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2016



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**NEEDS ASSESSMENT
REPORT Montenegro**

**For UNIDO Country Programming
Framework for ISID**

19 August 2016

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LIST OF ABBREVIATIONS

ADA	Austrian Development Agency		
ADC	Austrian Development Cooperation	UK	Administration United Kingdom
BMZ	German federal ministry for economic cooperation	UN	United Nations
CPS	Country Partnership Strategy	UNIDO	United Nations Industry Development Organisation
CEDAW	Committee on the elimination of discrimination against women	UNDP	United Nations Development Programme
CPF	Country Programme Framework	UNDAF	United Nations Development Assistance Framework
CP	Cleaner Production	UNWTO	United Nations World Tourism Organisation
DaO	Deliver as One	US	United States
DCA	Development Assistance Committee	WB	World Bank
DG	Director General		
EBRD	European bank for Reconstruction and Development		
EU	European Union		
FDI	Foreign Direct Investment		
GDP	Gross Domestic Product		
GIZ	Gesellschaft für Internationale Zusammenarbeit		
GEF	Global Environment Facility		
GHGs	Greenhouse Gases		
GVA	Gross Value Added		
HQs	Headquarters		
IMF	International Monetary Fund		
ISID	Inclusive and Sustainable Industrial Development		
ICT	Information Communication Technologies		
IPA	Instruments for pre accession		
IPARD	IPA Rural Development		
JICA	Japan International Cooperation Agency		
M&E	Monitoring and Evaluation		
MSMES	Micro Small and Medium Enterprises		
MONSTAT	Montenegro Statistical Office		
MDGs	Millennium Development Goals		
NATO	North Atlantic Treaty Organisation		
NGOs	Non-Governmental Organisations		
NSSD	National Strategy for Sustainable Development		
NUTS	Nomenclature of territorial units for statistics		
OECD	Organisation for Economic Cooperation and Development		
ODA	Official Development Aid		
PSF	Programme Screening Form		
POPs	Persistent Organic Pollutants		
PPP	Purchasing Power Parity		
PPP	Public Private Partnership		
RECP	Resource Efficient and Cleaner Production		
SDGs	Sustainable Development Goals		
SMART	Specific, Measurable, Assignable, Realistic, Time-related		
SMEs	Small and Medium-sized Enterprises		
SWOT	Strengths Weaknesses Opportunities Threats		
TIKA	Turkish International Cooperation		

EXECUTIVE SUMMARY

Within the work programme of the UNIDO Regional Division- Europe and Central Asia, the **County Needs Assessment of Montenegro** was prepared to analyse the industrial development needs and crucial areas requiring UNIDO's technical cooperation input to foster inclusive and sustainable industrial development (ISID) in the country. The set out findings have been validated during the UNIDO programming and fact-finding mission to Podgorica from 25 to 28 April 2016. The draft has been reviewed by key national counterparts and their comments and suggestions have been addressed in this final version. The conclusions and assessments' results thereof will be integrated into the **Country Programming Framework for ISID for Montenegro**, to be developed in cooperation with national counterparts as a result of the UNIDO's programming activities in 2016.

Chapter I examines the national context with a focus on the overall macroeconomic and socioeconomic profile of the country, the economic structure and sectoral analysis, the current industrial development trends and key challenges, SWOT analysis, as well as youth and gender issues;

Chapter II presents the government's vision and strategic planning for industrial development;

Chapter III analyses the active donors and their priorities; and

Chapter IV maps UNIDO current and future possible interventions in the country.

This report was prepared by Ilija Mugosa, UNIDO National Consultant in Montenegro under the overall supervision and guidance of Solomiya Omelyan, Programme Officer, and Tsvetelina Miliavska, International Expert, and with the substantive input and review by Bosiljka Vuković-Simonović, Ministry of Foreign Affairs and European Integration of Montenegro, and Smilja Kazic-Vujacic, Ministry of Science of Montenegro.

MONTENEGRO

Structure of the economy (% of GDP – 2014)¹:

Agriculture 8% Industry 11,5% Services 80,5%

Independent since 2006

Capital: Podgorica

Size: 13,812 km²

Inhabitants: 647.073 (2015 est.)

% population under poverty line: 1,1% (2013 data)

HDI rank (2014): 40 (over 187)

President: Filip Vujanović (since 6 April 2008)



Montenegro is an upper-middle-income country with GDP per capita at PPP of USD 15,485 in 2015¹. The country has enormous growth potential, currently hindered by significant structural, economic and fiscal risks². Over the last decade, Montenegro experienced intensive transitional changes and the strengthening of a market-based economy. Prior to the outbreak of the global financial and economic crisis, the Montenegrin economy was characterised by rapid growth that was mainly based on a high inflow of foreign direct investment. The average growth rate of the GDP in the period from 2006 to 2008 was 8.7%, which overheated demand and caused rising prices, resulting in an inflation of 18.7%³. The global economic crisis exposed some pre-existing fissures in the foundation of Montenegro's economy and the combination of a series of economic developments has caused a deeper recession in the country than previously anticipated⁴. In the period from 2009 to 2015 two recessions hampered the economy. Annual growth was -5.66% in 2009 and -2.72 in 2012, and the average annual growth for the period from 2009 to 2015 was 0.86%⁵. However, at the end of the period there was some consolidation of economic activity, characterised by declining unemployment and increasing foreign direct investments⁶. In 2015 the GDP growth rate was 3.37%⁷.

¹ Source: World Development Indicators (WDI), available at: GDP PPP
<http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD>

² Source: World Bank: Country at a glance, available at: <http://www.worldbank.org/en/country/montenegro>

³ Source: Montenegro Development Directions 2015- 2018.

⁴ Source: World Bank, available at: <http://www.worldbank.org/en/country/montenegro/overview>

⁵ Source: <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=ME>

⁶ Source: Montenegro Development Directions 2015-2018.

⁷ Source: World Bank Data, available at: <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=ME>

At present, Montenegro is strongly devoted to the European integration process and committed to implementing economic reforms and harmonising its policies with the EU Acquis Communautaire. A support package consisting of financial resources in the form of so-called EU Pre-Accession Instruments (IPA and IPARD) comes hand-in-hand with the EU accession process. However, the current absorption capacities of local institutions, and in particular the private sector in Montenegro, are limited- even more so those of SMEs. Unemployment, regional disparities, reduced industrial capacities and the need to further strengthen competitiveness of the national economy still remain serious challenges.

Montenegro is one of the smallest countries in Europe with 622,218 inhabitants (2016 estimates)⁸ sharing land borders with Albania, Croatia, Bosnia and Herzegovina, Serbia and Kosovo. Montenegro has a total area of 13,812 km² as well as a 293.5 km coast along the Adriatic Sea⁹. For the purposes of the internal regional development policy in Montenegro three regions were defined, as follows: Northern, Central and Southern. However, in accordance with the Regulation of the European Commission (EC) 1059/2003, Montenegro is defined as one NUTS region on all three levels (NUTS1=NUTS2=NUTS3). Accordingly, Montenegro as one statistical region stands at 39% of the average EU-28 development, measured by GDP PPS in 2014, and below the development average of EU countries. Montenegro is endowed with natural resources that are insufficiently used, such as water, whose potential used is just 17% (from total hydro power potential), and forest and forest land cover 69.4% of Montenegrin territory. Additionally, Montenegro is rich in resources such as coal, bauxite, sea salt, oil and gas, stone, gravel and sand¹⁰.

One of the key reasons for the relatively low level of development in Montenegro in relation to the EU is the uneven regional development and the significant socio-economic discrepancies among the three regions, where the Northern region is significantly lagging behind in comparison to the other two regions of Montenegro, the Central and Southern regions. The Northern region, which contains 52.8% of the territory of Montenegro and is inhabited by only 1/3 of population, is the least developed region in the country. Coincidentally, the Northern region has the greatest portion of natural resources in Montenegro (water and minerals). Efficient valorisation could help to even out regional disparities as well as disparities between the development of Montenegro and EU. According to statistics from 2014, the highest portion of the population, 298,316 people (47.9% of Montenegro's total population), lives in the Central region¹¹. In the Northern region there are 172,841 people (27.8% of Montenegro's total population) and the Southern region has the lowest population with 150,653 people (24.3% of Montenegro's total population)¹².

⁸ Source: Statistical Office of Montenegro (Monstat), Population estimates.

⁹ Source: World Bank, available at: <http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD>

¹⁰ Source: Resource map of Montenegro, available at:

http://www.mek.gov.me/ResourceManager/FileDownload.aspx?rid=90967&rType=2&file=Mapa%20resursa_Crne%20Gore.pdf

¹¹ Source: Statistical Office of Montenegro (Monstat), Population projections.

¹² Ibid.

RECENT MACROECONOMIC PERFORMANCE AND PROJECTIONS

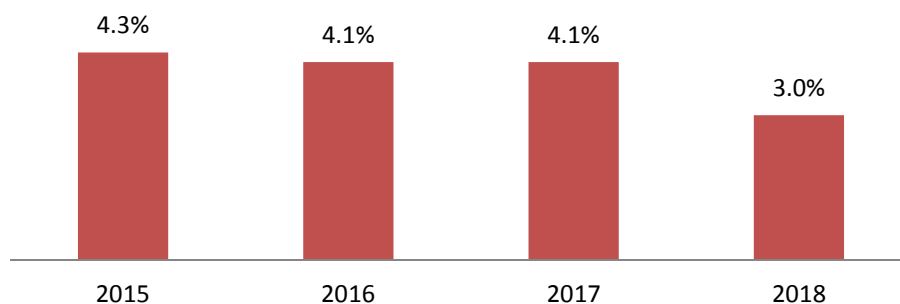
According to available indicators, Montenegro's economy has made significant real growth in 2015 compared with growth achieved in the previous year. Basic indicators for 2015 pointed out positive trends in most sectors, primarily due to significant results achieved in the tourism sector. According to preliminary Monstat¹³ data on quarterly GDP trends, positive rates in 2015 were recorded in all four quarters, with growth in the first quarter amounted to 3%, second 3.7%, 4.2% in the third and fourth quarters 1, 4%, while the annual growth based on quarterly estimates was 3.2%. Estimates of international institutions are in line with estimates produced by the Ministry of Finance of Montenegro. These estimates range from 2.7% to 4.1% for 2015 and 3.3% to 4.7% for 2016. Estimates by the Ministry of Finance for 2017 and 2018 are also positive with growth being indicated as 4.1% and 3.0% respectively¹⁴.

Estimated GDP growth rates for Montenegro for 2015 and 2016 (in %)

Institution/Year	European Commission	EBRD	MMF	UN/DESA	World Bank
2015	3,9	3,0	4,1	2,7	3,4
2016	4,0	4,0	4,7	3,3	3,7

Source: Central Bank of Montenegro, yearly report

Projections of real GDP growth rate from 2015 to 2018



Source: the Ministry of Finance

OVERALL MACROECONOMIC PROFILE

The structure of Montenegro's economy has significantly changed over the last 15 years. This change is primarily reflected in an increased share in services and a reduction in the share of agriculture and industry in overall economic activity. Montenegro is reliant on income from the tourism sector and has only a narrow industrial base¹⁵. Between 2000 and 2014 the share of agriculture in GDP declined from 11% to 8%, while the share of industry decreased from 17% to 11.5%, of which manufacturing only accounts for merely 3.9%¹⁶. According to the World Bank,

¹³ Source: Statistical Office of Montenegro (Monstat).

¹⁴ Source: Ministry of Finance of Montenegro: Macroeconomic and fiscal indicators projection.

¹⁵ Source: Instrument for Pre-Accession Assistance (IPA II): Indicative Strategy Paper for Montenegro (2014-2020).

¹⁶ Source: Statistical Office of Montenegro (Monstat).

in the same period the share of services in GDP increased from 64.1% to 72.3%¹⁷. Tourism is an important contributor to the growth in services and growth more generally.

Economic transition in Montenegro has contributed to high unemployment as it led to the shedding of workers from traditional areas and the decline of agriculture. The main labour market issue in Montenegro is structural, referring to the considerable underutilisation of labour resources arising from the weak labour demand¹⁸. The situation is largely due to an underdeveloped private sector, coupled with a relatively large public sector that does not create an enabling environment for entrepreneurship. As a result, entry into the labour market is difficult and the chances of escaping unemployment are unfavourable.

According to data from the Employment Agency of Montenegro, in October 2015 the total number of unemployed people was 35,467 (15.29% of the total population of Montenegro). Although this is a decline compared to shortly after the financial crisis, it is still stubbornly high. Montenegro has one of the lowest levels of labor force participation in Europe with 53% of individuals aged 15+ in the labor force in 2014¹⁹. Unemployment remains high and labor force participation low especially among the poor and Bottom 40, youth, women, and middle-aged men²⁰. Therefore, in order to reduce poverty and increase shared prosperity, Montenegro needs to invest in an inclusive growth model where the private sector serves as the engine of growth.

