>

Water Production

Montenegro's untapped potentials for the production of bottled spring water from the natural mountain springs with **total annual capacity of 350 million litres** represent an excellent investment opportunity. At present, only about 17% of its water resources are economically exploited.

In March 2018, the Government of Montenegro adopted a "Plan for issuing concessions in the field of waters for 2018", which includes **8 natural springs**. The Plan for issuing concessions can be found at: http://www.gov.me/sjednice_vlade_2016/67. The institution in charge is the Directorate for Water: <http://www.upravazavode.gov.me/uprava>.

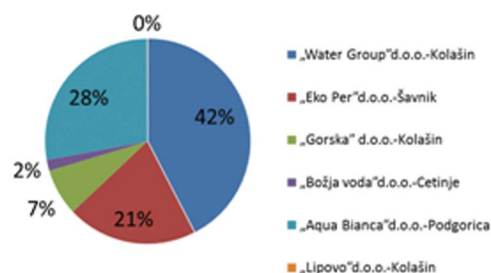
Regionalni vodovod Crnogorsko primorje (Montenegro Regional Water Supply): <http://www.regionalniovodovod.me> provides potable water supply to the coast of Montenegro from the Skadar Lake, and can establish cooperation in order to arrange better use of potentials for production, bottling or sending water.

Only 6 water bottling factories presently operate in Montenegro:

1. **Water Group** – spring water **Suza:** <http://www.vodasuza.com> - production 9.859.258,2 liters in 2017

2. **Eko Per company** – spring water **Diva:** <http://www.vodadiva.com/home.html> -- production 4.787.141,46 liters in 2017

3. **Gorska** water Montenegro: <http://www.gorska.me/> - production 1.719.099 liters in 2017
4. **Božja voda** – spring water **Monte Minerale**: <http://monte-water.com/en/about-us> -- production 402.981 litres in 2017
5. **Aqua Bianca**: <http://www.aquabianca.com/> -- production 6.479.247 liters in 2017
6. Water factory **Lipovo** (in administration) – production 9.000 liters in 2017



Bottled water production in 2017, Source: MARD

- **Water Directorate**: <http://www.upravazavode.gov.me/uprava>
- **Board of the Association for Agriculture and Food Industry of the Chamber of Economy of Montenegro (in charge of Water Sector)**: <http://www.privrednakomora.me/tip-organizacione-strukture/udruzenje-poljoprivrede-i-prehrambene-industrije>
- **Regionalni vodovod Crnogorsko primorje (Montenegro Regional Water Supply)**: <http://www.regionalnivodovod.me/>
- **Possibilities for Water Export**: <https://drive.google.com/file/d/0B-SS8T0SqlgUQmJzZDlyUWxXdnM/view>

Forestry

Of the total territory of Montenegro, 59,5% or 826,782 ha is covered with woods, while barren forest land makes additional 9.7%. Montenegrin forests are among the most natural forests in Europe. Almost 99% of forest potential is of natural origin. The total standing volume of all of the forests is 133 million cubic meters of wood, 104 million of which belong to the forests available for wood supply. Conifers account for 41% of wood stock and 59% are deciduous trees. The total annual increment in forests is estimated at 2,8 million m³. The annual cutting volume is cca 0,8 mill. m³. Half of this volume is timber appropriate for higher level wood processing, and rest for energy wood.

- **Ministry of Agriculture and Rural Development**: <http://www.mpr.gov.me/ministarstvo?alphabet=lat>
- **Food and Agriculture Organisation of the United Nations (FAO) – Montenegro**: <http://www.fao.org/countryprofiles/index/en/?iso3=MNE>
- **Agro Budget for 2018**: <http://www.minpolj.gov.me/organizacija/agrobudzet>
- **IPARD Program**: http://www.minpolj.gov.me//rubrike/IPARD_program/
- **University of Montenegro – Biotechnical Faculty**: <http://www.ucg.ac.me/btf/>
- **MONSTAT – Agriculture and fishing statistics**: <http://www.monstat.org/eng/page.php?id=59&pageid=59>
- **MONSTAT - Economic Accounts for agriculture, forestry and environment**: <http://www.monstat.org/eng/page.php?id=1344&pageid=1344>
- **MONSTAT - Forestry Statistics**: <http://www.monstat.org/eng/page.php?id=65&pageid=65> Chamber of Economy of Montenegro
- **Agriculture and Food Industry Association Board**: <http://www.privrednakomora.me/tip-organizacione-strukture/udruzenje-poljoprivrede-i-prehrambene-industrije>
- **AGROS Montenegro: Montenegro Agriculture Portal**: <http://agros.me/>

