



REPUBLIC OF MONTENEGRO
Government of the Republic of Montenegro
Directorate for the development of small and medium sized enterprises

**ANNUAL REPORT
2005.**

Podgorica, January 2006.

CONTENT

Introduction.....	3
Institutional Support.....	4
Regional / Local Business Centres.....	9
Euro Info Corresponding Centre of Montenegro.....	37
Education.....	52
Developmental projects.....	58
Enhancement of competitiveness of domestic enterprises	58
Energy efficiency for SME.....	62
Fund for Diaspora.....	63
TAM /BAS Program.....	64
Development of greenhouse production.....	72
Promotional activities.....	75
Information about past activities on the removal of existing Business barriers.....	78

Introduction

According to priorities that have been defined in “The Strategy for development of small and medium sized enterprises” Directorate for development of small and medium sized enterprises has realized following projects in the period from January to September of 2005.

- I. Institutional support
- II. Education
- III. Enhancement of competitiveness of domestic enterprises
- IV. TAM /BAS program
- V. Development of greenhouse production
- VI. Promotional activities
- VII. Information about past activities on the removal of existing business barriers

During 2005. SMEDA supported 118 enterprises, (credit lines, financial supports from foreign donors, it has been organized 13 different cycles of education with 658 attendant, thus, it was provided 1718 different consulting services (advices, business plans preparations, marketing plans, standards and similar).

Institutional Support

The main project objective is to support SME development through establishing institutional network at local and regional level - and providing support for citizens in place where they live. The sub objective would be lightening regional differences through adequate SME development support at local and regional level, but also getting needful information for better defining the Government policy and strategy in this area.

The basic task of this project is foundation of business centres which enables citizens to get all indispensable information in one place.

They provide following services:

- a) Developmental-analytical
- b) Business services.

According to SMEDA's Action plan , it is planned foundation of 7 regional and in their framework, network of local business centres to provide coverage of whole Montenegro, that has mostly already been achieved. So far SMEDA established Regional businesses centres in Podgorica (14.06.2002), Bijelo Polje (30.07.2002), Bar (29.01.2003), Pljevlja (16.04.2003), Nikšic (16.04.2004), and Berane (4.11.2004), as well as local one in Rožaje (4.10.2002), Cetinje (17.10.2002), and Žabljak (26.08.2004). Also it is planned foundation of regional centre in Herceg-Novi, and local one in Plav.

Every business centre adapts the content of his agenda to development level and needs of region where that agenda is being implemented. First centres analyse the actual situation (the actual level of development), which includes making community or regions profile, that this one covers. (Territory (total area, position), Population-gender, age and education structure, number of enterprises per industries, Resources and their valorisation possibilities, commune development projects, Actual situation in economy, Number of (un)employed-structures, community share in total GDP, GDP progress in last 5 years).

It is also very important to create a database - analyse of actual situation of small and medium sized enterprises:

(Number of small and medium sized enterprises, enterprises structure according to theirs activities, Total number of employee, new enterprises mortality rate, number

of growing enterprises, unemployed people needs- education, consulting, registration assistance etc.)

Every centre has systematized basic information's that SME's need: (Valid regulations, how to found enterprise, institutions which deals with small and medium sized enterprises, conditions for obtaining financial means, necessary knowledge for business, as well as other useful information important for small and medium sized enterprises business).

After forming the essential information base and systemizing basic information, bottom-UP method was used to reach this important information for SME. This primary considers identification of their needs, obstacles and barriers in business, growth and employment growth.

This method puts more trust in business centres activities and gradually strengthens their credibility. This is important because our entrepreneurs and SME owners often minimize or even underestimates the importance of any kind of non-material support.

The essential precondition for normal business centres functioning is engaging staff with adequate skills . Business centres staff need to have certain level of specialized knowledge related with job characteristic and activities done by centres. Related with this, in 2005. different educational programs were organized to increase business knowledge.

CEFE is specialized seminar organized by GTZ (the Germany organization for the technical assistance as well as collaboration) for potential entrepreneurs, as well as those who recently started their businesses and want to improve their business results. This seminar is also for the future trainers of this course. CEFE (Competency-based Economies through formation of Enterprises) represents instruments for entrepreneurs training, using active and dynamic working approach and empirical education methods to develop and improve managerial and personal abilities.

Many business centre employees took part in this course and successfully finished it.

SMEDA, through the Regional Business Centre Podgorica, together with GTZ, organized a CEFE course in Podgorica for small and medium sized enterprises within the territory of municipality of Podgorica.

Course lasted for 15 days and it was divided on three parts per 5 days. The participants will also be able to compete with their business ideas, and business plans made through course for assigning credit support, realized by commercial banks.

Within the projects „ Twinning: Slovenia-Montenegro “ three business centres (the RBC Podgorica, RBC Nikšić, and LBC of Cetinje) were included in Twinning seminar with partner from Slovenia, Development Agency of Sjeverna Primorska-Nova Gorica.

Themes:

- way of work and organization comparing with other agencies,
- projects presentations, national and international,
- connecting enterprises (clustering),
- European Union principals, reasons for regionalization?
- financing activities,
- employees training (project management, enterprises consulting, specialist consulting),
- voucher system consulting.

After finishing the first workshop, the need for further collaboration was identified, so therefore partners from Slovenia had a return visit to Montenegro.

The Business centers employees are included in the self-employment program realized by German organization “Help Montenegro”, which includes assessment and selection of the best business ideas and plans (so far they received around 500 questionnaires and 110 were approved). The Project target group is mostly, as well as previous years, refugees, but local people are included too. In this moment some potential loans users are being visited, what will be followed by placing loans-grants with planned monitoring. The approved donations are exclusively given as equipment and / or material, without cash payments. Average value of particular donation is around 1200€. Every user is obligated to return 15 % in cash of total donation immediately after receiving the equipment, and to do 10 hours of socially - useful work for the local community.

Within a project “Support to export oriented small and medium sized enterprises “, started by Directorate for development of small and medium sized enterprises and SMECA (Fund for financing exporting enterprises - financed by the World Bank) and with business centers assistance, presentations were held almost in all municipalities where business center exist. The aim of the Project is to give financial support to export oriented firms in order to achieve long-term growth and

business stability, and in accordance with SMECA's programs and procedures defined by the World Bank.

The Local business center Rožaje once again this year had a leading position in number of realized projects, and planned activities for the next period.

Another important project „Summer school – Cetinje Capital“ initiated a Local business center Cetinje regarding Directorate for development of small and medium sized enterprises, in the cooperation with Ministries of education, tourism and culture and Bureau for Education Services. Summer school has been organized for the first time in such way because, beside amusingly-recreation contents, about 300 elementary school students from II to IV grade have had educational program which includes tour of all significant cultural-historic institutions. Besides that, ecologic workshop was organized in national parks „Lovćen“ and „Skadarsko lake“, and all attendants got one brochure „Story about Cetinje“ which, on interesting and to this age adjusted way evokes historical facts about Cetinje and Montenegro.

Within project “Enhancement of competitiveness of domestic enterprises - tourism, on 01.11.2005. the public invitation was announced for issuing new credit line for small and medium sized enterprises. Regional / Local business centres are engaged in promotional part of this Project and assisting in making investment documentation. Promotion is performed by informing directly reference enterprises and organizing project's presentations with the participation of business centre's employees in following municipalities: Herceg-Novi, Budva, Bar, Podgorica, Rožaje, Bijelo Polje, and Zabljak.

Also within the same Project “Enhancement of competitiveness of domestic enterprises -wood-processing”, on 12.12.2005. the public invitation was announced for issuing new credit line for small and medium sized enterprises that produce furniture, with the identical support from businesses centre's employee in making investment documentation.

Directorate for development of small and medium sized enterprises in the middle of 2005. started with implementation of one more and very important project, “Energy efficiency for SME”. The Business centres are involved by informing enterprises about possibilities given by this project, assistance in making investment documentation, including making technical documentations and business plan, project promotion, coordination and offering all other services for its implementation.

The clients' numbers, mostly starters in business, who have visited the different business centres, amounts to 1718. This is significant growth (132 %) comparing to 2004. The consulting services increased mostly (1172, comparing to 242, in 2004., 384 % growth). This can be explained by the influx of clients involved in self-employment project, which is carried out with the German organization HELP. Also the other service that increased in this year is assisting in business registration (53 %), while the making business plan services decreased (22 %). Number of finished business plans last year was bigger because of the participation in the project "Let's work 2004" within the project "Legalization of existing and opening new working places". The credit lines access services are on the last year level. Since the business centres are part of the supporting and assisting system to small and medium sized enterprises, they are in the function of achieving the country strategic interests in this sector. Therefore the business centres activities are defined in a way to increase level of competitiveness of existing business, to constantly improve business ambiance, and also to support the process of making new enterprises and reduce their "mortality" rate.

The tabular display of total clients number and offered services type in all centres:

Year.	Clients number	Offered services types			
	Totally	Business Registration	Making and assisting in making business plans	Credit lines accessibility	Consulting services
2004	739	91	174	232	242
2005	1718	140	142	264	1172

REPORT ABOUT THE WORK OF REGIONAL / LOCAL BUSINESS CENTRES
REGIONAL BUSINESS CENTRE OF PODGORICA

Regional business centre Podgorica has been established 14.06.2002. by Directory for development of small and medium-sized enterprises and Municipality of Podgorica – Secretariat for economy. At the moment, the business centre operates within Agency for development and construction of Podgorica. Business centre has one office and three employees.

BUSINESS SERVICES

The tabular display of clients number and offered services types:

Year.	Clients number	Offered services types			
	Totally	Business Registration	Making and assisting in making business plans	Credit lines accessibility	Consulting services
2004	130	5	9	6	110
2005	430	80	33	9	308

It is obviously that number of clients and consulting services increased comparing to 2004, what partly can be explained with many participants in “Self-employment” project, realized in cooperation with the German organization HELP. Since it is necessary to register business for being able to use HELP grants, many services in business registration were requested.

EDUCATIONAL PROGRAMS

Within Stability Pact for South East Europe, Directorate for development of small and medium-sized enterprises, in cooperation with Small Business Development Centre (PCMG) from Slovenia, organized the “Voucher system” workshop.

Twinning seminar with partner from Slovenia, Development Agency of north Coast Nova-Gorica.

“Balkan market survey” presentation, chances for Montenegrin agricultural products to be placed on Albanian, Bosnia and Herzegovina, Kosovo, Macedonian and Serbian market. Presentation was prepared by Booz Allen’s Montenegro personal Sector Development & Competitiveness Project (MPSDC) - Project of development of private entrepreneurship and competitiveness in Montenegro with the participation of Directorate for development of small and medium sized enterprises.

“Entrepreneurships innovations” seminar, organized by Directorate for development of small and medium sized enterprises and GEA-College from Slovenia, intended to potential and existing entrepreneurs, entrepreneurs advisers, institutions and organizations that works directly or indirectly with small and medium sized enterprises.

Seminar topics were:

- Creativity and innovation
- Innovation process
- Managing of innovation process
- Entrepreneurship culture in enterprise
- Solving a problems in creative way
- Case study

“Revitalization of medical and aromatic herb sector in Montenegro” seminar, emphasising revitalization of Montenegrin medicinal herbs sector with export tendency.

Specific Activities

“Poverty Reduction through Support to Start-Up Businesses and Socio-Economic Integration of Refugees and IDPs in Montenegro 2005/2006” project in cooperation with HELP. This program is financed by Swiss Directorate for the development

and collaboration and German government through the Pact for stability of South-East Europe.

In Podgorica they found this project very interesting, and till now there were around 200 applications. Until now 31 loans have been approved.

Organizing “ Energy efficiency for MSP in Montenegro”. project presentation. This project should provide for SME that in very short term identify inefficient and environmentally bad use of resources, to implement measures for improving energy efficiency and introducing renewable energies and decrease the costs on that way.

Organizing “ Support to small and medium sized enterprises orientated to export” project presentation, started by Directorate for development of small and medium sized enterprises and SMECA (Fund for financing exporting enterprises- financed by the World Bank).

Entrepreneurs clubs were organized in following schools: Milorad Musa Burzan, Sutjeska and Štampar Makarije (already third year continuously). A great interest was shown for this project.

Directorate for development of small and medium sized enterprises, through regional Business Centre Podgorica, together with GTZ (the German organization for the technical help and collaboration), organized a CEFÉ course in Podgorica for small and medium sized enterprises from territory of district of Podgorica. As it was planned, all course attendants were requested to make a short descriptions of its businesses ideas.

The commission, consisted of representatives from Directorate for development of small and medium sized enterprises and Germany organization for technical collaboration (GTZ), analysed and ranked received business ideas and selected 6 of them to hand over business plans . But in the end only one attendant handed over business plan.

Businesses Centre Podgorica employees attended this course too.

Within project “ Enhancement of competitiveness of domestic enterprises - tourism and word-processing”- Directorate for development of small and medium sized enterprises and Crnogorska komercijalna banka started giving credit support to small and medium sized enterprises from these sectors. The regional Business Centre Podgorica was involved in this project by distributing necessary documentation, giving credit terms information and assisting in making business plans to reference. The project main goal is to expand production capacities, to

enlarge assortment, to ensure necessary conditions for market expansion (increasing export), better and more efficiently use of domestic resources, to create more jobs.

