STRATEGY FOR DEVELOPMENT OF SMALL AND MEDIUM SIZED ENTERPRISES 2011-2015
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<td>Association of Business Women</td>
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<td>Business Environment for Small and Rural Enterprises</td>
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<td>Balance of Payment</td>
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<td>Centre for Development of Non-Governmental Organisations</td>
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<td>Competitiveness Innovation Program</td>
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<td>Consumer Price Index</td>
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<td>Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH</td>
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<td>Education Agency</td>
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<td>Entrepreneurship Innovation Program</td>
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<td>Euro Info Correspondence Centre</td>
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<td>European Commission</td>
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<td>European Union</td>
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<td>European Information and Innovation Centre</td>
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<td>European Bank for Reconstruction and Development</td>
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<td>European Enterprise Network</td>
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<td>European Investment Fund</td>
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<td>European Investment Bank</td>
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<td>Foreign Direct Investments</td>
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<td>Global Entrepreneurship Monitor</td>
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<td>Hazard Analysis Critical Control Point</td>
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<td>Ministry of Labour and Social Welfare</td>
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<td>Montenegro Business Alliance</td>
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<td>National Program for Integration</td>
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<td>Organisation for Economic Cooperation and Development</td>
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<td>Fund for Pension and Disability Insurance</td>
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<td>Small and Medium sized Enterprises</td>
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<td>United Nation Development Program</td>
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<td>United States AID</td>
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\(^1\) With effect from January 1, 2011 Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is the successor to Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH
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FOREWORD

Modern conditions for doing business, that apply to enterprises and any sort of organisation, emphasize progressiveness in entrepreneurial behaviour. Entrepreneurial behaviour demands and creates changes not just in the company itself but also in its external environment. The purpose of entrepreneurial behaviour is a constant search for higher efficiency through permanent changes in the profit potentials of an enterprise.

Entrepreneurship is not just about economics, but rather it is related to all aspects of human behaviour and actions. Etymologically speaking, entrepreneurship means being able to start certain activities with the aim of achieving a certain goal. Today, entrepreneurship has become a specific conditional philosophy, a set of appropriate functions and different capabilities of people, which are directed at connection and coordination of different production factors in order to achieve the profit.

All countries in transition process were faced with initial restrictions in development of entrepreneurship and small and medium sized enterprises such as: low level of business knowledge (particularly in the area of management), regulatory and administrative barriers, limited access to available sources of funding in the medium and long term, inadequate access to sources of business and market information and limited availability of specialised business services.

When implementing such important tasks, these countries used measures and mechanisms of developed countries, adapting them to their needs and level of economic development.

In order to facilitate development of small and medium enterprises and further harmonization with the principles of the EU in this area, in January 2011 the Government of Montenegro adopted ‘Strategy for Development of Small and Medium Enterprises 2011-2015’.

Adoption of the Strategy was based on the necessity to continue projects and programmes of support for small and medium enterprises, and respect for recommendations defined by the National Program for Integration 2011-2015, the obligation to comply the SME policy development with the chapter 20 of Acquis Communautaire and the implementation of the European Charter for Small Enterprises, i.e. the Small Business Act.

Progress achieved in the area of small and medium enterprises in Montenegro is confirmed in report of the European Commission on Montenegro’s progress towards joining the EU and the latest Analytical Report of the European Commission from November 2010 which contains opinion on Montenegro’s application for membership in the EU.

The report emphasizes that development policy for small and medium enterprises has been the most developed component within the industrial and entrepreneurial policy and has been developed in full compliance with European Union’s policy on small and medium enterprises.

The Strategy for Development of Small and Medium Enterprises 2011-2015 has been prepared with the support of GIZ, as part of the project for Support to Economic Development and Employment 2005-2010 and with the support of European Commission delegation in Montenegro within the BESRE project.
Strategy for Development of Small and Medium Enterprises 2011-2015 has also been developed with contributions from ministries, other governmental agencies, business associations, universities, small and medium enterprises and international organisations.

In order to ensure transparency of the Strategy development process and in order to include views and opinions of other governmental agencies, private institutions and international organisations in an effective manner, in 2010 Coordination Team for Drafting and Implementing of Strategy has been formed to coordinate the whole process of Strategy development.

Strategy for Development of Small and Medium Enterprises 2011-2015 represents an expression of full commitment of the Government of Montenegro to strengthening development and growth of small and medium enterprises while its implementation should lead to further improvements in business climate, strengthening of financial support, improved entrepreneurial education and advisory services, additional support for beginners in business, completion of institutional infrastructure for development of SMEs, enhanced innovation, dialogue and partnership between public and private sectors and their promotion. These measures will lead to an increase in the employment rate, more dynamic growth and development, stronger competitiveness of small and medium enterprises and also a reduction in regional disparities.

Zoran Vukčević
1. STRATEGIC OBJECTIVES AND VISION

In the previous decade, Montenegro achieved significant economic growth with an average annual GDP growth rate of over 3%, along with an average single-digit inflation rate. Furthermore, significant political and economic reforms have been implemented in complete accordance with EU policy.

The future of social and economic growth in Montenegro, and with that the small and medium sized enterprise (hereinafter SMEs) development policy, depends on the widespread application of the principles which are dominant within the EU and which will ensure that entrepreneurial efforts and investments are worthwhile.

The **Strategy for Development of Small and Medium Sized Enterprises 2011-2015** (hereinafter the Strategy), aims to achieve a more favourable business environment which would reflect positively in the strengthening of SME competitiveness, innovation and export, as well as lead to an increase in employment and uniform regional development.

Adoption of the Strategy is based on the need to provide continuity in the process of creating and implementing the SME policy for the following reasons:

- Expiration and implementation of SME Strategy 2007-2010 and the need to continue with the programmes and projects supporting SMEs;
- Recommendations which have resulted from the EU accession process; as defined by the National Programme for Integration for the period 2011-2015, in the section which establishes the entrepreneurial policy;
- The commitment to harmonise the SME development policy with Chapter 20 of the Acquis Communautaire;
- Commitments undertaken in the process of implementation of the European Charter for Small Enterprises.

The principles which influenced the establishment of strategic objectives of the SME development policy relate to the fulfilment of the following priorities:

1. Harmonisation of the SME development policy with the current policy in the EU by complying with the principles as defined by:
   - Small Business Act (hereinafter SBA);
   - Europe 2020, a strategy for smart, sustainable and inclusive economic growth;
2. Strategic and priority needs of SMEs
   - Those identified through public-private consultations and partnerships
   - Those arising from current fluctuations in the macroeconomic environment
3. Development of SME policy resulting from its complex, multi-sector and multi-dimensional nature through:
   - Necessity to harmonise other sector policies with the SME policy, especially in those areas affecting development of entrepreneurship
   - Implementation of the Strategy based on the efficient coordination of various public sector institutions, at both local and national level, as well as cooperation and partnership between the public and private sector.

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Vision

A developed market economy with a competitive SME sector which accepts the concept of development of an entrepreneurial economy based on knowledge, innovation and modernised technological capacities, which will contribute to the creation of an entrepreneurial society in Montenegro.

Strategic objectives

The realisation of the Strategy should facilitate the achievement of the following strategic objectives:

• Improvement of the business environment
• Improvement of financial support
• Strengthening of SME competitiveness and promoting entrepreneurship
• Support for beginners in business - start-ups

Realisation

An integral component of the Strategy is the Framework Action Plan 2011-2015 for implementation, which defines the operational goals and the activities for their realisation, the responsible institutions and the deadlines within which they should be implemented.

The successful realisation of the Strategy should contribute to the achievement of the following results:

1. Increase in the number of SMEs by 25%
2. Increase in the number of employees within SMEs by 17%
3. Increase of SMEs contribution to 35% of total exports
4. SMEs achieving a 50% share of GDP, total investments, turnover, profits and gross added value\(^3\)

\(^3\) These results should be achieved by the end of 2015.
2. DEVELOPMENT OF SMEs IN MONTENEGRO - CURRENT SITUATION

SMEs, together with foreign direct investments, restructuring and privatisation, have a significant influence on the economic development of Montenegro and contribute significantly to the country’s dynamic transition process and help create the conditions for Montenegro to become an EU member.

The development of SMEs in Montenegro contributes to the increase in the gross domestic product, creation of new jobs and reduction of the unemployment rate, substitution of imports and higher export competitiveness of the domestic economy. SMEs are a source of innovation and play a significant role in uniform regional development, as well as in the process of European integration.

The small enterprise sector plays an especially significant role in the development of competitiveness on the level of the national economy as a whole, which improves its position in international trade. Therefore, the competitiveness of small enterprises is the basis for the successful market positioning of the national economy on the global market.

The significance of SMEs in developed market economies is best illustrated by the example of the EU where SMEs account for 99% of the 20 million4 enterprises which create around 75 million jobs. Within the European Union, SMEs also account for 70% of total turnover and represent 60% of the EU’s gross domestic product.

2.1. Macroeconomic climate and its effects on SMEs

The global financial crisis began in the middle of 2007, but its consequences were not felt in Montenegro until the last quarter of 2008. By the end of 2009, the crisis had led to a drop in the level of economic activity in Montenegro bringing about a decline in several macro-economic indicators, above all in the levels of GDP, industrial productivity, import and export. There were some positive indicators in the period between 2007-2009 such as a rise in employment, a decrease in unemployment and a higher influx of foreign direct investments.

By analysing the period from 2006 to 2009, it can be stated that the GDP rose by 38.71%, the number of employed people increased by 12.68%, unemployment decreased by 28.86% (the unemployment rate fell from 14.73% to 11.43%), foreign direct investments rose by 99.91% and loans increased by 289% with the effective interest rates falling by 0.56%. However, during the same period, industrial productivity and export rates decreased, while the inflation rate, imports and trade deficit levels increased.

In this period, small and medium businesses contributed to an increase in the number of employed individuals, which is confirmed by data showing SME employees account for 61.71% of the total employment level of and their share in total exports amounting to 31%.

4 Source: EUROSTAT
Table 1: Fluctuation of macroeconomic indicators during the period of 2006 - X 2010

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<tr>
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<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tr>
<td>GDP (mil €)</td>
<td>2,149</td>
<td>2,680.5</td>
<td>3,085.6</td>
<td>2,981.0</td>
<td>3,025.0</td>
</tr>
<tr>
<td>Inflation (%)</td>
<td>2.8%</td>
<td>7.7%</td>
<td>7.2%</td>
<td>1.5%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Industrial output (%)</td>
<td>1.0%</td>
<td>0.1%</td>
<td>-2.0%</td>
<td>-32.2%</td>
<td>16.5%</td>
</tr>
<tr>
<td>Bank loans to private enterprises (mil €)</td>
<td>471.3</td>
<td>1,364.4</td>
<td>1,657.0</td>
<td>1,357.9</td>
<td>1,262.4</td>
</tr>
<tr>
<td>Effective interest rates on loans (%)</td>
<td>9.94</td>
<td>9.09</td>
<td>9.40</td>
<td>9.38</td>
<td>9.60</td>
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<td>Number of employed</td>
<td>150,746</td>
<td>159,223</td>
<td>169,160</td>
<td>169,859</td>
<td>174,376</td>
</tr>
<tr>
<td>Number of unemployed</td>
<td>38,876</td>
<td>31,469</td>
<td>28,366</td>
<td>30,169</td>
<td>31,016</td>
</tr>
<tr>
<td>Import of goods by sector (mil €)</td>
<td>1,497.7</td>
<td>2,090.0</td>
<td>2,549.7</td>
<td>1,668.0</td>
<td>1,235.3</td>
</tr>
<tr>
<td>Export of goods by sector (mil €)</td>
<td>648.3</td>
<td>515.8</td>
<td>467.4</td>
<td>296.3</td>
<td>248.9</td>
</tr>
<tr>
<td>Trade balance (mil €)</td>
<td>-849.3</td>
<td>-1,574.2</td>
<td>-2,082.3</td>
<td>-1,371.7</td>
<td>-986.4</td>
</tr>
<tr>
<td>Foreign Direct Investments - Net (mil €)</td>
<td>466.7</td>
<td>557.7</td>
<td>551.7</td>
<td>919.0</td>
<td>397.9</td>
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</table>

Source: CBM

2.2. Analysis of SME development

Given the fact that a specific legal act on development of SMEs in Montenegro does not exist, SMEs are regulated by the following laws and regulations:

- Law on Commercial Companies;
- Law on Amendments and Supplements to the Law on Accounting and Auditing (the definition of an SME is provided in Article 3a of this Law);
- Regulation on the Criteria, Conditions and Procedure for Awarding Government Assistance.

At the end of 2009, there were 42,018 registered enterprises in Montenegro. The largest number of registered enterprises was in the Municipality of Podgorica 11,542 (27.5%), Bar 4,854 (11.55%) and Budva 4,751 (11.3%), while the smallest number of registered enterprises was in Zabljak 206 (0.49%), Andrijevica 179 (0.42%), Pluzine 62 (0.15%) and Savnik 59 (0.14%).

The largest number of active enterprises was in the Municipality of Podgorica - 4,699 (30.85%), Budva 1,813 (11.9%), Bar 1,449 (9.51%) and Herceg Novi 1,394 (9.15%), while

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5 Data for September 2010 - Consumer Price Index (CPI), loans to private sector, effective interest rates, number of employed and unemployed persons. Data for period between January-September for industrial output/result of four indicators Balance of Payment
6 Source: Monstat
7 Inflation is measured by using the cost of living index up until 2009; 2009 and 2010 with the consumer price index
8 Annual growth rate
9 Beginning in 2008 a new methodology is used for calculating interest rates
10 Number of employed and unemployed persons at the end of the year
11 Number of employed and unemployed persons at the end of the year
12 Source: Central Registry of the Commercial Court
the smallest number of active enterprises was in Mojkovac 124 (0.81%), Plav 91 (0.59%), Zabljak 62 (0.4%), Andrijevica 36 (0.42%) and Savnik 21 (0.13%). In terms of geographical distribution, the central region accounts for 43%, followed by the southern region at 42% and finally the northern region of Montenegro at a mere 15%.

The number of active SMEs\textsuperscript{13} at the end of 2009 was 15,229. Within the SME sector, micro companies account for 11,883 (or 78.02%) of the total number of SMEs, followed by small enterprises at 1,497 (9.83%) and then entrepreneurs\textsuperscript{14} at 1,423 (9.34%) while medium enterprises have the smallest share in the total number of SMEs (426 or 2.8%)\textsuperscript{5}.

At the end of 2009, the SME sector employed 105,038 individuals\textsuperscript{15}. Medium sized enterprises accounted for the largest number of employees at 41,361 (39.37%), followed by micro companies at 30,923 (29.44%), small enterprises at 29,775 (28.35%), while entrepreneurs had the smallest number of employees at 2,979 (2.84%).

By taking a comparative look at the period from 2006 to 2009, it can be concluded that the number of active enterprises increased from 11,522 to 15,229 or by 32.17%. The number of employed persons in the SME sector also increased from 85,065 to 105,038 or by 23.48%.

On 01.03.2010 the Tax Administration (TA)\textsuperscript{15} began applying a joint registration system for taxpayers, contribution payers and insured persons into a single central registry. The new joint registration form replaces 16 different forms (including the OPD1 form) which were previously submitted to four different institutions: TA, FPDI, HIFM and EBM. According to data from the Tax Administration, during the period of the first ten months of 2010 in Montenegro there were 27,515 (10,766 entrepreneurs, 14,747 micro, 1,569 small and 433 medium sized enterprises) active enterprises and entrepreneurs with 115,715 employees (a significant rise in the number of entrepreneurs can be explained by the fact that this methodology has included those who are registered as self-employed, which was not the case in previous years).

