



Pursuant to Article 22 of the Decree on direct investment incentives (*Official Gazette of Montenegro*, no. 80/15),

THE GOVERNMENT OF MONTENEGRO SECRETARIAT FOR DEVELOPMENT PROJECTS

hereby issues a

PUBLIC NOTICE

of participation in the procedure of awarding financial incentives for direct investment

1. The Government of Montenegro - Secretariat for Development Projects (hereinafter: the **Secretariat**) hereby invites local and foreign companies (hereinafter: **Business Entity**) to submit applications for participating in the process of awarding financial incentives for encouraging direct investment (hereinafter: the **Application**).

Direct investment is an investment in tangible and intangible assets of newly established business entities, expansion of the capacity of existing business entities or diversification of their output to new products or production processes. Acquisition of a share or stocks in a business entity shall not be considered as direct investment.

2. Financial incentives for encouraging direct investment may be awarded for investment projects with a minimum investment cost of EUR 500,000 that will provide jobs for at least 20 permanent employees within maximum three years from the date of signing the agreement on the use of financial incentives for encouraging direct investment (hereinafter: Direct Investment Incentive Agreement).

For investment in investment projects carried out in the territory of local self-government units in the northern and central regions, excluding the Capital City of Podgorica, financial incentives may be granted for investment projects with a minimum investment cost of EUR 250,000 that will provide jobs for at least 10 permanent employees within maximum three years from the date of signing the Direct Investment Incentive Agreement.

Direct investment incentives **may not be used** for funding the investment projects in the following sectors:

- a) primary agricultural production;
- b) synthetic fibre production;



- c) transport including passenger transport by air, sea, road or rail transport and by inland waterways or commercial transportation of goods services;
- d) games of chance;
- e) trade;
- f) primary production of coal and steel;
- g) production of electricity, oil and gas, tobacco and tobacco products, weapons and ammunition and
- h) production of genetically modified organisms and hazardous waste.

3. Requirements for the award of direct investment incentives

Financial incentives for encouraging direct investment may be awarded to the business entity which:

- a) is registered in the Central Registry of Business Entities;
- b) has submitted an investment project that is eligible under the Decree on direct investment incentives;
- c) is not under bankruptcy or liquidation, except for reorganization in accordance with the law governing insolvency of business entities;
- d) has not been convicted of a crime that is prosecuted *ex officio*;
- e) has settled all liabilities for taxes and contributions up to and including the month preceding the month of application;
- f) has not reduced the number of employees in Montenegro by 10% and more in the last 12 months preceding the application;
- g) has not used any state aid for the same investment project that is the subject-matter of the application;
- h) has not been in distress under the state aid legislation;
- i) is not under obligation to return illegally received state aid.

An investor which intends to carry out an investment project via another business entity shall establish a company domiciled in Montenegro and majority owned by the investor, before submitting the Application.

In the mentioned case, evidence of compliance with the requirements for the award of direct investment incentives shall be supplied both for the investor and the newly established company domiciled in Montenegro.

4. Amount of direct investment incentives

The amount of the incentive shall be determined according to the number of employees that will be hired on a permanent basis, under the criteria for encouraging direct investment, and may be equal to:

- 1) EUR 3,000 per new employee, for the score from 76 to 85;
- 2) EUR 4,000 per new employee, for the score from 86 to 95;
- 3) EUR 5,000 per new employee, for the score from 96 to 105;
- 4) EUR 6,000 per new employee, for the score from 106 to 115;
- 5) EUR 7,000 per new employee, for the score from 116 to 125;
- 6) EUR 8,000 per new employee, for the score from 126 to 135;
- 7) EUR 9,000 per new employee, for the score from 136 to 145;



8) EUR 10,000 per new employee, for the score from 146 to 150.

Notwithstanding the above, for capital investments, financial incentives for encouraging direct investment amounting to up to 17% of the total value of the investment project may be awarded without conducting the project scoring procedure, in accordance with the award criteria and methodology. The capital investments are investments of at least 10 million euros that provide job creation for at least 50 new employees within the time specified in the Direct Investment Incentive Agreement.

Awarded incentives shall be paid in instalments, each equal to one-third of the total amount awarded.

5. Criteria for the award of direct investment incentives

The amount of the incentives shall be determined according to the following criteria:

- a) references of the business entity;
- b) extent of participation of other business entities from Montenegro during and after the completion of the investment project;
- c) value of the investment project;
- d) investment project impacts related to research and development;
- e) investment project impacts on human resources;
- f) investment project impacts on the environment;
- g) volume of international turnover;
- h) economic effects of the investment project;
- i) investment project impacts on the regional development and
- j) letter of intent from the local self-government unit in the territory of which the business entity intends to invest.

6. Deadline, method and address for the submission of Applications

Applications in Montenegrin shall be submitted, in person or by registered mail, to the Secretariat by not later than 08. May 2017. until 12:00 hours (local time), to the address below:

**Sekretarijat za razvojne projekte (Secretariat for Development Projects)
Bulevar revolucije 7, 81000 Podgorica**

Applications received after this deadline will not be considered.

The Application form and the Instruction on how to submit an application for obtaining financial incentives for encouraging direct investment are published on the website of the Secretariat (www.srp.gov.me).

7. Application opening

Public opening of Applications shall be conducted on 08. May 2017, in the Secretariat's offices, starting at 12:15 h.



The application opening may be attended by authorized officers of the Applicants, their representatives or attorneys, against presentation of the representation authority or letter of attorney.

8. Bank Guarantee for the Application

The applying business entity must submit an unconditional and irrevocable Bank Guarantee for the Application, issued in favour of the Government of Montenegro, for EUR 5,000, payable at first call, issued by a commercial bank, with the validity of 180 days since the Application opening date.

9. Performance Guarantees

Together with each Disbursement Request, the incentive beneficiary shall submit to the Secretariat an unconditional and irrevocable bank guarantee in favour of the Government of Montenegro, payable at first call, without protest, and issued by a commercial bank registered in Montenegro (hereinafter: the **Performance Guarantee**).

Performance Guarantee submitted with the Disbursement Requests for the first and second instalments shall be for the amounts to be granted by the first and second instalments, with a validity of three years from the date of issue.

For the disbursement of the last instalment, the incentive beneficiary shall submit the Performance Guarantee for the overall amount awarded, with a validity of three years and six months from the date of issue, i.e. from the date of completing the investment project and achieving full employment foreseen by the project.

The form of the Bank Guarantee for the Application and the form of the Performance Guarantee are published on the website of the Secretariat (www.srp.gov.me).

10. Blank promissory notes

Together with Performance Guarantee issued for the first instalment of the awarded funds, the incentive beneficiary shall deliver two signed blank promissory notes with the signed authorization for the payment of default interest in case of default under the Agreement.

11. Contact person

For any questions related to this Public Notice, please contact the Secretariat for Development Projects at the following address and the following contact person:

Sekretarijat za razvojne projekte (Secretariat for Development Projects)

Bulevar revolucije 7

81000 Podgorica

Contact person: Anja Čvorović

Tel: 020 220 271

Fax: 020 220 030

e-mail: anja.cvorovic@srp.gov.me



12. Public Notice amendments

The Government of Montenegro may extend the deadline for the submission of Applications, in which case the amendments shall be published in the way and under the conditions this Public Notice has been published.

No: 02/2-36/8

Podgorica, 03/03/2017