20. ENVIRONMENT

Contact: **Ministry of Sustainable Development and Tourism - Directorate for Environment**

Website: www.mrt.gov.me

Contact person: Ms. Ivana Vojinović, Director General ivana.vojinovic@mrt.gov.me

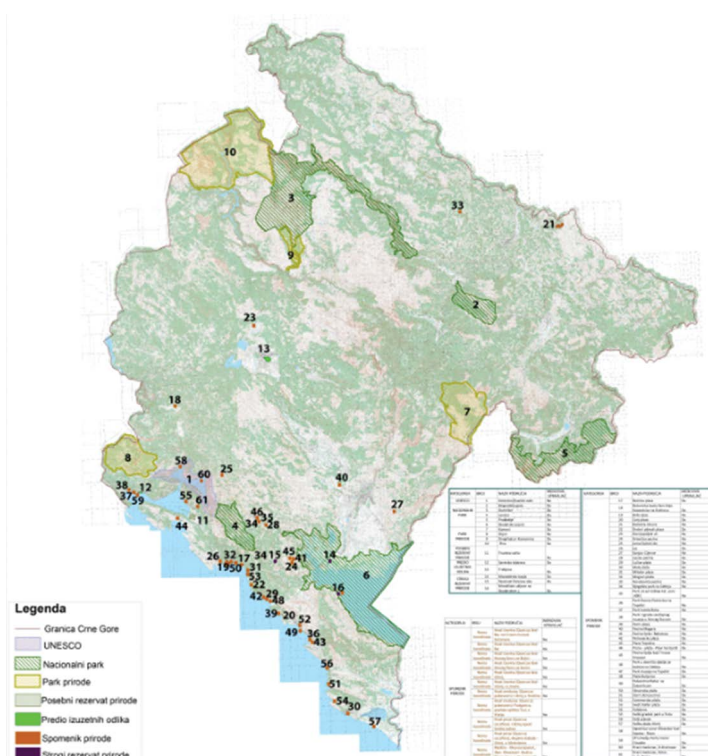
Telephone: +382 20 446 232

On September 20th 1991 Montenegrin MPs signed a historical “Declaration of ecological state of Montenegro”, whereby they urged for the establishment of a relationship of the State with the Nature, and committed all generations to refer to Nature as to the source of health and inspiration for freedom. They also urged the Montenegrins to be vigorous about the Nature’s preservation “for the sake of their own survival and that of their descendants.” The document was presented at the Rio de Janeiro 1992 UN Conference on environment and development.

Montenegro relies heavily on its ecological environment as a backdrop and backbone to all other sectors of economy, especially tourism, agriculture, energy, processing industry, etc. In order to be able to keep up with the rising demands of the development, Montenegro will need to invest in its environment infrastructure.

It is estimated that approx. **€ 1,400 million** of investments is needed in the process of reaching EU standards¹³ as stated in the **National Strategy for Transposition and Implementation and enforcement of the EU acquis on Environment and Climate** <http://www.mrt.gov.me/en/news/164797/National-Strategy-with-Action-Plan-for-transposition-implementation-and-enforcement-of-the-EU-acquis-on-Environment-and-Climate.html>. **Three projects in the field of environmental protection worth € 62.9 million** are on the List for Priority Infrastructure Projects (Single Project Pipeline).

In addition for the need for expert assistance in the process of harmonization with the EU legislation in this area, the preparation of the planned documentation and construction of concrete projects is also expected in the following areas: waste management, air quality, water quality, nature protection, industrial pollution, chemicals, noise, climate change, etc. Also, it is necessary to invest in the construction of new/maintenance of existing ecological infrastructure, remediation of consequences of pollution and degradation of natural resources, as well as for the establishment of new standards and preventive mechanisms for the prevention of environmental threats.