OTHER ACTIVITIES

Centre for entrepreneurship education and development together with region Piemonte, Centro Estero Camere Commercio Piemontesi (CECCP), Consorzio Piemontese Di Formazione per il Commercio Estero, Turismo Torino and Leonard International projects, in May 2004., started a project in agriculture and tourism sectors.

As a part of this project in period from 24.09 to 02.10.2005 the study visiting was organized in the region of Piemonte for economic policies creators and business associations representatives from Montenegro tourism sector. Tourism development strategy and projects for further Piemont tourism development were presented. Benefits from this are evident because of the experiences exchanging and connecting with institutions from Piemonte tourism sector.

The project INTEGRA for connecting small and medium sized enterprises from our countries with entrepreneurs from several regions in Italy is financed by Italian Government through Ministries of foreign affairs, and it has being implemented by Mondimpresa-Agency for small and medium sized enterprises internationalisation. In period from 13. to 30. November, 2005. as a project phase the study visit to various Italian regions: Puglia (Bari, Brindisi, and Lecce), Basilicata (Potenza, Matera) and Campania (Napoli, Salerno) was organized,. Also, visiting various Italian institutions and organizations was included.. This visit was of great importance because it enables Montenegrin enterprises and entrepreneurs to make contact with partners and entrepreneurs from Italy, and introduce experiences and good practice of this developed country.

Meeting with representatives of “JICA”, Japanese international cooperation agency, in relation with the project “Technical support for development of small and medium sized business in Montenegro”.

REGIONAL BUSINESS CENTRE OF BIJELO POLJE

Regional business centre of Bijelo Polje is established in 30.07.2002, and started to work in 1.09.2002. Founders of RBC Bijelo Polje are Directorate for development of MSP and municipality of Bijelo Polje. There are three employed employees at the centre who are working permanently. Centre has at his disposal all the modern equipment, while employees are been enabled to work on computers.

BUSINESS SERVICES

The tabular display of clients number and offered services types:

Year.	Clients number	Offered services types			
	Totally	Business Registration	Making and assisting in making business plans	Credit lines accessibility	Consulting services
2004	115	22	30	24	39
2005	133	18	23	27	65

In the business centre of Bijelo Polje, almost all services are on last year level. Its been registered the increase in number of clients for 15 %, the mild fall in help of making the business plans, while evaluation of offered consulting services is larger-by (40 %).

EDUCATIONAL PROGRAMS

Participation in specialist seminar organized by GTZ -CEFE for potential entrepreneurs and to entrepreneurs who recently have started theirs business and wants to improve its business result. Course is also for future trainers of this course.

“Voucher system” workshop - within Stability Pact for South-East Europe, Directorate for small and medium sized enterprises in collaboration with Pospešvalnim centre for small economy of Slovenia.

Participation on “Swot analysis“ seminar organized by Austrian Montenegrin partnership B&K.

SPECIFIC ACTIVITIES

“Poverty Reduction through Support to Start-Up Businesses and Socio-Economic Integration of Refugees and IDPs in Montenegro 2005/2006” project in cooperation with HELP.

In Bijelo Polje are very interested for this project and until now around 100 questionnaires were received including districts of Bijelo Polje, Mojkovac and Kolašin. Until now 23 credit loans are being approved.

Arrival of group from France " Associations Beton Montenegro " which deals with the development of rural tourism in the organization of regional Business centre Bijelo Polje and municipality of BP.

Participation in Regional Tourist Conference organized by Austrian-Montenegrin partnership for Bjelasica and Komovi with presentation of Tourism strategy of region and key projects.

Participation in “Handicraft and Tourism” seminar in Budva organized by Craft chamber Koblenc and GTZ, for representatives of South-East Europe countries within “Stability Pact ”.

Involvement in “Research of demands on Balkan market “ presentation organized by USAID and SMEDA.

Participation in organizing Balkan championship " Mountain bike on Bjelasica " in order to affirmate Bjelasica mountain and valorise its resources.

Participation in “Mountaineering homes and mountaineering rounds” seminar organized of Austrian-Montenegrin partnership.

The entrepreneurs clubs were organized in school Vladislav Ribnikar. They were very interested for this project.

Within a project “Enhancement of competitiveness of domestic enterprises - tourism and word-processing” credit financing small and medium sized enterprises from these areas. Regional Business Centre Bijelo Polje was involved in this project by distributing necessary documentation and giving credit terms information to enterprises that showed interest for this project.

The presentation of “Energy efficiency for MSP in Montenegro” project was also organized.

OTHER ACTIVITIES

Entrepreneurs benchmarking within a project “Support to small and medium sized enterprises orientated on export” in the organized by Serbia and Montenegro Export Credit Agency (SMECA) and Directorate for development of small and medium sized enterprises.

Enterprises benchmarking within a project “Family business“ organized by Directorate.

Cooperation with CHF for implementing couple of projects which has great importance for economical development of municipality Bijelo Polje.

Coordinating implementation of all activities for the “Bjelasica Opening“ in collaboration with municipality of Bijelo Polje.

REGIONAL BUSINESS CENTRE OF BAR

Regional business centre Bar has been established 29.01.2003. by Agency for development of small and medium-sized enterprises and Municipality of Bar – Secretariat for economy. In March, employee, who has worked at the centre, has gone on specialist studies in Italy. In November a new employee has been engaged. Delay can be explained by problems which appeared in the local municipality.

BUSINESS SERVICES

The tabular display of clients number and offered services type:

Year.	Clients number	Offered services types			
	Totally	Business Registration	Making and assisting in making business plans	Credit lines accessibility	Consulting services
2004	32	4	10	8	10
2005	34	0	2	12	20

Clients number is on the level from last year and the support is mainly given in the accessing credit lines and consulting services in which Regional business centre Bar was mostly engaged within the project “ Enhancement of competitiveness of domestic enterprises - tourism and word-processing”

EDUCATIONAL PROGRAMS

Participation in specialist seminar organized by GTZ -CEFE for potential entrepreneurs and to entrepreneurs who recently have started their business and wants to improve its business result. Course is also for future trainers of this course.

CEFE (Competency-based Economies through formation of Enterprises) represents instruments for entrepreneurs training, using active and dynamic working approach and empirical education methods to develop and improve managerial and personal abilities.

SPECIFIC ACTIVITIES

Within a project “Enhancement of competitiveness of domestic enterprises - tourism and word-processing” credit financing small and medium sized enterprises from these areas. Regional Business Centre Bar was involved in this project by distributing necessary documentation and giving credit terms information to enterprises that showed interest for this project.

OTHER ACTIVITIES

Centre for entrepreneurship education and development together with region Piemonte, Centro Estero Camere Commercio Piemontesi (CECCP), Consorzio Piemontese Di Formazione per il Commercio Estero, Turismo Torino and Leonard International projects, in May 2004., started a project in agriculture and tourism sectors. Economic policies creators and business associations representatives were trained in Podgorica together with Regional Businesses Centre of Bar representatives. As a next phase of this project it is planned visiting Italy.

Entrepreneurs clubs were organized in the elementary school “Yugoslavia”.

REGIONAL BUSINESS CENTRE OF PLJEVLJA

Regional business center Pljevlja has been established 16.04.2003. by Agency for development of small and medium-sized enterprises and Bank of Pljevlja and Coal mine Pljevlja. The center has only one employee at the moment.

BUSINESS SERVICES

The tabular display of clients number and offered services types:

Year.	Clients number	Offered services types			
	Totally	Business Registration	Making and assisting in making business plans	Credit lines accessibility	Consulting services
2004	100	20	10	60	10
2005	38	0	1	22	15

Less clients and offered services comparing to last year can be explained with the fact that bank employee just recently has started working in this business centre.

EDUCATIONAL PROGRAMS

Participation in specialist seminar organized by GTZ -CEFE for potential entrepreneurs and to entrepreneurs who recently have started their business and wants to improve its business result. Course is also for future trainers of this course what was the main reason for participating. 120 entrepreneurs were involved in these workshops. Three special training programmes were also organized for 12 local experts too.

SPECIFIC ACTIVITIES

Within a project “Enhancement of competitiveness of domestic enterprises - tourism and word-processing” credit financing small and medium sized enterprises from these areas. Regional Business Centre Pljevlja was involved in this project by distributing necessary documentation and giving credit terms information to enterprises that showed interest for this project and generally with Project promotion.

OTHER ACTIVITIES

Business Centre organized meeting for small and medium sized enterprises representatives with the local municipality and representatives of Urban institute. This meeting considered surveying town economy actual situation as a part of making Strategic plan draft for municipality Pljevlja development.

Business centre is the member of the Committee for economic development projects, as a part of economic development realizing within USAID project for local communities development through democratic activities, that has been implemented by CHF Montenegro in the north area of Montenegro.

Entrepreneurs clubs were organized in the elementary school Salko Aljković. An employee of RBC Pljevlja participated in the school selection process.

REGIONAL BUSINESS CENTRE OF NIKŠIĆ

Regional business center Nikšić has been established 16.aprila 2004.g. The center has been established in partnership between Agency for development of small and medium-sized enterprises and Bank of Nikšić. Two employees work in the center.

BUSINESS SERVICES

The tabular display of clients number and offered services types:

Year.	Clients number	Offered services types			
	Totally	Business Registration	Making and assisting in making business plans	Credit lines accessibility	Consulting services
2004	155	7	50	74	24
2005	166	10	11	38	107

Number of clients is almost on the last year level, but there were less making business plans services (5 times) and access to credit lines (2 times). This can be explained by credit line given from Government and banks realized in 2004 within “Legalization of existing and opening new working places” project, with the important contribution from centre in it. Consulting services increased in this year (345 %).

EDUCATIONAL PROGRAMS

“Voucher system” workshop - within Stability Pact for South-East Europe, Directorate for small and medium sized enterprises in collaboration with Pospešvalnim centre for small economy from-of Slovenia.

Twining seminar with the partner from Slovenia, Developmental Agency of North Coast - New Gorica.

"Balkan market survey" presentation, chances for Montenegrin agricultural products to be placed on Albanian, Bosnia and Herzegovina, Kosovo, Macedonian and Serbian market. Presentation was prepared by Booz Allen's Montenegro personal Sector Development & Competitiveness Project (MPSDC) Project of development of private entrepreneurship and competitiveness in Montenegro with the participation of Directorate for development of small and medium sized enterprises.

RBC Nikšić representative attends the seminar organized by SBDC from Rogaška Slatina, Slovenia.

SPECIFIC ACTIVITIES

Second health food producers and tourism meeting was held on 17. Januar, 2005. in hotel Onogošt in Nikšić. Directorate for small and medium sized enterprises and RBC Nikšić participated in these meetings organization and implementation.

SMECA (Serbia and Montenegro Export Credit Agency) and RBC organized a presentation on 12. April, 2005. in Nikšić bank hall which attended 21 representatives from MSP Nikšić. They were interested specially for next programs:

- Insurance of export demands
- Loans and guarantees for floating capital
- Guarantees for well done job and advance payment guarantees
- Factoring
- Technical assistance for importing procedures and marketing.

Later, representatives of RBC Nikšić arranged meetings with representatives of SMECA and leading structures of following enterprises: Boksiti, Pivara, Livnica Gatti, Tehnostell.

SMEDA and Help have started "Poverty Reduction through Support to Start-Up Businesses and Socio-Economic Integration of Refugees and IDPs in Montenegro" project. The RBC Nikšić participates in the this project implementation by giving over 60 applications to clients, giving instructions. After the first selection representatives of Centre and Help are visiting potential users and estimating and checking their credibility. A project is in progress. So far 7 loans have been approved.

Within Twinning Slovenia- Montenegro manager from RBC Nikšić has visited RRA Sjevno Primorsku for introducing Slovenian entrepreneurs experiences and connecting these entrepreneurs with Montenegro representatives. Many officials like Mr. Ranko Milovic, SCG ambassador in Slovenia, president of chamber of commerce in Slovenia, president of SO New Gorica and other and private entrepreneurs were at this presentation of Nikšić municipality. As a result of this seminar it is planed to proceed and intensify this kind of contacts. All of these activities were covered by TV and newspapers.

The monitoring of credit lines given within “Enhancement of competitiveness of domestic enterprises - meat industry” project is on going. So far control was held in two companies: US Goranović and Martex d.o.o.

RBC Nikšić is engaged in implementation, loans returning control that were given by Ministry of agriculture through Nikšić bank for successful farmers in Montenegro.

For the first time Entrepreneurs clubs are organized in Nikšić in two elementary schools: E.S. Braca Labudović and E.S. Mileva Lajović. The pupils and school staffs were very interested in this project and conditions for involving more schools in the next cycle are made. Mentioned schools participated also on the National forum which was held in Podgorica on 17th May.

”Energy efficiency for SME in Montenegro” project presentation was held at Nikšić bank which attended many entrepreneurs .The SMEDA’s representatives together with Mr. Markus Exenberger presented this project. Later they contacted some of those enterprises and visited them.