In recent years the basic features of the situation in the labour market are high long-term unemployment representing close to 80% of total unemployment, a high unemployment rate for young people, regional disproportion between employment demand and supply, seasonal employment, and a high number of unemployed people with a university degree. The rate of unemployment among young people is twice as high as the average, with about 36 percent of young people unemployed in 2014²¹. Long term unemployment is particularly high for individuals with primary or vocational education as most new jobs are being created in the high skills sector and there is an excess of people with primary education and vocational training. For this group those unemployed for more than 24 months rose to over 85 percent in 2013²². There is, therefore, a need to improve the quality of education to reduce the gaps between the skills produced by the education system and those demanded by the labour market. As well as reducing unemployment, this investment will also help to make the country more competitive and innovative. Unemployment also has a significant regional dimension, where the Northern region has the highest number of jobless people. The

¹⁷ Source: World Bank Data, available at: <http://data.worldbank.org/indicator/NV.SRV.TETC.ZS?locations=ME>

¹⁸ Source: The World Bank: Montenegro Country Program Snapshot, October 2015.

¹⁹ Source: World Bank Country Partnership Framework 2016- 2020.

²⁰ Ibid.

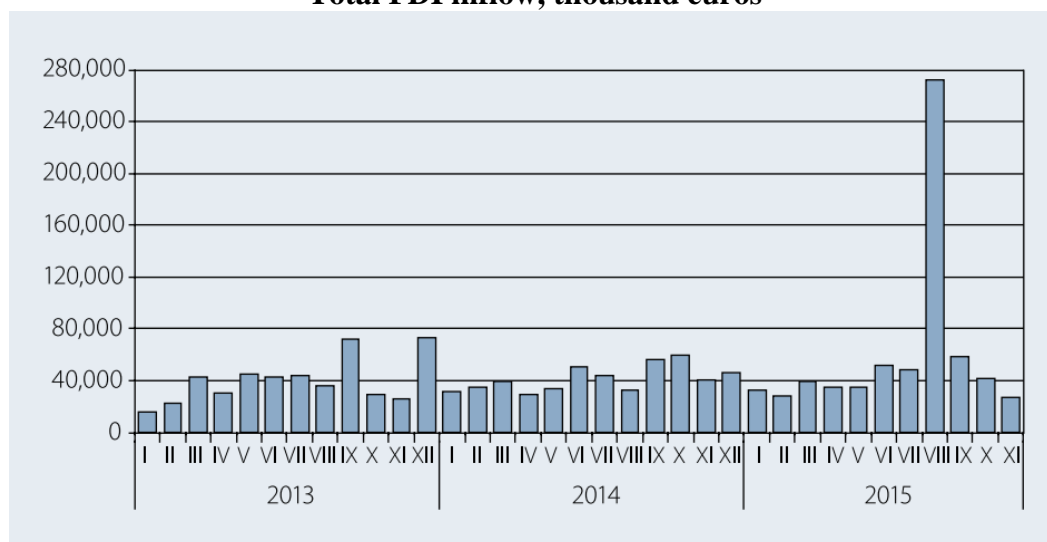
²¹ Ibid.

²² Ibid.

unemployment rate in the Northern region was 24.83% (14.519), compared to the Central region at 12.71% and the Southern region at 10.81%²³.

In 2015 a significant increase in foreign direct investment inflows was recorded. According to preliminary data, net FDI inflow in 2015 amounted to 619.3 million euros, or 75% more than in the previous year (2014). In the structure of FDI inflow, equity investments accounted for 64.7% of the total inflows in 2015, while the inflow in the form of intercompany debt amounted to EUR 255.2 million or 10.8% more than in 2014²⁴.

Total FDI inflow, thousand euros



Source: Central Bank of Montenegro

SOCIOECONOMIC PROFILE

Montenegro is a multi-ethnic state in which no ethnic group forms a majority. Major ethnic groups include Montenegrins (44.9%), Serbs (28.7%), Bosnians (8.6%), Albanians (4.9%) and Croats (0.9%)²⁵. The number of "Montenegrins" and "Serbs" fluctuates widely from census to census due to changes in how people perceive, experience, or choose to express their identity and ethnic affiliation. The official language in Montenegro is Montenegrin, but also Serbian, Bosnian, Albanian and Croatian are recognised as languages in official use. All of these languages, except Albanian, are mutually intelligible.

The majority of population of Montenegro is situated in the capital city, Podgorica, where 30% of population lives (or 185.937 people)²⁶. There is a strong correlation between the population and the development level of particular municipalities and regions. Thus the Northern part of Montenegro, at least in terms of development, is significantly lagging behind in comparison to

²³ Source: Employment agency of Montenegro (contacted 20.10.2015).

²⁴ Source: Central Bank of Montenegro, available at: http://www.cb-cg.org/eng/index.php?mn1=publications&mn2=governors_report&mn3=december_2015.

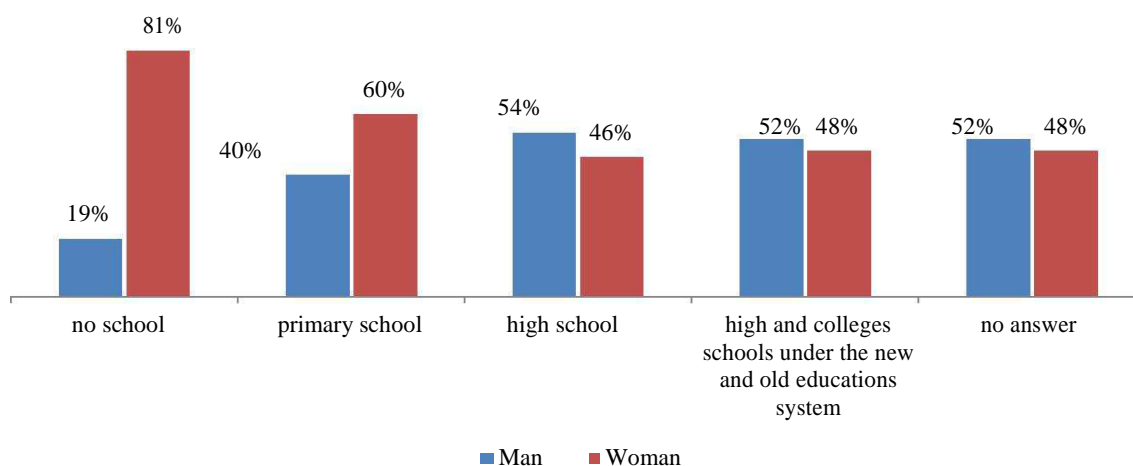
²⁵ Source: Statistical office of Montenegro, Census data.

²⁶ Ibid.

other regions (the Central Southern regions). Less developed regions and municipalities such as the Northern ones are characterised by a negative net migration rate.

Of the total population aged 15 years and above, 260.277 or 52% have completed secondary school, while only 17% of Montenegrin citizens have higher education²⁷. There are strong gender disparities showing a strong predominance of women without education or with only primary school education. Of the 11,324 people that are without education 81% (9,153) of these are women²⁸.

Population education structure by sex (2011 census data)



Source: Monstat, Population Census data 2011.

According to a report undertaken by the UN system in Montenegro, the low minimum wage is inadequate to support a decent standard of living²⁹. Data from the Statistical office of Montenegro (Monstat) shows that the average salary for December 2015 could pay for only 60% of minimal consumer basket.

Poverty rates before the 2008 Financial Crisis fell by more than 6 percentage points, from 11.2% in 2005 to 4.9% in 2008³⁰. However, the crisis and resulting deterioration in growth led to a significant increase in the poverty rate to 11.3% in 2012, thus offsetting the earlier gains³¹. There was a reduction in poverty during the boom years (2000- 2008) because, among other things, there was an increasing demand for unskilled labour. However, in the bust and stagnation period (2009- 2012) growth became less pro- poor as demand shifted towards higher skilled labour³². Therefore to have an impact on poverty, it is therefore

²⁷ Source: Statistical office of Montenegro, Population census data available at: <http://www.monstat.org/cg/page.php?id=534&pageid=322>

²⁸ Source: Statistical office of Montenegro, Population census data available at: <http://www.monstat.org/cg/page.php?id=534&pageid=322>.

²⁹ Source: UN Montenegro country analysis, page 32.

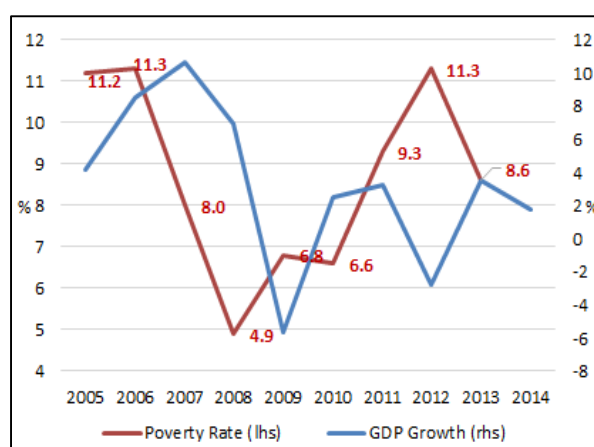
³⁰ Source: World Bank Country Partnership Framework 2016- 2020.

³¹ Ibid.

³² Ibid.

important for Montenegro to attract investments and foster job creation in key sectors requiring labor-intensive and lower-skill labor, such as tourism services and agriculture. In 2013 poverty started to decline again to 8.6%³³, which suggested that a sustained recovery could continue to push the poverty rate down. However despite these recent gains, Montenegro did not fully achieve the Millennium Development Goals indicators for the “Reduction of Relative Poverty and Other Poverty Dimensions” and poverty remains a key challenge for Montenegro. The Gini coefficient also increased from 24.3 in 2010 to 26.2 in 2013³⁴, indicating a rise in inequality which is another challenge for Montenegro. Between 2007 and 2003 average consumption growth was 2.5%, however, consumption growth for the bottom 40% of the population grew slightly less than for the top 60%³⁵.

GDP Growth versus Poverty Rate



Source: World Bank Country Partnership Framework 2016- 2020.

There are strong regional disparities in terms of poverty. In 2013 the North and Centre regions of the country had a poverty rate of 10.3% whereas the South of the country has a poverty rate of 3.8%. Rural areas have been more successful in poverty reduction than urban areas. In rural areas the poverty rate decreased by 8.4 percentage points between 2012 and 2013, whilst in urban areas it merely decreased by 0.2 percentage points. Vulnerability has increased even more than poverty since 2008 and most of this increase happened in rural areas, where the percentage more than doubled from 10% in 2009 to 22% in 2013³⁶. In 2013, almost 30 percent of the population in urban areas was either poor or vulnerable, largely as a result of the downsizing of the ailing

³³ Ibid.

³⁴ Source: The World Bank, Montenegro Country Program Snapshot, October 2015.

³⁵ Ibid.

³⁶ Source: The World Bank Country Partnership Framework 2016- 2020.

metal industry³⁷. During the same period the Gini coefficient decreased in rural areas from 26.3 to 23.5 whilst in urban areas it increased from 25.7 to 26.8³⁸.

Almost half of the population is under 35-years-old and the young hold the key to Montenegro's future³⁹. However, upwards of one third of the country's unemployed (15% of the total population) are university graduates under the age of 30⁴⁰. This forces many young people to migrate. According to Euromost, an NGO working primarily in the Northern town of Bijelo Polje, almost 5,620 citizens left Montenegro in 2015 to seek opportunities elsewhere (primarily in Western Europe) for a better life⁴¹.

ECONOMIC STRUCTURE AND SECTORAL ANALYSIS

Montenegro has made impressive strides in its development since gaining independence in 2006. The country has focused on tourism, energy, agriculture and rural development and manufacturing industry as strategic development sectors⁴². Yet this prosperity has not been evenly spread throughout the whole country. Considerable differences remain among and within regions. As in many Western Balkan countries, growth has left significant segments of the population behind. This is particularly the case for vulnerable groups, including women and young people.

CEFTA (Central European Free Trade Agreement) countries are the largest export trading partners for Montenegro. In 2015, the main export partner of Montenegro was Serbia (22.1%) followed by Italy (12.6%) and Bosnia and Herzegovina (9.3%). In the same year, the main import partner of Montenegro was Serbia (28.2%) followed by Bosnia and Herzegovina (6.5%) and Italy (6.4%).

³⁷ Ibid.

³⁸ Source: Statistical Office of Montenegro (Monstat), available at: <http://www.monstat.org/eng/page.php?id=340&pageid=73>

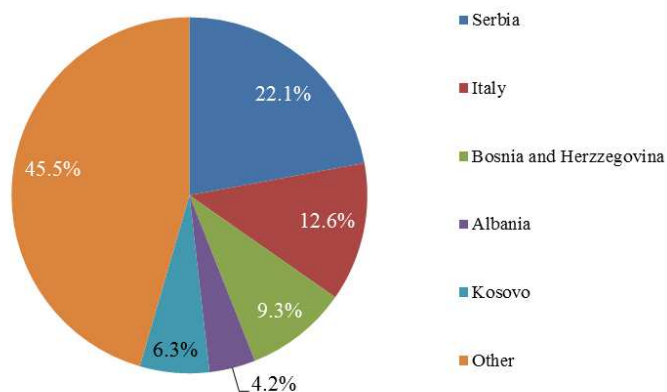
³⁹ Source: Statistical Office of Montenegro (Monstat), Montenegro in Figures 2015, available at: <http://bit.ly/1TJ7and>

⁴⁰ Source: Dusica Tomovic. "Germany Tells Montenegrins to Stay at Home." BalkanInsight. June 2015, available at: <http://bit.ly/1OmyKUF>

⁴¹ Source: CDM. "NGO 'Euromost': About 5,620 Citizens left Montenegro in 2015." June 2015, available at: <http://bit.ly/1COjcY4>

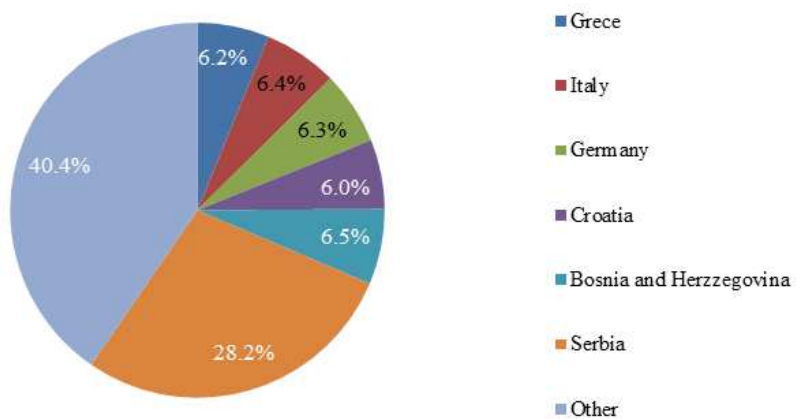
⁴² Source: Montenegro Development Directions 2013-2016.