According to data from Monstat, the number of SMEs (not including entrepreneurs) at the end of 2009 was 16,113. When observed by sector\textsuperscript{16}, the largest number of SMEs were concentrated in wholesale, retail and repair (43.7%), followed by real estate, renting (16.26%) and industrial processing (9.55%), while the smallest number of SMEs were concentrated in the sectors of education (0.23%), fisheries (0.18%) and production of electrical energy, gas and water (0.14%).

The data obtained from Monstat relates to SMEs, as opposed to the data presented up until 2006 which was generated by a simple exclusion of certain sectors from the Classification Registry (public administration, education, health care system and social welfare, as well as extraterritorial organisations and bodies) and did not refer exclusively to the SME sector.

The share held by SMEs in total exports increased from 24.85% to 31% or by 6.15%. There is no official information available on the share held by SMEs in the GDP.

\textsuperscript{13} Source: TA
\textsuperscript{14} This figure excludes entrepreneurs who are self-employed, i.e. those who are not obliged to submit OPD1 form
\textsuperscript{15} According to the data for the period of 10 months in 2010, which were generated using the old methodology, there were 12,801 active enterprises which employed 96,454 persons. However, this data is not as reliable because OPD1 forms were not regularly submitted.
\textsuperscript{16} Source: Monstat
Key findings:
• Within the SME sector, medium sized enterprises have a dominating influence on the number of employed individuals
• There is a significant difference between the number of registered and active enterprises and entrepreneurs
• High trade deficit and inadequate SMEs participation in export
• High regional disproportion in the number of active SMEs

2.3. Business Climate

2.3.1. Programme for Eliminating Barriers to the Development of Entrepreneurship and creation of a more favourable business climate

With the adoption of new laws conforming to EU regulations and the implementation of institutional reforms within the fiscal system and financial sector, the business environment in Montenegro has improved significantly. However, entrepreneurs still face a difficult business environment which is mainly contributed to by a complicated regulatory framework, as well as extensive and costly administrative procedures which adversely affect the level of entrepreneurial activity.

With the aspiration to establish a more favourable business environment, in 2007 the Government adopted the Programme for Eliminating Barriers to the Development of Entrepreneurship in Montenegro, which contains an analysis and suggestions for eliminating barriers to business development. The goal of this Programme is to assist in the selection of priority recommendations in order to create a favourable business environment. It contains the analysis of the business environment, ownership rights, tax policy, foreign trade, credit policy, labour market, unfair competition and grey economy. It provides a general analysis of the situation and current factors which may slow down the process of development of the entrepreneurial sector within the country.

In order to achieve the efficient implementation of the policy for improving the business environment, in December 2009 the authority of the Council for Elimination of Business Barriers was expanded and the Council for Regulatory Reform and Improvement of the Business Environment was formed with their activities defined by the Action Plan for Regulatory Reform and Improvement of the Business Environment.

2.3.2. Business environment in Montenegro according to international reports

According to the World Bank’s ‘Doing Business’ report, Montenegro has improved its ranking by 24 places from 90th place in 2009 to 66th place in the rankings for 2011 according to the methodology used in the report. By changing the methodology, i.e. by exempting the Employment of workforce indicator, Montenegro has been adversely affected as this indicator was positively contributing towards the rank, which ultimately led to a lower position for this year. Had this indicator been taken into account, Montenegro would have achieved a progress by four positions. Thus, the analysis of the country’s progress, which takes into account changes in the specific indicators, is the relevant one.

This yearly publication usually contains the following year in its title in relation to the year covered by the report. Thus, the Report covering the period from June 2009 to June 2010 is titled Doing Business 2011.
to ease of doing business. The neighbouring countries which earned a better ranking than Montenegro were as follows: Macedonia (38), Slovenia (42), Bulgaria (51) and Romania (56). The neighbouring countries which ranked lower than Montenegro were: Albania (82), Croatia (84), Serbia (89), Bosnia and Herzegovina (110) and Kosovo (119).

The analysis of individual indicators shows that Montenegro, when comparing 2011 with 2010, has achieved significant progress in areas such as foreign trade and starting a business. Progress has also been achieved in property registration while payment of taxes has remained at the same level as before. There has been no improvement in fields such as access to credit, issuing construction permits, enforcement of contracts, closure of businesses and protection of investors. In spite of the noted progress, construction permits, payment of taxes, enforcement of contracts and property registration continue to be critical areas.

Table 2: Comparative Analysis for 2010/2011, Doing Business

<table>
<thead>
<tr>
<th>Indicators</th>
<th>DB2011 position: 66</th>
<th>DB2010 position: 65</th>
<th>Change in ranking: -1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting a Business</td>
<td>51</td>
<td>81</td>
<td>+30</td>
</tr>
<tr>
<td>Dealing with Licences</td>
<td>161</td>
<td>157</td>
<td>-4</td>
</tr>
<tr>
<td>Property Registration</td>
<td>116</td>
<td>117</td>
<td>+1</td>
</tr>
<tr>
<td>Getting Credit</td>
<td>32</td>
<td>30</td>
<td>-2</td>
</tr>
<tr>
<td>Protecting Investors</td>
<td>28</td>
<td>27</td>
<td>-1</td>
</tr>
<tr>
<td>Paying Taxes</td>
<td>139</td>
<td>139</td>
<td>No changes</td>
</tr>
<tr>
<td>Trading Across Borders</td>
<td>34</td>
<td>50</td>
<td>+16</td>
</tr>
<tr>
<td>Enforcing Contracts</td>
<td>135</td>
<td>132</td>
<td>-3</td>
</tr>
<tr>
<td>Closing a Business</td>
<td>47</td>
<td>44</td>
<td>-3</td>
</tr>
</tbody>
</table>

Source: World Bank ‘Doing Business’ reports

According to the Global Competitiveness Report for 2010–2011, which was published in September 2010, Montenegro ranked 49th out of the 139 countries covered by the report. Compared with the 2008–2009 report, Montenegro’s ranking improved by 13 places, while its competitiveness index increased from 4.1 to 4.3619 (the highest mark is 7). Slovenia (45) is the only country from the region which ranks higher than Montenegro, while the following countries rank lower: Croatia (77), Macedonia (79), Albania (88), Serbia (96), Bosnia and Herzegovina (102) and Kosovo (119).

By analysing the competitiveness factors presented in these reports, it can be concluded that Montenegro, when comparing the period of 2010-2011 with 2008-2009, made key improvements in the following areas: institutions, infrastructure, macroeconomic stability, health and primary education, higher education and training, goods market efficiency, labour market efficiency, technological readiness, business sophistication and innovation. On the other hand, Montenegro experienced a drop in the indicators market size and financial market development.

19 It can be concluded that Montenegro is in the ‘upper half’ of the ranked countries when it comes to the level of competitiveness, considering the fact that the mean value is 3.5 points.
**Table 3: Comparative analysis of Global Competitiveness 2011-2010/2010-2009**

<table>
<thead>
<tr>
<th>Factors</th>
<th>2009-2010</th>
<th></th>
<th>2010-2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Position</td>
<td>Points</td>
<td>Position</td>
<td>Points</td>
</tr>
<tr>
<td><strong>Global Competitiveness Index</strong></td>
<td>62</td>
<td>4.2</td>
<td>49</td>
<td>4.36</td>
</tr>
<tr>
<td><strong>Basic Requirements</strong></td>
<td>65</td>
<td>4.4</td>
<td>45</td>
<td>4.9</td>
</tr>
<tr>
<td>Institutions</td>
<td>52</td>
<td>4.3</td>
<td>45</td>
<td>4.5</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>93</td>
<td>3.0</td>
<td>67</td>
<td>3.8</td>
</tr>
<tr>
<td>Macroeconomic stability</td>
<td>70</td>
<td>4.6</td>
<td>37</td>
<td>5.1</td>
</tr>
<tr>
<td>Health and primary education</td>
<td>40</td>
<td>5.8</td>
<td>33</td>
<td>6.2</td>
</tr>
<tr>
<td><strong>Efficiency factors</strong></td>
<td>65</td>
<td>4.1</td>
<td>64</td>
<td>4.1</td>
</tr>
<tr>
<td>Higher education and training</td>
<td>57</td>
<td>4.2</td>
<td>52</td>
<td>4.5</td>
</tr>
<tr>
<td>Goods market efficiency</td>
<td>58</td>
<td>4.3</td>
<td>44</td>
<td>4.4</td>
</tr>
<tr>
<td>Labour market efficiency</td>
<td>53</td>
<td>4.5</td>
<td>39</td>
<td>4.7</td>
</tr>
<tr>
<td>Financial market development</td>
<td>17</td>
<td>5.0</td>
<td>28</td>
<td>4.7</td>
</tr>
<tr>
<td>Technological readiness</td>
<td>45</td>
<td>4.1</td>
<td>44</td>
<td>4.1</td>
</tr>
<tr>
<td>Market size</td>
<td>124</td>
<td>2.2</td>
<td>129</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Innovation factors</strong></td>
<td>68</td>
<td>3.6</td>
<td>56</td>
<td>3.7</td>
</tr>
<tr>
<td>Business sophistication</td>
<td>80</td>
<td>3.8</td>
<td>70</td>
<td>3.9</td>
</tr>
<tr>
<td>Innovation</td>
<td>56</td>
<td>3.3</td>
<td>45</td>
<td>3.5</td>
</tr>
</tbody>
</table>

Source: The Global Competitiveness Report

**Key findings:**

- Progress achieved in the creation of a more favourable business climate
- Initiated process of simplification of administrative procedures
- Initiated process of “regulatory guillotine” and establishing the analysis of how new regulations affect SMEs
- Recognised need to simplify the process of business registration and issue necessary permits for starting a business at one location
- Enhanced level of competitiveness, there is a need for improving activities which are measured by efficiency and innovation factors
- Established need for institutional coordination in the process of creating and implementing a policy which would lead to enhanced SME competitiveness
2.3.3. Business environment in Montenegro according to SMEs and entrepreneurs

In order to provide a more realistic view of the conditions in which SMEs operate, SMEDD and GIZ carried out research on the ‘Business climate in the SME sector’ for 2009 and 2010. The research was based on an annual survey conducted by CEED Consulting which covered a representative sample of 472 owners/directors of SMEs. The main objectives of the business climate study were:

1. to provide an assessment of the business opportunities and obstacles for SME development, collect data on economic fluctuations and assess the impact of the measures supporting the SME sector.

2. to assess the functioning of SMEs and, in accordance with the results, enhance existing services and develop new services provided by the institutions which support this sector in Montenegro.

The results of the study indicate that a significant portion of the findings from the 2009 research match with the most recent findings which would imply that a majority of the problems previously identified as important to SME development are still present in 2010:

• Composite indicators of business climate (business indicator, export indicator) including the employment indicator were positive in 2010 and achieved a significant increase compared to 2009;

• The most significant factors of the 2009 crisis came in the form of the ‘credit crunch’ and inability to collect receivables, while in 2010 those surveyed indicated that the main problems were reduced cash flow and low purchasing power of consumers;

• Municipal and state taxes continue to be the greatest impediments to the functioning and development of enterprises;

• With regards to non-administrative barriers, the most significant in 2009 and 2010 were high labour costs, difficult access to financial resources and unfair competition;

• Both in 2009 and 2010, entrepreneurs expressed demands for tax reductions, more efficient support from the banking sector and administrative exemptions;

• Similar to previous results, the research from 2010 confirms that companies have a poor cooperation with the agencies and institutions which support business and other similar organisations. Only 20% of the surveyed companies stated that they have communicated with such institutions. These institutions have the poorest cooperation with micro enterprises and entrepreneurs registered as legal entities;

• In 2009, 32% of companies applied for credit, while in 2010 only 20% of companies applied. However, 70% of those companies which did apply for credit were provided with financial support;

• A new aspect which was included in the 2010 research indicates that the greatest barriers to personal development are a lack of time for improving professional skills and a lack of suitable training;

• Additionally, another new aspect which relates to business women indicates that women enter into businesses as a result of their desire to increase their family’s income and 91% of them feel that there are no gender related barriers in business;
Key findings:

- The most severe phase of the economic crisis has passed
- Some positive changes have occurred in the business environment, but there is room for further improvement
- There is a need for different forms of knowledge and skills acquisition for managers and employees
- Access to financial means should be improved
- Institutional infrastructure should be completed and adapted to the needs of SMEs
- The SME sector is interested in a permanent dialogue and cooperation with the public sector
- Managers and owners of SMEs do not stress their own weaknesses which adversely affect their business

2.4. Achievement of the SME policy

2.4.1. Achievement of goals and tasks

The SME development policy during the previous period was defined by the Strategy for Development of Small and Medium Sized Enterprises 2007-2010. The strategy was in line with the Agenda of Economic Reforms of the Government of the Republic of Montenegro, European Charter for Small Enterprises, the recommendations of the European Partnership and aimed to further support the development of private business and the SME sector.

Despite the exceptionally heavy influence of the global economic crisis on the SME sector in Montenegro, which was particularly felt during the last two years, the indicators suggest that three defined goals were realised, those being: increase in the number of SMEs, increase in the number of employees within SMEs and increase of SME share in exports by the end of 2009 when compared to 2006.\(^\text{20}\)

In accordance with the objectives of the Strategy for Development of Small and Medium Sized Enterprises 2007-2010, the following advancements were achieved:\(^\text{21}\)

Table 4: Achievement of the objectives of the Strategy for Development of Small and Medium Enterprises 2007-2010

<table>
<thead>
<tr>
<th>Objective</th>
<th>Projection</th>
<th>Achievement(^\text{19})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in the number of new SMEs</td>
<td>Increase of 30%</td>
<td>Increase of 32.17%</td>
</tr>
<tr>
<td>Increase in employment within SMEs</td>
<td>Increase of 20%</td>
<td>Increase of 23.48%</td>
</tr>
<tr>
<td>Increase of SME share in export</td>
<td>Increase to 30%</td>
<td>Increase to 31%</td>
</tr>
<tr>
<td>Increase of SME share in GDP</td>
<td>Increase to 60%</td>
<td>20</td>
</tr>
</tbody>
</table>

Note: Data for 2010 was not used because data taken from a 10-month period does not reflect the actual situation and thus is not deemed comparable.

\(^{20}\) According to data of the Central registry of the Commercial Court, TA, Monstat

21 This objective cannot be assessed for there are no official data on SMEs share in GDP
The Strategy for Development of Small and Medium Sized Enterprises for 2007-2010 defines the realisation of the following tasks:

1. Creating a stimulating environment for development of SMEs
2. Regulating the system for statistical monitoring of the SME sector
3. Strengthening the institutional support for the SME sector
4. Strengthening the financial support for SME development
5. Stimulating competitiveness and export of SMEs – internationalisation
6. Supporting SMEs through the creation of public-private partnership
7. Stimulating innovation and technological competitiveness (R&D projects)
8. Strengthening education and consulting services for SMEs
9. Stimulating development and use of information-communication technologies
10. Promotion of entrepreneurship
11. Improving the dialogue with the private sector

Some of the activities based on the defined tasks have been achieved while other measures and activities were implemented at a lower level than that which was envisaged or have been deferred until after the negative impacts of the global economic crisis have passed.