Within project “ Enhancement of competitiveness of domestic enterprises - tourism and word-processing”- Directorate for development of small and medium sized enterprises and giving credits to small and medium sized enterprises from these sectors, the Regional Business Centre Niksic was involved by distributing necessary documentation, giving credit terms information and assisting in making business plans to enterprises that showed interest for this project.

The working group that consist of representatives of Government of Montenegro, Directorate for development of SME (through Regional Business Centre Nikšić), Ministry of Agriculture (through it's consulting and inspection departments), Employment Agency, and Pension Fund was made to solve problems concerning technological surplus in Zeljezara a.d. Niksic . The representatives of these institutions will work in a social, i.e. the developmental office.

OTHER ACTIVITIES

The RBC Nikšić initiated meeting between Help- and UNHCR representatives and Nikšić mayor and it was arranged the construction of one building for internally displaced and socially handicapped people. They arranged also particular obligations.

USAID/ CHF are carrying out the program CRDA-E- “Local economic developments of Nikšić municipality”. The RBC representatives are voluntarily participating in boards and commissions for project realization.

Participation in the Conference –“Integral development of Durmitor area” which was held in Žabljak on 11th July.

REGIONAL BUSINESS CENTRE OF BERANE

Regional business center Berane has been established 04.11.2004. by Agency for development of small and medium-sized enterprises. There are three employees and two aspirants in the center.

The problem are evident in work organization and taken activities.

The tabular display of clients number and offered services types:

Year.	Clients number	Offered services types			
		Business Registration	Making and assisting in making business plans	Credit lines accessibility	Consulting services
2004	13	0	2	4	7
2005	395	0	2	72	321

Not so many clients in 2004 are noted, because the centre was opened in November and was working only for two months in that year.

In 2005. , total number is satisfying, but services structure isn't.

According to that we have many consulting services (achieved mainly by the influx of people who applied for HELP grant), and just few services in making business plans and business registration.

EDUCATIONAL PROGRAMS

The educational programs for business centre staff members are in progress, which consider themes such as: making feasibility studies and business plans, analysing companies, communication and presentation skills, informational technology, marketing, etc.

Participation in specialist seminar organized by GTZ -CEFE for potential entrepreneurs and to entrepreneurs who recently have started their business and wants to improve its business result. Course is also for future trainers of this course.

“Voucher system” workshop - within Stability Pact for South-East Europe, Directorate for small and medium sized enterprises in collaboration with Pospešvalnim centre for small economy from-of Slovenia. Voucher consulting program starts from the fact that many people, technically do their work very well, but they have a lack of business knowledge and experience. This lack of abilities can be compensated with consulting Voucher consulting program includes the entrepreneurship consulting with subventions, which is cheaper, locally accessible and with quality.

SPECIFIC ACTIVITIES

"Balkan market survey" presentation, chances for Montenegrin agricultural products to be placed on Albanian, Bosnia and Herzegovina, Kosovo, Macedonian and Serbian market.

Participation in SMECA Found presentation in Rozaje to educate about financing foreign trade business.

“Poverty Reduction through Support to Start-Up Businesses and Socio-Economic Integration of Refugees and IDPs in Montenegro 2005 / 2006” project in cooperation with HELP.

In Berane are very interested for this project and until now around 130 questionnaires were received, including districts of Berane, Plav and Andrijevica. Until now 27 credit loans are approved.

In December the seminar for of HELP grant users regarding business registration was held.

Within one's -theirs activities centre has composed a suitable list of wood-processing industries from region of (Berane,Plav and Andrijevica) with contact information.

Participation in a conference „Integral development of Durmitor area”, which presented sustainable development of this area.

Entrepreneurship clubs were organized in the elementary school “Vuk Karadžić”. Also the other schools were interested to participate in this project.

”Energy efficiency for SME in Montenegro” project presentation was organized. The SMEDA’s representatives together with Mr. Markus Exenberger presented this project. Later they contacted some of those enterprises and visited them.

Within a project “ Enhancement of competitiveness of domestic enterprises - tourism and word-processing” credit financing small and medium sized enterprises from these areas. Regional Business Centre Berane was involved in this project by distributing necessary documentation, giving credit terms information to enterprises that were interest for this project and assisting in making business plans.

OTHER ACTIVITIES

- Making following Web presentations: [http:// bcberane.tripod.com](http://bcberane.tripod.com)
This presentation was recently upgraded with animations made by Macromedia Flash MX program.
- A list of enterprises in that region was made for the most successful Montenegro enterprises catalog that should be made by EICC
-

As being invited from CHF we attended to the CRDA-E program for local economic development informational meeting organized in order to help persons who deal with local economical development, to understand better necessary preconditions for economical development and to identify their advantages and opportunities.

The final result from this program should be increasing employment and incomes (especially in agriculture and tourism sectors).

LOCAL BUSINESS CENTRE ROŽAJE

Local business centre Rožaje has been established 04.10.2002. by Agency for development of small and medium-sized enterprises and Municipality of Rožaje. According to the business centre Regulation on job systematization all positions are covered. Thus, five employees are in the centre.

1. Free services

- Giving directions of the adequate sources and address for a concrete technical assistance, advice, information and support
- Advice about the structure and registration of business
- Information about financing sources
- Providing services from partner institutions
- Giving basic information about legal regulations (customs, taxations),
- Marketing advices, etc.

2. Services which are being charged

- Registration of enterprises
- Business ideas elaborations
- Recommendation to creditor
- Filling up a request for loan
- Making business plan
- Making marketing plan
- Revision of existing business plan

The tabular display of number of clients and kinds of offered services:

Year.	Clients number	Offered services types			
	Totally	Business Registration	Making and assisting in making business plans	Credit lines accessibility	Consulting services
2004	102	29	26	23	24
2005	430	20	49	75	286

Local business centre successfully takes part in the realization of almost all activities and projects which are carried out in municipality of Rožaje. Large number of clients who daily appeal for assistance and services of business centre confirms above mentioned. Number of given consulting services increased, also the number of access to credit lines services (226 %), and the number of assistance in making business plans (88 %), while the number of assistance in registration of business decreased (45 %).

EDUCATIONAL PROGRAMS

- ❖ “Handicraft and Tourism” Seminar in Hotel “Maestral” Miločer, where we exchanged experiences concerning tourism development with the representatives of surrounding countries.
- ❖ Business Centre representative attended a CEFE course for potential entrepreneurs, and for entrepreneurs who recently started business and want to improve their business results. Course is also for future trainers of this course.
- ❖ Participation in international conference for development of entrepreneurship in Zagorje, Slovenia, in organization of Regional centre for development of Zagorje.

- ❖ One employee has participated on the study tour (Hungary) in the organization of UNDP and HUNIDA.

SPECIFIC ACTIVITIES

- ❖ For tender of assigning assets from the budget of City Hall of Rožaje to Nongovernmental organizations, Business Centre has made 11 projects for nongovernmental organizations from municipality of Rožaje.
- ❖ For Nongovernmental organizations that were potential users of assets from tender of Assembly of Republic of Montenegro, 5 projects have been made.
- ❖ Investment Plan for “Contact centre” Berane has been made.
- ❖ 6 Business plans for private entrepreneurs from the municipality of Rožaje and Berane have been made. Making Business plans for two entrepreneurs from Serbia and one investment plan for SCG Army are currently being processed.
- ❖ In cooperation with NGO Reintegracija from Novi Pazar and with German relief agency AGEF, in April, started project for helping returnees from Western Europe countries. In this project about 500 returnees from the municipality of Rožaje, Berane, Plav, Bijelo Polje, Podgorica, Bar and Ulcinj are included.
- ❖ Activities with the Humanitarian organization HELP were initiated, registration and filling up of applications are currently in process, so far 42 clients have applied, and 7 projects have been realized, while others are being processed.
- ❖ Participation in Project called CRDA which has being conducted by CHF and financed by USAID. Business Centre is responsible for distribution of applications and filling them up, all applications clients can deliver to Centre. Centre is also participating in the procedure of distribution of these assets.
- ❖ Visiting the wood processing companies with SMEDA’s consultant.

- ❖ Participation in meeting concerning Integral development of Durmitor area organized in Žabljak.
- ❖ Agreement with representatives of Italian Government and with Presidents of regional chambers of commerce of Italy about business collaboration of wood-processing companies from Italy and from Municipality of Rožaje
- ❖ Started project called “Ethno settlement “ in Rožaje.
- ❖ Monitoring of the Project called “Sustainable development of Rožaje municipality” financed by the UNDP.
- ❖ 4 projects for Tourist organization of Rožaje, Department of urbanism and NVO Iskra Rožaje have been made, and they will be implemented and financed by UNDP.
- ❖ Entrepreneurship clubs were organized in the elementary school of Mustafa Pećanin. Mentor of club is going to be an employee from business centre.
- ❖ Presentation of project ”Energy efficiency for SMEs in Montenegro”. This project has been presented by representative of SMEDA and by Mr. Markus Exenberger. Some enterprises were contacted, and one number of them has been visited by representatives of Directorate.
- ❖ Within Project “ Enhancement of competitiveness of domestic enterprises - tourism and word-processing” and issuing credit line for small and medium sized enterprises from these districts, Local Business Center Rožaje has been engaged in these projects through distribution of necessary documentations to reference enterprises, introducing them with terms of credit, and giving them assistance in making investment projects (assistance in making three projects.)

OTHER ACTIVITIES

- ❖ 7 enterprises have been registered.
- ❖ 9 NGO have been registered
- ❖ 5 entrepreneurs have been registered.
- ❖ 1 enterprise has been registered in Customs register
- ❖ 4 enterprises were prolonged registration in CRPS.

- ❖ Activities related to Secretariat for commerce of Rožaje which referred on assisting to this secretariat in answering to foreign investors, and in getting information for secretariat needs.
- ❖ Coordinating projects of all donor organizations present on territory of Rožaje municipality. (UNDP, USAID, Urban institute, CHF...)
- ❖ Articles in daily newspapers “Vijesti” and “Dan” about activities and results of Centre, twice a month
- ❖ Participating at local television APR programs
- ❖ Within campaign “Made in Montenegro” RTVCG visited Business Centre Rožaje, who initiated involvement “Gradine Company” Rožaje in campaign “Made in Montenegro”
- ❖ Article in the bulletin of EICC.
- ❖ Advertisements on activities of Centre on Radio Rožaje.
- ❖ Daily newspaper DAN and VIJESTI write one article per month about current activities of business centre.

LOCAL BUSINESS CENTER OF CETINJE

Local business centre Cetinje has been established 17.10.2002. by Agency for development of small and medium-sized enterprises. There are three employees in the centre.

BUSINESS SERVICES

The tabular display of number of clients and types of offered services:

Year.	Clients number	Offered services types			
	Totally	Business Registration	Making and assistance in making business plans	Credit lines accessibility	Consulting services
2004	82	4	35	31	12
2005	73	12	19	4	38

Number of clients will remain on last year level, because three months are left till the end of this year. Structure of services is little bit different, but the intensity of rendering services is almost the same. Number of assistances during the registration of business has increased (200 %), consulting services also (216 %), while the number of assistances in making business plans decreased (84 %), and access to credit lines (8 times).

EDUCATIONAL PROGRAMS

- ❖ German society for technical collaboration GTZ has organized CEFE course for entrepreneurs which consisted of 3 cycles:

I. 02-06. February (hotel „Grand Cetinje)

II. 23-27. February (hotel „Vardar “Kotor)

III. 16-20. March (hotel „Vardar “Kotor)

Course is organized for the purpose of improving of entrepreneurship skills and it was very practical and useful for entrepreneurs who plan or wish to improve their own business because of the specific methodology of work and lines of practical exercises and examples.

- ❖ Twinning seminar with partner from Slovenia, Development Agency of north Primorska - Nova Gorica.
- ❖ Participation and coordination on a workshop concerning the geographic origin protection in meat industry organized by GTZ and Directorate, was held on Cetinje.

SPECIFIC ACTIVITIES

❖ **Realization of pilot project „Summer School - Cetinje Capital “**

Pilot project „Summer school – Cetinje Capital“ initiated a Local business center Cetinje regarding Directorate for development of small and medium sized enterprises, in the cooperation with Ministries of education, tourism and culture and Bureau for Education Services. Summer school has been organized for the first time in such way because, beside amusingly-recreation contents, about 300 elementary school students from II to IV grade have had educational program which includes tour of all significant cultural-historic institutions. Besides that, ecologic workshop was organized in national parks „Lovćen“ and „Skadarsko lake”, and all attendants got one brochure „Story about Cetinje" which, on interesting and to this age adjusted way evokes historical facts about Cetinje and Montenegro. Beside a rich program of free activities with fun, sport and educational content, children have enjoyed in advantages of accommodation in hotel „Grand".

The participants were students from the following elementary schools: „Štampar Makarije“ from Podgorica, „Vuk Karadžić“ from Berane, „Vladislav Ribnikar“ from Bijelo Polje, „Salko Aljković“ from Pljevlja, „Olga Golović“ from Nikšić, „Mustafa Pećanin“ from Rožaje, „Risto Manojlović“ from Kolašin, „Aleksa Đilas Bećo“ from Mojkovac, „Bedri Elezaga“ from Vladimir and „Ilija Kišić“ from Zelenika. Sojourn for children was free of charge.