Source: MSDT

¹³ Montenegro opened negotiating chapter 27 - Environment and Climate Change with the EU on 10th December 2018.

For example, in order to achieve the goals, set by the National Chemicals Management Strategy 2019-2022, with the Action Plan for the period 2019-2022. it's necessary carry out the activities set out in the Action Plan of this document. To finance the activities envisaged by the Action Plan, part of the budget will be financed from the state budget, while for financing part of the activities related to capacity building, improving the implementation of regulations and raising public awareness envisaged funding from donor funds, in the amount specified for each relevant activity of the Action Plan for to be applied for donations (total € 500,000). The National Chemicals Management Strategy 2019-2022, with the Action Plan for the period 2019-2022 can be downloaded at: <http://www.mrt.gov.me/biblioteka/strategije?alphabet=cyr&sortDirection=desc>.

Under the new draft Law in the field of protection against ionizing radiation, radiation and nuclear safety and security, possibilities for strengthening competitiveness are opened up. For the first time, the conditions are defined for the foreign legal person to perform tasks involving ionizing radiation in the cases of the health needs of the population, as well as for the performance of other specific tasks. The law also defines conditions for authorisation for a business entity that will be able to work on the professional training of personnel involved in the work related to the use of ionizing radiation sources, which needs to be registered in Montenegro. This encourages the establishment of such a legal person in Montenegro to perform the above mentioned tasks

- **Directorate for Environment - of Sustainable Development and Tourism:** <http://www.mrt.gov.me/en/organization/environment>
- **Directorate for Waste Management and Utility Development - Ministry of Sustainable Development and Tourism:** http://www.mrt.gov.me/en/organization/waste_management
- **Agency for the Protection of Nature and the Environment:** <http://www.epa.org.me/>
- **VodaCom company (water supply and sewage):** <http://www.vodacom.co.me/>
- **PROCON company:** <http://www.procon.me/index.php/mne/>

21. RESEARCH & DEVELOPMENT

Contact: **Ministry of Science**

Contact Person: Ms Marijeta Barjaktarović Lanzardi, MA

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Telephone: (+382) 20 234 577

The first **Science and Technology Park (STP)** in Montenegro will be established as a distributed infrastructure with its central unit planned to be in Podgorica, and three impulse centres in Nikšić, Bar and Pljevlja.

Innovation and Entrepreneurship Center “Tehnopolis” (<http://www.tehnopolis.me>) in Nikšić was officially opened in September 2016 as a part of the STP. “Tehnopolis” has become the key factor in the innovation ecosystem which is still in its initial phase of creation, and participates in all the relevant activities at the national and EU level. The establishment of the STP central unit is ongoing, while impulse centers in Bar and Pljevlja are planned to be established after 2020.



Figure 1 Tehnopolis Nikšić, Source: MS

STP in Podgorica will enable the creation of the necessary conditions for supporting the entrepreneurship and developing the high value products on the one hand and will act as an accelerator of the research and innovative ideas generated from the academic sector getting them closer to the market. It will host about 40-50 micro and SMEs (from high technology sector with a focus not only on ICT, but also on energy, agriculture and medicine), and research and innovation laboratories.

Montenegro put its efforts towards establishment of the Centres of Excellence (CoEs) with the aim to gather best researchers and young people around the scientific fields highly connected to the strategic priorities of the country development. The new organizational unit of the University of Montenegro (UoM), Institute “Centre of Excellence for Research and Innovation”, as of May 2018, hosted the first CoE project “Centre of Excellence in Bioinformatics - BIO-ICT” (<http://www.bio-ict.ac.me/>), financed under the World Bank loan within the “Higher Education and Research for Innovation and Competitiveness” (HERIC) project.

In March 2017, the Government of Montenegro launched an Initiative for establishment of the **South East European International Institute for Sustainable Technologies (SEEIIST)** with the aim of promoting collaboration between science, technology and industry and providing a platform for education of young scientists and engineers based on knowledge and technology transfer from European laboratories like CERN and others. The Institute would assure scientific excellence and high competitiveness with the rest of Europe. The Initiative was formalized as a Regional project after signing a Declaration of Intent by eight Southeast European countries at a Ministerial meeting which was held on 25 October 2017 at CERN, Geneva.