Progress has been achieved in creating a stimulating environment, support for export and competition, internationalisation, strengthening entrepreneurial education, financial support and public-private partnership, while a smaller amount of progress has been made in areas such as more advanced forms of institutional support, strengthening research and development, regulation of statistical monitoring of SMEs, etc.

### 2.4.2. Institutional framework for development of SMEs

An adequate institutional framework is essential for the successful process of creating a policy for development of entrepreneurship and the SME sector and is also the key instrument for implementing this policy.

Economic development and the creation of policies for development of entrepreneurship and SMEs, within the GoM, is the responsibility of the Ministry of Economy and the Department for Development of Industry and Entrepreneurship. The Directorate for Development of Small and Medium Sized Enterprises together with the Ministry of Economy is responsible for creating and implementing strategies and support programmes for the SME sector. Within the SMEDD, a network of 11 regional/local business centres has been established, which aims to provide various types of business information, consulting and business services, as well as training tailored to the needs development level of SMEs. It should be noted that the existing network does not cover the entire territory of Montenegro and that the priority was given to the less developed northern region. The activities of the European Centre for Information and Innovation (EIIC), as part of the Enterprise Europe Network (EEN) and which is coordinated by SMEDD, have provided the conditions for facilitating SME internationalisation. Furthermore, with the direct support of SMEDD, two incubator centres have been opened, thereby establishing a significant segment of institutional support for business start-ups.
It is necessary to highlight that various types of information and services which are important for entrepreneurial development have been provided through the offices of the Ministry of Agriculture, Forestry and Water Management (MoA), the Ministry of Tourism (MT), the Employment Bureau of Montenegro (EBM) and various business associations including some NGOs and donor projects.

The Investment and Development Fund of Montenegro\(^2\) (IDFM) represents a key development finance institution which supports projects in the SME sector. This support has been implemented through credit-guarantee activities which are offered under more favourable terms compared to the market rates and are adapted to the needs and capacities of SMEs.

The Employment Bureau of Montenegro (EBM) provides support to the SME sector through an active employment policy, direct financial support and certain types of consulting services and training, directed especially towards potential entrepreneurs.

A number of other institutions are also involved in advocating for SME interests and promoting SME development and these are: CCM, MEF, MBA and other associations and committees, etc.

The SME sector is also supported by international organisations and offices in Montenegro, through partnerships and cooperation in various programmes and projects. Its most significant partners are: GIZ, EC, EBRD, USAID, JICA, UNDP, WB, OECD, HELP, SPARK, CHF, ADA and others.

Thus, institutions from the public and private sector, as well as international organisations in Montenegro, have participated in various segments and phases of creating and implementing the SME policy. However, this process has often been characterised by a lack of coordination between the responsible institutions, given the absence of appropriate instruments which would provide a more efficient and effective implementation of SME policy in all of its segments.

### Key findings:

- The objectives of the previous Strategy have been achieved
- A need has been expressed for further improvement of the business environment, easier access to finances, introduction and certification of quality standards, increasing competitiveness, stimulating innovation, strengthening the dialogue and partnership between the public and private sector
- Through the transformation of the EICC into the EIIC, informative and advisory services are now provided to SMEs wishing to operate on the EU market
- The institutional framework for SME development has been significantly improved
- It is necessary to strengthen existing forms and develop more advanced forms of institutional support for SMEs
- During implementation of the SME policy, it is necessary to improve coordination and cooperation between all responsible institutions at the national, regional and local level

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\(^2\) Functioning of the IFDM is regulated by the Law on Investment-Development Fund and Law on Commercial Companies
2.5. SME policy within the EU accession process

Within the process of economic transition and accession to the EU, SMEs have been recognised as one of the main pillars of the Montenegrin economy. Expectations from this segment of the economy are high and as such are defined in all basic development documents for Montenegro and documents related to EU accession. On this basis, Montenegro has put great effort into fully complying with the principles of the EU’s SME policies when creating and implementing its own SME policy. Montenegro has participated fully in the implementation of principles of the European Charter for Small Enterprises and SBA, while at the same time taking into account the EU’s strategic documents such as the Lisbon Strategy and the Strategy for Smart, Sustainable and Inclusive Growth - Europe 2020.

2.5.1. The process of EU accession

Within the National Programme for Integration (NPI) for the period of 2011-2015, in the chapter related to the ability to assume the obligations of EU membership, in the section titled Enterprise and Industrial Policy, guidelines are provided based on which the SME policy is established in terms of its status within the legislative and institutional framework, as well as its short and medium term priorities. The priorities identified within the NPI are an update to the strategic objectives established in the Strategy for Development of Small and Medium Sized Enterprises 2011-2015, but also represent the result of activities carried out within the implementation of the principles of the European Charter for Small Enterprises.

The report on Montenegro’s progress in the EU accession process for 2009 emphasised the slight progress achieved in implementation of the SME policy and highlighted Montenegro’s commitment to implementing the European Charter for Small Enterprises. Montenegro’s full membership in the Entrepreneurship and Innovation Programme (EIP), a part of the Competitiveness and Innovation Framework Programme (CIP), was also emphasised as being extremely important. An analytical report from the European Commission on the status of Montenegro’s application for the EU membership, published in November 2010 emphasises Montenegro’s SME policy as being the most developed component within the enterprise and industrial policy and is fully compliant with the SME policy of the EU. This has had a positive affect on the business environment, which in turn has enabled the SME sector to increase its share in employment, GDP and exports.

2.5.2 Implementation of principles of the European Charter for Small Enterprises

During the previous period, SMEDD coordinated the activities for implementation of the European Charter for Small Enterprises, thereby confirming its full commitment to European values concerning the creation and implementation of the SME policy. In that sense, Montenegro was one of the initiators of the implementation of SBA principles in the Western Balkans.

The most recent report on progress in the implementation of the European Charter for Small Enterprises - SME Policy Index 2009 highlights the progress of Montenegro in relation to the previous reporting period. This relates in particular to the principles of developing human resources and business consulting services as well as activities directed towards improving the regulatory framework.
Table 5: Montenegro’s results (1-5) according to the European Charter for Small Enterprises

<table>
<thead>
<tr>
<th>Dimension</th>
<th>2007</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>1* Education and training for entrepreneurship</td>
<td>2</td>
<td>2.75</td>
</tr>
<tr>
<td>2 Cheaper and faster start-ups</td>
<td>3.25</td>
<td>3.5</td>
</tr>
<tr>
<td>3 Better regulation and legislation</td>
<td>2.25</td>
<td>3.25</td>
</tr>
<tr>
<td>4* Availability of skills</td>
<td>1.5</td>
<td>1.75</td>
</tr>
<tr>
<td>5 Improving on-line access for SMEs</td>
<td>2.75</td>
<td>2.75</td>
</tr>
<tr>
<td>6 Getting more out of the single market</td>
<td>3.5</td>
<td>3.25</td>
</tr>
<tr>
<td>7* Taxation and access to finance</td>
<td>3.5</td>
<td>3.75</td>
</tr>
<tr>
<td>8 Strengthening the technological capacity of small enterprises</td>
<td>2.25</td>
<td>2.25</td>
</tr>
<tr>
<td>9 Successful e-business models</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>10 Developing stronger and more effective representation of small enterprise interests</td>
<td>3.5</td>
<td>3.5</td>
</tr>
</tbody>
</table>

Source: SME Policy Index 2009, EU, OECD
*A comparison of the results from 2007 and 2009 is not possible as significant changes occurred in the structure of indicators in the 2009 report

2.5.3 SME policy in the EU

In 2008, European Commission strongly supported the initiative for further strengthening of sustainable growth and competitiveness of SMEs by adopting a special document titled the Small Business Act (SBA). The SBA defines principles and provides guidelines and best practices in the area of support for SMEs and entrepreneurship. The needs of SMEs are given the highest priority in order to strengthen their potential for creating new jobs and their competitiveness within the Single Market. The key element of the SBA is the ‘think small first’ principle, which should be incorporated into the decision-making process at all levels within the EU and within national policies. The SBA is the highest political document in the EU that defines the 10 principles of the SME policy and replaces the European Charter for Small Enterprises.

The Principles which will guide the conception and implementation of policies both at the EU and member-state level are:

1. Create environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded
2. Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance
3. Design rules according to the “Think Small First” Principle
4. Make public administrations responsive to SME needs
5. Adapt public policy tools to SMEs’ needs
6. Facilitate SMEs’ access to finance and develop a legal and business environment supportive to timely payment in commercial transactions
7. Help SMEs to benefit more from opportunities offered by the Single Market
Within the framework of the SBA, the European Commission and OECD decided to include countries of the Western Balkans in the process of creating new indicators that will enable progress to be registered in the scheduled annual/biannual evaluation process.

The European Union adopted the Strategy for Smart, Sustainable and Inclusive Economic Growth 'Europe 2020', which improves on the ‘Lisbon Strategy’ (2000 – 2010) and defines the framework for establishing policies for SME development. The Strategy defines 3 priorities:

1. **Smart Growth** - strengthening the knowledge and innovation, improving the quality of education, research, exchange of technologies with the full use of ICT and improving the conditions for access to funds for research and development

2. **Sustainable Growth** – building a more efficient, sustainable and competitive economy through the efficient use of resources and by formulating an industrial policy for the era of globalisation

3. **Inclusive growth** – strengthening the policies for employment and education, strengthening the system of social protection and increasing social responsibility within the business community

These defined priorities aim to increase employment, strengthen research, innovation and education, lower gas emissions, improve energy efficiency and reduce poverty.

The Competitiveness and Innovation Framework Programme (CIP) is one of the most significant EU tools for facilitating development of SMEs. The main goal of this programme is to stimulate competitiveness, develop innovation and eco-innovation, develop a sustainable information society, energy efficiency and new sources of renewable energy. A special part of the programme is the Entrepreneurship and Innovation Programme (EIP) which consists of the following elements:

1. Financial instruments;
2. Business services;
3. Initiatives supporting entrepreneurship and innovation;
4. Initiatives supporting policy-making.

By including itself in this programme through the signing of the Memorandum of Understanding, Montenegro created a legislative framework for establishing cooperation in the area of supporting competitiveness and innovation of SMEs. In January 2008, Montenegro acquired the status of an associated country to the largest European fund for science – Seventh Framework Programme for Research and Technological Development (FP7), which lasts from 2007–2013 and has a budget of €50.5 billion. As a result of this, all relevant institutions obtained equal status and may now apply for and participate in the projects financed by this programme. One of the more important elements promoted by
this programme is the inclusion of SMEs in research and development and also monitoring their share in the overall funding. When FP7 comes to a close in January 2014, the FP8 programme will begin (2014-2020) with a larger budget and a focus on innovation and participation of SMEs in projects.

**EUREKA** is a pan-European framework for market oriented industrial research and development aimed at increasing European competitiveness through the support of research centres and universities which work on the development of innovative products, processes and services. To its partners, EUREKA offers rapid access to knowledge, skills and expertise throughout Europe and facilitates access to national public and private funding schemes.

An important segment of a successful SME policy is statistical monitoring of and research of the SME sector. Therefore, Montenegro requires the establishment of statistical monitoring of SMEs in accordance with the **EUROSTAT**.

**Key findings:**

- The SME policy was formulated in accordance with the EU SME policy
- EU reports emphasise that Montenegro continuously achieves progress with regards to the SME policy
- Principles of the European Charter for Small Enterprises have been applied in full and the obligation to implement the principles of the SBA has been undertaken
- A need has been expressed to intensify activities in the areas where little progress has been achieved, such as in competitiveness, innovation, SME exports and also dialogue and partnership between the private and public sectors
- It is necessary to develop activities on the usage of FP7, CIP/EIP and EUREKA mechanisms, which will facilitate the strengthening of existing tools for supporting SMEs as well as the development of new ones
3. STRATEGIC DIRECTIONS

The Strategy has been formulated in such a way that its implementation and the realisation of its defined goals improve the conditions which affect business and increase SME competitiveness, but also the competitiveness of the Montenegrin economy as a whole. The Strategy represents an all-encompassing document which defines all SME policies and is a starting point for the formulation of sector policies that impact the development of the SME sector. At the same time, the Strategy corresponds with all strategic documents of the GoM in such a way that the realisation of the SME Strategy contributes to the achievement of goals defined in the aforementioned documents.

Considering that the majority of SMEs exist and operate locally, local self-governments play an essential role in stimulating SME development. This is especially reflected in the establishment of a favourable business climate at the local level by providing the necessary institutional infrastructure which provides business information, services and training for SMEs, as well as various forms of financial support. In that sense, the joint effort of local self-governments and state institutions at the national level, as well as cooperation between the local self-governments themselves, are necessary to establish comprehensive support for SMEs accompanied by policies aimed at increasing competitiveness and reducing disproportionate regional development.

SME operate in an environment regulated by a single legal business framework which is shared with other commercial entities. Specificities of this sector are usually taken into account in such a way that, where possible, legislation that defines specific commercial activity offers a more favourable position for, or more lenient treatment for the SME sector. An essential prerequisite for the creation of a competitive SME sector is the establishment of a stable and stimulative legal environment created in accordance with the needs and capabilities of the SME sector.

The development of the private sector requires a suitable financial framework which provides SMEs with favourable access to available funding models, as well as creating new models in accordance with their needs. Overcoming the gap between the financial resources that are available and those that are needed represents a measure of success for an SME development policy.

Today, especially with the development of new technologies, when the transactional costs of moving goods and services are continuously decreasing, the exchange and implementation of business ideas occurs at an accelerated pace and with only one goal – market commercialisation. In this manner conditions are created in which knowledge, creativity and innovation represent the essence of a competitive market economy.

Under the current conditions of the global market, the EU is obligated to remain competitive and is capable of responding to all demands of the global market. Accordingly, the EU has developed numerous policies and strategies which stimulate and promote its competitiveness. Taking into consideration that Montenegro continues to grow closer to the EU, a market of 500 million people, which is a both a challenge and a responsibility, it is abundantly clear why Europe is a great opportunity, not only as a market, but also as a form of support for

Montenegrin enterprises must recognise export as their main priority and achieve the necessary conditions (quality and prices of goods and services, international standards of quality, modern marketing practices) to be able to respond to domestic competition and the challenges of the EU’s single market. Furthermore, innovation and innovative processes are the basis for developing the competitiveness of a company and are even more significant in the creation of an entrepreneurial economy based on knowledge.

Starting a business and the survival of the enterprise during the first years is a challenge for every entrepreneur. During this period, demands from entrepreneurs for various forms of support are significant and the response from the government should be based on the creation of the necessary tools which will enable the efficient use of financial and non-financial support, which in turn enables the growth and development of an entrepreneurial economy. Within the process of creating the Strategy, the needs of the SME sector were taken into account while combining the long term vision with the strategic and priority objectives for SME development, which enable various tools, measures and mechanisms of support to be provided.