The success of this pilot project which lasted 7 days, with general satisfaction and positive marks and comments from students and teachers, represent the best guarantee of its sustainability. Project is planned to continue on autumn and on spring in next school year and further, in order to enable all elementary school students in Montenegro to enjoy advantages of well organized, beautiful and useful stay in Cetinje.

Strategy for “Summer school – Cetinje Capital” program has been made.

❖ A return visit to Regional development agency of Severne Primorske
Representatives of regional business centre Nikšić and local business centre Cetinje have visited the district of Sjevna primorska, where they have had meetings with local developmental agencies and business centers and also with numerous small and medium sized enterprises interested for business cooperation with Montenegro. Further exchange of information and continuation of cooperation is expected.

❖ Program of self-employment HELP 2005 / 2006

From May 2005. till the end of 2006., German organization HELP, in cooperation with the Local business centre Cetinje, will realize development project for employment which includes socially jeopardised households on territory of Cetinje municipality with healthy business idea for starting or developing their own business.

Local business centre Cetinje has gathered 55 filled applications, from which 37 applicants passed first phase of selection done by team of economists from Directorate for development of SME. Commission, which consists of representatives of HELP and LBC Cetinje, works on second phase of selection of candidates for granting. So far 14 loans were approved.

❖ Entrepreneurship clubs were organized in the elementary school of Njegoš. A great interest is shown for this project.

❖ Within Project “Enhancement of competitiveness for domestic enterprises – tourism and wood processing” and issuing credit line for small and medium sized enterprises from these areas, Local Business Center Cetinje was engaged in these projects through distribution of necessary documentation to reference enterprises, introducing them with terms of credit, and also providing help for making investment projects.

OTHER ACTIVITIES

- ❖ Marketing plan and business services presentation that centre provides to clients (public information resources, brochures, leaflets...);
- ❖ Analysis of current state and profiling of small and medium sized enterprises in the area of Cetinje municipality;
- ❖ Making and updating web portal with basic data about Cetinje SMEs;
- ❖ Contacting of related development agencies and/or business centers abroad for the purpose of making and realization of joint projects.

LOCAL BUSINESS CENTER OF ŽABLJAK

Local business centre Žabljak has been established 26.08.2004. by Agency for development of small and medium-sized enterprises. There is only one employee in the centre, which recently started to work, because the earlier employee changed his place of residence. Engaging of professional employees in this municipality represents big problem.

BUSINESS SERVICES

Year.	Clients number	Offered services types			
	Totally	Business Registration	Making and assistance in making business plans	Credit lines accessibility	Consulting services

Because employees have been changed several times, that was main reason for low number of clients.

EDUCATIONAL PROGRAMS

- Series of training sessions on following topics were made: making of visibility studies and business plans, diagnoses of companies, skills of communication and presentation, informational technology, marketing, etc.

SPECIFIC ACTIVITIES

- ❖ Until now activities were based on collection necessary data for making profiles of municipality, and also analyses of existing state of small and medium sized enterprises.
- ❖ Attendance to a conference „Integral development of Durmitor area”, where was presented sustainable development area.

- ❖ Entrepreneurship clubs in elementary school of Dušan Obradović have been organized.

- ❖ Within Project «Enhancement of competitiveness for domestic enterprises – tourism and wood processing» and crediting of small and medium sized enterprises from these areas, Local Business Center Žabljak was engaged in these projects through distribution of necessary documentation to reference enterprises, introducing them with terms of credit, and also providing help for making investment projects.

Euro Info Correspondent center of Montenegro

1. Montenegro's EICC project

Euro Info correspondent Center of Montenegro (EICC) was established under a project founded and managed by European agency for reconstruction (EAR). Shaping and initiating of this project was a result of positive response from European commission on Montenegrin Government request in accordance to current Montenegrin efforts to establish institutional infrastructure for development of small and medium sized enterprises sector ,and to open Montenegrin economy. Montenegro's EICC was opened on 9th May, 2002. and the project that was financed by EAR finished on 31st. March, 2004. The EICC is hosted by the National Directorate for Development of Small and Medium-sized Enterprises (SMEDA) and after the end of a project EAR- Montenegro's EICC has continued to work within Directorate.

EICC of Montenegro is part of a network which in 1986. was initiated by the European commission as a key measures within supporting program for small and medium sized enterprises (SME). The Aim of this project was to support SME to develop activities and to adjust to the economic environment which changes frequently, as to use benefits that integrated market provides and exchange information between European commission and enterprises. In the last decade of 20th century many states that were not members of EU were interests to be involved in EIC network, and in order to satisfy their needs for information of enterprises in EU, so European commission decided to expand network by founding Euro info correspondent centers in these states.

In this moment EIC network exists in 42 countries, including around 300 Euro info centers members.

1.1. Mission EICC of Montenegro

Montenegro's EICC mission derives from the mission of European commission EIC network, and also from Directorate for development of small and medium sized enterprises mission, within Montenegro's EICC works. Montenegro's EICC mission can be defined by:

Supporting Montenegrin economic development, and especially development of Montenegrin small and medium sized enterprises.

1.2. Montenegro's EICC Aims:

- Europeization
- Montenegrin SME internationalization
- Innovations promotion, environmental protection and sustainable development

Aims are realized through:

- Access facilitation to European information sources, business supporting organizations and Government institutions for Montenegrin SME
- Facilitation in business collaboration between Montenegro and European Union, and with others European countries, including assistant in establishing and keeping up connection between Montenegro and foreign enterprises.
- Securing access to European and bilateral assisting projects to Montenegrin enterprises and business supporting organizations.
- International Montenegrin economy promotion

2. Montenegro's EICC activities in 2005.

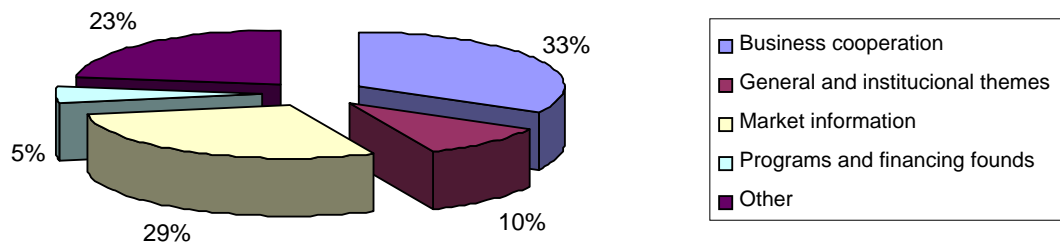
2.1. Business information services

Giving answers on enterprise's and in that way contributing in information barriers elimination which limits Montenegrin SME internationalisation.

In 2005. queries number increased comparing with the same period in previous year, so the average queries number from 12 per month in the previous increased above 17 per month (43 % growth).

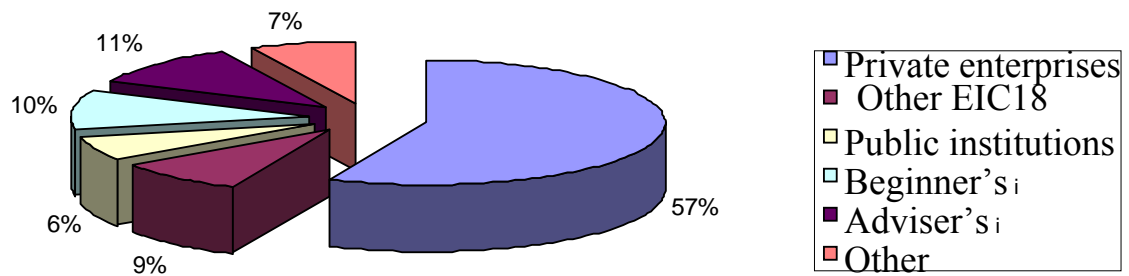
Queries per theme:

Agriculture	7
Economic and monetary questions	4
Health and Safety	1
Informational community	5
Supporting programmes for internationalisation	2
National politics and legislation	4
Politics of SME	3
Standardization, certification and quality	3
Business cooperation	68
Customs and taxations	3
EU Legislation	4
General and institutional questions	21
Market information	59
Programs and financing funds	11
Research and development	1
Other	10
Totally	206



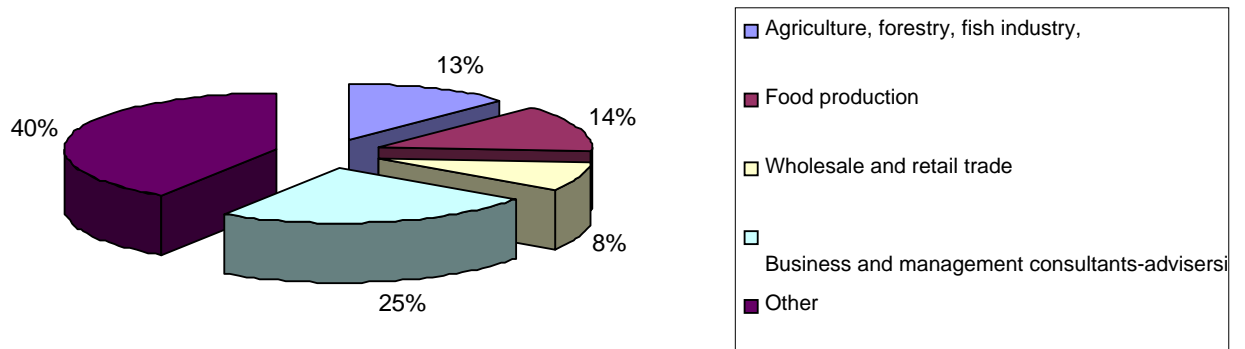
Inquiries by the type of client:

Private enterprises	117
Other EIC	18
Public Institutions	13
Begginers	21
Advisers/layers/acauntants	22
Other EU networks	3
Profesional associations	4
Others	8
Totally	206



Queries by the sector of activities of client:

Agriculture, forestry, fish industry	26
Food Production	28
Wholesale and retail trade	17
Business and management consultants	51
Other	76
Totally	198



2.2. Printed material

Printed material published by EICC of Montenegro:

- In this period 3 European Parliament and council's regulations were translated, published, and sent to relevant state institutions and entrepreneurs:

- Regulation (EC) no. 852 / 2004 from 29th April 2004. considering hygiene of foodstuffs
- Regulation (EC) no. 853 / 2004 from 29th April 2004. laying down specific rules on the hygienic of food of animal origin for food business operators
- Regulation (EC) no. 854 / 2004 from 29th April 2004. laying down specific rules for the organization of official controls on products of animal origin intended for human consumption.

- Printed and distributed 10th edition of Montenegrin bulletin version (March 2005.). A Bulletin has been accepted by 198 Montenegro enterprises. This edition themes were:

- On a calendar

- European Union expansion
- Muscovites coming in Montenegro
- Health food as Montenegrin trump
- Report from European fairs - Prague 2005
- Support to export oriented small and medium sized enterprises
- Montenegro requires managers by European standards
- The biggest mistakes in management
- Almanac of gastro pearls
- Marketing investment gives you back a double benefit
- Effects of promotional campaign called „ Made in Montenegro”
- The partnership agreement with Employers Union has been signed
- Greenhouse’s damages
- News from local business centre Rožaje
- European enterprises business collaboration offers

Printed and distributed 11th edition of Montenegrin bulletin version (October 2005.). Bulletin has been accepted by 200 Montenegro enterprises. This edition themes were:

- On a calendar
- Inflation rate in EU25
- GDP per cappita in EU25 countries
- Enhancement of competitiveness of domestic enterprises in milk industry
- The III business meeting between Montenegrin and Slovenian enterprises
- Durmitor region integral development
- LO.DE project
- Collaboration agreement with Japanese Agency for international collaboration
- Business advices
- New film “A View From the Eiffel **Tower** “
- Best business ideas selection
- Summer school
- “Entrepreneurship clubs in elementary schools “ third year
- Seventh fair of small and medium sized enterprises in Budva
- Slovenian enterprises business collaboration offers

- Printed and distributed 7th edition of bulletins version on English (November 2005.). About 200 foreign institutions received these bulletin. This edition themes were:

- Fairs
- Enhancement of competitiveness of domestic enterprises in tourism
- Collaboration agreement with Japanese Agency for international collaboration
- Investment Compact for South-East Europe
- LO.DE project
- Publishing European parliament and council regulations
- Durmitor region integral development
- Montenegrin enterprises business collaboration offers

- Printed and distributed 12th edition of bulletins version on English (December 2005.). About 200 Montenegrin enterprises received these bulletin. This edition themes were:

- On calendar
- GDP per capita in EU25 countries
- Enhancement of competitiveness of domestic enterprises in tourism
- Importance of intellectual property for small and medium sized enterprises
- European regional economic forum
- Entrepreneurship learning
- Promotion of Japanese politic for small and medium sized enterprises, Osaka, Japan
- Business advice -presentations
- Enhancement of competitiveness of domestic enterprises in
- wood industry
- Private sector development
- Energy efficiency and renewable energy in Montenegro
- IT support for Montenegrin small and medium sized enterprises
- Guidebook for groceries labelling in the USA
- The fourth international entrepreneurship fair in Belgrade
- European enterprises business collaboration offers

- Printed and distributed 8th edition of bulletins version on English (December 2005.). About 200 foreign institutions received these bulletin. This edition themes were:

- Enhancement of competitiveness of domestic enterprises in wood industry
- Fairs
- Promotion of Japanese politic for small and medium sized enterprises, Osaka, Japan

- European regional economic forum
 - Entrepreneurship learning
 - The fourth international entrepreneurship fair in Belgrade
 - Importance of intellectual property for small and medium sized enterprises
 - Montenegrin enterprises business collaboration offers
- The daily newspaper “Pobjeda” every Wednesday announces “European enterprises business collaboration offers”

2.3. Seminar, Workshops, Conferences, Presentations

- “Strategic management” seminar, 16-18.02.2005.
- The II meeting of Adriatic-Ionian Initiative round table about small and medium sized enterprises cooperation during the Montenegrin presidency of Adriatic-Ionian Initiative, 14-15.04.2005.
- Food producers and tourism enterprises II annual meeting, 17.01.2005.
- BCN Conference -about Montenegrin enterprises marketing export potentials, 16-17.01.2005.
- “Montenegrin exporters marketing function” seminar, 19-20.01.2005.
- “Hot winter in hills” Promotion, 12.02.2005.
- “Entrepreneurship innovations” seminar, 21-22.03.2005.
- “CARDS program” seminar, 5.04.2005.
- “Small and medium sized enterprises Internationalization “ conference, 13.04.2005.
- Marketing research of Balkan countries, 19.04.2005.
- The seventh Adriatic fair of small and medium sized enterprises, 25-28.05.2005.
- “Voucher consulting system” workshop, 31.05.2005.
- Annual bilateral meeting about the European charter for small and medium sized enterprises, 1.07.2005.
- “Durmitor region integral development” conference, 11.07.2005.
- “Entrepreneurship learning” workshop, 26-28.07.2005.
- “EIC services for small and medium sized enterprises” seminar, 28.09.2005.
- “EIC standardization services” seminar, 28.09.2005.
- “Regional development” seminar, 29.09.2005.
- Press conference for starting the “IT support to Montenegrin small and medium sized enterprises” project, 23.11.2005.

- “IT support to Montenegrin small and medium sized enterprises” project presentation in Ulcinj, 6.12.2005.
- “IT support to Montenegrin small and medium sized enterprises” project presentation in Cetinje, 14.12.2005.
- “IT support to Montenegrin small and medium sized enterprises” project presentation in Podgorica, 27.12.2005.

2.4. Web sites

www.euroinfo.cg.yu < the HTTP: // www.euroinfo.cg.yu - regularly updated Montenegro’s EICC site with all information about activities of Montenegro’s EICC

www.enterprise-montenegro.com - site on English language created to present information about Montenegrin enterprises that want to internationalization their business activities and cooperate with other enterprises and organizations on European and world market. In this moment in site’s database we have around 500 Montenegrin enterprises included. The of Montenegrin enterprises database is being regularly updated.

2.5. Business partners searching

EICC of Montenegro procures services for Montenegrin enterprises and entrepreneurs in searching business partners by distributing collaboration business offers made by Montenegrin enterprises on following ways: through publications published by Montenegro’s EICC (the bulletin on English language is being sent on over 400 address in Europe), by announcements in specialized EU databases (BRE), by contacting trade attachés of foreign branches, chambers of commerce, business associations etc., and also by announcing on EIC network’s VANS Intranet system.

2.6. Business collaboration missions

Organizing Montenegrin entrepreneurs business missions abroad and foreign entrepreneurs business missions in Montenegro. Aim of these missions is to provide the possibility for meeting between Montenegrin and foreign entrepreneurs interested for collaboration “one on one”. In the period from January to August 2005. two business collaboration missions with Slovenian and Italian enterprises

were prepared, and will be held in October. Bilateral business meetings between the entrepreneurs from the Italy and Serbia and Montenegro, were held on 11.10.2005. in Belgrade. 10 Montenegrin enterprises participated in this event.

2.7. Presenting Montenegro abroad

Montenegro's EICC employees during 2005. have presented Montenegro through formal presentation and introducing Montenegrin economy and Montenegro in general to foreign partners in following European towns:

- Prague, Czech Republic
- Tirana, Albania
- Ljubljana, Slovenia
- Moscow, Russia
- Pristine, Kosovo
- Venezia, Italy
- Dubrovnik, Croatia
- Brussels, Belgium
- Maribor, Slovenia
- Kopar, Slovenia
- Nova Gorica, Slovenia
- Malta
- Sofia, Bulgaria
- Skopje, Macedonia
- Belgrade, Serbia

2.8. Participation in Montenegrin SMEDA's projects

Montenegro's EICC actively participates in implementation of majority projects done by Directorate for SME development.

2.9. Own projects

Montenegro's EICC also implements with the support of Directorate for SME development, some of their own projects.

- EICC club -Internet daily news. EICC club includes following services offered to Montenegrin enterprises / entrepreneurs using e-mail for daily informing:

- Tenders on the market,
- Business offers and demands (internal and abroad),
- EU news (innovations in SME's business in European Union),
- Economic news from ex YU region,
- Events in home country and surrounding countries,
- Information about new companies,
- New products and services on market,
- Privatization.

68 enterprises currently pay subscription on this service.

- Montenegro business directory - public Montenegrin enterprises database available on www.enterprise-montenegro.com site on English language. created to present information about Montenegrin enterprises that want to internationalization their business activities and cooperate with other enterprises and organizations on European and world market
- BCN (Business Cooperation Network) Within Initiatives of Stability Pact for South-East Europe, Directorate for SME development in Montenegro has signed "Declaration on collaboration concerning small and medium sized enterprises development in South-East Europe". The Aim of Declaration is to enable faster growth of SME in the region. The initiative for making of unique databases of small and medium sized enterprises was accepted. Having offers and demands exchange is in order to define and organize market functioning. It provides commercial and promotional activities organization, in order to secure high level of services in entire Economic Community.

The primary goal for having this exchange is to insure the market management development in a way to make it maximally liquid, transparent and competitive and providing in the same time high level of efficiency and profitability. It enables faster, more simply and more qualitative business collaboration between Montenegrin enterprises and enterprises from Balkan region. Momentarily in database exist 125 Montenegrin offers for collaboration. In May and June, 2005. the twining was made between RRA Severna Primorska d.o.o. Nova Gorica and Regional business centers Podgorica and Nikšić and Local business center Cetinje. The "Voucher consulting system" workshop was also organized.

The III business meetings between Montenegrin and Slovenia entrepreneurs were held on 7th October, 2005. This meeting included 23 Montenegrin and only 12

Slovenian enterprises/ entrepreneurs. Between interested parties were held over 50 individual meetings “one to one“ which have been estimated as very interesting and useful by all participants.

Also, in the end of September, in Rogaška Slatina, Slovenia, the IV Round table was held concerning financing of small and medium sized enterprises, within which Directorate for development of small and medium sized enterprises, as a project partner, presented economic news from Montenegro, while the representative of Crnogorska Komercijalna Banka had a presentation concerning financing of small and medium sized enterprises in Montenegro.

- Reset D – project that develops the possibilities for collaboration and partnership between individual districts and local enterprises associations and for promoting - collaboration and partnership between Italian enterprises and Balkans enterprises. Partners: Italian regions of Basilicata, Campania and Lazio, Romanian Italian foundation - Romanian, Chamber of Commerce BIH.
- Integra Plus - Internationalization and globalizations of SME from the Mediterranean, Middle East and Balkans areas and making connecting with enterprises from South Italy’s regions. Italian partner choused Montenegro’s EICC and Directorate for development of small and medium sized enterprises to be a service center for SME development in Montenegro.
- Interreg IIIA - LO.DE. Creating a local development points in the Adriatic cross-border areas - supporting small and medium sized enterprises in cross-border business collaboration in order to strength and develop network between Italy and Balkan regions. Partners: Chambers of Commerce Union Veneto (Unioncamere Veneto). Italian Project-partners: Chambers of Commerce Union Emilia-Romagna (Unioncamere Emilia-Romagna), Chamber of Commerce Padova (Camera di Commercio di Padova), Chamber of Commerce Rovigo (Camera di Commercio di Rovigo), Chamber of Commerce Venezia Opportunita (Camera di Commercio di Venezia Opportunita), Chamber of Commerce Ravenna (Camera di Commercio di Ravenna), Chamber of Commerce Chieti (Camera di Commercio di Chieti), Chambers of Commerce Union Molise (Unioncamere Molise), Center for foreign affairs from Veneto region (Centro Estero Veneto). Project-partners from East-Adriatic countries: Chambers of Commerce Croatia, Euro Info correspondent centre Zagreb, County Rijeka, County Split, County Pula, Secretariat for regional and international collaboration of executive counsel of Vojvodina, Euro Info Relay center of Zrenjanin, Chamber of Commerce Bosnia and Herzegovina.

Local developmental office, under the Directorate for development of small and medium sized enterprises, started to work in 4.04.2005. .

The Basic office activities are:

- By developing information network it will provide for Montenegro enterprises easier entrance on European market, and for European enterprises easier entrance on Montenegrin market.
- Analyzing Montenegrin enterprise's needs and organizing meetings with Italian enterprises interested for direct collaboration with private entrepreneurs and participation in the privatizations process and economic collaboration with institutions.
- Information and realized contacts expansion, making effort to fold up business deals between Italian and Montenegro enterprises.

Project was officially presented on 14th September 2005. on a press conference held in premises of Directorate for development of small and medium sized enterprises, with participation of many Montenegrin medias.

A database containing queries and requests from Italian and Montenegrin side has been created, and it's being updated daily.

- Standardization. Providing standards implementation in agricultural -meat industry, tourism and wood-processing, by engaging experts or authorized institutions and through organizing seminars cycles, workshops and enterprises visiting in order to practically use necessary regulations and standards.

In this period 3 European Parliament and counsel's regulations were translated, published, and sent to relevant state institutions and entrepreneurs:

- Regulation (EC) no. 852 / 2004 from 29th April 2004. considering hygiene of foodstuffs
- Regulation (EC) no. 853 / 2004 from 29th April 2004. laying down specific rules on the hygienic of food of animal origin for food business operators
- Regulation (EC) no. 854 / 2004 from 29th April 2004. laying down specific rules for the organization of official controls on products of animal origin intended for human consumption.

EICC Montenegro actively participates in work of Government Board for quality.

- Support to export oriented SME. Gather activities of SMEDA and SMECA (the Fund for insurance and financing of foreign-trade business) which includes: promotion, consultant services, education, market analysis, individual enterprises analysis, foreign markets potential analysis, support to introduction of standards and similar.
- Pilot project “Support to SME in the IT business. Creation and maintenance of web site concerning e-business, what will be a start point for Montenegro enterprises that want to modernize their business and to start with electronic business. That site will be interactive and visitors will not only be able to find out about all aspects of electronic business, but also they will have opportunity to ask questions, get answers and exchange information from this field. The site is in the final phase of construction.
- Adriatic-Ionian initiative. Montenegro is a member of Adriatic-Ionian Initiative (representing SCG) from its forming on Conference for development and safety of Adriatic-Ionian region, held on 20.05.2000. in Ancon. In the period from May, 2004. till May, 2005. Montenegro is presiding on Adriatic-Ionian Initiative for the first time. Directorate for development of small and medium sized enterprises participates in work of Round table for economy, tourism and collaboration of small and medium sized enterprises and the representative of Directorate is Montenegro subgroup coordinator for small and medium sized enterprises collaboration and in the period of the Montenegrin presidency he is also subgroup chairman. Second meeting of round tables of Adriatic-Ionian Initiative during the Montenegro presidency was held on 14th and 15th April 2005. in Miločer. The main meeting theme was “Access to financing small and medium sized enterprises in Adriatic-Ionian Initiative member countries “and all countries presented their own best practice and achievements.
- “IT support to Montenegrin SME” project. Within total activities made by SMEDA for SME in implementing the best practice and successful business models to improve their activities, SMEDA together with Montex electronic company offer to Montenegrin SME computer equipment and software with lower prices comparing to market prices. Some of the main reasons for starting this project are generally low level of informatics culture among the entrepreneurs in Montenegro, doing business in accordance with the best European practice and good financial terms.
Three presentation were held for promoting this project in Ulcinj, Cetinje and Podgorica and also a press conference for start of this project.

EDUCATION

In 2005. SMEDA proceeded with activities regarding informal education and professional trainings for existing and future entrepreneurs and public servants.

The Programs that have been realized increase competitiveness of unemployed people, supply them with specific knowledge in order to facilitate start-up of their own business, but still having lack of information how many participants of this Programs became entrepreneurs.

Till end of 2005. SMEDA organized 17 cycles of education with 687 participants .

According to development orientation of Montenegro, new entrepreneurship programs will be defined in those sectors that represent comparative advantages – tourism, wood processing, and agriculture concentrating on entrepreneurs (in this sectors already exists lots of small and medium sized enterprises)

ENTREPREUNERSHIP LEARNING

Montenegro was one of the four countries that won Entrepreneurship learning project on international tender for small enterprises, within European charter, for which applied 8 countries from West Balkan and Moldavia.

The aim of the total project is increasing competitiveness of the European Union partner countries through strategic promotion of the Entrepreneurship education and their integration in the spirit and principals of the European charter for small enterprises.