Concept Studies for two options were elaborated by two groups of international experts (<http://www.mna.gov.me/en/news/180628/Summary-of-basic-concepts-for-the-South-East-Europe-International-Institute.html>):

- 1) a state-of-the-art “Facility for Tumor Therapy and Biomedical Research with protons and heavier

ions” and

2) a “4th Generation Synchrotron Light Source”, that would offer a broad spectrum of research and industrial applications.

A consensus was reached for the first option in March 2018. The Preparatory phase, i.e. preparation of the Technical Design Report (TDR), Business Plan and conditions for the site, is the next major step, planned to start during 2019.

- **Ministry of Science of Montenegro:** <http://www.mna.gov.me/en/ministry>; <http://seeiist.eu/>
- **University of Montenegro:** <http://www.ucg.ac.me/>
- **Montenegrin Academy of Sciences and Arts:** <https://www.canu.me/en>

22. THE ICT SECTOR

Contact: **Ministry of Economy – Directorate for Electronic Communication, Postal Service and Radio-Spectrum**

http://www.mek.gov.me/organizacija/Direktorat_za_elektronske_komunikacije_postansku

Contact person: Ms. Ratka Strugar, Director General

Telephone: (+382) 20 482 258 ; E-mail: ratka.strugar@mek.gov.me and

tanja.maras@mek.gov.me

Contact: **Chamber of Economy of Montenegro - ICT Association:**

<http://www.privrednakomora.me/en/ict>,

Contact person: Nada Rakočević, Secretary of the Association Board,

Telephone: +382 20 230 971, e-mail: nrakocevic@pkcg.org

ICT sector in Montenegro has been recognized as one of the most important sectors for future economic development of Montenegro. The ICT sector has an overreaching influence on the national economy and global competitiveness since it supports all other sectors of the economy. Montenegro holds the 58st place according to data from the World Economic Forum's Global Competitiveness Report 2018, when it comes to ICT. Electronic communications are well developed and competitive, with main providers being members of renowned international and regional telecom companies, while IT sector has a lot of potential for further improvement. ICT is the most advantageous in terms of the simplicity and efficiency of making business in the country, as noted in the White Book of Montenegro's Foreign Investors Council for 2018.

The ICT-related legislation is aligned with the respective EU legislation. The Government of Montenegro's 2016 Strategy for the Development of Information Society Until 2020 defines key sectors for further development in this area. The document recognizes very important sectors such as: broadband access, information security, human capital, e-commerce, e-education, e-health, e-connectivity, e-government, research and development and innovation. Another very important strategy of the Government of Montenegro is the Strategy for Cyber Security of Montenegro 2013-2017, which has special relevance also in the context of recent membership of Montenegro in NATO (as of June 5th, 2017).

The telecommunications sector in Montenegro is 100 percent privately owned. Annual turnover in this sector is estimated at close to €350 million, and investments in the last 3 years reached €250 million. Broadband penetration is close to 80% on household level, while 4G coverage is 98% of populated areas. Montenegro's country code is + 382, and domain extension is .me.

There are currently over **400 companies in ICT sector in Montenegro**. As of July 2017, there have been 40 registered operators in Montenegro:

- 4 operators of fixed/landline telephony,
- 3 operators of mobile telephony: **Crnogorski telekom (T-Com)**: <https://www.telekom.me/> **Telenor**: <https://www.telenor.me/> and **M-tel**: <http://mtel.me/>
- 22 internet service providers and
- 7 AVM distribution service operators.

Many global players from ICT sector are present on the Montenegrin market, e.g. Microsoft, Telenor (sold recently to PFF Group), Crnogorski Telekom (daughter company Hrvatski Telekom and member of Deutsche Telekom Group), Ericsson, Huawei, S&T, New Frontier Group (Saga), as well as important regional operators like Telekom Serbia, Com Trade and United Group.