3.1. Strategic objective 1: Improving the business environment

The modern approach to supporting the development of SMEs is based on, above all, the improvement of the most important elements of their business environment, as confirmed by the international political platforms in this area, such as the SBA. In this context, great importance is placed on improving the legal business framework through:

- Monitoring and assessing new regulations in order to evaluate their impact on SMEs and, when possible, simplifying certain provisions in accordance with the interests of the SME sector
- Reducing administrative barriers and establishing administrative procedures and documents that are simple and inexpensive
- Wherever possible making it less complicated for SMEs to do business

The regulatory reform which is being conducted in Montenegro has the strategic objective to create a favourable economic environment, strengthen the legal framework and increase the competitiveness of the domestic economy on the global and European markets. The initial tool used in the effective implementation of regulatory reform is the comprehensive revision, elimination and streamlining of existing regulations, the “regulatory guillotine” which simplifies administrative procedures in a systematic and transparent manner along with the creation of a permanent system of quality control for new business regulations in order to avoid the recurrence of the same problems (so-called stealth re-regulation).

Additionally, it is an established practice to adopt so-called omnibus legislation which entails amendments to several laws with a single act in order to eliminate business barriers in a swift and efficient manner. This process should make business for SMEs much simpler and less expensive.

At the same time, it is necessary to undertake activities that improve the business environment in accordance with the indicators of the Doing Business report from the World Bank which measures annual progress in implementing regulatory reform and evaluates its impact on the strengthening of business activities on one side, but also points out barriers that obstruct the start-up or development of enterprises. For that purpose, it is necessary to
implement measures which contribute to the improvement of the business environment for
SMEs, beginning with business registration—setting up a one-stop-shop, obtaining permits,
employing staff, registering property, obtaining credit, protecting investors, internationalising
their business, paying bills, executing contracts and finally closing the business. By using
the indicators, the creators of the economic policy and entrepreneurs are able to analyse
economic performance and identify whether the reform is producing results, in which areas
and in what way. At the same time, it is possible to compare results of the reform with the
relevant accomplishments in other countries.

An integral component of reform is the Regulatory Impact Analysis – RIA, a method
used for analysing the potential effects, costs and benefits arising from the adoption of a
new regulation or from changes made to an existing regulation, particularly as they relate
to the creation of new SMEs and business of existing SMEs. A particularly important
analysis is that which looks at the effects on the creation of new SMEs and the business
of existing SMEs as well as on the development of market competition.

During the coming period, in order for the RIA system to be fully established, it is necessary to:

- Conduct pilot projects and establish institutional prerequisites for the implement-
tation of the RIA;
- Establish new procedures within the process of adopting regulations, in a manner
which will facilitate the detailed analysis of the direct and indirect effects of the
regulation on SMEs.

Taking all of this into consideration, the Strategy defines the following operational
goals as part of the first strategic objective:

- Comprehensive reform of regulations “regulatory guillotine”
- Creation of a more favourable business environment
- Assessment of the effects of regulations on the business of SMEs – RIA

### 3.2. Strategic Objective 2: Strengthening Financial Support

In Montenegro, SMEs finance their operation from their own sources, partly from suppliers
and customers, while insufficiently using bank loans which are difficult to access due to the
restrictive credit policy and high cost of credit. Favourable credit lines that are provided
through public institutions do not meet all the needs of SMEs, while banking products
are still expensive, not sufficiently available and require significant collateral for SMEs.
Other forms of financing such as venture capital and business angels are still not present.

Those providing financial services, primarily commercial banks, have considered activities
involving credit to be of high risk. Banks have typically approved short-term and expensive
lines of credit to SMEs, justifying that with the high risk associated with operating in the
time of a financial crisis and highlighting the need for improving legal protection in the
field of debt collection and financial discipline in general. At the same time, the financial
resources obtained through the EIB in the amount of €91 million, which were intended for long-term loans to SMEs through commercial banks, have not been sufficiently utilised.

As opposed to banks, MFIs have procedurally approved loans more easily, especially to micro enterprises, but under unfavourable credit terms. Leasing arrangements in the financing of SME operations are becoming increasingly important, especially in the procurement of equipment and vehicles, which is not enough to satisfy the needs of SMEs.

This gap in the access to credit has, to a small extent, been filled in by the credit activities of public institutions (Directorate for Development of SMEs, Development Fund of Montenegro, IDFM, EBM, MoA, etc.).

With all of this in mind, it is necessary to improve credit policy:

• In a manner which contributes to the more efficient operation and development of SMEs, new employment, investment in underdeveloped regions, innovation, energy efficiency, improvement of exports, etc.;
• Through advancing the cooperation between banks, public financial institutions and SMEs, creating special credit instruments in accordance with the needs and capacities of SMEs;
• By placing greater significance on training programmes so that employees of the supporting institutions better understand the needs of SMEs;
• By developing instruments and institutions with the sole purpose of financing SMEs, especially focusing on issuing guarantees for so-called credit guarantee schemes;
• By eliminating non-financial barriers to providing credit to the SME sector through banks through the simplification and reduction of procedures for credit approval, easing the strict requirements for collateral and eliminating hidden charges of credit arrangements.

Furthermore, it is necessary to analyse the possibility of introducing new models of financing such as setting up micro-funds which would improve access to financing for SMEs on the local level.

The continued support from the IDFM will be of special significance as it aims to provide a set of financial support measures to the SME sector through the following instruments:

1. Short and long term loans
   • Directly to SME
   • Through banks
2. Implementation of a credit-guarantee scheme
   • Facilitating access to the required collateral which is required for SMEs to access available loans
3. Factoring
   • Ensuring short-term financial support in order to improve liquidity of SMEs
4. Insuring exports
   • Realisation of receivables in export business within the agreed deadlines.
Within the framework of realisation aforementioned financial instruments, it is necessary to undertake activities to establish cooperation between the IDFM\textsuperscript{24} and EIF, so that the financial instruments within the framework of the CIP/EIP are used in a strategic way, considering that Montenegro is a full member of this programme.

The financial instruments of the EIP are aimed at indirectly increasing the availability of financial resources to SMEs in the various developmental phases of business under favourable terms. The EIF manages funding on behalf of the European Commission and makes these resources available to companies through financial intermediaries (i.e. guarantee funds, risk capital funds and banks) once they have gone through the approval process. The following types of assistance are available:

- GIF (High Growth and Innovation SME Facility);
- Guarantee instruments for SMEs (SMEG);
- Resources for strengthening capacities (CBS).

In order to better utilise available funds within this programme, it is necessary to initiate activities to educate representatives of public institutions and SMEs. Additionally, financial support for SMEs should continue through the forms of support which do not require repayment – grant schemes. At the same time, it is essential to undertake activities that facilitate access to funding for SMEs by creating a stimulative regulatory framework.

All of the aforementioned financial instruments must facilitate better availability, access and affordability of financial resources for the operation of SMEs. Aside from financial institutions from the public sector, banks, MFIs and local self-governments should be involved in providing financial instruments directed towards SMEs.

It is also necessary to improve the knowledge and skills of managers, owners and employees within SMEs so they are capable of managing finances with the application international standards. This would decrease the need of MSEs to obtain external financing of their current operations.

Taking all of this into consideration, the Strategy defines the following operational goals as part of the second strategic objective:

- *Improve access and availability of loans and strengthen capacities of SMEs to manage finances*
- *Establish a system for issuing credit guarantees*
- *Improve access to grants*
- *Facilitate access to credit by creating a stimulative regulatory framework*
- *Stimulate the use of available CIP/EIP financial instruments*

\textsuperscript{24} The possibility of introducing funding instruments for SMEs, such as guarantee funds, should be assessed, but only as an instrument for SMEs and not for other enterprises, especially those in the process of restructuring
3.3. Strategic objective 3: Strengthening SME competitiveness and promoting entrepreneurship

Montenegro achieved considerable improvement in the development of a functional framework for supporting the development of SMEs. The development of institutional infrastructure and consultative business services aims to reduce business risk, facilitate access to the market and accelerate the growth and development of SMEs. However, realisation of the support is not entirely coherent or fully integrated and it is not provided with adequate resources from the budget, which creates certain obstacles for SMEs to access various forms of support on the national and local level. The reduced effects of support result in an insufficient level of development of knowledge and skills within SMEs, inadequate application of prescribed standards which are necessary in order to perform on international markets and insufficient use of new technologies and innovations, which in turn leads to a lower level of competitiveness for SMEs, insufficient valorisation of export potentials and disproportionate regional development.

In that sense, it is necessary to complete the process of establishing the required institutional infrastructure so that comprehensive support is available and accessible to SMEs throughout the entire territory of Montenegro. With this in mind, the Ministry of Economy established the Council for Stimulating Competitiveness at the Micro Level in November 2010. The primary goal of the Council is to contribute to the improvement of support for SMEs through its activities which will increase competitiveness and valorise innovative and export potentials.

The key institution for realisation of the policy and providing support for SMEs is the Directorate for Development of SMEs which plays a dual role. On one side, it provides support for SMEs at the executive level through the realisation of activities and projects in the area or developing support institutions, promoting information flow with SMEs, providing necessary consultative business services and education, securing grants for SMEs, stimulating competitiveness and export, internationalisation of SMEs, supporting research and also promotion. On the other side, it plays a leading role in coordinating the implementation of SME policy within the framework of other sector policies, in the parts which deal with the development of entrepreneurship and also in activities of other entities which, within their sphere of activities, support the development of SMEs.

For the purpose of establishing the necessary institutional infrastructure for supporting SME development, a network of 11 regional and local business centres was formed. This network provides information and consulting services and also organises training which will contribute to the acquisition of the necessary skills and knowledge for SMEs. In addition to this, two incubator centres are operational with a third being set up in the northern region as part of the public-private partnership. Also, under the Directorate for Development of SMEs, the ‘European Information and Innovation Centre’ (EIIC) of Montenegro is fully operational, as part of the European Entrepreneurial Network. It is evident that there is a growing awareness among SMEs about the importance of services offered by these institutions, which is reflected in the number of clients and types of services offered.

These institutions strive to segment their offer in order to satisfy the needs of enterprises in different stages of development, belonging to different industries and operating in different
geographic areas. However, there is a clear need to complete the institutional environment by setting up new institutions and strengthening the existing ones, so that the demand from SMEs is met on the local and regional level. To this end, the establishment of a single on-line SME portal is of a great significance, as a specific form of institutional support for SMEs, and should be set up under the Directorate for Development of SME.

Offering business consulting services, in a manner suitable for entrepreneurs, is a key tool for stimulating the competitiveness of their business. By offering consulting and business services to SMEs, entrepreneurs are provided with all the relevant information necessary to properly assess their business ideas and realisation of these ideas in the marketplace.

Education for SMEs and users of various forms of financial support is an important tool which ensures the financial assistance has a greater positive effect. It is evident that SMEs – recipients of the loans, lack knowledge in the field of management, business planning, marketing, business communication, etc., which then leads to poorer business results, triggering problems with paying back borrowed funds and those funds then being provided to other users.

In order to eliminate these shortcomings, increase the efficiency of work and achieve successful business results, it is necessary to provide assistance and support through the process of educating owners and/or managers so they may acquire the necessary knowledge. It is important to note that full synergy and coordination between the bodies providing non-financial support to SMEs has not been achieved. The available support is not accessible throughout the entire territory of Montenegro and also is not of the same quality and scope. In different institutions and regions, those providing consulting and training support do not possess the same levels of knowledge. Because of this, it is necessary for all available capacities to be directed towards supporting SMEs through better coordination and cooperation of all stakeholders from the public, private and NGO sectors, while ensuring the minimum standardised set of services is provided throughout the entire territory of Montenegro. For that purpose, it is necessary to mobilise and enhance the currently available capacities, as well as create new capacities, so that the supply would correspond to the expressed demand. In this framework, it is also necessary to increase the capacities of the institutions that offer support at the local and regional level, so that they would be in a position to properly utilise the available resources from the EU funds.

Additionally, for the purpose of improving the quality and scope of offered services, it is necessary to create the conditions for the development of a market for consulting services. This is why it is important for the Directorate for Development of SMEs to focus its capacities on non-financial support (increasing competitiveness, stimulating exports, non-formal education, introduction of international standards, development of institutional support at the local level, development of clusters, improving innovation, research, etc.) while channeling finances to a greater extent through banks and the IDFM as well as other institutions.

The policy of financing services must range from completely free (during the preparatory phase) to full market price paid by entrepreneurs (during the developed phase). The policy of subsidised costs must be well formulated so that it does not negatively impact the future market of consulting services. Funds for these subsidies should come from public sector institutions in cooperation with the donors.
The offering of informative consulting services and training must:

- Understand the needs of SMEs and account for market fluctuations and demands
  - Provide an optimal combination of financial and non-financial support and in accordance with that stipulate the obligations of the institutions offering non-financial support and separately for the institutions offering financial support
  - Satisfy needs of various groups and developmental levels of SMEs
  - Satisfy standards and achieve the necessary quality in offering services and training
- Strive to provide added value resulting from the partnership between the public and SME sector
- Help SMEs to become competitive on international market
- Include and develop regional and local human resources as much as possible

Investing in education, that is, in securing the appropriate human capital that corresponds to the expressed needs of the market, is a form of investment and becomes a prerequisite without which sustainable economic growth cannot be achieved. The education policy is not just a policy for creating human capital, but rather is a component of the overall developmental policy of a society. Entrepreneurship is a key initiator of innovation, competitiveness and growth. It is one of the eight key competencies and is a part of the curriculum at all levels of a contemporary educational system.

The common denominator of educational reform in many European countries is the effort to establish a flexible system of initial and continued professional education in order to respond to the changing demands of the labour market. Professional education and training have a duty to provide general knowledge and values needed for personal growth, professional advancement and career development, and especially to provide those skills required for development of an entrepreneurial economy.

Therefore, lifelong entrepreneurial learning will help develop human capital, which will in turn contribute significantly to the creation of a competitive and dynamic entrepreneurial economy, capable of sustainable economic growth with an increased number of higher quality jobs and with stronger social cohesion in Montenegro. This will provide assistance for self-employment and business start-ups, as well as raise the level of knowledge and skills of those who support business and the employers who strive to establish a culture within their companies where employees, on all levels, are encouraged to be ambitious and take initiative.

Increasing the competitiveness of the SME sector to a great extent depends on the level innovative activities. Innovation, as defined by the EU, is the application of a new or significantly improved product, process or service, new marketing or organisational method in business, the organisation of work or in the company’s relations with its external environment.

However, a small number of firms in Montenegro have expressed interest in research and development of products, while demand for the transfer of technology is somewhat higher. Due to the poor link between enterprises, universities and research institutes, SMEs do not make adequate use of the various sources of knowledge, which is reflected in the low
level of innovative activities and technological capabilities. With consideration of this fact, the development of SMEs depends heavily on scientific research work which leads to the economic development of Montenegro.

Emphasis should be placed on applicable scientific research which leads to the development of innovative potential through the creation of new enterprises, products and services, improvement of processes and business functions, an increase in the efficiency of business, etc. All universities and scientific research institutes should be included in this process and the strategy and policy of scientific research work should be directed towards applicability. Furthermore, SMEs must recognise the significance and contribution of scientific research work while at the same time investing more in research and development themselves.

A required prerequisite for the creation of a stimulative environment for development of SMEs and involvement in innovative activities is having the necessary legal regulations in this area, which in Montenegro still do not exist. This would establish a legal framework for implementing an innovation policy, creating and financing innovation programmes which would support the development of innovative products and services, the application of research results and their commercialisation, the use of modern technologies and the creation of infrastructure for innovative enterprises. The development of innovation should also be supported by a corresponding tax policy. The introduction of tax breaks for SMEs would stimulate SMEs to invest in research and development, especially in those which are oriented towards innovation and exporting. One significant tax measure would be a tax relief or reduction on the import of equipment which would be used for production purposes, information-communication technology and equipment for conducting scientific research. In this context, the protection of intellectual property is of great importance for the development of SMEs and enables easier access to financial resources, contributes to an increase in the market value of enterprises, profitability, better marketing and differentiation of goods and services, finding partners and suppliers and higher export levels. The protection of intellectual property in accordance with international law represents one of the prerequisites for Montenegro’s accession into the EU.