Export partners of Montenegro, 2015



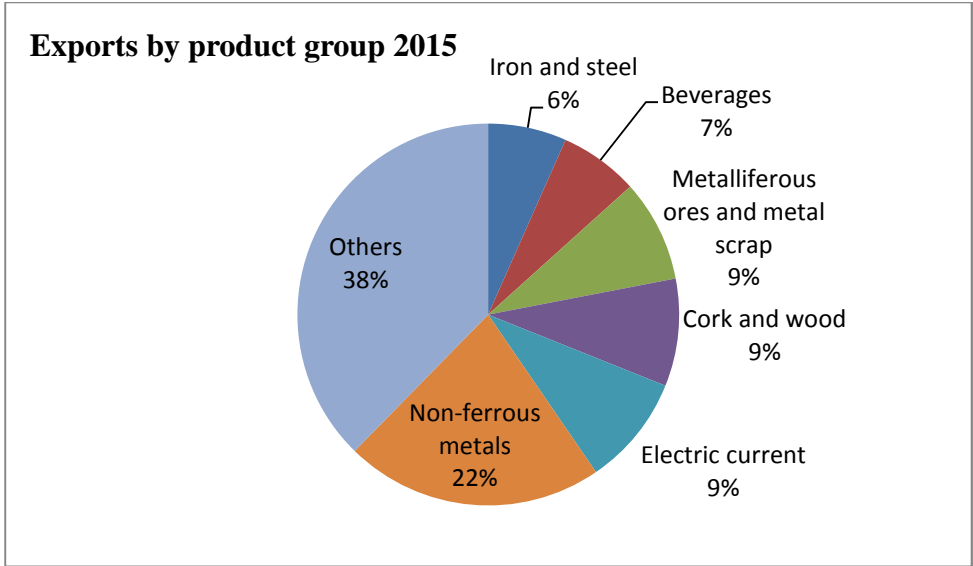
Source: Montenegro Statistical Office, External trade of Montenegro January-December 2015.

Import partners of Montenegro, 2015



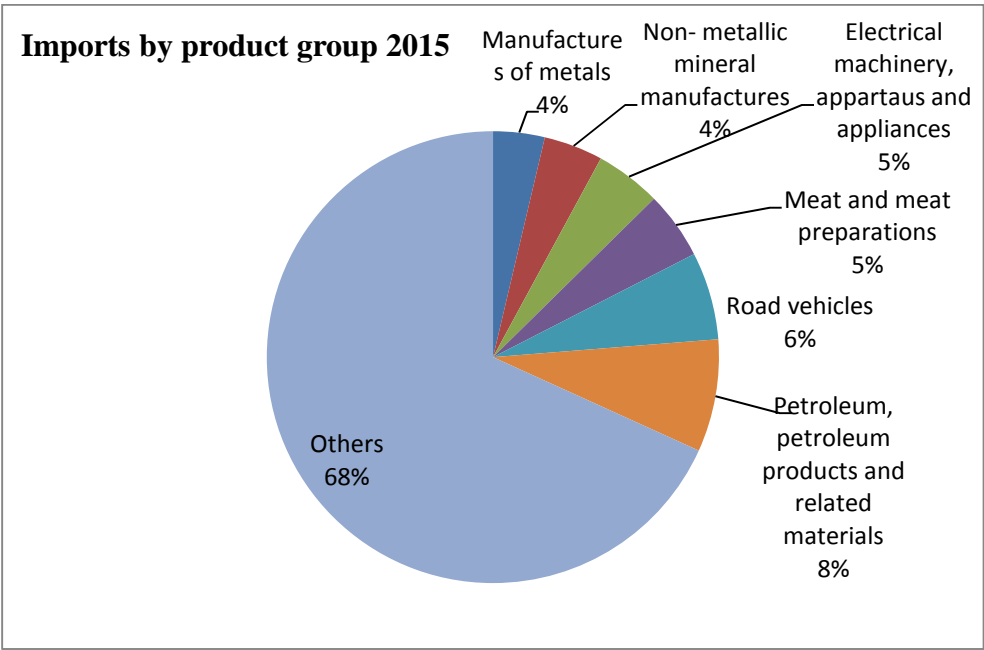
Source: Montenegro Statistical Office, External trade of Montenegro January-December 2015.

In 2015, Montenegro's main export was non-ferrous metals (22%) followed electric current (9.36%), cork and wood (9.10%), metalliferous ores and metal scrap (8.65%), beverages (6.70%) and iron and steel (6.63%).



Source: Montenegro Statistical Office, External trade of Montenegro January-December 2015.

In 2015, Montenegro’s main import was petroleum, petroleum products and related materials (8.05%) followed by road vehicles (6.28%), meat and meat preparations (4.82%), electrical machinery, apparatus and appliances (4.72%), non- metallic mineral manufactures (4.22%) and manufactures of metals (3.70%).



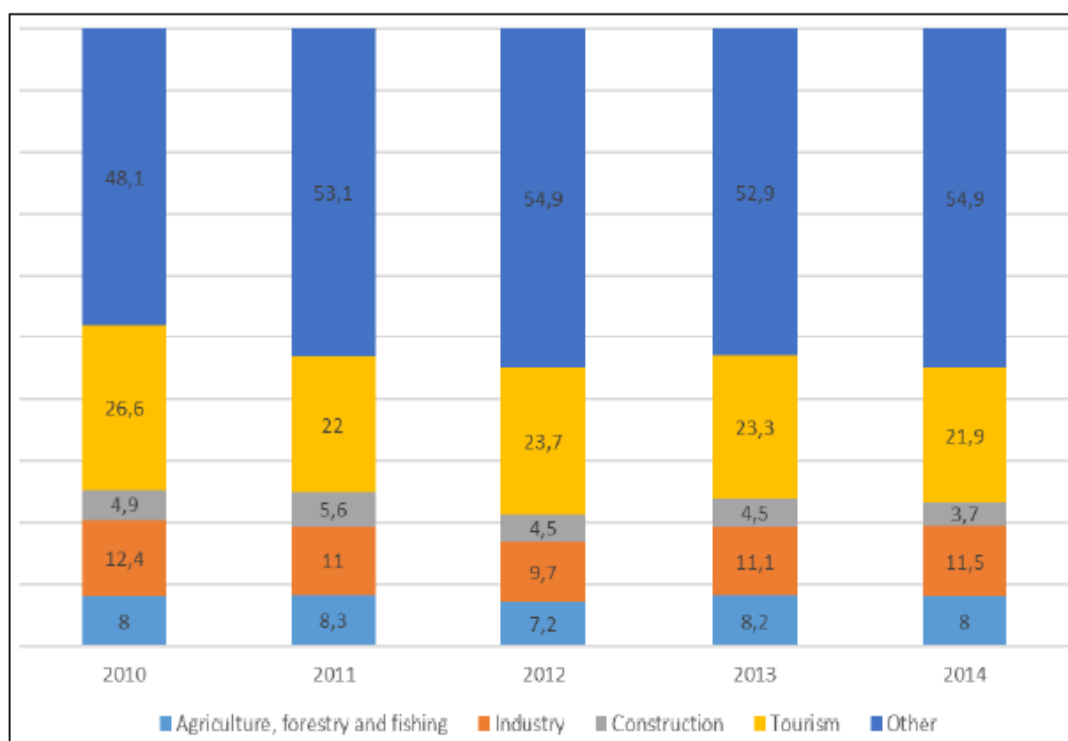
Source: Montenegro Statistical Office, External trade of Montenegro January-December 2015.

The current account deficit remains one of the main structural problems facing the economy. According to Central Bank data, the current account deficit in 2014 widened to the equivalent of 15.4% of GDP, from 14.6% of GDP in 2013. According to the World Bank the current account deficit in 2015 decreased to 13.4% of GDP⁴³. The main reason for the receding trend and current account improvement was an increase in international trade and primary income.

INDUSTRY

The effects of the global economic crisis and the deindustrialisation process have been profound. In the 1990s, the Montenegrin industry was estimated to account for more than 35% of GDP with around 56,000 employees, while today's share of industry amounts to merely 11.5% with 24,000 employees. Between 2000 and 2014, the share of agriculture in GDP declined from 11% to 8%, while the share of industry continued decreasing (from 17% to 11.5% (constant prices)). The industrial sectors contributing most to the economy are steelmaking, aluminum, agricultural processing, consumer goods, and tourism⁴⁴.

GDP Structure by Sector



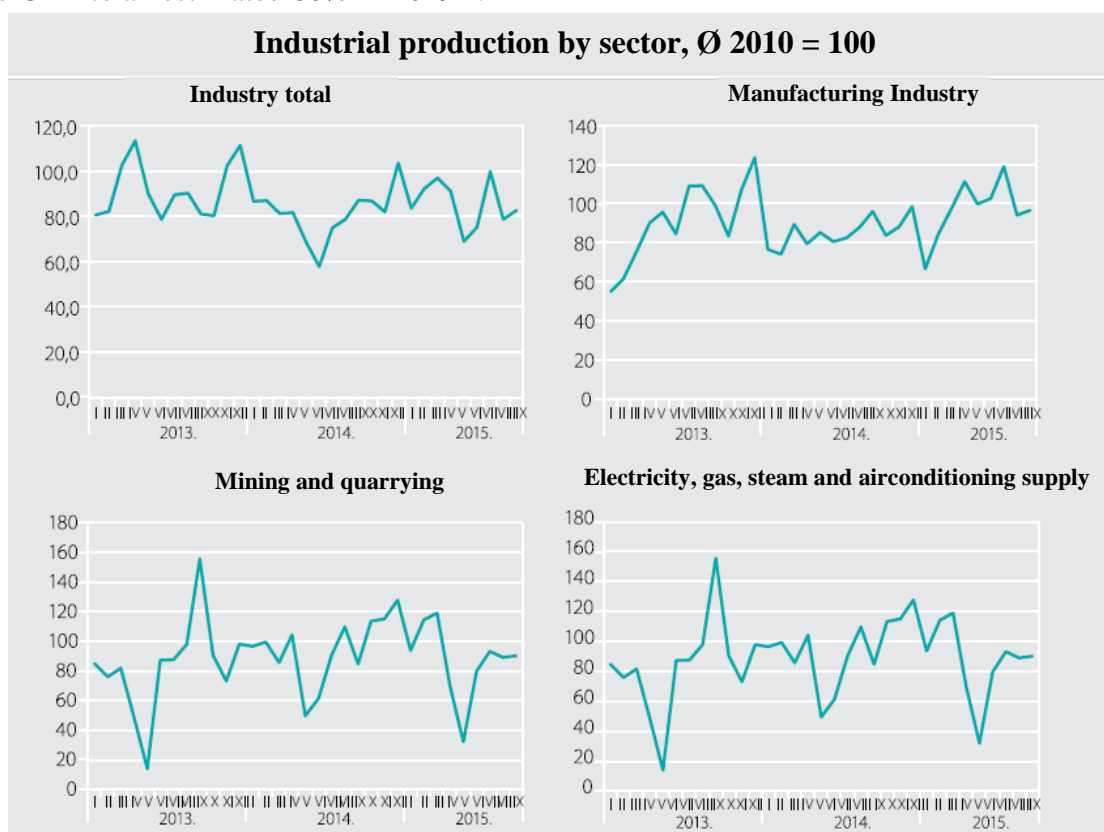
Source: Montenegro Ministry of Economy, Industrial Policy for Montenegro Until 2020.

The industrial sector of Montenegro is characterised by low productivity and weak competitiveness. Starting from 2009, mainly due to the global economic crisis, a significant,

⁴³ Source: The World Bank: Montenegro Country Program Snapshot, October 2015.

⁴⁴ Ibid.

two-digit reduction of the volume of the industrial production is recorded, so that the industrial production in 2012 was at a level of 75% of the production in the year 2000⁴⁵. The manufacturing industry showed the same trend. The sub-sectors of textile production and textile products, leather production and leather products, as well as rubber and plastic production and products, have in the past 10 years almost completely disappeared from the manufacturing industry of Montenegro. It is expected that the real growth rate of the industrial sector in 2016 will be 4.7%, followed by 3.4% in 2017 and 0.2% in 2018⁴⁶. Industrial production growth as well as real GDP growth will be driven by large infrastructure and energy projects. The biggest infrastructural project in the history of Montenegro, which is the construction of a highway construction, is expected to accelerate the development of local SMEs as well as big construction companies. However, this decision will cause Montenegro's public debt to increase from 68% of the GDP to an estimated 80% in 2019⁴⁷.