This project regards two points of European charter-education and training considering entrepreneurship and skill availableness.

Within the first phase of this project, SMEDA, together with European Training Foundation, organized three-days workshop considering partnership and reporting about the European charter to small enterprises.

The participants of this workshop were project's partner institutions: SMEDA-also the national coordinator for European charter, Ministry of Education and Science, Employment Agency of Montenegro, Chamber of Commerce, Employers Union,

Center for Vocational Education and Center for Development of Non-Government Organizations. The total number of participants was 16.

The Partnership, through the project, works on developing competences and capacities for assessment and reporting on European charter for small enterprises, as well as on drafting the policy discussion document for entrepreneurship learning and self-employment.

Within this project it is planned to form special body with role of making and implementing Strategy for entrepreneurship learning .

ENTREPREUNERSHIP LEARNING IN ELEMENTARY SCHOOLS

The second year of the “Entrepreneur clubs in elementary schools” project realization continued from September, 2004 and lasted till may, 2005. The Project included 11 schools in Montenegro (school number increased 120 % compared with previous year). Till now 20 mentors were trained in Slovenia and 260 pupils from Montenegro were included in this program. The pupils have been educated for making mini business plans.

When Program ended they presented their business plans. Four entrepreneur clubs successfully realized their business ideas with profit. Total Project mark as a result of 4 target group’s evaluation(school directors, parents, mentors and pupils) was 4,69 (maximum 5). According to previously made evaluations interest for this Program among elementary schools is increasing in 2005/2006 school year and 5 more schools will participate (45,45% growth) .

On 22. November, 2005. third year of Program realization started with participation of 16 schools:

- Podgorica – ES »Milorad Musa Burzan«, ES«Sutjeska» i ES «Štampar Makarije»
- Danilovgrad – ES «Vuko Jovović»
- Nikšić – ES »Mileva Lajović Lalatović» i OŠ «Braća Labudović»
- Berane – ES «Vuk Karadžić»
- Bijelo Polje – ES «Vladislav Ribnikar»
- Pljevlja – ES « Salko Aljković»

- Rožaje – ES « Mustafa Pećanin»
- Žabljak- ES « Dušan Obradović»
- Cetinje - ES «Njegoš»
- Ulcinj – ES « Boško Strugar»
- Bar - ES « Jugoslavija»
- Kotor - ES «Savo Ilić»
- Herceg Novi - ES «Milan Vuković»

The Program for 2005/2006 school year will end in May, 2006. with business plan's presentations from five best entrepreneur clubs on National Forum. This year the Program will have competition character what is different from the last year.

	School year	School number	Educated mentors number	Pupils number	Total Project mark
1	2003/2004	5	12	94	4.69
2	2004/2005	11	9 (new)	165	4.79
3	2005/2006	16	7 (new)	220	

CEFE

In cooperation with GTZ within the CEFE (Competency-based Economies through Formation of Enterprises) cycle, 3 modules were organized from February to March 2005, where 7 local trainers were trained, who continued training 60 business beginners within CEFE course.

Seminar consisted of : making business plans, swot analyses, market researches, risk analysis, production organization, engineering values, cost categories, financial indicators, business analyses, balance sheets and financial reports comparing.

Business center Podgorica has organized new cycle of CEFE course in the period from May 23 to June 30, 2005. In addition to marketing and management skills, candidates were trained in the business plan development, which they have presented to representatives from commercial banks. Credit support is planned for 3 of the best business plans.

PRIVATE SECTOR DEVELOPMENT

This year we continued realization of the Project Private Sector Development together with Academic Training Association from Holland and will be finished in 2007.

The Project's goal is developing and incite economy cooperation between Government, private sector, Chamber of Commerce and Universities in Montenegro, Serbia, BIH, Macedonia and Kosovo. The Project participant's role are improving cooperation between public and private sectors in regional countries, introducing European economy standards, improving the quality of research & education in private sector development

Within Project there are several activities such as: professional education for last year students of Economy faculties in region, competition in making business plans and 5 intensive 5 days training modules yearly for business freshmen and existing entrepreneurs. The main goal of this training modules is increasing practical entrepreneurial skills

In 2005. there were 5 training modules considering following topics: Business negotiations, Finance and Accounting in business, Team work , Financial possibilities in business and West Balkan Regional business cooperation.

SME'S POLICY PROMOTION

Within the Agreement signed by Japan's agency for international cooperation (JICA) and SMEDA in order to give technical assistance in SME's development in Montenegro 40 days seminar was organized in Osaka-Japan. One representative from Montenegro participated on this seminar. The seminar's subject was «SME's Policy Promotion». This seminar was organized for representatives from Central East Europe countries (Albania, Bulgaria, Kosovo, Moldavia, Macedonia, Romania, Serbia and Montenegro, Ukraine)

Practical understanding of SME's policies was the aim of this seminar.

The seminar was concentrated on 4 main topics:

- Business innovations and business freshman support
- Improving management's base

- Implementing necessary precaution measures
- Financing and Taxes

In order to understand better Japan's SME's development policies they introduced to seminar's participants institutional supporting network for SME. They had an opportunity to visit Japan's agency for MSP that also managing SME's development policies, Organization for SME and regional innovations, Chamber of commerce, Innovation business center, Japan's financial corporation for SME, Organization for technology transfer, National financial Corporation and several private companies as example of Japanese business philosophy.

The additional lectures on Japanese language, history and lifestyle were very useful because this information contributed to us making a complete image about Japan.

SUMMER SCHOOL

Directorate for development of small and medium-sized enterprises, on the initiative of Local Business Center Cetinje, and in cooperation with Ministry of Education and Science, Ministry of Tourism, Ministry of Culture and Bureau for Education Services, has realized Pilot project "**Summer school – Cetinje the Capital**". This specific way of organizing education process, which is generated out of classroom, is called "Summer school", offers pupils extraordinary possibility to get introduced with their country, history, cultural-historical monuments, as well as nature beauties.

The schools that took part in this project were:: Štampar Makarije – Podgorica, Vuk Karadžić – Berane (Dolac), Vladislav Ribnikar – Bijelo Polje (Rasovo), Salko Aljković – Pljevlja, Olga Golović – Nikšić, Mustafa Pećanin – Rožaje, Risto Manojlović – Kolašin, Aleksa Bećo Đilas – Mojkovac, Bedri Elezaga – Ulcinj(Vladimir) i Ilija Kišić – Zelenika.

Having implemented the project "Summer school", new concept has been applied, which involved three segments: cultural-historical, ecological, and entertaining.

During this walk through history of Cetinje children were in company of tourist guides, who used brochure "**Story about Cetinje**" adapted to children's age to tell about historical facts in very picturesque way. During their visit to Zetski Dom they had an opportunity to see theater show.

Regarding ecological issue they visited National parks Lovcen and Skadar Lake. Beside this workshop, as a program part for socializing and fun, in the midday hours there were interesting sport contests, painting contests, in the evening parties and skill contests and in the end of the last evening knowledge contests so the children had a chance to show how much they have had learned during their staying in capital.

As a result of the evaluation done by two target groups, teachers and pupils, total project got a very high average mark 4,44.

Directorate has printed the brochure “**Story about Cetinje**” for project purpose, which was delivered to all “Summer school” participants. The authors of the brochure are Nataša Gazivoda and Tamara Milić, who managed to present the most important events in the Montenegrin history, in nice and simple way, through the nostalgic story of princess Jelena (who later on has become the Queen of Italy).

DEVELOPMENT PROJECTS

ENHANCEMENT OF COMPETITIVENESS OF DOMESTIC ENTERPRISES

Introduction

The Project “Enhancement of competitiveness of domestic enterprises” gives main directives and measures for stimulating competitiveness of domestic enterprises on domestic market as well as on the other markets.

Through cooperation with German consulting organization GTZ, technical support is provided, and foreign experts are actively engaged in project realization

In 2005. technical support for wood processing sector is provided from USAID. The wood processing Council is about to be open owing to their consultants.

The Project is directed toward three sectors: agriculture (meat industry, forestry products and herbs, organic production), tourism and wood processing . Different phases are reached regarding different sectors:

In Central Bank Chief Economist Report for period January-Jun 2005:

“The import from the sector “Food and live animals” recorded a fall of 21, 4 million euro. The activities of the Ministry of Agriculture, Forestry and Water Management, SMEDA, in cooperation with domestic bank (credit lines for farmers), EAR, GTZ, CHF, IRD and assistance by the Governments of Holland, Luxembourg, and Italy resulted in increased production and diversification of agriculture production which caused a fall in their import. The import of meat and meat products fell from Eur 16, 7 million In six months period 2004. to 12,8 million euro in 2005., then import of fruit and vegetables In 2005. fell with more than 5 million euro.”

“The support to enterprises in forestry, wood processing industry and the other enterprises placed in repro chain caused significant improvement in domestic production in primary and final product processing from this sector. In 2005. import decreased for 3,3 million euro.”

In 2005. we continued with previously started activities:

AGRICULTURE

MEAT INDUSTRY

1. Study “Analyzing possibilities to support development of meat industry in Montenegro” has made in cooperation with GTZ expert. In creating this study active role had Ministry of agriculture, forestry and water supply, Directorate for development of SME, Veterinary office, Select - Breeding office and Chamber of commerce. The main aim of this study is to suggest basic strategies for meat industry, as well as to facilitate enterprises to see their own competitive position at domestic, regional and international market.

2. Introducing standards

Three Regulations of the EU Parliament and council referring to standards in food processing industry has been translated:

- Regulation (EC) No 852/2004 on the hygiene of foodstuffs
- Regulation (EC) No 853/2004 on the hygiene of food of animal origin for food business operators
- Regulation (EC) No 854/2004 on official controls on products of animal origin intended for human consumption.

These regulations are aimed at meat processing enterprises, as one of the directives for reaching EU standards, and thus, making possibilities to export at EU market. The process of applying HACCAAP standard is on going in enterprises “Goranovic” and “Mesopromet”

3. Promotion

Project promotion has been done through different ways:

Presentations of Montenegrin products in Podgorica, Herceg-Novi, Belgrade,

Novi-Sad, World Trade Fair in Prague, mini-fair “Warm winter in mountains” in Zabljak, Cetinje, Kolasin, Berane, Bijelo Polje, Rozaje, Niksic, tourism fair in Ljubljana - all within Project “Made in Montenegro”. Agriculture fair in Podgorica.

Serial edition of “Made in Montenegro” broadcasted on National channel RTVCG and private television TV MBC, with responsible for project implementation and owners of the enterprises.

4. Credit line

Credit line for four enterprises was realized in last year in total amount of 2.295.000

€ and monitoring of these four credit lines is on going;

Monitoring is finished in two enterprises, and analysis showed that there is significant increase in production, assortment, number of employees, improving of technical-technological conditions for production, etc.

DEVELOPMENT OF THE GOODS PRODUCERS IN PRIMARY PRODUCTION

As a result of the cooperation between three enterprises from milk industry (Lazine, Srna and Nika), Montenegrin Commercial Bank and SMEDA, the project called “Development of the goods producers in primary production” has been realized.

The agreement was to give credit lines in amount of 1.150.000 € (500.000 SMEDA's deposite sources, 500.000€ from bank and 150.000€ from enterprises) to those three companies so they can, on a contract base, support existing cooperants (1250 cooperants) in forming new farms and sign cooperation contracts with them. In this model credit risk is attached to companies while cooperants-farms, according to contract repay in money or milk.

MEDICAL HERBS AND WILD BERRIES

In cooperation with GTZ the monograph "Medical herbs and edible wild growing mushrooms" for medical herbs and wild berries pickers was made using organic production principals.

The representatives from enterprises that belongs to this sector, with the organizing help from GTZ, participated in the three days seminar in Skopje, that gathers SME from this sector in region.

The analyze of the actual situation in this sector that will be used for making action plan is on going.

TOURISM

On November 1st. 2005, in cooperation with Ministry of Tourism and CKB, SMEDA announced public tender for credit lines for SME (hotels and motels) aiming to quality improvement in their services. The special fond was created for stimulating raise of tourism enterprises competitiveness, and 20 enterprises will get credit lines up to 30 000 € per project. The application deadline was 10. December, 2005. They selected the best development projects gave them to bank for final decision. According to its policy bank supported five enterprises with total amount of 150.000 €.

The promotion of this credit lines took place in regional and local business centers. Couple of interweaves were given to daily newspapers "Pobjeda" and "Republika", on National television show "MADE IN MN", within special reports on couple televisions("IN", "RTCG", "MBC", "MONTENA", "ELMAG")

Also on November 1st. 2005. Press conference was organized within the SMEDA's director, Secretary of the Ministry of Tourism and CKB representative spoke about this credit lines.

WOOD PROCESSING SECTOR

Two reports were made within the project "Enhancement of competitiveness of domestic enterprises-wood processing". The first report, made by using unique

model for efficient project realization, presents 32 final producers with assessed development possibilities.

With further analyses of their potentials (production, market, human resources) and development vision, in second report is shown the dates about structure and investments ideas for 11 elected enterprises.

The cooperation with USAID has also been established in this field and two workshops organized concerning creation of the Council for wood processing sector of Montenegro. This initiation was started as a need for creating one autumn organization for private sector that presents strategic goal.