DoME Ltd (<https://domain.me/>) is a Montenegrin joint venture founded in 2008 by Afilias Limited, GoDaddy.com and ME-net, Ltd that does business as a .ME Registry. The company was chosen by Montenegrin Government to operate the .ME ccTLD of Montenegro. Even though .ME is country code Top Level Domain (ccTLD), due to its attractiveness for marketing exploitation, it soon opened its doors for worldwide registrations and quickly achieved worldwide success. In March 2016, .me surpassed one million domain name registrations.

Domain.ME is the organizer of one of the most carefully curated business/internet conferences in Southeast Europe - **Spark.me** (<http://spark.me/2018/>). The conference has been organized annually since 2013 in the Montenegrin seaside resort of Budva.

Infofest <https://www.infofest.com/en/> is another important conference with 25 year-long tradition. It takes place annually in Budva, Montenegro. For decades, Infofest is the most important regional event in the field of information and communication technologies, which brings together renowned ICT companies and regulators from the region, as well as representatives of international ICT associations. For this reason, Infofest was declared as manifestation of state importance.

- **IT Cluster Montenegro:** <http://www.itcluster.me/>
- **ICT Balkan and Black Sea Cluster Network:** <http://bbs-ict.com/>
- **University of Montenegro – Faculty of Electrical Engineering:** <http://www.it.ac.me/eng/>
- **University of Montenegro - BIO-ICT Center of Excellence:** <http://www.ucg.ac.me/etf/bioict>
- **Agency for Electronic Communications and Postal Services:** <http://www.ekip.me/eng/>
- **Festival of Information Technology Achievements (INFOFEST):** <https://www.infofest.com/en/>
- **Spark.me** (<http://spark.me/2018/>)
- **Digitalizuj.me:** <http://digitalizuj.me/>

23. CULTURE AND HERITAGE POTENTIALS

Contact: **Ministry of Culture of Montenegro**
Website: www.mku.gov.me
Contact: <http://www.mku.gov.me/en/contact?alphabet=lat>
Contact person: Mr. Aleksandar Dajkovic, Director General for Cultural Heritage:
aleksandar.dajkovic@mku.gov.me, Telephone / fax: + 382 41 232 540

Potentials of Montenegrin Cultural Heritage Sites

A number of Montenegro's cultural heritage sites have been identified as possible investment project with the goal of their restoration, preservation and commercial valorization. They have been listed in a brochure prepared by the Ministry of Culture of Montenegro.

The brochure about **32 Montenegrin cultural heritage sites**, with significant potential for various future investment possibilities, was published in October 2018¹⁴.

Properties inscribed on the **UN World Heritage List (UNESCO)** are:

- Cultural:
1. Natural and Culturo-Historical Region of Kotor (1979)
 2. Stećci Medieval Tombstones Graveyards (2016)
 3. Venetian Works of Defence between the 16th and 17th Centuries: Stato da Terra – Western Stato da Mar (2017)
- Natural:
1. Durmitor National Park (1980,2005)

Sites on the Tentative List (an inventory of the properties that each State Party intends to consider for nomination) are:

1. Cetinje Historic Core (2010)
2. Old Town of Bar (2010)
3. Doclea (2010)
4. 'Biogradska gora' National Park (2010)
5. Ulcinj Old town (2018)
6. Ancient and Primeval Beech Forests of the Carpathians and Other Regions of Europe (2018).

UNESCO: <http://whc.unesco.org/en/statesparties/me>, <http://www.unescomontenegro.com>

Figure 1 and 2, Source: MC



14 <http://www.mrt.gov.me/ResourceManager/FileDownload.aspx?rid=243644&rType=2>

Creative and Emerging Industries

The creative industry sector in Montenegro (culture, art, design, architecture, TV, radio, etc.) is becoming one of more dynamic sectors in Montenegro. Ministry of Culture formed Department for project of capital importance and promotion and development of cultural industries. Four Emerging Industries have particular relevance and potential for further commercial development in Montenegro:

- **Experience industries** (related to tourism, culture),
- **Maritime industry** (especially yachting and recreational craft sector intended for leisure or sport)
- **Creative industries** (culture, art, design, architecture, TV, radio, etc) and
- **Eco industries.**

These industries are characterized by high growth rates and market potential, and are usually based on new products, services, technologies or ideas.