Creation of new value addition (in current prices) in the industrial sector is contributing to overall economic activity by 11.5%, of which manufacturing accounts for 3.9% (2014 data in constant prices)⁴⁸. These changes are not unique to Montenegro; however, the current share of

⁴⁵ Source: Development Strategy of the Manufacturing Industry in Montenegro, 2014-2018, available at: www.mek.gov.me/.../FileDownload.aspx?...Development%20Strategy%2

⁴⁶ Source: Montenegrin Guidelines of Macroeconomic and Fiscal Policy for the Period 2015-2018.

⁴⁷ Source: International Bank For Reconstruction And Development International Finance Corporation Multilateral Investment Guarantee Agency Country Partnership Framework For Montenegro For The Period FY16-FY20, page 22.

⁴⁸ Source: Industrial Policy of Montenegro until 2020.

GDP for manufacturing (3.9%) is low even by European standards⁴⁹. Industrial production for the period January-December 2015 grew by 7.9% and the manufacturing sector expanded by 19.9% while the other two sectors shrank: mining and quarrying by 8.1% and electricity, gas, steam and air conditioning supply by 5.9%, compared to the same period in 2014, according to data from the Statistical office of Montenegro.

Manufacturing accounts for a significant part of the total industrial production and provided employment to 6.6% of the manpower in Montenegro. In 2015, there was an increase in six areas of the manufacturing industry compared to 2014, which accounts for 59.9% of the total industrial production. Industrial production for the coming period will be driven by large investment projects which will accelerate growth of local companies working in the industrial sector. Montenegro is currently planning major overhauls of its roads, rail networks, and possible expansions of its air transportation system. In 2014, the Government of Montenegro selected two Chinese companies to construct a 41 km-long section of the country's highway system. Construction will cost around US\$1.1 billion and 30% of works will be undertaken by local companies which will accelerate local economic development.

TOURISM

Tourism brings in more than twice as many visitors as Montenegro's total population every year. High-frequency data indicate that tourism grew robustly in 2015 compared to 2014. According to Monstat, Montenegro was visited in 2015 by 1.7 million tourists, which is 12.9% more than in 2014. During 2015 11.1 million overnight stays were generated which is 15.7% more compared to the previous year (2014)⁵⁰. It is the fastest growing sector and one of the main strategic sectors in the country. It is also a major source of economic growth and employment. Over 18% of total employment in the country was generated by the tourism industry in 2014, while foreign receipts from tourism service exports corresponded to 20% of GDP in the same year⁵¹. Several new luxury tourism complexes are in various stages of development along the coast, and a number are being connected with nearby boating and yachting facilities. The Ministry of Sustainable Development and Tourism, as responsible government body for tourism development, is continuously implementing activities with the aim to position Montenegro as a high quality touristic destination. Increased private sector investments and job creation in the areas of agriculture and sustainable tourism would substantially benefit rural communities and vulnerable groups, including women and youth⁵².

According to study "*Travel and Tourism economic forecast for 2015*", the World Travel and Tourism Council has formed four key annual research facts reflecting tourism and travel contribution to the economic development of Montenegro, as presented below⁵³:

⁴⁹ Ibid.

⁵⁰ Source: Statistical Office of Montenegro (Monstat), tourism statistics.

⁵¹ Source: World Bank Country Partnership Framework 2016- 2020.

⁵² Ibid.

⁵³ Source: World Travel and Tourism Council, Travel and Tourism economic impact, Montenegro, available at:

<https://www.wttc.org/-/media/files/reports/economic%20impact%20research/countries%202015/montenegro2015.pdf>

GDP	Tourism's average contribution to growth in between 2009-2014 was 0.16 and its average share in GDP between 2009-2014 was 5.9 ⁵⁴ . The total contribution of travel and tourism to GDP was EUR733.2mn (20.0% of GDP) in 2014, and is forecast to rise by 7.9% in 2015, and to rise by 7.7% pa to EUR1,664.9mn (31.9% of GDP) in 2025.
EMPLOYMENT	In 2014, the total contribution of travel and tourism to employment, including jobs indirectly supported by the industry, was 18.5% of total employment (32,000 jobs). This is expected to rise by 6.9% in 2015 to 34,000 jobs and rise by 4.9% pa to 55,000 jobs in 2025 (29.6% of total).
VISITOR EXPORTS	Visitor exports generated EUR 688.7mn (54.3% of total exports) in 2014. This is forecast to grow by 7.0% in 2015, and grow by 8.0% pa, from 2015-2025, to EUR1.584 mil in 2025 (51.6% of total).
INVESTMENTS	Travel and tourism investment in 2014 was EUR 234.9mn, or 30.1% of total investment. It should rise by 15.6% in 2015, and rise by 8.2% pa over the next ten years to EUR 594.8mn in 2025 (53.2% of total).

Despite concerns that the tourism sector would be adversely affected by Russia's economic issues, Russia remained the most significant source of tourist arrivals. A weaker euro, Montenegro's increasing reputation as an up-market tourist destination and continued development of the sector are expected to bring a greater number of tourists to the country in the coming years. The tourism sector continued to grow in 2015, according to data from the Statistical Office of Montenegro. In 2015 Montenegro was visited by 1.7 million tourists, which represents 12.9% increase compared to 2014⁵⁵. Data show that the structure of tourist arrivals for 2015 was dominated by foreign tourist arrivals with 91% and domestic tourist arrivals with just 9%, which during 2015 declined by 8.3% compared to 2014. Data on tourist arrivals from 2010 to 2015 show a constant year-to-year growing trend with 6.5% annual average growth rate.

The structure of foreign tourist arrivals is dominated by tourists from Russia (17.9%), Ukraine (3.5%), Poland (3.1%), Germany (2.8%), France (2.7%), Italy (2.2%), Belarus (2%) and tourists from neighbouring countries such as Serbia (22.4%), Bosnia and Herzegovina (9.3%) and Kosovo (2.6%)⁵⁶.

⁵⁴ Source: World Bank Country Partnership Framework 2016- 2020.

⁵⁵ Source: Statistical office of Montenegro, available at: <http://www.monstat.org/cg/page.php?id=1295&pageid=44>

⁵⁶ Source: Statistical office of Montenegro, available at: <http://www.monstat.org/cg/page.php?id=1295&pageid=44>



Source: Statistical Office of Montenegro.

While Montenegro has consistently demonstrated one of the fastest rates of tourism growth in the world, its major challenge as recognised by the National Tourism Development Strategy to 2020, is to assure that it is a growth which is sustainable, balanced and which brings both immediate and long term benefits to the people of Montenegro, while protecting and preserving the natural assets that are the engine of tourism growth in the first place⁵⁷. The Government is particularly eager to attract investment to the north, which remains less developed than the southern seaside regions.

Despite the observable positive trends, there are certain institutional and infrastructure requirements still pending to allow Montenegro to achieve the full potential of its tourism sector. This is specifically related to the associated environmental and infrastructure needs. In addition, the environmental risks of further tourism development are significant⁵⁸. This is particularly valid for the Southern region of Montenegro (coastline) which is facing considerable growth rates especially in the construction segment. Sustainable practices in the tourism could be still addressed, also through public private partnerships. Having in mind that gastronomy is closely linked with agro-business and destination tourism, the highest potential is located in the Northern part of Montenegro. However, there are projects being implemented by the WB, IFC and MIGA that aim at increasing private sector investments in the areas of sustainable tourism, tourism related infrastructure and agribusiness projects⁵⁹.

AGRICULTURE

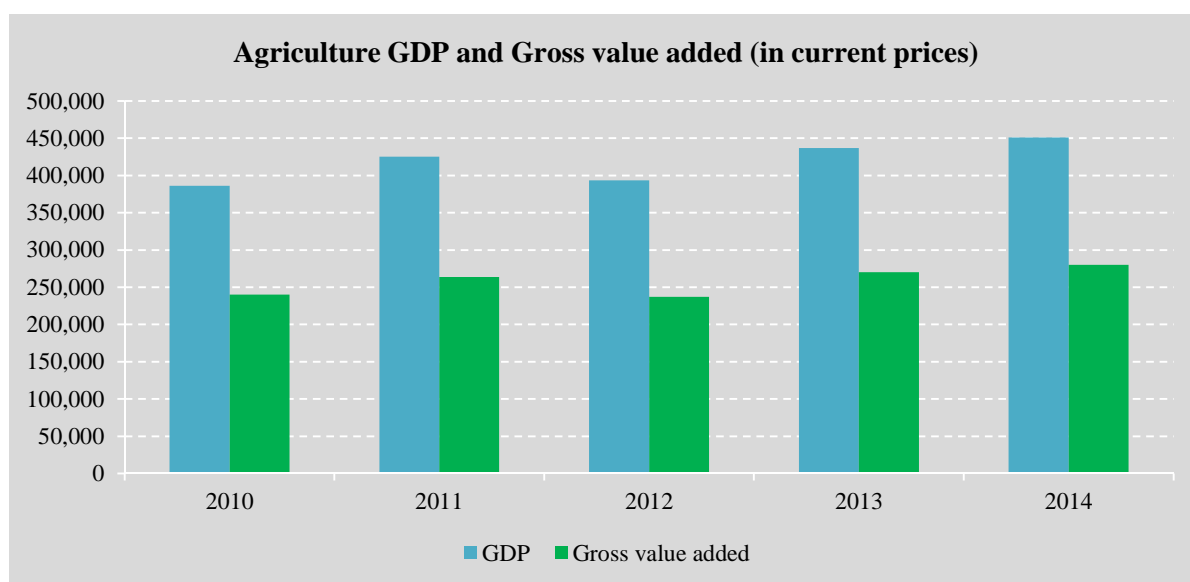
The agricultural sector plays an important role in Montenegro's economy, with a significant share of gross domestic product (8.1% in 2014, including forestry and fisheries, compared to

⁵⁷ Source: Montenegro Tourism Development Strategy to 2020, available at: <http://www.mrt.gov.me/ResourceManager/FileDownload.aspx?rid=89273&rType=2&file=01%20Montenegro%20Tourism%20Development%20Strategy%20To%202020.pdf>

⁵⁸ Source: European Bank for Reconstruction and Development: Strategy for Montenegro.

⁵⁹ Source: International Bank For Reconstruction And Development International Finance Corporation Multilateral Investment Guarantee Agency Country Partnership Framework For Montenegro For The Period FY16-FY20, page 32.

approximately 2% in the EU). The main agricultural products are tobacco, potatoes, citrus fruits, olives, grapes⁶⁰. Agriculture along with the tourism sector is one of the strategic development sectors in Montenegro with a share of 2.2% of permanent employees from total employment, according to data from the Statistical office of Montenegro from the third quarter of 2015⁶¹. However, according to the Agricultural Census from 2010⁶², 98,341 individuals (of 625,000 inhabitants in Montenegro) carried out some agricultural activities on family farms. This suggests that the real employment in agriculture is almost 30% of the total number of employees. Compared to EU28 countries, Montenegro has a significantly higher employment share in the agricultural sector. As one of the key sectors of the Montenegrin economy, agriculture is an important source of income for the population, especially in the northern mountainous region, where options are limited when it comes to earning alternative income. In such poor areas, it is by far the greatest source of income. About 41% of the poor live in rural areas where inactivity rates reach up to 67% for women and 40% for men⁶³.



Source: Montenegro Statistical Office, Gross Domestic Production for the period 2010- 2014.

Agricultural exports in 2015 declined by 56% compared to 2014, while imports dropped by 4.6% year to year. Agricultural production in Montenegro is characterised by a very low rate of finalised products, which is why Montenegro imports a bulk of final food products and exports secondary products. There is great potential to increase the export of finalised products to achieve import substitution.

Despite having abundant water resources, a favourable climate, and a strong demand for agricultural products, Montenegro faces structural and institutional challenges that undermine

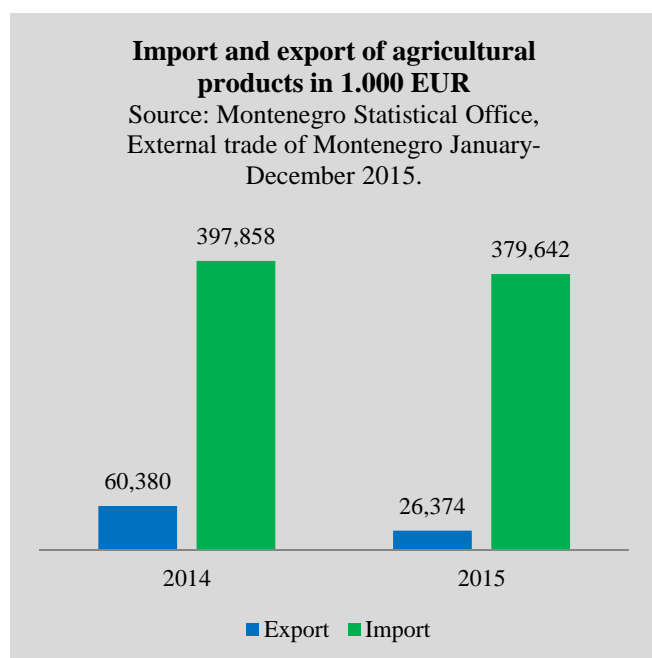
⁶⁰ Source: CIA World Factbook, available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/mj.html>

⁶¹ Source: Statistical Office of Montenegro (Monstat), Labor force survey III quarter 2015

⁶² Source: Statistical Office of Montenegro (Monstat), Agriculture census data.