Furthermore, it is important to emphasise the great importance of ICT in the development of SMEs and the low level of ICT application in Montenegro. In economies which are more developed, ICT is the infrastructure of everyday, efficient operation of the state and economy, and serves not only as technical support in work, but also provides support for decision making based on systematically collected information. In Montenegro it is necessary to develop conditions in which SMEs would be effectively supported in order motivate them to use ICT to a greater extent for the purpose of raising their level of competitiveness.

Further growth and development of SMEs must be based on respecting ecological standards and measures must be taken to improve energy efficiency with the use of renewable sources of energy. This approach would ensure environmental protection and reduce the cost of doing business for the enterprises themselves. Increasing energy efficiency is the cheapest and most productive energy alternative. For this purpose the transfer of knowledge on energy efficiency is required along with the promotion of energy efficiency equipment, goods and services and also the promotion of renewable sources of energy.

Stimulating SMEs to participate in international programmes for research and innovation (FP7/FP8/CIP/EUREKA) would increase the possibility of attracting technology companies to realise some of their developmental programmes in Montenegro.
The primary activities supporting development of innovation need to be focused on:

- Promotion of the significant effect of innovation on the growth and development of SMEs
- Establishment of required legislature as the necessary legal framework for creating instruments for stimulating the development of innovation
- Establishment of adequate infrastructure for the development of innovative achievements
- Collaboration of SMEs and their collaborations with the centres of knowledge and future centres of brilliance in Montenegro
- Providing financial support for activities for the development of innovation
- Creating programmes for co-financing research and development projects in which participation of SMEs is mandatory
- Stimulating SMEs to use ICT in business
  - Introducing tax breaks for SMEs that invest in research and development in strategic sectors
  - Promotion of the results from the research sector in Montenegro among domestic SMEs and vice versa
  - Creating conditions for internationalisation of commercial innovations

Montenegro is faced with a large trade deficit and the share of the SME sector in exports is still at an unsatisfactory level. The cause of the low level of exports from Montenegrin SMEs lies in the lack of compliance of their products and standards with respect to the current standards and other international norms and quality guarantees, which are applicable on international markets (ISO, HACCP, etc.). Promoting the use of the CE label and support for enterprises in drafting the technical documentation required for certification of products is not at a satisfactory level. Under these conditions SMEs are faced with multiple technical barriers that negatively impact the competitiveness of Montenegrin enterprises and products. At the same time, development of clusters as a model of business connectivity of enterprises and other partners, with the aim of lowering costs and modernising production, development of innovation and increase in competitiveness of SME, did not develop to the required extent in Montenegro and thus the export potentials of SMEs are insufficiently valorised.

Increasing the competitiveness of SMEs and fulfilment of conditions for successfully entering the regional market and the single EU market represents one of the strategic priorities for Montenegro. Therefore it is necessary to intensively move towards adoption and absorption of all complex features, standards and requirements within the processes of liberalisation of the trade of goods, services and factors of production on the EU market. This is the only way that Montenegrin SMEs can be competitive on the large European market and only in this way can they contribute to the growth of the Montenegrin economy.

The project ‘Made in Montenegro’ is focused on an institutional campaign which promotes the potentials of Montenegro, domestic production and producers. This approach
promotes establishment of the system of standards for ‘Made in Montenegro’ which serve as a guarantee of quality for Montenegrin products and certifies their geographic origin. The programme ‘Good from Montenegro’ successfully creates and establishes a sign for recognisable high-quality Montenegrin products (improves quality of goods and services), thereby achieving better readiness for the international market.

With consideration of the necessity to increase productivity, strengthen the competitive performance of SMEs and increase their share in exports, it is necessary to:

• Develop SME awareness of the need to be informed about international markets
• Improve products and services in accordance with the most modern standards
  ◦ Adopt standards of quality and internationally recognised systems of management and promote their usage
  ◦ Provide specialist knowledge and skills required for successful business performance of exporters on specific markets
  ◦ Direct non-financial and financial support towards activities that strengthen capacities of export oriented enterprises
  ◦ Technologically improve and create products with added value which represents a potential for further development and growth of exports

With the growth of the SME sector’s contribution to the development of the economy, it is necessary that their contribution to the creation and application of SME policy grows as well. Montenegro is fully aware of the importance of dialogue between the public and private sector within this process, which was confirmed in the EC report, SME Policy Index for 2009. Articulation of SME interests and fulfilment of their needs is the core of a successful development policy. In a majority of EU countries this process is systemic and the dialogue takes place through the activities of specialised bodies/forums created for that purpose, through which SMEs articulate their interests related to the process of establishing and efficiently applying the SME policy.

The primary prerequisites for successful dialogue between the private and public sector are:

• Dedication of the GoM to establish and maintain a dialogue with the SME sector
• Competency of SME sector representatives
• Operational independence and professional support of the relevant secretariat
• Operational transparency for the public and media
• Promotion of the results of dialogue
Social responsibility of enterprises is a concept in which companies take responsibility for the impact of their activities on consumers, suppliers, employees, society and the environment in all aspects. Enterprises were previously responsible for merely the economic aspect of their work, while under current conditions they take responsibility for the development of society as a whole. This concept represents one of the primary ways of implementing the principles and standards of sustainable development, and there is an ever-growing trend to include SMEs in these processes. In Montenegro, this process is just beginning and the Directorate for Development of SMEs, together with the Employers Federation and the Centre for Development of Non-Governmental Organisations, is involved in the realisation of the project ‘CSR and GLOBAL COMPACT’.

Successful implementation of the SME policy is impossible to imagine without monitoring business performance of the SME sector and their contribution to the overall economic development. For that purpose, it is necessary to establish reliable statistical data which will facilitate the comparison of SME results with those in other countries and in accordance with EUROSTAT.

In order to achieve the established priorities it is necessary to strongly promote entrepreneurship whereby various tools for implementing SME policy would be publicised and accepted by SMEs. Another integral component is the promotion of SMEs which have achieved the greatest success and contributed most to the development of society as a whole. A special aspect of the promotion of entrepreneurship will relate to the development of women’s and youth entrepreneurship.

Taking all of this into consideration, the Strategy defines the following operational goals as part of the third strategic objective:

- Establishing the necessary institutional support for development of SMEs
- Education and consulting services for SMEs
- Strengthening innovation within SMEs
- Stimulating exports from SMEs
- Dialogue and partnership between public and private sectors
- Statistical monitoring and promotion of SMEs and entrepreneurship

3.4. Strategic objective 4: Support for beginners in business - start-ups

Potential entrepreneurs represent a significant and very specific segment of the SME sector. More and more enterprises are being created in Montenegro which generates a demand for various forms of financial and non-financial support. At the same time, Montenegro is characterised by structural unemployment as well as an unfavourable age and qualification structure within the workforce. Due to this fact, it is necessary to implement support measures which will increase the competency and competitiveness of both unemployed youth and those who have lost their job, in order to facilitate their reintegration into the economy through starting their own businesses or the creation of new jobs.
Non-financial support, which is realised through the activities of SMEDD and the network of business centres, is directed towards various types of consulting services and training which is intended to provide potential entrepreneurs with the necessary skills for starting a business. In addition to that, it is also necessary to develop a special programme for consulting/mentoring start-up companies during their first two years of business in order to increase 'survival' rates. These services would be delivered free of charge or would be subsidised to cover the expenses for companies.

Additionally, through the EBM, potential entrepreneurs have access to significant non-financial support for starting a business. Through the education of unemployed individuals, the EBM provides potential entrepreneurs with upgraded entrepreneurial skills which enable them to operate more successfully in everyday commercial activities.

This especially relates to the Virtual Enterprise project. Training within a virtual enterprise is designed as a very effective model of learning through work, where participants, together with their mentors, simulate the working process, from the establishment of the enterprise, drafting of a business plan and recruitment, to the formation of necessary services within the enterprise.

The development of incubator centres represents an essential segment of the support policy for business start-ups. According to the OECD and its Forum for Entrepreneurship and Enterprise Development the business incubators are defined as special facilities intended to provide new developing companies with office space, infrastructure and a comprehensive range of services and amenities to enhance their business skills during the early period of their development.

Enterprises spend an average of two and a half to three years in these incubators and during this period they go through the following phases:

1. Pre-incubation period for the registration and establishment of the enterprise;
2. Incubation period for growth and development within the incubator;
3. Post-incubation period to monitor and support companies that have left the incubator.

The incubators general operate to support regional and local economic development and create new jobs. Their socio-economic role is reinforced by their non-profit character, which means that national and local authorities, as well as the public sector, must play a decisive role in the establishment and work of these incubators. Business incubators sometimes have a more emphasised social component, as they are often used as an instrument to support entrepreneurial development within certain social groups such as women or youth.

There are two active incubator centres in Montenegro (Podgorica, Bar) with a total of 23 tenants. The incubator centres provide their tenants with various training and consulting services related to registration and business management and also provide mentoring, IT support and lower expenses for office space. The majority of tenants are in the incubation phase and it is necessary to provide them with several forms of support so they can reach the level of development in which they can leave the incubator. This would enable the realisation of post-incubation support while new tenants would be provided with support within the earliest stage of development (pre-incubation). It is also necessary to strongly promote the public-private partnership, especially by completing the establishment of an incubator centre in Berane as a model of self-sustainability.
In addition to non-financial support, there is an expressed need for providing the necessary financial resources for starting a business. Banks are not interested in establishing cooperation with new and unknown clients as it would be too great of a risk and expense for a small amount of resources. Furthermore, there are legal restrictions which hinder banks from lending to customers with no credit history. Within the NGO sector, there are microfinance institutions that support start-ups, although these funds are not always available or accessible.

As a result, entrepreneurs finance their start-ups for the most part with their own resources, with the support of the EBM, which provides a minimal amount of resources for unemployed individuals starting their own business, that being in the amount of €5,000 per newly created job and with a maximum line of credit in the amount of €15,000 for three newly created jobs. The Investment and Development Fund of Montenegro has introduced a new credit line for start-ups and entrepreneurs.

The current support system requires further strengthening and improvement of policies supporting the development of start-ups through the simplification of business registration and reduction of related expenses, development of new forms of non-financial support combined with financial instruments which will allow a larger number newly established enterprises to survive their first years of business.

Taking all of this into consideration, the Strategy defines the following operational goals as part of the fourth strategic objective:

• Strengthening institutional infrastructure to support start-ups
• Improving the quality and availability of the financial support
• Improving the quality and availability of the non-financial support
4. STRATEGY REALISATION PROCESS

4.1. Coordination

For the purpose of providing the best possible drafting and monitoring of the Strategy for Development of SMEs 2011-2015, the Ministry of Economy formed the Coordination Team for Creating and Implementing the Strategy for Development of Small and Medium Enterprises 2011-2015, which was charged with managing, organising and coordinating the entire process. The Coordination Team was given the task of preparing information and opinions, defining strategic directions and tasks, identifying the priorities, dynamic and realisation deadlines as well as evaluating the achieved results.

The Coordination Team consists of representatives from the CCM, MEF, IDF, EBM, MBA, UMM, GIZ, EC, UNDP and USAID. Synergy is achieved through a transparent process of dialogue and partnership along with a basis for realisation of individual projects supporting the improvement of entrepreneurship, innovation and competitiveness of SMEs. In order to enhance the effectiveness of the Coordination Team’s activities, permanent and ad-hoc operational teams were formed which include representatives from other ministries and institutions, the SME sector, the NGO sector and other experts. GIZ and the EC provided technical and organisational support within the process of developing the Strategy.

Methodology used in development of the Strategy encompassed research and analysis of relevant data and documents, public consultations with private, public and NGO sectors as well as individual coordination with representatives from the relevant institutions, individual SMEs and their business associations, as well as representatives from key international organisations.

The establishment of the Council for Stimulating Competitiveness at the Micro Level improves support to SMEs by increasing their competitiveness and valorising their innovation and export potentials.

The scope and comprehensiveness of the SME policy and its impact on overall economic development requires necessary actions to be taken to establish synergy within the work of the Council for Competitiveness and the Coordination Team with the eventual merger of these two bodies into the National Council for SMEs/Competitiveness, which would be a permanent body of the GoM. This would ensure the strengthening of institutional capacities for effective implementation of the Strategy for the Development of Small and Medium Sized Enterprises 2011-2015 as well as improved coordination between relevant institutions when implementing other strategic development documents affecting the SME sector. This would also provide the proper approach for implementing the principles of the SBA and create the conditions for strengthening the dialogue between the public and SME sectors. At the same time, it is necessary to further strengthen the role of the Directorate for Development of SMEs and facilitate its restructuring and repositioning as the key institution which provides comprehensive direct and indirect support to SMEs and institutions responsible for establishing an effective process for defining and implementing the MSE policy, especially within the process of Montenegro’s EU accession.

Donor support is one of the main pillars for effective implementation of the policies for development of the SME sector. For this reason, it is very important to continue with the further development of partnerships with donors and ensure that projects are realised.
which work towards systemic reform of SME support and accession to the EU. It is also necessary to secure the effective coordination of various donor projects in order to ensure their full effectiveness and avoid overlap in certain activities.

4.2. Monitoring

The process of realisation of the Strategy is linked to the implementation of the Framework Action Plan 2011-2015 through the annual action plans. The annual action plans are adopted by the Coordination Team. SMEDD will monitor its implementation on a quarterly basis and submit quarterly reports to the Coordination Team in order to ensure full commitment of all key participants in the achievement of the strategic objectives of the Strategy. The Coordination Team will submit an annual report on the implementation of the Strategy to the GoM in order to inform them and provide them with an overview of the achieved effects of the SME development policy. This would enable corrective measures to be proposed and implemented in order to achieve the most effective implementation of the SME policy.

The Strategy will be financed, in accordance with the annual action plans, from the budget of public institutions and donors, as well as with the funds from business associations.

Within the EU accession process and obligation to implement the principles of the SBA, SMEDD will draft an annual report on the impact which the implementation of the Strategy has on the implementation of the SBA principles. This will provide a way of monitoring Montenegro’s progress in harmonising with the SME policies of the EU and compare it with achievements within the Western Balkans.

4.3. Statistical monitoring and research of SMEs

Possessing high quality, reliable and current statistical data, in accordance with the methodology and standards of the EUROSTAT and the OECD, is a prerequisite for effective macroeconomic management, performance review and assessment of the actual effects of implemented measures designed to support the SME sector.

Bearing in mind the defined quantified results of the Strategy, it must be noted that statistical institutions in Montenegro do not currently possess reliable data based on which the achievements of all results can be monitored. The SME policy makers are aware of the lack of precise, current and valuable data on the SME sector in Montenegro, and it is therefore necessary to take actions which will improve this segment.

For that purpose, it is necessary to identify and assess existing data from all sources and define how this data can be transformed into indicators of achieved goals and results of the SME development policy. Harmonising the methodology and collating data relevant to the research and analysis of SME development, as well as the continued improvement of statistical monitoring and research in this sector, must be carried out in accordance with OECD and EUROSTAT standards. Monstat plays a particularly important role in the implementation of these activities.