- **Faculty of Fine Arts, Cetinje:** www.ucg.ac.me/flu
- **Association of Painters of Montenegro:** <http://www.ulucg.me/organizacija.php>
- **National Museum of Montenegro:** http://www.mnmuseum.org/UMCG_e.htm
- **Museums and Galleries, Podgorica:** <http://podgorica.me/muzeji-i-galerije/>
- **Creative Europe – Montenegro Desk:** www.kreativnaevropa.me
- **Cultural Routes of the Council of Europe:** <https://www.coe.int/en/web/cultural-routes/montenegro>
- **Culture and Art Statistics (MONSTAT):** <http://www.monstat.org/eng/page.php?id=78&pageid=78>

24. FILMING IN MONTENEGRO – CASH REBATE

Contact: **Film Centre of Montenegro**

Contact person: Mr. Sehad Čekić, director: info@fccg.me, sehad@fccg.me

Website: www.fccg.me

Film industry is one area with significant potential – primarily thanks to Montenegro's incredible diversity of landscape and topography in a relatively small area (total country area: 13,812 km² / 5,333 sq mi). The film productions have at their disposal the magnificent settings of the Adriatic coast, the Skadar Lake (largest lake in Southeast Europe), the mountains and rivers, the urban and rural settings, etc. The average number of sunny days in Montenegro is 240.

The Film Centre of Montenegro, which was established in 2016, has a key role in the promotion of Montenegrin cinema and its potential for international productions. The Film Centre of Montenegro has been established as a public institution with the aim of creating a stimulating environment for Montenegrin film community and its international promotion. Its main activities include: the management of the film fund; the support of the new film productions; the promotion of Montenegrin cinema and its potential for international productions; training programmes for film professionals directed towards raising the level of their professional skills; as well as the series of activities around film festivals and film literacy.

Montenegro introduced the 25% cash rebate on eligible costs for feature films and documentaries and TV series. The minimum spending is €100.000.

Productions have a possibility to get a cash rebate of the invested funds for the film/television project. The refund can cover up to 25% of eligible expenditures spent in Montenegro for the making of the film and is granted after meeting certain conditions. The right to a cash rebate may be granted to the producer of a cinematographic work, a co-producer or production company that performs a service, provided that:

1. the funds spent for the realization of a cinematographic work in Montenegro are not provided from the budget of Montenegro or the Film Centre and are not less than EUR 100,000;
2. all taxes, contributions and other fiscal obligations prescribed by law have been previously settled in Montenegro;
3. there are no bankruptcy or liquidation proceedings against the producer; and
4. a producer or co-producer has at least one feature film that was shown to the public.

Institution in charge of the procedure:

- Film Centre of Montenegro
- Formats eligible: feature films, documentaries, TV films and series
- Minimum spend: 100.000 euros
- Qualifying test – minimum 15 points: cultural content, use of film crew and talents, use of production capacities.

Some of the films/TV series filmed in Montenegro are: «Brothers Bloom», «Koriolanus», «The Big Picture», «November Man», «The Last Panthers», «Papillon», etc.

- **Montenegrin Film Industry Address-book** (State and public institutions, professional associations and guilds, production companies, film festivals, institution of higher education, etc): www.fccg.me/en/adress-book/
- **Montenegro Film Centre**: <http://fccg.me/>
- **Filming locations brochure** (by Artrikulacija production): www.fccg.me

25. FINANCIAL SECTOR IN MONTENEGRO

Banking Sector in Montenegro

The banking sector in Montenegro is stable, with high levels of liquidity, solvency and rising profitability. Lending conditions in Montenegro are improving, as lending interest rates are continuously declining and reached their minimum levels. The banking sector in Montenegro is completely privatized. There are thirteen banks operating in the country, and all of them are privately owned: <https://www.cbcg.me/en/core-functions/supervision/banking-system/register-of-banks>