⁶³ Source: International Bank For Reconstruction And Development International Finance Corporation Multilateral Investment Guarantee Agency Country Partnership Framework For Montenegro For The Period Fy16-Fy20. p.29.

further growth in the agriculture sector. Farming is dominated by small-scale operations that produce limited yields owing to insufficient knowledge, outdated technologies, and weak supply chains. Investment capital and government extension services are limited, and agriculture institutions and practices lack compliance with EU and international standards. Because of these weaknesses, agriculture has not been able to respond to the increasing demand, which includes seasonal tourism, and the agriculture deficit as a share of the goods trade increased from 21% to 27% from 2005 to 2012⁶⁴.



Modernising agriculture, upgrading production processes, and establishing EU-compliant food safety standards are important factors for political, economic, and social progress.

Another relevant factor for Montenegrin agriculture (taking into account that the country attracts many tourists every year) is that gastronomy has become a central part of the tourism experience. In recent years, food tourism has grown considerably becoming one of the most dynamic and creative segments of tourism. Both destinations and tourism businesses have realised the importance of gastronomy in order to diversify tourism and stimulate local economic development. The “*Global*

Report on Food Tourism”⁶⁵ published by UNWTO, provides an extensive analysis of the current situation of food tourism, identifying the importance of gastronomy in the development of tourism destinations worldwide and reviews the global trends in food tourism. According to the results this survey, 88.2% of respondents consider that gastronomy is a strategic element in defining the brand and image of their destination. However, small agricultural households in rural areas could have a great opportunity to add value to local agricultural products.

CURRENT INDUSTRIAL DEVELOPMENT TRENDS & KEY ISSUES

Montenegro, as an EU candidate country, falls short so far in meeting the common EU target of achieving levels of 20% of industry’s share in GDP by 2020. Industrial input has to be significantly strengthened and also modernised.

Increased competitiveness and smart growth are the two cornerstones of the draft Industrial Policy for Montenegro until 2020. In the 2015- 2016 World Economic Forum Global Competitiveness Report Montenegro ranked 70 out of 140 countries which compares to a rank of 67 out of 144 countries in the

⁶⁴ Source: The World Bank, Montenegro Country Program Snapshot, October 2015

⁶⁵ Source: UNWTO: Global report on food tourism, available at: <http://silkroad.unwto.org/publication/unwto-am-report-vol-4-global-report-food-tourism-0>

2014- 2015 report⁶⁶. The World Bank's Doing Business 2015 ranks Montenegro 36th- the fifth most favourable rating in the Europe and Central Asia (ECA) region⁶⁷. According to the Global Innovation Index for 2015, which ranks innovation performance, of 141 countries around the world based on 79 indicators, Montenegro improved its innovation performance ranking by 18 places since 2014 (41st on the list)⁶⁸. Montenegro demonstrated increased levels of innovation due to improvements to institutional frameworks, a skilled labour force with expanded tertiary education, better innovation infrastructures, a deeper integration with global credit investment and trade markets, and a sophisticated business community. However, despite certain positive trends much remains to be done to bring the innovation and competitiveness capacities of Montenegro to the European level.

In the national context, according to the law on regional development, the Government has established mechanisms for monitoring competitiveness at the local and regional levels⁶⁹. In the Northern region, competitiveness has reached 77% of the national average. Key factors explaining the lower competitiveness in the Northern region are, among others, infrastructure, demography, education (pre-school education, the proportion of graduates in the population), employment, the number of companies, and technological development.

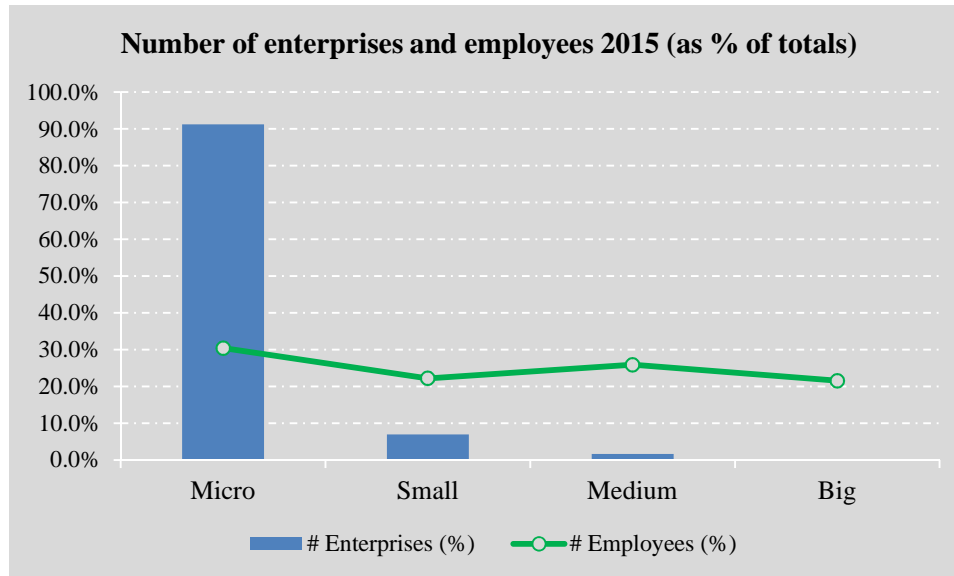
As in other upper middle income countries, economic activity in Montenegro is dominated by a high number of Micro Small and Medium -sized enterprises (MSMEs). According to the Tax Office of Montenegro, in 2015, 0.24% of the total numbers of enterprises were large enterprises, 1.6% medium and 98.16% micro and small enterprises. MSMEs produce an estimated 65 percent of GDP. The largest number of SMEs were concentrated in the wholesale, retail and repair (44%) sectors, followed by real estate and renting (16%), while industrial processing came third with only 10%. The average density of enterprises at the national level amounts to 34 companies per thousand inhabitants and is the largest in the Southern region. The importance of MSMEs is best reflected through their contribution in creation of economic value. According to official statistical data by Montenegro Statistical Office (Monstat) for 2014, MSMEs are generating 72% of production gross value and 64% of total gross value added, which is actually below the EU-average. Also, despite this numerical concentration of micro- and small-enterprises, the greatest share in employment is generated by medium-sized enterprises. The data highlights the importance of industrial policy targeting all size classes of enterprises for employment generation.

⁶⁶ Source: The 2015 Global Competitiveness Report, available at: http://www3.weforum.org/docs/gcr/2015-2016/Global_Competitiveness_Report_2015-2016.pdf

⁶⁷ Source: World Bank Country Program Snapshot October 2015.

⁶⁸ Source: The Global Innovation Index for 2015.

⁶⁹ Source: Law on regional development of Montenegro.



Source: Tax office of Montenegro

Despite the dominance of MSMEs in Montenegro’s economy, they are relatively poorly integrated into the global economy, still struggle with accessing finance, and have limited business skills and capacity for innovation and absorption of new technologies. Policies and programmes supporting the growth of entrepreneurial, export orientated, innovation-driven and productivity-led MSMEs are critical to enhance private sector competitiveness in key economic sectors. As agriculture and tourism are Montenegro’s main economic sectors with great potential to create income and jobs, it is particularly important that MSMEs in these sectors are given support. The Government has implemented business climate reforms and this is reflected in the country being in the top 50 countries for the World Bank’s Ease of Doing Business Ranking⁷⁰. However, there is still room to improve the business environment, particularly for MSMEs, which will be essential in creating the long term conditions for private sector growth and job creation.

The need for policies and programmes to support SME competitiveness and innovation is confirmed by the detailed analysis of the different respective international comparative indicators and reports, which cover all main topics of international competitiveness. The following table provides an overview of the key benchmark indicators of international competitiveness for Montenegro.

⁷⁰ Source: World Bank Ease of Doing Business, available at: <http://www.doingbusiness.org/rankings>

Table 1: Competitiveness indicators

Key Issues:	Baseline Benchmark		Source
Competitiveness	Rank (out of 140 countries)	70	WEF Global Competitiveness Report 2015-2016
Business Environment	Rank (out of 189)	46	World Bank Doing Business 2016
Market Access	Rank (out of 138)	49	Global Enabling Trade Report 2014 - World Economic Forum
Trade Logistics	Rank (out of 160)	67	World Bank Trade Logistics Index 2014
Entrepreneurship	Rank (out of 132)	54	Global Entrepreneurship & Development Index – GEDI 2016
Innovation	Rank (out of 141)	41	Global Innovation Index 2015
Finance	Rank (out of 120)	91	IESE Venture Capital & Private Equity Country Attractiveness Index 2015
Skills	Rank (out of 103)	45	The Global Talent Competitiveness Index 2015
Information Society	Rank (out of 166)	60	ICT Development Index (IDI) 2015
ICT Communications Networks	Rank (out of 143)	56	Global Information Technology Report 2015 - Networked Readiness Index
Gender Gap	Rank (out of 145)	79	Global Gender Gap 2015 – WEF
Corruption	Rank (out of 174)	61	Transparency International Corruption Perceptions Index 2015
Environment	Rank (out of 178)	62	YCELP, CIESIN, WEF Environmental Performance Index 2014

Skills are identified in several competitiveness indices as an area of relative strength compared with other benchmark economies (e.g. Global Talent Competitiveness Index, Network Readiness Index), while education and training are identified as an area of relative weakness by the Global Competitiveness Report. Inputs to innovation are relatively better than the outputs from the innovation process, compared with other countries, indicating a need for better connections between science and research and business. Transport and ICT infrastructure have been identified as a relative weakness for market access. There is a limited usage of ICT among private firms, and firms are less likely to innovate. Barely 80 percent of firms use email to communicate with suppliers and clients, just over 70 percent have high speed internet and fewer than 30 percent have a website⁷¹. Affordability of ICT is an area of particular weakness. The level of tax rates, informal sector practices, access to finance, and customs and trade regulations are identified by enterprises as obstacles that are more significant than in comparable countries. These factors suggest a need to focus on improving: regulation and the overall business environment; workforce skills and match with labour market needs; business-research linkages for innovation outputs; affordability of ICT use; infrastructure and trade facilitation for market access; and the financial situation of enterprises.

⁷¹ Source: World Bank Country Partnership Framework 2016- 2020.

The agricultural sector and rural development in Montenegro are characterised by small farms, which are often fragmented and not officially registered as agricultural holdings and therewith deprived of market access. These shortcomings make it difficult for agricultural producers to invest in equipment and new technologies. The result is that the sector is hampered by low productivity, high input costs and difficulties in producing standardised products in large enough quantities intended for domestic and international markets.

The country is struggling with **low environmental practices**. The majority of municipalities in Montenegro do not have waste water treatment plants. Both companies and households are the biggest pollutants of rivers and sea water. Companies dispose waste into rivers without prior treatment; household waste system is based on the use of septic tanks, which means that waste passes into the soil.

The inherited industrial structure relies on high **energy** consumption, high household demand, and inefficient use. The World Economic Forum ranks Montenegro 85th out of 144 countries on quality of electricity supply, close to that of its neighbours (Serbia and Albania, ranked 76th and 79th, respectively) but well below Croatia (ranked 40)⁷². The country depends on electricity imports, while the usage of renewable energy resources is low especially from solar, wind and geothermal resources, despite having a significant potential for the development of renewable energy sources (including biomass, new hydro, wind, and solar). From 2005 to 2013, Montenegro met 29 percent of its electricity needs through imports⁷³. Although energy intensity in 2012 was 30% lower than in 2005, energy intensity is 3.3 times higher than the EU28 average⁷⁴. The share of renewables in gross inland energy consumption in Montenegro for 2013 was 36.9% while the biggest share is coming from biomass and renewable wastes (16.1%) and hydro power (20.8%). Montenegro is significantly above EU28 average which is standing at 11.8% for 2013⁷⁵.

Notwithstanding the fact that industrial production is stagnant, industrial waste is continuously increasing which poses a great threat to the environment. The existing main industrial waste disposal sites containing materials such as coal ash, lead, other heavy metals and hazardous waste pose risks not only to the immediate environment, but also to the public health of surrounding communities due to groundwater contamination and other pathways. These risks are amplified for some of the sites located in zones of seismic risk. Other areas, such as the surroundings of Skadar Lake, where the Aluminum Plant KAP is located, were already subject to serious flooding, which could become more frequent and severe under predicted climate change-related shifts. Some of the polluted sites are located not far from the country's most valuable natural resources, important from both an environmental and an economic point of view. These include national parks, the most important watershed in Montenegro and the largest lake in the Balkans, tourist centers, and a UNESCO protected

⁷² Source: The World Bank, Montenegro Country Program Snapshot, October 2015.

⁷³ Ibid.

⁷⁴ Source: International Energy Agency, World Energy Statistics and Balances.