The annual Report on the Current State of SMEs will be published with all necessary official statistical data and research related to the current state and development of the SME sector with an analysis of the SME policy. Additionally, research on the “Business Climate within the SME Sector” will be conducted annually as an independent review of the SME policy and its effects on the business of SMEs.
5. IMPLEMENTATION PLAN – FRAMEWORK ACTION PLAN FOR IMPLEMENTING THE STRATEGY FOR DEVELOPMENT OF SMALL AND MEDIUM Sized ENTERPRISES 2011 - 2015
## STRATEGIC OBJECTIVE 1 - IMPROVING THE BUSINESS ENVIRONMENT

<table>
<thead>
<tr>
<th>Activities</th>
<th>Results</th>
<th>Source of verification</th>
<th>Jurisdiction</th>
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</tr>
</thead>
</table>
| **1.1.** Operational goal: Comprehensive reform of regulations - ‘Regulatory Guillotine’

**Task:** Establishing a legal environment in accordance with the needs and capabilities of SMEs. |

<table>
<thead>
<tr>
<th>Activities</th>
<th>Results</th>
<th>Source of verification</th>
<th>Jurisdiction</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1.1 Analysis of the existing regulations</td>
<td>Prescribed administrative procedures Established proposals to amend legislation</td>
<td>Website of the GoM <a href="http://www.gov.me">www.gov.me</a></td>
<td>Council for Regulatory Reform and Improvement of Business Environment and USAID Operational Team for Regulatory Reform</td>
<td>2011</td>
</tr>
<tr>
<td>1.1.2 Annulment or amendment of regulations</td>
<td>% of regulations is amended or revoked</td>
<td>Decision on amendment or annulment of regulations published in the Official Gazette of Montenegro</td>
<td>Council for Regulatory Reform and Improvement of Business Environment and USAID Operational Team for Regulatory Reform</td>
<td>2011</td>
</tr>
<tr>
<td>1.1.3 Development of an electronic registry of regulations</td>
<td>Electronic registry of all regulations in Montenegro</td>
<td>Electronic registry of regulations uploaded to the website of the GoM <a href="http://www.gov.me">www.gov.me</a></td>
<td>Council for Regulatory Reform and Improvement of Business Environment and MID USAID</td>
<td>2011</td>
</tr>
<tr>
<td>1.1.4 Reform of the inspection system</td>
<td>Inspection services integrated into one governmental organisation</td>
<td>New Law on Inspection Procedures published in the Official Gazette of Montenegro</td>
<td>GoM USAID</td>
<td>2011-2012</td>
</tr>
<tr>
<td>Activities</td>
<td>Results</td>
<td>Source of verification</td>
<td>Jurisdiction</td>
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<tr>
<td><strong>1.2</strong> Operational goal: Creation of a more favourable business environment</td>
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<tr>
<td><strong>1.2.1</strong> Issuance of building permits:</td>
<td>Shortened and simplified procedures for issuing construction permits; reduced costs</td>
<td>Ranking in World Bank's report <a href="http://www.doingbusiness.org">www.doingbusiness.org</a> - website of the relevant ministry - websites of local self-governments</td>
<td>Ministry of Finance, Ministry for Spatial Planning and Environmental Protection, USAID</td>
<td>2011</td>
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<tr>
<td>- Uploading planning documents to the internet;</td>
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<tr>
<td>- Reform of the licensing process in the procedure of issuing construction permits;</td>
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<tr>
<td><strong>1.2.2</strong> Starting a business:</td>
<td>Establishment of one-stop shop for enterprise registration; Shortened time needed for registration; Reduced registration costs</td>
<td>Ranking in the World Bank's report <a href="http://www.doingbusiness.org">www.doingbusiness.org</a> <a href="http://www.mf.gov.me/ministarstvo">www.mf.gov.me/ministarstvo</a></td>
<td>Ministry of Finance and Economy, USAID</td>
<td>2011</td>
</tr>
<tr>
<td>- Integration of the registration procedure into one interface - One-stop shop for enterprise registration with the TA; (aforementioned activity is a continuation of the merging of registration procedures with FBDI, EBM, TA, HIFM;</td>
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<tr>
<td><strong>1.2.3</strong> Closure of business:</td>
<td>Shortened and simplified procedure, reduced costs of business closure; improved bankruptcy procedure</td>
<td>Ranking in the World Bank's report <a href="http://www.doingbusiness.org">www.doingbusiness.org</a></td>
<td>Ministry of Economy; USAID</td>
<td>2011</td>
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<tr>
<td>- Improving procedure of business closure - Adopting the Draft Law on Bankruptcy</td>
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<tr>
<td><strong>1.2.4</strong> Contract enforcement:</td>
<td>Improved enforcement procedure;</td>
<td>Ranking in WB report <a href="http://www.doingbusiness.org">www.doingbusiness.org</a></td>
<td>Ministry of Justice and Ministry of Finance, USAID</td>
<td>2011</td>
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<tr>
<td>Elaboration and implementation of the new Law on Enforcement Procedure</td>
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<tr>
<td>Activities</td>
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<tr>
<td>1.2.5 Getting credit: - strengthening capacities of the credit registry of</td>
<td>Ranking in Doing Business report;</td>
<td>Ranking in WB report: <a href="http://www.doingbusiness.org">www.doingbusiness.org</a></td>
<td>Ministry of Finance, Central Bank of Montenegro, USAID</td>
<td>2011</td>
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<td>the Central Bank of Montenegro</td>
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<tr>
<td>1.2.6 Protecting Investors: - Elaboration and implementation of the new</td>
<td>Ranking in Doing Business report; Increasing foreign investments;</td>
<td>Ranking in WB report: <a href="http://www.doingbusiness.org">www.doingbusiness.org</a></td>
<td>Ministry of Economy USAID</td>
<td>2011</td>
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<td>Law on Foreign Investments</td>
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<tr>
<td>1.2.7 Registering property: - strengthening capacities of the real estate</td>
<td>Simplified and cheaper procedure</td>
<td>Ranking in WB report: <a href="http://www.doingbusiness.org">www.doingbusiness.org</a></td>
<td>Ministry of Finance and Real Estate Directorate, USAID</td>
<td>2011</td>
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<td>registry within the LAMP project in cooperation with the World Bank</td>
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<tr>
<td>1.2.8 Paying Taxes: - unified collection of taxes and contributions</td>
<td>Facilitation of payment of taxes and contributions; Facilities for</td>
<td>Ranking in WB report: <a href="http://www.doingbusiness.org">www.doingbusiness.org</a></td>
<td>Ministry of Finance and TA</td>
<td>2011</td>
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<td></td>
<td>electronic communication introduced;</td>
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<tr>
<td>1.2.9 Trading across borders - Prepare a detailed mapping of the procedures</td>
<td>The growth of cross-border trade</td>
<td>Ranking in WB report: <a href="http://www.doingbusiness.org">www.doingbusiness.org</a></td>
<td>Ministry of Finance, Customs Administration, CCM</td>
<td>2011</td>
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<td>for import and export</td>
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<tr>
<td>1.2.10 Employment of workforce: - Simplification of procedures for</td>
<td>Number of the registered foreign workers; Simplification of employment</td>
<td>Published Law on Employment and Work of foreigners;</td>
<td>Ministry of Finance, MLSW, CCM</td>
<td>2011</td>
</tr>
<tr>
<td>employment of foreigners (obtaining permits for foreign workers)- Amendment</td>
<td>process for foreign workers;</td>
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<tr>
<td>of Law on Employment and Work of Foreigners;</td>
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<tr>
<td>Activities</td>
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<tr>
<td>1.3 Operational goal: Assessment of the effects of regulations on the business of SMEs – RIA</td>
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</tr>
<tr>
<td>1.3.1 Establishing the system of analysis of regulatory impact on SMEs</td>
<td>Development of the legal framework for RIA implementation; Number of assessed regulations;</td>
<td><a href="http://www.mf.gov.me/ministarstvo">www.mf.gov.me/ministarstvo</a></td>
<td>Ministry of Finance, USAID</td>
<td>2011</td>
</tr>
<tr>
<td>1.3.2 Development of guidelines and methodologies for regulatory impact analysis</td>
<td>Elaboration of documents</td>
<td><a href="http://www.mf.gov.me/ministarstvo">www.mf.gov.me/ministarstvo</a></td>
<td>Ministry of Finance, USAID</td>
<td>2011</td>
</tr>
<tr>
<td>1.3.3 Providing training for civil servants</td>
<td>Number of civil servants trained for RIA</td>
<td>Certificates on completion of training</td>
<td>Ministry of Finance, USAID</td>
<td>2011</td>
</tr>
<tr>
<td>1.3.4 Implementation of three completed pilot regulatory impact assessments, and especially their impacts on business of SMEs;</td>
<td>Results of the implemented analysis</td>
<td>Guidelines and recommendations for regulations encompassed by the RIA</td>
<td>Ministry of Finance, USAID</td>
<td>2011</td>
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</table>
### STRATEGIC OBJECTIVE 2 - STRENGTHENING FINANCIAL SUPPORT

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>2.1.</strong> Operational goal: Improving access and availability of loans and strengthening capacities of SMEs to manage finances</td>
<td></td>
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<tr>
<td>Task: Establishing a financial support in line with demands of the SME sector</td>
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<tr>
<td>2.1.1. Implementation of credit lines for less developed regions</td>
<td>Number of companies that received loans More favourable credit terms</td>
<td>Annual report by IDFM</td>
<td>IDFM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>2.1.2. Implementation of special credit lines (energy efficiency and innovation)</td>
<td>Number of SMEs that received loans</td>
<td>Annual report by the IDFM (databases of credit institutions)</td>
<td>IDFM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>2.1.3. Implementation of credit lines for short-term support-factoring</td>
<td>Number of SMEs that received loans</td>
<td>Annual report by IDFM</td>
<td>IDFM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>2.1.4 Establishment of micro-funds</td>
<td>Number of SMEs supported through micro-loans</td>
<td>Number of micro-funds Annual report by IDFM</td>
<td>IDFM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>2.1.5 Establishing an instrument for insurance of SME export</td>
<td>Number of supported SMEs</td>
<td>Annual report by the IDFM</td>
<td>IDFM</td>
<td>2013-2015</td>
</tr>
<tr>
<td>2.1.6 Enhancing skills and knowledge needed for financial management</td>
<td>Number of trainings and trainees</td>
<td>Report on implemented training</td>
<td>Directorate for SME Development, IDFM, CCM, EBM</td>
<td>2011-2015</td>
</tr>
<tr>
<td><strong>2.2</strong> Operational goal: Establishing a system for issuing credit guarantees</td>
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<tr>
<td>Task: Enhancing access to credit</td>
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<tr>
<td>2.2.1 Creation of credit guarantee models (guarantee schemes)</td>
<td>Number of enterprises supported through guarantees Reduced collateral requirements and/or interest rates</td>
<td>Guarantee fund established/guarantee scheme created Annual report by the IDFM</td>
<td>IDFM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>2.2.2 Examine the possibility for creation of new financial instruments- venture capital, business angels</td>
<td>Determine possibility of establishment</td>
<td>Report on opportunities and needs prepared</td>
<td>Directorate for SME development IDFM</td>
<td>2011-2012</td>
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<tr>
<td>Activities</td>
<td>Results</td>
<td>Source of verification</td>
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<tr>
<td><strong>2.3</strong> Operational goal: Improving access to grants</td>
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<tr>
<td><em>Task:</em> Strengthening business of SMEs through costs reduction of external services</td>
<td></td>
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</tr>
<tr>
<td>2.3.1 Grant schemes for reimbursement of costs incurred</td>
<td>Number of enterprises supported through grant schemes</td>
<td>Report of the Directorate</td>
<td>Directorate for SME Development</td>
<td>2011-2015</td>
</tr>
<tr>
<td><strong>2.4</strong> Operational goal: Facilitating access to credits by creating an stimulative regulatory framework</td>
<td></td>
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<tr>
<td><em>Task:</em> Creating stimulating measures that enable banks and micro-financial institutions to adopt a more favourable credit policies</td>
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<tr>
<td>2.4.1 Creation of an stimulating regulatory framework that would facilitate access to credits</td>
<td>Number of introduced regulations</td>
<td>Regulation/Act Reports by the Central bank of Montenegro Reports by the Ministry of Finance</td>
<td>Central Bank of Montenegro Ministry of Finance</td>
<td>2011-2015</td>
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<tr>
<td><strong>2.5</strong> Operational goal: Stimulating the use of available CIP/EIP financial instruments</td>
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<tr>
<td><em>Task:</em> Creating new and strengthening existing financial instruments</td>
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<tr>
<td>2.5.1 Establishing direct cooperation between relevant institutions with European financial bodies</td>
<td>New financial instruments created through cooperation within EIP</td>
<td>Reports by IDFM and Ministry of Economy</td>
<td>Ministry of Economy, IDFM BESRE</td>
<td>2011-2013</td>
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</tbody>
</table>
### STRATEGIC OBJECTIVE 3 - STRENGTHENING COMPETITIVENESS OF SMEs AND PROMOTION OF ENTREPRENEURSHIP