- Crnogorska komercijalna banka JCC Podgorica (CKB), member of OTP Group.
- Hipotekarna bank JCC Podgorica
- Societe Generale Montenegro JCC
- Prva bank Crne Gore JCC Podgorica
- ERSTE Bank JCC Podgorica
- NLB Banka JCC Podgorica, member of NLB Group
- Komercijalna banka JCC Budva
- Addiko Bank JCC Podgorica
- Universal Capital Bank JCC Podgorica
- Lovćen banka JCC Podgorica
- Zapad bank AD Podgorica
- ZIRAAT Bank Montenegro JCC Podgorica
- NOVA BANKA JCC Podgorica

Montenegro is one of a few countries that does not belong to the Euro zone but uses the Euro as its official currency, without any formal agreement. Since its authority is limited in monetary policies, the Central Bank has focused on control of the banking system, inciting and preserving of stability of financial system and maintenance of the payment system acting as the state fiscal agent.

Insurance Market in Montenegro

Insurance companies in Montenegro:

- Lovćen insurance JSC
- Lovćen life insurance JSC
- Sava Montenegro JSC
- Swiss insurance JSC
- Uniqua non-life insurance JSC
- Uniqua life insurance JSC
- Generali Insurance Montenegro JSC
- Wiener Staedtische JSC, Vienna Insurance Group
- Grawe insurance JSC
- Atlas life JSC.

Microcredit financial institutions in Montenegro

- Monte Credit DOO Podgorica
- Montenegro Investments Credit DOO Podgorica
- Ozmont DOO Podgorica
- Klikloan DOO Podgorica

- Alter Modus DOO Podgorica
- Kredit + DOO Podgorica
- Capital-Invest DOO Berane
- Leasing companies
- Porsche leasing DOO Podgorica
- S-Leasing DOO Podgorica

Investment and Development Fund of Montenegro IRF

Investment and Development Fund of Montenegro (IRF) <http://www.irfcg.me/en/> was established in 2010 with the purpose of encouraging and facilitating economic development of Montenegro. The Fund core businesses is established through granting loans, performing activities pertaining to the sale of capital in Fund's portfolio and other activities aimed at supporting economic development. Key activity areas, inter alia: Supporting entrepreneurship, Supporting small and medium companies for investments in agriculture, tourism, production, services as well as supporting liquidity; Support in resolving infrastructure and ecological projects; Supporting export and employment; Privatization of the residual social capital.

- **Central Bank of Montenegro:** www.cbcbg.me
- **Regulations:** <http://www.cb-cg.org/eng/index.php?bl=regulations>
- **Statistics:** <http://www.cb-cg.org/eng/index.php?mn1=statistics>
- **Association of Banks in Montenegro:** <http://ubcg.info/en/>
- **Association of banking and other financial institutions and insurance companies of the Chamber of Economy of Montenegro:** <http://www.privrednakomora.me/en/banking>, Contact person: Mr. Almer Bećiragić, Secretary of the Association Board, e-mail: abeciragic@pkcg.org
- **Ministry of Finance:** www.mif.gov.me
- **Insurance Supervision Agency:** https://www.ano.me/en/index.php?option=com_content&view=category&layout=blog&id=44&Itemid=113
- **Microcredit financial institutions:** http://www.cb-cg.org/eng/index.php?mn1=bank_supervision&mn2=balance_sheet_and_profit_and_loss_statements_of_mfis
- **Stock market Montenegro berza:** <http://www.montenegroberza.com/code/navigate.asp?ld=59>
- **Capital Market Authority:** <http://www.scmn.me>
- **Investment and Development Fund of Montenegro JCC:** <http://www.irfcg.me/en/>; <http://www.cb-cg.org/eng/index.php?mn1=statistics>
- **European Investment Bank – Montenegro:** <http://www.eib.org/projects/regions/enlargement/the-western-balkans/montenegro/index.htm>
- **European Bank for Reconstruction and Development (EBRD) – Montenegro Office:** <http://www.ebrd.com/cs/Satellite?c=Page&cid=1395236557263&d=Mobile&pagename=EBRD%2FPage%2FCountry>
- **The World Bank in Montenegro:** <http://www.worldbank.org/en/country/montenegro>

Disclaimer

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