⁷⁵ Source: Eurostat Renewable energy statistics, available at: http://ec.europa.eu/eurostat/statistics-explained/index.php/Renewable_energy_statistics

site. There is, however, an Industrial Waste Management and Clean-up project operational which will aid to address the issue of remediation of such crucial sites⁷⁶.

The energy sector could become an important source of growth and exports, provided that environmental impacts can be adequately contained and investments do not create large negative externalities encroaching on the country's tourism potential. Favourable natural conditions, abundance of clean energy sources such as water, wind and sun, minerals resources (especially in the northern part of Montenegro) and a large wood presence are good preconditions for a Montenegrin transition from an energy import orientated country towards energy self-sufficiency. Montenegro has a hydro potential of about 10 billion kWh/year. Presently the potential of small hydro power remains untapped and it merely provides 0.82% of the total electricity production. Besides hydro power, Montenegro shows a great potential regarding both wind and solar power. Already a large investment project has been started on wind power construction at two locations in Montenegro, Krnovo and Mozura.

CROSS CUTTING ISSUES

GENDER AND WOMEN EMPOWERMENT POLICIES

The principles of non-discrimination and gender equality have been clearly articulated in Montenegro's legal framework and included in the countries' development plans. Article 17 of the 2006 Constitution of Montenegro upholds the principle of legal equality for all citizens and in October 2006 Montenegro ratified the Convention on the Elimination of All Forms of Discrimination against Women. The Government of Montenegro has also created the Department of Gender Equality and the Action Plan for Achieving Gender Equality⁷⁷. Although strides have been made, the realisation of gender equality goals remains a challenge.

By international standards, Montenegro has made limited progress in the area of gender equality and this is evident in a number of global indicators. In the 2015 Global Gender Gap report Montenegro has an index of 0.689 and ranks 79 out of 145 countries⁷⁸. This is a deterioration compared to the 2014 report in which Montenegro has an index of 0.693 and rank of 74 out of 142 countries⁷⁹. National targets for MDG 3 (Promote gender equality and empower women) were not fully achieved by the end of 2015. Additionally, gender equality is addressed in the EU accession agenda and in 2014, a European parliament report noted that Montenegro has made limited progress regarding women's rights, gender equality, representation of women in politics and within the labour market, and the fight against domestic violence.

⁷⁶ Source: International Bank For Reconstruction And Development International Finance Corporation Multilateral Investment Guarantee Agency Country Partnership Framework For Montenegro For The Period FY16-FY20, page 30.

⁷⁷ Source: World Bank Country Partnership Framework 2016- 2020.

⁷⁸ Source: The Global Gender Gap Report, available at: <http://www3.weforum.org/docs/GGGR2015/cover.pdf>

⁷⁹ Ibid.

The status of women is best demonstrated by their inclusion in economic activity. With regards to the gender disaggregated employment rate, it reached its highest value in the last decade, while the rate of unemployment for women declined from 35.5% in 2014 to 18.2% in 2015. Although the unemployment rate has been cut in half in the last 10 years, the unemployment rate for women remained twice as high as the MDG goals. Although there is little difference between male and female unemployment, in 2014 46% of women aged 15+ participated in the labour market compared to 60% of men⁸⁰. In addition to this, in 2014 only 11.3% of women were self-employed, which is twice as low as men (21.3%)⁸¹. The gender gaps in labour participation are particularly large in rural areas where the inactivity rate for women reaches 67%, 27 percentage points higher than for men⁸². The gender gap in rural areas could be reduced through increased private sector investments and job creation in the areas of agriculture and sustainable tourism. Among those who work, a clear wage gap exists; with women earning 16 percent less than men with similar observed characteristics⁸³. An overall lack of decent jobs for women also impacts their ability to earn pensions. Consequently, only 30,300 women utilise pensions whereas 49,569 men receive these benefits. The UN Committee on the Elimination of Discrimination against Women (CEDAW) has raised concerns regarding the situation of women in the labour market, particularly with regards to the concentration of women in low-paid sectors of employment, often on fixed-term contracts that can be easily terminated to avoid dealing with their right to paid maternity leave and to return to work following childbirth. Representation of women in high-level positions in public and private sectors is improving but it is still relatively low.

In order to strengthen women's economic position in society, the Government of Montenegro adopted the Strategy for Development of Women Entrepreneurship 2015-2020 , with aim to encourage economic empowerment of women by creating a supportive business environment and by supporting the development of their entrepreneurial potential, which will also contribute to the development of existing companies and the creation of new companies as well as job creation and employment growth, which will ultimately lead to the overall development of the SME sector.

YOUTH

The global economic crisis has dramatically changed the youth labour market in Montenegro. Several years since the start of the crisis, young people are still facing unprecedented difficulties in finding employment. In 2015 the unemployment rate for young people (15-24 years old) was

⁸⁰ Source: World Bank Country Partnership Framework 2016- 2020.

⁸¹ Source: Statistical Office of Montenegro (Monstat), Women and Men in Montenegro 2014, available at: <http://bit.ly/1Hz4MtH>

⁸² Source: World Bank Country Partnership Framework 2016- 2020.

⁸³ Ibid.

34.5%⁸⁴ which compares to 36%⁸⁵ in 2014 and 41.6% in 2013. However, despite improvements the rate of unemployment for young people in 2014 was twice as high as the national average⁸⁶ and this segment of the population is still disproportionately disadvantaged in terms of employment.

In order to tackle youth unemployment opportunities for young people need to be increased and the education system needs to be aligned with the needs of the labour market. As young people (recent graduates) lack practical knowledge and experience, the Government of Montenegro has launched a programme for the **professional training** of graduate students. Private sector companies as well as government institutions apply for this programme along with graduate students, and after an evaluation period, graduate student begin working in these companies. With the aim to motivate companies to apply, the government is reimbursing the gross salary for the whole period of programme (9 months). The main goal of the programme is to facilitate a transitional process from academia into practical work and help graduates to build capacities and gain experience.

Montenegro's Directorate for Youth and Sports, an independent administrative body under the supervision of the Ministry of Education and Sports, is responsible for **youth affairs**. According to a 2013 youth policy briefing paper, the Directorate for Youth and Sports is in charge of youth policy at the national level and has the mandate to develop and coordinate the implementation of youth policy and legislation, coordinate cross-sectoral cooperation, support local youth policy development, and develop cooperation with NGOs and international partners.

SWOT ANALYSIS

Based on the identified main structural and specific weaknesses of the Montenegrin economy, relative strengths among international competitiveness indicators, and sectors identified with potential for long-term growth, the following chart provides a synthesised review of the basic constraints alongside opportunities for the development of the economy, in particular/with a focus on the industrial sector

Strengths	Weaknesses
<ul style="list-style-type: none"> - Abundance of natural resources - Cheap and high-quality domestic raw materials - Relatively cheap and highly-qualified and educated work force - Investment-friendly environment - Favourable geographical position, with proximity to the EU market - Good maritime transport connectivity and importance of the location of the port of Bar 	<ul style="list-style-type: none"> - Obsolete production technologies in manufacturing and food technology - High share of primary and low value added products in exports - Insufficient linkages between industrial sectors and science and research institutions - Insufficient linkages between industry and other sectors of economy - Low rate of start-ups, small number of innovative SMEs

⁸⁴ Source: Labour force survey, 2013, 2014 and Q3 2015, available at: <http://www.monstat.org/cg/page.php?id=660&pageid=22>

⁸⁵ Source: World Bank Country Partnership Framework 2016- 2020.

⁸⁶ Ibid.

<ul style="list-style-type: none"> - Stabilisation and Association Agreement with the EU, WTO as well as CEFTA agreement - Good precondition for tourism development (long coastline, ongoing large tourism investment projects) - Highly fertile soil - Substantial renewable energy potential 	<ul style="list-style-type: none"> - Weak diversification of sectors - High dependence on imports - Insufficiently developed road and railway transport and public utility infrastructure - Fragmented production in certain sectors - Poor environmental practices - High energy intensity
Opportunities	Threats
<ul style="list-style-type: none"> - EU integration and use of pre-accession instruments for industrial development (e.g. Horizon 2020, IPA) - Efficient use of public-private partnership - Development of medium and high technology sub-sectors and products and services with higher value added - Increased linkages between businesses and the research sector for development, exchange and introduction of innovations - Introduction of new production technologies - Development of financial markets and opportunities for access to capital for medium and high technology sub-sectors - Introduction and application of EU norms and standards - Natural conditions for renewable energy production - Higher inflow of FDI - Energy efficiency increase 	<ul style="list-style-type: none"> - Limited funds for investments into infrastructure - Slow recovery of the world economy and decline in aluminium prices - The structural reform process slowing down - Lack of capital for development of the industrial sector - Labour market and education system reforms slowing down - Poor administrative capacity to absorb available pre-accession instruments - Strong foreign competition present on the local market - Russian sanctions on agricultural products

The analysis presented above points to the conclusion that the major strengths of Montenegro could create many opportunities due to its natural endowments, position and size. Basic weaknesses are reflected in technology being underdeveloped and obsolete, which causes industrial production to be characterised by a low level of manufacturing, high dependence on imports and fragmented production. The opportunities for overcoming these weaknesses include: developing innovation and the introduction of new technologies through cooperation between industry and research community as well as by improving cooperation among sectors, and in particular by intensifying international cooperation via EU integration, but also through investment flows with other countries. The threats to the realisation of these opportunities, aside from those related to global and regional trends in economy, over which Montenegro has no control, include slowing the processes of structural reform, in particular those related to the labour market, as well as to the lack of capital.

CHAPTER II: GOVERNMENT VISION & STRATEGIC PLANNING FOR INDUSTRIAL DEVELOPMENT

EU AND NATO MEMBERSHIP ASPIRATIONS

Montenegro's government has set NATO membership, along with EU accession, as its main foreign policy goal ever since the former Yugoslav republic declared its independence in 2006, following the referendum that ended its state union with Serbia. Montenegro is oriented towards

the European integration process and committed to implementing economic reforms and harmonising its policies with the EU Acquis Communautaire, which poses significant challenges to the economy. All of the country's strategic documents as well as its national policies have been aligned with those two processes.

MONTENEGRO DEVELOPMENT DIRECTIONS 2015-2018

The key challenge facing Montenegro is how to increase economic growth in a sustainable manner. At the same time, policy must be long-term oriented, allowing consideration of the gap in time between the occurrence of the risk and its materialisation. According to Development Directions the main long term goal is an increase in the quality of life. In order to realise its goal of "increased quality of life in the long-term", the government has selected four priority sectors: 1) Tourism; 2) Energy; 3) Agriculture and rural development and 4) Manufacturing. Following the example of the Europe 2020 strategy, Montenegro's development directions outline three development principles:

1. **Smart growth:** focusing on innovation, digitalisation and mobility of young people
2. **Sustainable growth:** focusing on improved efficiency in the use of resources and an adaptation of industrial policies to meet that end
3. **Inclusive growth:** focusing on increasing employment and reducing poverty

ECONOMIC REFORM PROGRAMME FOR MONTENEGRO 2015-2017

The focus of Montenegro's Reform Programme 2015-2017 is to remove obstacles to economic growth and development and increase competitiveness. The primary goal is job creation and improving living standards. In accordance with the recommendations of the European Commission for the Economic Reform Programme 2015⁸⁷, Montenegro's economic reform programme 2015-2017 consists of two parts. The first section provides an overview of the framework of medium-term macroeconomic and fiscal policies as well as structural reforms with direct macro-fiscal impact. The second part presents structural reform measures to improve the competitiveness of Montenegro and consequently strengthen growth.

INDUSTRIAL POLICY OF MONTENEGRO UNTIL 2020

The Industrial Policy for Montenegro until 2020 represents an important strategic document for development of competitiveness in the Montenegrin economy - a key basis for changes that will create new jobs, raise incomes, improve the standard of living, and create development opportunities for future generations.

The main purpose of the Industrial Policy is to set the priorities for the development of industry and the economy for the period from 2016-2020⁸⁸:

⁸⁷ Source: 2015 Economic Reform Programmes (Part I) of Albania, The former Yugoslav Republic of Macedonia, Montenegro, Serbia, Turkey, Bosnia and Herzegovina and Kosovo*: The Commission's overview and country assessments

⁸⁸ This is aligned with Article 173 of the Treaty on the Functioning of the European Union (TFEU) on principles of industrial policy for competitiveness, and the associated Article 94 on Industrial Cooperation within the Stabilisation and Association Agreement

Establish integration potential and determine a strategic framework and priorities for industrial development which are realistic and achievable, taking into account the available natural, human and financial resources, which can generate overall economic growth, increase employment and accelerate innovative development of all regions.

In order to create conditions for increasing the competitiveness of Montenegro's economy as well as to achieve the above mentioned priorities, the Industrial Policy aims at removing structural and sectoral imbalances, as well as overcoming the problem of a narrow production base. Taking into account the fact that Montenegro's economy is based primarily on services, a policy for modern industrial development is needed that will take advantage of new sources of economic growth, encourage resource efficiency, and guide industry towards higher value-added production.

The priorities for the Industrial Policy include:

- Establishing pre-conditions contributing to a more efficient use of available resources, and development of required infrastructure to reduce input costs,
- Boosting development and growth of enterprises, particularly in priority sectors, based on efficiency, productivity and innovation.