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<thead>
<tr>
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<th>Jurisdiction</th>
<th>Time frame</th>
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</thead>
<tbody>
<tr>
<td><strong>3.1.</strong></td>
<td><strong>Operational goal:</strong> Establishing the necessary institutional support for development of SMEs</td>
<td></td>
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<tr>
<td><strong>3.1.1.1</strong></td>
<td>Improving the business centre network</td>
<td>Reorganisation of existing centres</td>
<td>Signed contract on cooperation (public-private partnership)</td>
<td>Directorate for SME development, CCM, EBM, Municipalities, Local partners</td>
</tr>
<tr>
<td></td>
<td>Task: Improving local/regional business centres</td>
<td>Covering the whole territory</td>
<td></td>
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<td></td>
<td></td>
<td>Self-sustainability model suggested and conditions for implementation created</td>
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<tr>
<td><strong>3.1.1.2</strong></td>
<td>Strengthening capacities of service providers</td>
<td>Established a minimum level of services provided by regional business centres that offer RBC</td>
<td>Biannual report</td>
<td>Directorate for SME development, CCM, EBM, BESRE project</td>
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<td></td>
<td></td>
<td>Created network of expert consultants from certain professions</td>
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<tr>
<td><strong>3.1.1.3</strong></td>
<td>Strengthening the role and cooperation between the business centres</td>
<td>Successful communication between centres</td>
<td>Installed network/intranet in all centres</td>
<td>Directorate for SME development, CCM, BESRE project</td>
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<tr>
<td></td>
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<td>Sharing examples of good practice</td>
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<tr>
<td><strong>3.1.1.4</strong></td>
<td>Strengthening cooperation with other institutions at local and national level</td>
<td>Successful cooperation with local/national institutions</td>
<td>Signed agreements with local/national institutions</td>
<td>Directorate for SME Development, CCM, EBM, Municipalities</td>
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<tr>
<td><strong>3.1.1.5</strong></td>
<td>Enhance the promotion through strengthening the role of business centres</td>
<td>Increased number of clients</td>
<td>Printed promotional material (pamphlets, leaflets)</td>
<td>Directorate for SME Development, CCM, EBM, Centres</td>
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<td></td>
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<td>Raised awareness on business centres and their services</td>
<td>Appearances on TV, Radio Commercials</td>
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<td>Activities</td>
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<tr>
<td>3.1.1.6 Establishment of an unique online portal of SMEs</td>
<td>Increased number of clients</td>
<td>www.</td>
<td>Directorate for SME Development, CCM</td>
<td>2011-2015</td>
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<tr>
<td><strong>Task: Development of technology parks</strong></td>
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<tr>
<td>3.1.2.1 Analyse the possibility for development of technology parks</td>
<td>Prepared research on possibilities for development of technological parks Achieved Cooperation with international partners/technology parks from the region and wider</td>
<td>Feasibility study</td>
<td>Directorate for SME Development MES, ISSP University</td>
<td>2014</td>
</tr>
<tr>
<td>3.1.2.2 Increase promotional activities regarding development of technology parks</td>
<td>Potential technology park identified Raised awareness about the need for and usefulness of a technology park</td>
<td>Signed agreement on establishment of a technology park Survey – Increased number of enterprises interested in technology parks</td>
<td>Directorate for SME Development MES</td>
<td>2014</td>
</tr>
<tr>
<td><strong>Task: Internationalisation of SMEs and strengthening the role and activities of EIIC</strong></td>
<td></td>
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<tr>
<td>3.1.3.1 Promotion of network in the media, through distribution of promotional material, organisation of events, distribution of electronic and printed newsletters</td>
<td>Number of published articles/media appearances Number of informational pamphlets and other promotion material Number of promoted local and regional events Number of distributed electronic and printed newsletters</td>
<td><a href="http://www.euroinfo.me">www.euroinfo.me</a> EIICM report Press clipping Printed pamphlets and promotional material List of participants EIICM report Printed version of newsletter</td>
<td>EIICM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>3.1.3.2 Improvement of the project’s website</td>
<td>Number of website visitors; Daily updated website of the project % of registered new clients</td>
<td><a href="http://www.euroinfo.me">www.euroinfo.me</a> EIICM reports</td>
<td>EIICM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>Activities</td>
<td>Results</td>
<td>Source of verification</td>
<td>Jurisdiction</td>
<td>Time frame</td>
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</tr>
<tr>
<td>3.1.3.3 Counselling on the EU topics in order to get a feedback</td>
<td>Developed SME base of enquiries on EU topics Number of enquiries and feedback Number of good practice examples</td>
<td>Enquiry base Report on provided information Report on examples of good practices</td>
<td>EIICM CCM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>3.1.3.4 Development of clients' network</td>
<td>Developed base of network clients, business profiles and enquiries Number of clients/profiles and enquiries in the base Number of technological offers/requests</td>
<td>Enquiry base EIICM report</td>
<td>EIICM CCM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>3.1.3.5 Promotion of innovative potential of SMEs</td>
<td>Dissemination of information related to innovation, intellectual property rights, financing and other services</td>
<td>Printed and electronic newsletters, printed media in which the articles were published</td>
<td>EIICM CCM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>3.1.3.6 Organisation of business visits and events</td>
<td>Number of enterprises and participants at events in the country and abroad Participation of Montenegrin enterprises in business visits</td>
<td>EIICM reports List/pictures of enterprises participating in events, business visits</td>
<td>EIICM CCM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>3.1.3.7 Dissemination of information regarding new services in accordance with client needs</td>
<td>Number of enterprises informed of new services through visits to website, pamphlets, electronic and printed news</td>
<td>Website, distribution list of addresses, enquiry base EIICM report</td>
<td>EIICM CCM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>3.1.3.8 Collection of bids for partnership</td>
<td>Number of published and distributed business profiles included in BCD base</td>
<td>BCD profile base EIICM report</td>
<td>EIICM CCM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>Activities</td>
<td>Results</td>
<td>Source of verification</td>
<td>Jurisdiction</td>
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<tr>
<td><strong>3.2.</strong> Operational goal: Education and consulting services for SMEs</td>
<td></td>
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<tr>
<td><strong>Task:</strong> Strengthening entrepreneurship in primary, secondary and higher education</td>
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</tr>
<tr>
<td>3.2.1.1 Integration of key competencies at all educational levels</td>
<td>Development of a strategy/action plan for promotion of key competencies at all educational levels</td>
<td>Strategy for promotion of key competencies at all levels of education</td>
<td>MES</td>
<td>2011-2015 (2013)</td>
</tr>
<tr>
<td></td>
<td>Number/percentage of faculties which have entrepreneurship in their curriculum</td>
<td>Curriculums</td>
<td></td>
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<tr>
<td></td>
<td>Number/percentage of students who attend classes in entrepreneurship</td>
<td>Annual report by the Ministry for Education and Centre for Professional Education</td>
<td></td>
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<td></td>
<td>Number/percentage of implemented training for teachers</td>
<td>GEM</td>
<td></td>
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<tr>
<td></td>
<td>Number/percentage of trained teachers</td>
<td>SBA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.1.2 Integration of the enterprise concept for practice in the classes</td>
<td>Number of student enterprises</td>
<td>Curriculums</td>
<td>Ministry for Education; Centre for Professional Education</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>Number of pupils/students involved in enterprises</td>
<td>Annual reports by the Ministry for Education and Centre for Professional Education</td>
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<td></td>
<td>Number of implemented trainings for teachers</td>
<td>SBA</td>
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<td></td>
<td>Number of trained teachers</td>
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<tr>
<td>3.2.1.3 Development of technology parks and business incubators within higher education institutions</td>
<td>Number of start-ups in incubators</td>
<td>Annual reports</td>
<td>Ministry for Education; Universities</td>
<td>2011-2015</td>
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<td></td>
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<td>SBA</td>
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<td></td>
<td></td>
<td>GEM</td>
<td></td>
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</tr>
<tr>
<td>3.2.1.4 Stimulate cooperation between formal education institutions and business</td>
<td>Number of connections between schools/faculties and SMEs</td>
<td></td>
<td>Ministry for Education</td>
<td>2011-2015</td>
</tr>
<tr>
<td></td>
<td>Promotional campaigns, printed material, workshops</td>
<td></td>
<td>CCM</td>
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<td></td>
<td>Directorate for SME Development</td>
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<td>MEF</td>
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<td>MBA</td>
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<tr>
<td>Activities</td>
<td>Results</td>
<td>Source of verification</td>
<td>Jurisdiction</td>
<td>Time frame</td>
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</tr>
<tr>
<td>3.2.1.5 Promotion of entrepreneurship in formal education</td>
<td>Fairs, competitions, seminars, conferences/published articles</td>
<td>Annual reports, pamphlets</td>
<td>Ministry for Education, Centre for Professional Education, EBM, Directorate for SME Development</td>
<td>2011-</td>
</tr>
<tr>
<td><strong>Task: Enhancing the programme for education and training</strong></td>
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<tr>
<td>3.2.2.1 Developing a network of organisers of entrepreneurial learning for adults in all municipalities of Montenegro</td>
<td>Educated trainers of entrepreneurial learning</td>
<td>Reports by the Centre for Professional learning EBM</td>
<td>Centre for Professional Education and EBM</td>
<td>2011-2015</td>
</tr>
<tr>
<td>3.2.2.2 Establishing a system for conducting analysis of training needs in SMEs</td>
<td>Developed instruments (questionnaire) for data collection and management</td>
<td>Reports by MEF Analysis of CCM</td>
<td>MEF EBM</td>
<td>2011-</td>
</tr>
<tr>
<td>3.2.2.3 Develop a standard set of services according to the needs of SMEs</td>
<td>Developed standard set of services for data collection and management</td>
<td>Guide with set of services Number of visits to portal</td>
<td>Centre for Professional education MEF Directorate for SME Development EBM, CCM</td>
<td>2011</td>
</tr>
<tr>
<td>3.2.2.4 Accreditation of providers of business services to ensure quality</td>
<td>Formed base of accredited providers of business services</td>
<td>Database</td>
<td>CCM</td>
<td>2011-2015</td>
</tr>
<tr>
<td>3.2.2.5 Promotion and implementation of training</td>
<td>Campaign in media, Number of implemented training Number of trainees</td>
<td>Reports Printed media</td>
<td>CC SMEDD EBM MEF</td>
<td></td>
</tr>
<tr>
<td>Activities</td>
<td>Results</td>
<td>Source of verification</td>
<td>Jurisdiction</td>
<td>Time frame</td>
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<tr>
<td>3.2.2.6 Implementation of National Qualification Framework</td>
<td>Evaluation of informal training, improvement of key competencies, establishment of the Council and sector Commission</td>
<td>Reports, web portals</td>
<td>MES, CPE</td>
<td>2011-</td>
</tr>
<tr>
<td>3.2.2.7 Establishment of the Fund for Adult learning</td>
<td>Establishment of the system for adult learning monitoring; Number of supported projects Number of training providers; number of trainees, efficient use of resources;</td>
<td>Reports</td>
<td>MES, CPE</td>
<td>2012-</td>
</tr>
</tbody>
</table>

### 3.3 Operational goal: Strengthening innovation within SMEs

**Task:** Increase investments in research and development of SMEs

<table>
<thead>
<tr>
<th>3.3.1.1 Develop programmes to co-finance research and development projects in which SME participation is obligatory</th>
<th>Established programme and provided funding</th>
<th>Number of programmes and implemented projects Amount of approved and implemented funds</th>
<th>MES Ministry of Economy; SMEDD; IDFM; CCM</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3.1.2 Introduction of tax breaks for SMEs which invest in research and development of strategic sectors</td>
<td>Design project and plan New legal solutions for tax incentives</td>
<td>Number of SMEs to which tax reliefs apply Amount of liberated funds</td>
<td>SMEDD MES Ministry of Finance</td>
<td>2012</td>
</tr>
<tr>
<td>3.3.1.3 Public campaign for raising awareness on research and innovations in SMEs</td>
<td>Programme</td>
<td>Number of promotional activities and materials</td>
<td>SMEDD MES</td>
<td>2011-2015</td>
</tr>
<tr>
<td>3.3.1.4 Organise statistical monitoring of research and development activities in SMEs</td>
<td>Reliable statistical data established</td>
<td>Research on innovative SMEs</td>
<td>MONSTAT MES SMEDD</td>
<td>2011-2013</td>
</tr>
<tr>
<td>Activities</td>
<td>Results</td>
<td>Source of verification</td>
<td>Jurisdiction</td>
<td>Timeframe</td>
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</tr>
<tr>
<td><strong>3.3.1.5</strong> Stimulating SME participation in international programmes for research and innovation (FP7/FP8/CIP/EUREKA)</td>
<td>Increased participation of SME in (FP7/FP8/CIP/EUREKA) projects.</td>
<td>Number of projects Number of promotional activities</td>
<td>SMEDD MES MID ME</td>
<td>2011-2015</td>
</tr>
<tr>
<td><strong>Task: Enhancing relationship between SMEs, universities and centres of brilliance</strong></td>
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</tr>
<tr>
<td><strong>3.3.2.1</strong> Introduction of voucher schemes for the use of expert services for SMEs at local universities and research institutions</td>
<td>Number of users Evaluation of the programme Recommendations and preparation for the next application process</td>
<td>Report on Implementation</td>
<td>SMEDD IDFM</td>
<td>2012-2015</td>
</tr>
<tr>
<td><strong>3.3.2.2</strong> Programme for promotion of research results among local SMEs</td>
<td>Defined and implemented campaign Number of events and attendees</td>
<td>Report on Implementation Press clipping</td>
<td>MES SMEDD CCM</td>
<td>2012-2015</td>
</tr>
<tr>
<td><strong>3.3.2.3</strong> Research and programme for promotion of entrepreneurial innovative potentials and successes</td>
<td>Implemented research Defined and implemented campaign Number of events and attendees</td>
<td>Published research results Reports on Campaign Implementation Press clipping</td>
<td>SMEDD CCM</td>
<td>2012-2015</td>
</tr>
<tr>
<td><strong>3.3.2.4</strong> Programme of obligatory internships for PhD students from Montenegro in local SMEs</td>
<td>Prepared and implemented legal regulations</td>
<td>MES Universities, faculties</td>
<td></td>
<td>2012-</td>
</tr>
<tr>
<td><strong>3.3.2.5</strong> Training of SMEs and research institutions about the ways of contracting the development of new products and services</td>
<td>Prepared project</td>
<td>Report</td>
<td>SMEDD, Universities</td>
<td>2012-</td>
</tr>
<tr>
<td><strong>3.3.2.6</strong> Analyse opportunities for development of innovative activities within universities</td>
<td>Performed analysis of possibilities for the establishment of innovative activities (spin-off)</td>
<td>Research survey</td>
<td>SMEDD, University EBM</td>
<td>2012-</td>
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<td>Activities</td>
<td>Time frame</td>
<td>Jurisdiction</td>
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<tr>
<td>3.3.2.7 Feasibility study for the establishment of centres of success</td>
<td>2011</td>
<td>MES, SMEDD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3.2.8 Inclusion of Montenegro into the EUREKA programme</td>
<td>2011-2015</td>
<td>MID, EICM, CCM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3.3.1 Stimulate SMEs to use information-communication technologies</td>
<td>2011-2015</td>
<td>MID, USAID, SMEDD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3.3.2 Development of e-Government portal</td>
<td>2011-2015</td>
<td>MID, USAID, SMEDD</td>
<td></td>
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</tr>
<tr>
<td>3.3.3.3 Development of e-Business portal</td>
<td>2011-2015</td>
<td>MID, USAID, SMEDD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3.3.4 Co-financing the procurement of hardware and software (information systems)</td>
<td>2011-2015</td>
<td>MID, USAID, SMEDD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4.1.1 Receiving and processing requests for market information</td>
<td>2011-2015</td>
<td>SMEDD, CCM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4.1.2 Organisation of initial training for enterprises</td>
<td>2011-2015</td>
<td>SMEDD, GIZ, CCM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4.1.3 Development of target market research based on available information from databases</td>
<td>2011-2015</td>
<td>SMEDD website</td>
<td></td>
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<tr>
<td>Activities</td>
<td>Results</td>
<td>Source of verification</td>
<td>Jurisdiction</td>
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</tbody>
</table>
| 3.4.1.4 Creation of a web portal/export directories | Portal in function
Data on most exporters in directory | Web portal | SMEDD GIZ CCM | 2011 |
| 3.4.1.5 Web portal updating/export directories | Portal in function | Web portal | SMEDD GIZ CCM | 2012-2015 |

**Task:** Establishment of an Export – Development programme for target markets

<table>
<thead>
<tr>
<th>Activities</th>
<th>Results</th>
<th>Source of verification</th>
<th>Jurisdiction</th>
<th>Time frame</th>
</tr>
</thead>
</table>
| 3.4.2.1 Researching target markets, conditions, partners, institutions, distributors | Number of research per year;
Defined and implemented programme for appearance on a target market | Report on research | SMEDD CCM | 2011-2015 |
| 3.4.2.2 Organisation of promotional activities on a reciprocal basis such as business meetings, participation in fairs, sales mission, etc. | Number of promotional activities;
Number of participants;
Number of contracts; | Reports | SMEDD CCM MBA | 2011-2015 |