The credit lines in amount of 800 000 € were approved for final wood producers-furniture producers.

On December 12th. In cooperation with CKB new credit lines for Montenegrin furniture producers started. The main goal of these credit lines was to increase competitiveness of domestic enterprises, to enlarge production capacity, assortment, to open new jobs, more use of domestic resources etc. All professional assessments showed that this sector can make annual income up to 500 million € very soon. Considering the fact that 54% Montenegrin territory is covered with wood this sector plays important role in total country potential. This sector can hire up to 10 thousand workers and decrease unemployment a lot. The application data is February, 3rd. ,2006.

According to own policy bank approved support in total amount of 120.000€.

ENERGY EFFICIENCY FOR SME

Within supporting activities that SMEDA provides to SME and activities related with enhancement of competitiveness of domestic enterprises the new project »Energy efficiency for SME in Montenegro« started.

This project should provide for SME that in very short term identify inefficient and environmentally bad use of resources, to implement measures for improving energy efficiency and introducing renewable energies and decrease the costs on that way.

German KFW founded the budget in amount of 2.5 million € that will be given as a credit lines to Montenegrin enterprises (will be place by CKB) plus 500.000 € as a technical support. KFW provided additional regional fund in amount of 10 mil €.

SMEDA is involved in promotional campaign for this Project , giving assistance in making investment documentation of companies interested for this project which will they use to apply for this credit line, preliminary selection etc.

DIASPORA FUND

The “Diaspora Fund” project is concerning the outlining and creation of business cooperation program with Montenegrin Diaspora, based on mutual economic interest and creation of favorable conditions for returning emigrants, economic development of Montenegro through new investments and involvement of Montenegrin Diaspora in business activities in Montenegro.

Diaspora Fund is founded by Government of Montenegro – Directorate for development of small and medium-sized enterprises and Crnogorska Komercijalna Bank in an equal share in founding resource structure.

Fund functioning is planned on credit principle, according to the specified dynamic of creation and placement of sources.

Directorate for development of small and medium-sized enterprises in the frame of Electoral meeting of Alliance of Montenegrin Association in Europe (SCAE), held on 21.May 2005. in hotel »Topolica« Bar, have presented the project proposal »Diaspora Fund«. During this event, the brochures about project have been distributed to the participants, including information about investments in Montenegro, activities and projects of Directorate, etc.

The web-page of Montenegro Diaspora Center the presentation of project »Diaspora Fund« was set, and to the Montenegrin Associations the project proposal was sent, as they could give their suggestions, proposals and comments, that the project could be adapted to their interests.

TAM/BAS PROGRAM

Introduction

The second phase of this Program started in December, 2004. and the end is planned for may, 2006.

The Program goal is:

- a. TAM Program
Finishing Restructuring and developing programs of twelve enterprises chosen by TAM and EAR.
- b. BAS Program

Finishing Restructuring and developing programs for up to 60 enterprises, half of them chosen through program "Business improvement" and the other half through "Marketing development program"

TAM PROGRAM

The TAM Program achieved good results just like it was planed and expected. All 12 enterprises were identified and adviser teams chosen. Ten projects have been implementing now and two others will start in august, 2005. Doubtlessly all of this twelve projects will be finished in may 2006.

TAM program – projects overview

	Company Name	Project Aim
1.	AD Plantaže, Podgorica	Marketing development. Making plans for sale increasing on SCG market and selected international markets Marketing capacity development for exporting.
2.	AD Mi-Rai i JAVORAK, Nikšić	Production efficiency improvement . Using production synergy . Developing new markets . Identifying buyers on exporting markets
3.	Adriatic shipyard , Bijela	a) Enterprise Restructuring Sale increasing. Developing new markets . Preparation for privatization b) Environmental study Recommendation for environmental protection policy Finding financial fond for implementation environmental protection measures implementation.
4.	Factory for water treatment Podgorica	Structuring the main planning process of reconstruction existing factory for water treatment. Finding financial fond for existing factory for water treatment. Structuring the main planning process for building new factory for water treatment. Developing ownership and financing model.
5.	SMEDA Podgorica Project I	Using combined TAM/BAS project as enterprises support to: a) improve marketing skills and capacity b) Making marketing strategy and c) Making enterprises profiles to facilitate their presentation to foreign buyers. 20 enterprises included.
6.	SMEDA Podgorica Project II	Using combined TAM/BAS project as enterprises support to: : Increase export. Support in strategy implementation. Support in developing new markets. 20 enterprises included..
7.	Port of Bar, Bar	Support in implementing restructuring Port of Bar Developing new concept for organization and management of Port of Bar Enterprise preparation considering new Port Law and privatization on that way
8.	Montenegrin preservation company	The project "Greenfield " upport to AD Plodovi (Ministry agriculture and municipality Podgorica) to make plan for founding enterprises for preservation and processing vegetables and fruits. Developing ownership and financing model. Contacts with potential foreign investors.
9.	Budvanska Rivijera, Budva	Support to Budvanska Rivijera i Ministry Tourism in the project St. Stefan's coast.
10.	Hotel Grand, Cetinje	Making plan for hotel reconstruction. <u>Developing new tourism concept and conference activities .</u>
11.	AD Electrodes Factory FEP PIVA Plužine	Improving general business activities Production modernization. Developing new markets
12.	National tourism organization and municipal tourism organization in selected areas	Developing local tourist organization to increase tourism expansion Developing destination Support local enterprises in tourism sector.

Owing to Japanese financing as additional to a EAR financing, two environmental projects within actual TAM program for the 2005/2006. period have been started:

- in Electro-supplying company Pljevlja
- Adriatic shipyard , Bijela.

EAR is financing couple of TAM projects in tourism sector, such as Hotel Sveti Stefan, Hotel Grand, municipal tourism organization. In order to contribute to actual activities in tourism sector financed by EAR, TAM started the project that introduce quality system financed by Switzerland. This project will develop hotels and restaurants services quality monitoring and provide trainings for hotel stuffs regarding introduction of Quality system.

BAS PROGRAM

In order to provide support to the enterprises which are dealing with expanded competition at domestic market by the international competitors and access to the export markets, half of BAS program for period 2005/2006 is determined to the special BAS marketing program.

Selected enterprises will be supported by the domestic consultants accredited by BAS, or experienced foreign consultants chosen by TAM.

BAS Marketing program consists of two phase: 1) Marketing strategy and companies profiles development, improving marketing capacity of enterprises, enabling more successful penetration on domestic and international markets 2) Marketing strategy implementation including reaching selected markets making contact with potential buyers and partners, distribution system development and starting with practical placement plans.

In 2005. BAS program has involved 48 enterprises, out of which 29 implemented BAS marketing program.

On the other hand, general BAS Program will be able to support additional number of enterprises , achieving the goal of including up to 60 enterprises.

The base of BAS consultants has 14 consulting firms where each of them employees several consultants and additional 17 individual consultants.

BAS program – projects overview

No	Name of company	Industry	Type of advising service
1.	“ABS”, d.o.o. Nikšić	Agriculture, animal food and fish food production	Making marketing strategy
2.	« OLIO PROM », d.o.o. Bar	Agriculture production, Olive oil Production	Making marketing strategy
3.	"PIRELLA" d.o.o., Podgorica (Spuzh)	Non-alcoholic drink, fruit juice and syrup production.	Making marketing strategy
4.	"CRNAGORACOOP" A.D., Danilovgrad	Coffee, cake, chocolate and cram, salvage and packing production.	Making marketing strategy
5.	"HTP ONOGOŠT" a.d., NIKŠIĆ	Tourism/traveling	Making marketing strategy
6.	"HTP FJORD" A.D., Kotor	Tourism/traveling	Making marketing strategy
7.	“COLORPROM”, d.o.o. Nikšić	Color and varnish production and sale	Implementation of standard ISO 9001:2000 i ISO 14001
8.	A.D."FEP", Nikšić	Electrode, different type of string and production nail production.	Design and preparation multimedia promotion material (+WEB site)
9.	“HERTOG CHICKENS”, d.o.o. Podgorica	Chicken meat production	Computer financial /management Information System
10.	"METALIK" d.o.o., Nikšić	Trade, wholesales, Export & Import, production and embedding of steel spare parts	Computer information system with financial and accounting.
11.	“TIMEX” d.o.o. Podgorica	Bread and pastry Production	Programm financial/management IS
12.	“MARINEXPORT”, d.o.o. Herceg Novi	Battery production, trade and service	Making marketing strategy
13.	UTP “PIVA”, A.D., Plužine	Traveling/tourism	Making marketing strategy
14.	“MONTCARTON”, d.o.o., Podgorica	Printing/publication	Making marketing strategy

15.	“HASA GLASS”, d.o.o. Ulcinj	Glass isolation production, glass service, framing paint	Design and preparation multimedia promotion material (+ WEB site)
16.	„ ADO „, d.o.o. Bijelo Polje	Food Industry	Development planning
17.	“FAF and Co.” d.o.o. Ulcinj	Mattress, lever for bed and counterpane for chair production	Implementation accounting and financial information system
18.	“ARENA MILK” d.o.o. Ulcinj	Production of milk and milk product	Implementation standard quality ISO 9000 and standard about sanitary propriety HACCP
19.	“UNA”, d.o.o., Tivat	Fishing equipment production (Fisherman webs, ropes, isolation material)	Making marketing strategy design, preparation multimedia promotion material
20.	“SRNA”, d.o.o. Nikšić	Yogurt and milk production	Design and preparation multimedia promotion material + Web site presentation
21.	"EKOPLANT" d.o.o. Podgorica	Greenhouse production of fruits and plants, flowers and ornamental plants, horticulture and engineering	Business & investment plan
22.	"MONTEX ELEKTROMONT" d.o.o. Nikšić	Electrical machines and devices (electrical motors, generators, , electrical pumps, etc.).	Standard quality Implementation ISO 9000, QMS-9001
23.	"STAKLENICI" d.o.o. Podgorica	Greenhouse production of vegetable	Making business strategic and organization improvements
24.	"OLIO PROM" d.o.o., Bar	Olive oil production	Design and preparation multimedia promotion material (+Web Site) and promotion IT system
25.	AD “PLANTAŽE”, Podgorica	Vine and brandy production	Making marketing strategic
26.	“L’ARS”, d.o.o., Podgorica	Food production, Fruits and vegetables	Making marketing strategy and design and preparation

		production and processing	of the multimedia promotion material (+Website)
27.	“PLODOVI” A.D., Podgorica	Fruits and vegetables processing	Vegetables and ketchup market research in Montenegro, Serbia, Kosovo i Croatia
28.	D.o.o. “MATADOR”, Bijelo Polje	Servicing all types of vehicles, wholesale and retail	Computer financial /management Information System
29.	"TRAFOMONT" d.o.o. Nikšić	Electrical appliances production and maintenance	Implementation ISO 9000 standards
30.	GRADINA COMPANY a.d.	Food production Meat industry	Making marketing strategy
31.	AD "PAKO"	Press/Publication	Making marketing strategy
32.	Mljekara "ZORA" a.d.	Milk production and processing	Making marketing strategy
33.	"FURO" d.o.o.	Homemade sweets production	Making marketing strategy
34.	"MIKRO" d.o.o.	Agriculture and wood mechanization production	Making marketing strategy
35.	"MONTEPESCA" d.o.o.	Fish production and processing	Making marketing strategy
36.	"HEMKO"	Chemical product and PET package production	Making marketing strategy
37.	"INZINJERINGPROMET"	Civil engineering and architectural material trade	Computer financial /management Information System
38.	"RIBARSTVO" A.D.	Fish processing	Feasibility study
39.	"KVADRAT KOMERC" D.O.O.	Children clothes production	Making marketing strategy
40.	"BAL-BUS" d.o.o.	Car parts production	Engineering study
41.	"LOVCENINVEST" a.d.	Civil engineering	Making marketing strategy
42.	"CRNAGORACOOP"a.d.	Coffee, cake, chocolate, creams production,	Implementation ISO 9000 standards ISO: 9000, QMS -

		processing and packing	9001
43.	"DURMITOR" d.o.o.	Traveling / Tourism	Making marketing strategy
44.	"LANCER" d.o.o.	Beech	Making marketing strategy
45.	"TAPACIR KURTI" d.o.o.	Furniture production	Computer financial /management Information System
46.	"ARAGANA" d.o.o.	Blind door, furniture, sun cover production	Feasibility study
47.	"PUT" BAR a.d.	Architecture –stone extraction	Computer financial /management Information System
48.	"MESOPROMET" d.o.o.	Food production Meat industry	Computer financial /management Information System

TOTAL BAS PROGRAM OVERWIEV

1Type of business advisory services requested

(2005)

	Number of projects
Marketing improvements	29
Marketing analyzes & planning	24
Development planning	3
Feasibility studies	2
Partner Searching	
Management improvments	13
Reorganization/restructuring	13
Computer financial /management Information System	
Costs Reducing	1
Computer management System	
Engineer studies	1
Introducing management with quality and Certification	5
Other	
Total	48

2. TYPE OF INDUSTRY(PRODUCTION)

Food and beverage	18
Textile, clothes and shoes	3
Wood processing and	3
Metal &appliance	2
Architecture /engineering	4
Electro technique / Electronic /IT	3
Chemical Industry/pharmacies	3
Glass/ rubber /plastic	1
Health	
Paper	2
Other	3
3. TYPE OF INDUSTRY (SERVICES)	
Traveling / Tourism	4
Wholesale /Retail /Distribution	
Architecture /engineering	
Textile, clothes and shoes	
Transport	
Metal & appliance	1
Chemical Industry/pharmacies	
Electro technique / Electronic /IT	
Press/Publication	
Medias/communication	
Energy	
Health	
Other	
Total	48

4. GEOGRAPHC LOCATION

Podgorica, capital	17
Other regions	
a/ Nikšić, Žabljak	9
b/ Herceg Novi, Kotor, Tivat	3
c/ Budva, Bar, Ulcinj	8
d/ Bijelo Polje, Berane, Rožaje, Pljevlja	11
e/Cetinje	
Total	48

4. Enterprises per number of employees

	Num.of enter.
< 50	37
50 ≤ 99	3
100 ≤ 199	6
≥ 200	2
TOTAL	48

5. Number of consultants contracted for BAS Projects

	Num. Of consul.
Local	23
Local supervised by international consultants	
Other	
TOTAL	23

DEVELOPMENT OF THE GREENHOUSE PRODUCTION

In 2005. we continue with realizing project “Development of greenhouse production”.