On this basis, the following strategic objectives and results have been formulated by the Industrial policy:

- **SO1: Competitiveness of industry:** Better business environment and pre-conditions for the competitiveness and sustainability of industry, including tourism and other sectors with high value added
 - **R1.1:** Improved international economic competitiveness
 - **R1.2:** Improved business environment for all enterprises and entrepreneurs
 - **R1.3:** Progress towards the relevant objectives of Europe 2020 and SEE 2020
- **SO2: Investment and finance for industrial modernisation:** Improved investment framework for industrial modernisation through better affordability, availability and access to finance
 - **R2.1:** Better affordability, availability and access to finance for SMEs
 - **R2.2:** Improved financing for innovative enterprises
 - **R2.3:** Increased investment into priority sectors
- **SO3: Innovation and entrepreneurship:** Promotion and support of entrepreneurship and entrepreneurial culture for innovation and sustainable economic growth, and increased productivity and employment
 - **R3.1:** Enterprise growth through innovation and export within priority sectors
 - **R3.2:** Better linkages between research and industry that increase enterprise innovation
 - **R3.3:** Effective business support provided to all SMEs and entrepreneurs, in all municipalities, and at all stages of business development
- **SO4: Market access:** Simplification of procedures for trade and business access to domestic and international markets

- **R4.1:** Reduced trade imbalance through expansion of export in priority sectors where Montenegro has a comparative advantage
- **R4.2:** Better trade enabling environment and trade logistics that simplify and reduce costs of international business for exporters

On the basis of this, the following priority growth sectors have been identified:

- Manufacturing industry – food, wood processing, metal and pharmaceuticals;
- Energy
- Tourism

As well as support sectors such as:

- Transport
- ICT and creative industries
- Business support sector
- Construction

SUSTAINABLE DEVELOPMENT STRATEGY OF MONTENEGRO TILL 2030

Guided by the Montenegrin path towards becoming an ecological state, as defined in the Declaration on Ecological State of Montenegro adopted by the Parliament of Montenegro in September 1991 and later in the Constitution in 2006, Montenegro has opted for environmental protection as precondition for future generations. In this regard, the Government adopted the First National Strategy for Sustainable Development of Montenegro in 2007. Due to a changed environment as well as ongoing global discussions about sustainable development, it was necessary to rethink the development of a new comprehensive Sustainable Development Strategy for Montenegro which is in line with the national strategic priorities as well as the newly adopted Sustainable Development Agenda.

STRATEGY FOR THE REGIONAL DEVELOPMENT OF MONTENEGRO FROM 2014-2020

The regional development strategy is based on Montenegro's 2020 Development Vision, which is to "increase the quality of life of every citizen in Montenegro through sustainable and equitable socio-economic development based on competitiveness, efficiency and employment". This vision is in line with the Development Directions of Montenegro and will be operationalised in three key ways: smart, sustainable and inclusive growth, which should contribute to achieving higher employment, productivity and social cohesion in the country. The priority sectors of development as defined in the strategy are: i) transportation and other public infrastructure; ii) agriculture and rural development; iii) energy; iv) environmental protection; v) competitiveness and innovation; vi) industry vii) tourism and culture; viii) education, employment and social policy.

The strategy is further developing priority sectors at the level of the three geographic regions in Montenegro in order to achieve smart, inclusive and sustainable growth. The realisation of these sectoral priorities at the regional level should contribute to reducing regional disparities with the Northern region achieving at least 70% of the national average level of development by the end of 2020. The realisation of key objectives will move the development level of Montenegro up to at least 60% of the development of the EU until the end of 2020 (currently at 49%).

STRATEGY FOR THE DEVELOPMENT OF AGRICULTURE AND RURAL AREAS 2014-2020

The strategy paves the way for reforms in the agricultural sector and provides a response to the changing environment (harmonisation of Montenegrin standards in agriculture with European standards). As defined in the Amendments to the Law on Agriculture and Rural Development (2014, Article 3), the main objectives of agriculture and rural development are as follows: 1) Managing agricultural resources in a long-term and sustainable manner, while preserving the environment; 2) Ensuring a stable and acceptable food supply in terms of quality and price; 3) Ensuring adequate living standards for the rural population, while preserving traditional values; and 4) Enhancing competitiveness of food producers.

STRATEGY FOR SCIENTIFIC RESEARCH ACTIVITY OF MONTENEGRO 2012-2016

The Strategy is in accordance with the provisions of the EU Strategy 2020 and the flagship initiative “Innovation Union”. This document defines three main goals: strengthening the scientific and research communities of Montenegro, strengthening bilateral and multilateral cooperation and supporting linkages between academia and industry. The strategy also introduces two new instruments, namely: Science and Technology Parks and the Centre of Excellence, which are currently under development.

THE INTEGRATED UN PROGRAMME FOR MONTENEGRO (2017-2021)

Montenegro is a UN Delivering as One country that voluntarily adopted this approach in 2009, led by the Government of Montenegro and UN family working in the country. It is implementing all DaO Standard Operating Procedures: one programme, common budgetary framework, one fund, and one leader, operating as one, communicating as one. It is a good example of the UN operating in an upper MIC, since there is a strong consistency of EU Accession Priorities and UN Integrated Programme Goals.

The Integrated UN Programme for Montenegro contains the strategic programme planning framework for collaboration between the UN System and Government of Montenegro for the period 2017–2021.

To this end, the Programme sets out a set of envisaged results that have been agreed between the Government and the United Nations System in core areas of cooperation to enable realisation of the country’s human development potential. It provides a jointly agreed plan to support the development agenda of Montenegro in the following key thematic areas:

- Democratic Governance
- Environmental Sustainability
- Social Inclusion
- Economic Governance.

The following outcome statements were made above mentioned thematic areas:

Democratic Governance - Outcome 1: By 2021, people-centred, accountable, transparent and effective judiciary, Parliament, public administration and independent institutions ensure security, equal access to justice and quality services to all people.

Environmental Sustainability - Outcome 2: By 2021, the people of Montenegro are benefiting from sustainable management of cultural and natural resources, combating climate change and disaster-risk reduction.

Social Inclusion - Outcome 3: By 2021, the population should have improved access to quality, equitable, inclusive and mutually reinforcing systems of health, education, protection and decent work.

Economic Governance - Outcome 4: By 2021, people of Montenegro should be benefitting from an enabling institutional and regulatory framework for sustainable and inclusive economic growth based on innovation, entrepreneurship and competitiveness.

UNIDO contributes to Outcome 2 and Outcome 4 of the Integrated UN Programme for Montenegro 2017-2021 with 4 projects with total resource mobilisation requirements of approximately US\$ 1,400,000.

CHAPTER III: DONOR ANALYSIS

Montenegro is classified as an upper middle income country, and is on the list of ODA recipients for 2011, 2012, 2013, 2014 and 2015. According to OECD data, Montenegro received USD 101.9 million of net ODA in 2014. The Top Ten Donors of Gross ODA for Montenegro in 2013-2014 were the following: EU institutions (83.36), Germany (29.26), Turkey (9.62), United States (5.06), OSCE (2.54), Italy (2.39), GEF (2.12), Norway (2.0), Luxembourg (1.94) and Slovenia (1.79).

BILATERAL DONORS

Bilateral Source of Funding	Area of focus
Austria	<p>The Austrian Development Cooperation (ADC) is the Government of Austria's official provider of bilateral assistance for development. Its operational unit is the Austrian Development Agency (ADA). Montenegro is one of the eligible countries for cooperation. Assistance is provided through four main channels:</p> <ul style="list-style-type: none"> - Funding for NGOs; - Emergency aid; - Communication and awareness raising activities; and - Support to enterprises to invest in developing countries. <p>The main thematic areas for funding under the ADC are: access to water and sanitation; clean energy; education and science; environment and natural resources; gender; governance and human rights; health; peace-building and conflict prevention; poverty reduction; private sector development; public finance management; and rural development.</p>
Slovenia	<p>Slovenia attaches particular importance to the Western Balkan countries. The cooperation with Montenegro is conducted on a programme basis. Currently, Slovenia is financing two technical cooperation projects in Montenegro implemented by UNIDO, in the municipality of Mojkovac and in the municipality of Ulcinj.</p>
Norway	<p>According to the letter of understanding signed between Montenegro and the Ministry of Foreign Affairs of Norway, since 2005 Norway</p>

Bilateral Source of Funding	Area of focus
	<p>disburses funds to bilateral cooperation projects. The overall goal of the cooperation is to support the integration of Montenegro into Euro-Atlantic structures by supporting projects that contribute to process of reform and development of Montenegro's economy in line with EU and NATO standards. Cooperation focuses on following priority areas:</p> <ul style="list-style-type: none"> - Energy, - Security, - Rule of law and justice - Economic development, innovation and competitiveness and - Environmental protection and sustainable development <p>The Ministry of Economy administrates bilateral funds, and every year (January or beginning of February) a call for proposals is launched.</p>
Hungary	<p>In order to improve the effectiveness of cooperation, Hungary is concentrating its international development activity on larger cooperation entities. Special emphasis is placed on neighbouring countries because of Hungary's vital interest in the stability of the Central and South eastern European region. Montenegro is one of the priority countries. According to the International Development Cooperation Strategy and the Strategy Concept for International Humanitarian Aid of Hungary 2014-2020, the main priority areas are as follows:</p> <ul style="list-style-type: none"> - Institutional development - Green growth, environmental and climate protection - Human development
Germany	<p>Germany's assistance to Montenegro is administered by GIZ. The primary aim of German development cooperation is to support the government's economic and structural reform efforts to help the country gain EU membership. German cooperation with Montenegro has therefore changed from bilateral to regional cooperation. On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), GIZ is working on two supra-regional projects in the priority areas of biodiversity and climate change. GIZ is also supporting Montenegro's EU accession process through two delegated implementation arrangements with the EU.</p>
Japan	<p>There is no specific development assistance strategy for Montenegro although Montenegro is one of the priority countries for Japan. The priority issues within Japanese development assistance are the following:</p> <ul style="list-style-type: none"> - Poverty reduction: education, health,, water and sanitation, and agriculture and rural development - Addressing global issues: environment, energy and disaster reduction - Sustainable growth: infrastructure and ICT - Peace building: conflict resolution and development <p>Supporting the development cooperation strategy as formulated by</p>

Bilateral Source of Funding	Area of focus
	the Japanese government, the Japan International Cooperation Agency (JICA) is responsible for the technical cooperation aspect of Japan's ODA programmes.
Italy	Italian Development Policy and Strategy follow the Sustainable Development Goals. Particular focus of the Italian development cooperation is placed on the following issues: basic needs, safeguarding human life, food self-sufficiency, enhancing human resources, environment conservation and self-reliance, social and cultural development, and the improvement of women's living conditions. Montenegro is one of the priority countries for Italian development aid.
Turkey	The Turkish International Co-operation Administration (TIKA) administers technical assistance funds from the Turkish Government. There is no Turkish assistance strategy for Montenegro, however, the broad areas of assistance are: <ul style="list-style-type: none"> • Project/programme assistance, particularly construction/renovation of buildings, infrastructure development • Capacity-building • Socio-cultural activities and education • Agriculture, particularly capacity-building and provision of equipment
USA	U.S. Government assistance to Montenegro aims to help the country advance toward Euro-Atlantic integration, increase its ability to fight organised crime and corruption, strengthen its civil society and democratic structures, and provide stability in the Balkans. Foreign operation assistance to Montenegro is provided in the following areas: <ul style="list-style-type: none"> - Peace and security - Governing justly and democratically
UK	The British Government is supporting Montenegro's Euro-Atlantic ambitions and its efforts toward political and institutional reform to reach the standards required for membership in the EU and NATO by concentrating on adding value to priority issues such as developing effective democratic institutions, tackling organised crime and corruption and protecting human rights. There is no specific area for delivery of British ODA.

MULTILATERAL DONORS

The main multilateral donors to Montenegro are the EU, the World Bank and IMF.