**Task:** Continuation of activities related to organisation of special fairs, business meetings, trade missions

<table>
<thead>
<tr>
<th>Activities</th>
<th>Results</th>
<th>Source of verification</th>
<th>Jurisdiction</th>
<th>Time frame</th>
</tr>
</thead>
</table>
| 3.4.3.1 Organisation of national stands in the region and EU countries | Number of events per year;
Number of participants | Reports;
Website | SMEDD CCM MBA MEF | 2011-2015 |
| 3.4.3.2 Organisation of business meetings in the country and abroad | Number of business meetings per year;
Number of participants | Reports | SMEDD CCM MBA MEF | 2011-2015 |
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<tr>
<th></th>
<th>Activities</th>
<th>Results</th>
<th>Source of verification</th>
<th>Jurisdiction</th>
<th>Time frame</th>
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<tbody>
<tr>
<td>3.4.3.3</td>
<td>Creating and developing promotional materials for selected sectors</td>
<td>Pamphlets</td>
<td>SMEDD CCM MBA MEF</td>
<td>2011-2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Task:</strong> Education of exporters</td>
<td><strong>Task:</strong> Enhancing competitiveness of SMEs</td>
<td><strong>Task:</strong> Creation of document ‘Stimulating Competitiveness of SMEs’</td>
<td><strong>Task:</strong> Research on ‘Internal performances of enterprises that influence their business’</td>
<td><strong>Task:</strong> Strengthening the Council for Competitiveness at micro level</td>
</tr>
<tr>
<td>3.4.4.1</td>
<td>Number of trainings per year; Number of attendees</td>
<td>Document presented to the public</td>
<td>SMEDD; Council for competitiveness</td>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>3.4.5.1</td>
<td>Working group created Round tables organised Recommendations defined</td>
<td>Document presented to the public</td>
<td>SMEDD; Council for competitiveness</td>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>3.4.5.2</td>
<td>Elaboration team created Round tables organised Recommendations identified</td>
<td>Document published to the public</td>
<td>SMEDD GIZ Research Agency</td>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>3.4.5.3</td>
<td>Council established as national governmental body</td>
<td>Resolution of the GoM</td>
<td>Ministry of Economy; SMEDD</td>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>3.4.5.4</td>
<td>Identified underused capacities for stimulating competitiveness of SMEs at local level</td>
<td>Reports</td>
<td>SMEDD</td>
<td>2011</td>
<td></td>
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<tr>
<td>Activities</td>
<td>Results</td>
<td>Source of verification</td>
<td>Jurisdiction</td>
<td>Time frame</td>
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<tr>
<td>3.4.5.5 Definition and implementation of individual projects for better use of underused capacities at local level;</td>
<td>Increased performance of SMEs at local level</td>
<td>Statistical data</td>
<td>SMEDD; Municipalities;</td>
<td></td>
<td></td>
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<tr>
<td>3.4.5.6 Promotion of importance of introducing international quality standards</td>
<td>Number of promotional campaigns Number of trainings Number of attendees</td>
<td>Reports</td>
<td>SMEDD; CCM; MEF;</td>
<td>2011-2015</td>
<td></td>
</tr>
<tr>
<td>3.4.5.7 Support programmes for quality standards introduction in the SMEs</td>
<td>Completed project to support the introduction of quality standards; Number of companies that have introduced standards</td>
<td>Reports</td>
<td>SMEDD</td>
<td>2011-2015</td>
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</table>

**Task:** Enhance the potential for cluster development in Montenegro

<table>
<thead>
<tr>
<th>Activities</th>
<th>Results</th>
<th>Source of verification</th>
<th>Jurisdiction</th>
<th>Time frame</th>
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</thead>
<tbody>
<tr>
<td>3.4.6.1 Mapping the potentials for cluster development in Montenegro</td>
<td>Analysis of possibilities for development of clusters performed; Implemented exchange of experiences and good practices</td>
<td>Research Survey</td>
<td>SMEDD; ISSP CEED CCM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>3.4.6.2 Enhance the promotional activities for cluster establishment</td>
<td>Potential cluster identified; Increased awareness on the benefits provided by the cluster</td>
<td>Survey: Increased interest in local companies for joining the cluster; Agreements on cooperation in cluster formation</td>
<td>SMEDD; CCM</td>
<td>2011-2013</td>
</tr>
<tr>
<td>3.4.6.3 Increase activities for the provision of international technical and financial support</td>
<td>Established cooperation with international institutions/developed clusters on specific projects</td>
<td>Implementation of technical and financial support projects</td>
<td>SMEDD Business Centres</td>
<td>2011-2015</td>
</tr>
<tr>
<td>Activities</td>
<td>Results</td>
<td>Source of verification</td>
<td>Jurisdiction</td>
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<tr>
<td>3.5</td>
<td>Operational goal: Dialogue and partnership between public and private sectors</td>
<td></td>
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</tr>
<tr>
<td>3.5.1.1</td>
<td>Design and develop a mechanism for establishing Public and SME sector forum and its Secretariat</td>
<td>Mechanism for establishment of PSMESF designed, including its Secretariat</td>
<td>Documents/reports by BESRA project</td>
<td>SMEDD; BESRE; CCM; MBA</td>
</tr>
<tr>
<td>3.5.1.2</td>
<td>Developing Business systems (including reporting and control) for PSMESF</td>
<td>Developed business system of PSMESF</td>
<td>Documents/Reports from BESRA project</td>
<td>SMEDD; BESRE; CCM; MBA</td>
</tr>
<tr>
<td>3.5.1.3</td>
<td>Organising initial workshops that will link 'core' members of PSMESF</td>
<td>Linked &quot;core&quot; members of PSMESF</td>
<td>Documents/reports from BESRA project</td>
<td>SMEDD; BESRE</td>
</tr>
<tr>
<td>3.5.1.4</td>
<td>Maintaining the initial &quot;kick-off&quot; meeting of PSMESF</td>
<td>An initial 'kick-off' meeting held</td>
<td>Minutes of the Meeting</td>
<td>SMEDD; BESRE</td>
</tr>
<tr>
<td>3.5.1.5</td>
<td>Organising PSMESF meeting</td>
<td>Established guidelines for action of PSMESF</td>
<td>Minutes of the Meeting</td>
<td>SMEDD; BESRE; CCM</td>
</tr>
<tr>
<td>Activities</td>
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<tr>
<td><strong>Task:</strong> Enhancing social responsibility of enterprises</td>
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</tr>
<tr>
<td>3.5.2.1 Assess the level of social responsibility of SMEs in Montenegro</td>
<td>Conducted survey on the social responsibility of enterprises and organisations in Montenegro</td>
<td>Survey results published</td>
<td>SMEDD CCM MBA MEF UNDP CDNO</td>
<td></td>
</tr>
<tr>
<td>3.5.2.2 Design and implement campaign for raising awareness about social responsibility of SMEs</td>
<td>Designed campaign Most socially responsible enterprises selected</td>
<td>At least three presentations/seminars organised per year</td>
<td>SMEDD CCM MBA MEF UNDP CDNO</td>
<td>2011-2015</td>
</tr>
<tr>
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<td>Results</td>
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<tr>
<td>3.6</td>
<td><strong>Operational goal: Statistical monitoring and promotion of SMEs and entrepreneurship</strong></td>
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<tr>
<td><strong>Task: Improve statistical monitoring and research of SMEs</strong></td>
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</tr>
<tr>
<td>3.6.1.1</td>
<td>Create specific databases of SMEs</td>
<td>Database of export-oriented SMEs created</td>
<td>Database containing at least 300 established enterprises</td>
<td>SMEDD CCM MBA MEF Customs Administration MONSTAT</td>
</tr>
<tr>
<td>3.6.1.2</td>
<td>Development of reliable statistical data in line with the EUROSTAT indicators</td>
<td>Working group for statistical monitoring of established SMEs Completed methodology</td>
<td>Report on SME situation completed</td>
<td>SMEDD MONSTAT TA Central Bank Coordination Team Council for Competitiveness</td>
</tr>
<tr>
<td>3.6.1.3</td>
<td>Continued research on ‘Business Environment for SMEs'</td>
<td>Research completed</td>
<td>Research results published</td>
<td>SMEDD GIZ</td>
</tr>
<tr>
<td>3.6.1.4</td>
<td>Conducting GEM research</td>
<td>Data on entrepreneurial activities in Montenegro</td>
<td>GEM research</td>
<td>Faculty of Economy IDFM SMEDD EBM Ministry of Economy MEF</td>
</tr>
<tr>
<td>Task: Promotion of European values in development policy of SMEs and Entrepreneurship</td>
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<tr>
<td><strong>3.6.2.1</strong> Applying SBA principles</td>
<td>SBA principles included in the SME policy of Montenegro</td>
<td>Annual report on the Implementation of SBA</td>
<td>SMEDD</td>
<td>2011-2015 Annually</td>
</tr>
<tr>
<td><strong>3.6.2.2</strong> Organising SME week</td>
<td>Promotional campaign, conferences, workshops, round-tables; Number of participants</td>
<td>Reports Press clipping</td>
<td>SMEDD/CCM</td>
<td>2011-2015 Annually</td>
</tr>
<tr>
<td><strong>3.6.2.3</strong> Award for the best entrepreneur and exporter in various categories</td>
<td>Media campaign, raising awareness about the importance of entrepreneurship and social responsibility</td>
<td>Reports by Directorate Directorate’s website</td>
<td>SMEDD/CCM/MT/MBA</td>
<td>2011-2015 Annually</td>
</tr>
</tbody>
</table>

Task: Stimulating female entrepreneurship

<p>| <strong>3.6.3.1</strong> Develop additional programmes for stimulating entrepreneurship and self-employment of women | Existence and implementation of additional programmes for female entrepreneurship development | Increased number of women attending programmes; Increased number of women interested in starting their own business; | SMEDD CCM EBM ABW | 2011-2015 Annually |
| <strong>3.6.3.2</strong> Enhance the role of business women associations | Achieved better communication with women entrepreneurs; Defining the profile of women entrepreneurs; formed a database of women entrepreneurs | Agreements on cooperation with relevant institutions; Reliable and real database | SMEDD CCM, EBM ABW | 2011-2015 Annually |
| <strong>3.6.3.3</strong> Strengthen mutual cooperation as well as cooperation between women's business associations and other associations (networking) | Enhanced communication between female entrepreneurs; Improved cooperation with other associations | Signed agreements on cooperation; Forums, conferences, fairs | SMEDD; CCM; EBM ABW | 2011-2015 Annually |</p>
<table>
<thead>
<tr>
<th>Activities</th>
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</thead>
<tbody>
<tr>
<td>3.6.3.4 Strengthen promotional activities</td>
<td>Promote female entrepreneurship</td>
<td>Organised fairs of female entrepreneurship Printed material (pamphlets...)</td>
<td>SMEDD CCM, EBM ABW</td>
<td>2012</td>
</tr>
<tr>
<td>3.6.3.5 Conduct research on ‘real’ owners of enterprises</td>
<td>Enhance communication between existing female entrepreneurs and their connection through committees and associations memberships</td>
<td>Establishment of a database of women who own an enterprise</td>
<td>SMEDD ABW MEF CCM</td>
<td>2011</td>
</tr>
<tr>
<td>3.6.3.6 Opening a special credit line for existing female entrepreneurs or start-ups, having in mind that women do not own real estate in 90% of cases</td>
<td>Increased number of female entrepreneurs</td>
<td>Reports</td>
<td>SMEDD IDF M</td>
<td>2012-2015</td>
</tr>
<tr>
<td>3.6.3.7 Introduction of annual award for most successful enterprise owned by a woman</td>
<td>Promotion of female entrepreneurship</td>
<td>Reports</td>
<td>SMEDD ABW</td>
<td>2012</td>
</tr>
<tr>
<td>3.6.3.8 Education of existing and potential female entrepreneurs (LLL concept, adoption of special skills and knowledge, mentoring, etc)</td>
<td>Improvement of businesses</td>
<td>Reports</td>
<td>SMEDD ABW EBM CCM MEF</td>
<td>2011</td>
</tr>
<tr>
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<td><strong>4.1</strong></td>
<td><strong>Operational goal: Strengthening institutional infrastructure to support starting a business</strong></td>
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<tr>
<td><strong>Task:</strong> Establishing a development policy for network of incubators and ensuring the necessary conditions for starting a business</td>
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<tr>
<td>4.1.1.1</td>
<td>Expand business activities and incubator services</td>
<td>Incubators provide various services in the field of business (integrated with business centres services)</td>
<td>Semi-annual and annual reports</td>
<td>SMEDD, BESRE, Municipalities</td>
</tr>
<tr>
<td>4.1.1.2</td>
<td>Establish a general incubator in the North of Montenegro</td>
<td>Business incubator established in the North of Montenegro</td>
<td>Space equipped and functional</td>
<td>SMEDD, Municipalities; USAID, BESRE</td>
</tr>
<tr>
<td>4.1.1.3</td>
<td>Improve cooperation between incubators, as well as with the incubators from the region</td>
<td>Exchange of experiences and examples of good practice; cooperation on specific projects</td>
<td>Agreements on cooperation; Joint application for and implementation of projects</td>
<td>SMEDD, Incubators, BESRE</td>
</tr>
<tr>
<td>4.1.1.4</td>
<td>Enhance promotional activities and raise awareness about the importance of incubator development</td>
<td>Increased number of clients/potential tenants, Raised awareness about incubator existence and services they provide</td>
<td>Printed promotional material, pamphlets, guides, TV and Radio appearances, commercials</td>
<td>SMEDD, Incubator, BESRE</td>
</tr>
<tr>
<td><strong>4.2</strong></td>
<td><strong>Operational goal: Improving quality and availability of financial support</strong></td>
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<tr>
<td><strong>Task:</strong> Facilitating acquisition of missing funds for start-ups</td>
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<tr>
<td>4.2.1.1</td>
<td>Implement a credit line to support start-up businesses</td>
<td>Number of enterprises that have been granted a credit</td>
<td>Annual report by IDFM</td>
<td>IDFM</td>
</tr>
<tr>
<td>4.2.1.2</td>
<td>Implement programmes for self-employment</td>
<td>Number of implemented programmes, Number of enterprises that have been granted a credit, Number of new businesses</td>
<td>Annual report by EBM</td>
<td>EBM</td>
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## Activities

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<thead>
<tr>
<th>Source of verification</th>
<th>Jurisdiction</th>
<th>Time frame</th>
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<tbody>
<tr>
<td>Websites Guides</td>
<td>SMEDD</td>
<td>2011</td>
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<tr>
<td>EBM</td>
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<td>IDFM</td>
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<td>IDFM</td>
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<td>SMEDD</td>
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<td>IDFM</td>
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<td>SMEDD</td>
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<td>CPE</td>
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</table>

## Results

- Guides prepared
- Improved capacities of employees
- Number of trainings
- Number of attendees
- Number of new businesses
- Increased number of SMEs that use training
- Enhanced skills of attendees
- Increased number of beginners in business
- CRCC
- GEM

## Operational goal: Improving the quality and availability of non-financial support

*Task: Development of services for ensuring the acquisition of knowledge and skills necessary for start-ups*
Appendix 1

Names of the regulations used in the text

- Law on Employment and Work of Foreigners (‘Official Gazette of Montenegro’ No. 22/08 from 02.04.2008);
- Law on Creation of Investment and Development Fund of Montenegro (‘Official Gazette of Montenegro’ No. 88/09 from 31.12.2009 and 40/2010 from 22.07.2010);
- Regulation on Detailed Criteria, Conditions and Method for Awarding Government Assistance (‘Official Gazette of Montenegro’ No. 27/10 from 12.05.2010)