Considering that in the beginning of this year because of the weather disaster in the areas where the greenhouses are located (Zeta, Bjelopavlici) most of them have been damaged or totally destroyed, this project didn't had predicted dynamic.

In 2005. 1500m² of new greenhouses have been assembled and 19 500m² reconstructed.

The reconstruction involved all of those greenhouses damaged or totally destroyed because of the weather disaster in the beginning of this year. That is also the main reason for assembling only 1500m² of new greenhouses.

The negotiations with Israel company “Top greenhouses” about supplying additional quantity of material, so the existing greenhouses can readjust to the tender conditions, are on going. The further cooperation with this Israel company so the project can be finished successfully depends from the result of those negotiations.

INFORMATIONAL BASE FOR IDENTIFICATION OF DEVELOPMENT DIRECTIONS AND ENHANCEMENT OF COMPETITIVE POSITION OF SMALL AND MEDIUM SIZED ENTERPRISES IN MONTENEGRO

Within total activities that SMEDA realize for improving systems postulates that accelerate SME and entrepreneurship development SMEDA is also creating many different development and research projects that will enable identifying strategic directions for SME and entrepreneurship.

From these reasons the team was created from Economic faculty Podgorica representatives, Agency for public opinion surveys "Damar" from Podgorica and SMEDA with main goal to suggest methodology adjusted to Eurostat i OECD standards for simple and quick access to information needed for development and changes monitoring in SME sector. Using this methodology SMEDA can reach very important collected datas

Project aim: Provide methodology for simple and quick access to information needed for development and changes monitoring in SME sector, emphasizing monitoring the effects of the Government and SMEDA activities on SME development. Because of this it is necessary to have prompt information about next:

1. Enterprises(structures from different criteria)
2. The most important Montenegrin products competitiveness on domestic market
3. Entrepreneurs and managers(education structure, attitudes, how well they are informed)
4. Public opinion about SMEDA

Within this project, four subprojects will be done.

1. INFORMATIONAL DATABASE FOR SMALL AND MEDIUM SIZED ENTERPRISES IN MONTENEGRO

Project “Informational basics about small and medium-sized enterprises in Montenegro” represents subproject of project “Small and medium sized enterprises – informational basics for identification of aims of development and strengthening of competition position of small and medium sized enterprises in Montenegro” on which is employed team comprised of representatives of Faculty of economy from Podgorica, Agency for research of public notion “Damar” from Podgorica and Directorate for development of small and medium sized enterprises with primary assignment to suggest methodology aligned with Eurostat’s and OECD’s standards for simple and quick acquirement of information needed for surveying development/changes in sector of small and medium sized enterprises, based on which, through process of collection primary data, informational queries, for which is Directorate interested, will be acquired.

Purpose of this project is to develop a reliable database for small and medium sized enterprises in Montenegro, that is to provide data and info regarding structure of enterprises (number of employees, activities in Municipal and Republic areas). This data are necessary presumption of each serious research, and also creating and implementing politics and strategies regarding for development of enterprises and industry as a whole.

Project comprises three parts:

First part of project is related to analysis of macroeconomical state in Montenegro industry until year 2004.

Second part provides view of small and medium sized enterprises information in regards of national and european standards.

Third part analyses available databases of small and medium sized enterprises, and as a product of that analysis data of small and medium sized enterprises in regards of employment and activities will be presentes.

In conclusions and recommendations this project provides recommendation of activities needed to complete full informational database of small and medium sized enterprises.

This project is in phase of completion and should be soon published.

1. Competition position of most important products of Montenegro Industry in domestic market

Project «Competition position of most important products of Montenegro Industry in domestic market» also represents subproject of project “Small and medium sized enterprises – informational basics for identification of aims of development and strengthening of competition position of small and medium sized enterprises in Montenegro“

Aim of this project is identification of competition position of group of products in the Montenegro market that are interesting for Directorate. Results of project should represent basics for development of policies and strategies of support and competition, and also for later verification of succes of the efforts invested. Inside the action »Made in Montenegro« certain number of products from Montenegro that are very concurrent.

This assignemt requires usage of some of acceptable models of concurrency analysis in branches (for example porter model). It presents general view by specific industries that could explain concurrency basics of some products. After that, by engaging fiels investigators for products retailing in Montenegro, their propositon in retail regarding their competition will be scanned. Results of this project will be updated by researching public notion in regards of positions of mentioned products.

This project is in phase of completion and should be soon published.

PROMOTIONAL ACTIVITES

The project "Made in Montenegro" that has been realized from October, 2003. is focusing on institutional campaign that generally promotes Montenegrin potentials, domestic products and producers. This project is actually result of the project “Enhancement of competitiveness of domestic enterprises” and its aim is to create brand "Made in Montenegro" with production and export increasments of domestic enterprises.

THE SHOWS SERIAL “MADE IN MONTENEGRO”, MONTENEGRIN NATIONAL TELEVISION

Authorship shows MADE IN MONTENEGRO, once in two weeks on Montenegrin National television, present project “Enhancement of competitiveness of domestic enterprises” and participating companies. During this year we made 24 shows on this topic.



THE SHOWS SERIAL “MADE IN MONTENEGRO”, “MBC” TELEVISION

Thematic shows about SMEDA projects and presenting successful Montenegrin enterprises from agriculture, wood processing and tourism. During this year we made 24 shows on this topic on MBC television.

During campaign that promotes Montenegrin potentials, domestic products and producers, improving marketing functions couple of tenths presentations have been organized in Montenegro, region and further. In cooperation with Ministry of Tourism and Tourism Organization we organized presentations on fairs, meetings and forums. SMEDA also participated with promotional campaign « Made in Montenegro » and contest »Your part of Montenegro« in program »Hot winters in hills« organized by Ministry of Tourism and Tourism Organization. As a part of marketing support couple of spots with Campaign Ambassadors were realized(celebrities from movie and music industry)

These spots are being broadcasted on all Montenegrin electronic medias.

PROJECT “ELECTION FOR THE BEST ENTERPRISE”.

In order to affirmate and promote entrepreneurship SMEDA is starting project “Election for the best enterprise”.The aim of the project “Election for the best enterprise” is stimulation of entrepreneurship development, and promotion of entrepreneurship success through creating positive “entrepreneurship climate”, by giving public awards. With this project we want to give support to most successful companies, according to certain criteria, specially SME which archived good business results previously.

During last two months in 2005. we worked on preparation activities for this project realization that has been expected from middle of January till middle of April, 2006.

OTHER PROMOTIONAL ACTIVITIES

- Press conference concerning realization of the project “It support to SME”, the project realized by SMEDA in cooperation with Montex electronic
- Project presentation in the coastal business centers

INFORMATION ABOUT PREVIOUS ACTIVITIES ON REMOVING EXISTING BUSINESS BARRIERS

In past few years environment for developing business in Montenegro was extensively enhanced. However, level of entrepreneur activity in comparison with developed market economy is low. In intention of overrun this situation, there are activities started on locating key barriers that are preventing faster development of business and private sector and analysis of barriers in Montenegro was made.

Starting element of concerned analyze was searching for response on three elementary questions: what kind is transparency and predicting of regulatory and business environment for SMEs, is there equality in application for all users and what are expenditures like for ultimate users.

First steps made in that sense were relative to reduction of barriers in procedure of issuing approvals and accordance for performing activity. Process for getting permissions, certificates and licenses was marked as difficult, long lasting and labeled like one of elementary barriers for starting business in Montenegro.

On March 30 2004 Commission for economic policy and development made a decision to create a working group whose assignment was to make a Draft law for issuing approvals and accordance for performing activity. Working group was coordinated by Directorate for development of small and medium sized enterprises.

As 25 versions of Draft law texts were made in period from March to October 2004, narrow working group was created from representative from Ministry of Economy, Directorate for development of small and medium sized enterprises and USAID.

Working group finished their work 30.12.2004. and pass on final version of Draft Law to Ministry of Economy on further procedure (we remind you that, accordant to Law of State Administration («Sl. List RCG» br 38/03), only Ministries has right to nominate law, and in concrete situation this Law is in competence of Ministry of Economy and Ministry of Justice).

Directorate few times urged to Ministry of Economy and Commission for economic policy and development to proceed and adopt this Law. At the end of March 2005 Commission for economic policy and development made a conclusion which obligate Ministry of Economy, in short time, to send Law to Government of Republic of Montenegro on further procedure.

Working group provided opinions on text of Draft Law from Ministries, competent institutions and private sector. In April, after considering attained opinions and adopting all relevant suggestions, adjusting text of Draft again started.

On meeting of working group, on 15.07.2005, final text of Draft Law was adopted, and associated to concept of idea on which this project started.

Concrete,

- Deadline for issuing an approval were defined from three, apropos seven days for activities that are in competence of local organs of administration, and for activities that are in competence of republic organs foresaw term was 30 days in which applicant must get response (in case that in this term applicant does not get response, it is considered that approval for performing activity was given, with obligation for juridical person to send a written notification of starting working to local organs of administration),
- For the costs, with this Law is identified that they can not be more than real. Government of Republic of Montenegro or Community, depending of competence, gives accordance on determining of costs for issuing permissions
- System of one desk is established – request for issuing permission are submitted to local organ of administration competent for economic jobs and at that organ give answer. With this, support to citizens is provided in their places, and state administration (republic and local) will work efficiently with improving of cooperation.
- Central registry of permissions for work is implemented and will be conducted by republic organ competent for working statistics (agreed on this proposal)

The correlated text was sent to Ministry of Economy on further procedure. Like earlier, opinion from Ministries, competent institutions and private sector was requested. Some of them sent objection on text of Draft, but the most serious were from Secretariat for Legislation and Ministry of Justice. Ministry of Justice in their opinion, beside all, indicated that article 1, 2 and 5-13 of proposed Draft, which regards to matter regulation of Law, meaning of phrases, procedure of issuing approvals and compliance for performing activities and costs of procedure, can't be a matter of regulation of this Law because it regulates procedure of issuing administration acts which are regulated with Law on General Administrative Procedure, and with special laws for particular sections, also that intermediate solutions of Draft Law are unacceptable, whereas putting out of force all material rules for regulating issuing approvals, apropos accordance for performing activities in all administrative areas, will be compromised functioning of legal system from

standing of legal security of citizens on one side, and on the other side question is asked about ability of unifying administrative process in different administrative areas opposite to system law.

Considering argument opinion, working group decided to do additional verbal consultation with Ministry of Justice. Representative of Ministry of Justice repeated quotation from opinion, saying that object of Draft Law is opposite with Law on General Administrative Procedure («Sl. List RCG» br 60/03) by which state administration and organs of local autonomy are obligated to apply rules, decide about rights, duties or legal interests natural person, juridical person or other party, considering that procedure of retrieval of administrative acts (agreement, approval, license etc) is regulated by this law.

Respecting object explicit attitude, as well as behavior of Ministry of Justice, insuperable barrier for further work on Draft Law, Directorate transferred coordination and correlating of Draft Law to Government vice president level.

After two meeting of representative of working group and Ministry of Justice with vice president of Government, they decided that Ministry of Economy (for commercial activities), Ministry of Tourism (for catering industry and tourism) and Ministry of Environmental Protection and Physical Planning (for constructing objects area), in cooperation with Ministry of Justice, and with participation of Union of communities of Montenegro, prepare and bring on new guides for implementation of procedure for issuing approvals for performing activities, apropos constructing objects.

Further work on identification and removing barriers for developing business in Montenegro involved analyses business environment, tax and bank system, commerce – inside and outside, infrastructure, capital and labor market, competitiveness and gray economy.

Till the end of 2006, for this project should be done:

- Ultimately define and shape project
- Continue to follow barriers in all sectors and in all individual institution involved in project
- Prepare concrete cooperation with all economy institution and business associations in aim to attain an agreement for some concrete simulation of possible solutions
- Regularly inform about stage and activity progress on Project.