Multilateral Source of Funding	Area of focus
World Bank	The World Bank operates in Montenegro through the Country Partnership

	<p>Framework (CPF) for 2016-2020. It provides support to Montenegro on a path toward more sustainable and inclusive growth. The new framework will selectively support Montenegro's development agenda, with a particular focus on creating employment and economic opportunities, and restoring fiscal balance in order to accelerate long-run inclusive growth.</p> <p>The CPF's objectives and expected results are grouped in two focus areas:</p> <p>Focus area 1: Enhance macroeconomic and financial resilience</p> <p>Focus area 2: Expand access to economic opportunities and jobs</p> <p>The new framework suggests between US\$250 and US\$300 million in indicative lending for Montenegro over the CPF period from the World Bank, tailored to the pace of economic reforms. The World Bank has an on-going portfolio of four operations for a total amount of US\$120 million. Support to the private sector from the International Finance Corporation may be in the range of US\$40 to US\$60 million, depending on market conditions. IFC currently has three on-going projects for a total outstanding portfolio of US\$29 million.</p>
European Union	<p>The EU cooperates with Montenegro within the framework of the negotiation process on Montenegro's accession.</p> <p>According to the Indicative strategy paper for Montenegro 2014-2020 eight strategy sectors were defined:</p> <ul style="list-style-type: none"> • democracy and governance • rule of law and fundamental rights • environment and climate action • transport • competitiveness and innovation • education, employment and social policies • agriculture and rural development • regional cooperation and territorial cooperation <p>Total financial allocation for Montenegro within period from 2014-2020 is EUR 270.5 million.</p>
EBRD	<p>The EBRD focus areas in Montenegro are enhancing the competitiveness of the private sector, supporting sustainable practices in tourism and property sectors, and promoting energy security and efficiency on a regional level.</p>
GEF	<p>GEF the grants received to date amount to US\$ 7,430,960, leveraging US\$32,586,000 in co-financing resources for six national projects.</p> <p>The GEF-6 indicative allocation for Montenegro is US\$ 4.25 million, focusing on three main areas: Climate change (US\$ 2 million), Biodiversity (US\$ 1,5 million) and Land degradation (US\$ 0,75 million).</p>

CHAPTER IV: MAPPING OF UNIDO INTERVENTIONS

UNIDO was the first UN organisation that Montenegro joined after gaining independence in 2006 and hence the organisation has a strong commitment to respond to Montenegro's national and industrial development priorities. UNIDO became operational in the country in the same year and has been delivering technical assistance (TA) country and regional projects, and providing policy advice in such areas as:

- National energy development strategy in 2006;

- Preparatory assistance for the establishment and operation of a national cleaner production programme in 2006;
- Establishment of the ozone unit in 2007;
- Preparation of a HCFC phase-out management plan in 2008 and 2010;
- Improving livelihood and employment opportunities in the northern region of Montenegro through the promotion of green jobs, cluster development and institutional capacity building in 2010 and 2011;
- Implementation of eco-remediation measures for the cleaning of dump sites in 2014 and 2015;
- Enhancing competitiveness of local SMEs in Montenegro through cluster development in 2014 and 2015.

After 10 years of cooperation, UNIDO has completed in total around 20 stand-alone projects, amounting to roughly US\$ 3 million.

ONGOING COOPERATION

UNIDO promotes inclusive and sustainable industrial development (ISID) to enhance and reinforce economic growth and diversification in a socially inclusive and environmentally sound manner. The organisation's programmatic focus is accordingly structured in three main fields of activity, each of which represents different aspects of ISID:

- creating shared prosperity;
- advancing economic competitiveness; and
- safeguarding the environment.

UNIDO's current portfolio in Montenegro pierces through all focus areas of the organization.

In the area of **CREATING SHARED PROSPERITY FOR ALL** and **ADVANCING ECONOMIC COMPETITIVENESS**, UNIDO is undertaking technical cooperation activities to assist Montenegro in developing and enhancing competitiveness and market access of small and medium enterprises through clusters development.

- The project "*Enhancing competitiveness of local SMEs in Montenegro through Cluster Development*"⁸⁹, financed by the European Union (IPA 2011) and co-financed and implemented by UNIDO, in collaboration with UNDP, has been developed at the request of the Ministry of Economy to support and implement the "*Strategy for sustainable economic growth in Montenegro through the introduction of clusters*" for 2012-2016. Through the project UNIDO is providing technical assistance to the following four clusters: wine cluster, fresh water fish cluster, metal cluster and olive oil cluster in order to define, implement and monitor activities and plans, as well as technical assistance to the Ministry of Economy and relevant business support institutions on the implementation of the national cluster strategy's action plan and training of local

⁸⁹ Although operationally completed, the project has been bridged through a DRT-F allocation within the project "*Fostering competitiveness and innovation of Montenegro through sustainable economic growth policies*".

government units in Andrijevica, Berane, Bijelo Polje, Danilovgrad, Kolasin, Niksic, Mojkovac, Plav, Pluzine, Pljevlja, Rozaje, Savnik and Zabljak on how to develop and implement cluster support programmes. The project was operationally completed in February 2016.

In the area of **SAFEGUARDING THE ENVIRONMENT**, UNIDO is currently implementing two projects in close collaboration with the Ministry of Sustainable Development and Tourism, financed by the Slovenian Government.

- The project “*Transfer of Environmentally Sound Technologies (TEST) for the clean-up of Port Milena Channel*” aims to develop a strategic plan for the clean-up and the ecological rehabilitation of the Port Milena Channel as the basis of the Transfer of Environmentally Sound Technologies taking the interest of all potential stakeholders into consideration. The objective of the project is to enhance the water quality in Port Milena Channel and to realise the tourism potential of Ulcinj. The strategic plan will address:
 - How pollution loads stemming from presently on-going socio economic activities can be reduced; how accumulated pollution loads from previous industrial activities can be cleaned up; how the ecological functionality of Port Milena Channel can be improved and how sludge/sediment can be dredged/excavated and treated so that it can be safely reused for remediation measures in the area,.
 - Having in mind budget limitations of Government of Slovenia and inefficient deliverables of one of the engaged companies, project finalisation has been delayed. It is expected to have concrete results by May 2016.
- The project “*Transfer of Environmentally Sound Technologies (TEST) for the treatment of biological sludge from Mojkovac’s municipal waste water treatment plant*” aims to establish a pilot sludge drying unit in Mojkovac town using constructed reed bed filters and strengthen institutional capacities for sustainable use of this environmentally sound technology. With 3,600 inhabitants Mojkovac town is the most important municipality in Northern Montenegro. As the end product of the biological waste water treatment process some 0.5 m³ of untreated sludge is produced per day. The municipality lacks the landfill capacity to store this amount of untreated sludge and has no sustainable concept to manage it. In the absence of storage capacity and a sludge treatment and management concept, untreated sludge is stored on the premises of the waste water treatment plant with the risk of being washed back to the River Tara in high intensity rainfall events. This would result in water body pollution of the River Tara, which is of crucial importance for the development of the tourism in the region.
- The project “*HCFC phase-out management plan*” aims to enable the Government of Montenegro to phase-out its HCFC consumption in the servicing sector in order to ensure compliance with the Montreal Protocol ODS phase-out schedule to achieve total HCFC phase-out by 2040.
- Through the project “*National survey on alternatives to ODSs*” UNIDO conducts a detailed national survey in order to determine consumption, distribution and uses of

various alternatives to ODSs which are relevant to the country’s relevant industrial sectors. It analyses historical and predicted consumption trends and correlate data with the ongoing monitoring of HCFC consumption while taking into account the uptake of various existing technologies, revise the scenarios for current and future demand elaborated in the report to MOP Decision XXV/5, and improve information related to costs and benefits.

Moreover, UNIDO also built the national capacity on cleaner production in Montenegro with the National Cleaner Production Programme to contribute to national cleaner production efforts and promote partnership links between public and private institutions at the national. At the regional level the country is part of the UNIDO led project “Resource Efficient and Cleaner Production Regional Network for strengthening cooperation, fostering transfer and adaption of resource efficient and cleaner production (RECP) in the South-Eastern European Countries”.

GOVERNMENT REQUESTS

Following consultations between representatives from the Ministry of Economy of Montenegro and UNIDO, the Minister of Economy Mr. Vladimir Kavarić identified further work on cluster development and implementation of the Industrial Policy of Montenegro as the two immediate priorities for cooperation (all priorities are listed in an official letter, dated 17 November 2015).

On many occasions, Prof. Sanja Vlahović, PhD, Minister of Science identified cooperation in the area of science and technology parks, and technology transfer and promotion as crucial for the competitiveness development of the country (the Ministry’s request is featured in an official letter dated 21 October 2015 as well as voiced during Ms. Vlahović’s official visit to Director General Mr. Li Yong on 4 November 2015).

Following consultations in Montenegro between representatives of the Ministry of Sustainable Development and Tourism, UNIDO and representatives of the Slovenian Government, State Secretary Ms Daliborka Pejović identified sludge management and rehabilitation of dump sites as the two most important priorities for environmental protection (all priorities are listed in an official letter dated 2 April 2015). Aware of UNIDO’s experience and technical capacity in this field, the Ministry of Sustainable Development and Tourism requested UNIDO to develop technical cooperation projects in the area of remediation of a dump waste site in the town of Plav, sludge management for the wastewater treatment plant in Žabljak, and design and construction of a plant system for waste water treatment in Vranjina. During the CPF fact-finding mission, UNIDO was informed that the Ministry has already identified an alternative partner for the implementation of the three proposals mentioned above.

Summary of requests received from government (yet unaddressed by other partners)

Request	By whom?	On what occasion?
1. Clusters and export consortia development	Ministry of Economy of Montenegro	As per request received from the Ministry of Economy of Montenegro on 17.11.2015
2. Industrial Policy implementation	Ministry of Economy	As per request received from the Ministry of Economy of Montenegro on 17.11.2015.

3. Industrial parks and technology promotion	Ministry of Science	As per request received from the Ministry of Science of Montenegro on 27.10.2015.
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BRIEF SUMMARY OF THE UNIDO PROGRAMMING AND FACT-FINDING MISSION FOR THE FORMULATION OF A COUNTRY PROGRAMMING FRAMEWORK FOR ISID IN MONTENEGRO, 25-28 APRIL 2016, PODGORICA, MONTENEGRO

In order to explore the scope of the required technical assistance and ensure close alignment of the CPF with government priorities related to ISID as well as the 2030 Sustainable Development Agenda, UNIDO organised a programming and fact-finding mission for UNIDO Country Programming Framework for ISID of Montenegro from 25 to 28 April 2016.

During the 3-day mission UNIDO delegation met with representatives of the Ministry of Foreign Affairs and European Integration, Ministry of Economy, Ministry of Sustainable Development and Tourism, Ministry of Science, paid a courtesy visit to Prime Minister’s office, liaised with the UNRC, and had exchanges with the Chamber of Economy of Montenegro to present UNIDO and its mandate for ISID, the plan and process of formulation of the CPF, as well as outline potential areas of cooperation based on the preliminary analysis of national priorities and the Government’s requests.

The main goal of the mission was to evaluate, validate and determine the concrete areas of intervention and assistance to address specific country needs and priorities.

The following preliminary CPF components have emerged from the discussions with the Ministry of Economy as the line Ministry for cooperation with UNIDO in Montenegro:

- **Component 1: Industrial modernisation and upgrading**
- **Component 2: Competitiveness and cluster development**
- **Component 3: Energy and Environment.**

The above were confirmed and validated by the Government on 1 June 2016 in written. (Please refer to the next section for a detailed overview of the components and the requested activities under those).

Based on the consultations with representatives from the Government, UN system and the private sector, the following agreements were reached:

- The Government of Montenegro to confirm and validate preliminary CPF components by 1 June 2016;
- Explore possibilities for the creation of a web portal linking academia and industry within the framework of activities envisaged under the project: *“Fostering competitiveness and innovation of Montenegro through sustainable economic growth policies”*, financed by DRT-F;

- UNIDO to be invited by the Ministry of Sustainable Development and Tourism (Directorate for International Cooperation) to take part in the stakeholder meetings for GEF-7 and Green Climate Fund in the course of 2017;
- UNIDO to explore possibilities for the establishment of a national monitoring system for SDG-9 as discussed with the Ministry of Sustainable Development and Tourism.

PRELIMINARY CPF COMPONENTS AND ACTIVITIES

As a direct result of the discussions held during the UNIDO fact-finding and programming mission to Podgorica, the Ministry of Economy of Montenegro, as the line Ministry for cooperation with UNIDO in the country, shared on 1 June 2016 with UNIDO in written the following validated components and activities for inclusion under the CPF (verbatim):

COMPONENT 1: INDUSTRIAL MODERNISATION AND UPGRADING

Project 1: Industrial modernisation and competitiveness of industry

Output 1: Strengthening human and technical capacities of relevant partner institutions and national experts and engineers in area of industrial modernisation (*common for Project 1 and Project 2*):

- capacity building on industrial modernisation of partner institutions and national experts and engineers (conducting training activities on modernisation, strengthen abilities for enterprise diagnosis and modernisation plan, training on cleaner production, market access, business partnerships and investment promotion for the purposes of modernisation, developing and mechanism for monitoring and evaluation of the modernisation programme),
- preparation of a Methodological Guide for Industrial Modernisation,
- develop communication and promotion activities to promote the modernisation programme;

Output 2: Enterprise diagnosis and industrial modernisation of selected pilot enterprises operating in metal sector:

- creation of full-diagnosis study of selected enterprises (*if UNIDO assistance 2016/2017 provides diagnosis study, then skip the activity*),
- development of modernisation plans of selected enterprises (if UNIDO assistance 2016/2017 provides recommendation support in introducing RECP then to be considered in modernisation plan),
- creation of competitive market positioning studies for selected enterprises,
- formulation of appropriate marketing implementation strategy and assistance in implementation,
- Implementation and training for implementation of respective modernisation plans for selected enterprises (purchase of equipment, training in using equipment, introducing standards, market access, etc.);

Project 2: Improving Competitiveness of Textile industry through Modernisation and Market Access

Output 1: Enterprise diagnosis, industrial modernisation and market positioning for the selected pilot SMEs in the textile industry:

- creation of full-diagnosis study of selected enterprises,
- development of modernisation plans of selected enterprises,
- creation of competitive market positioning studies for selected enterprises,
- formulation of appropriate marketing implementation strategy and assistance in implementation,
- Implementation and training for implementation of respective modernisation plans for selected enterprises (purchase of equipment, training in using equipment, introducing standards, market access, etc.).

COMPONENT 2: COMPETITIVENESS AND CLUSTERS DEVELOPMENT

- Technical support for development of enterprises (marketing policy, packaging systems, international business standards, absorption capacity of entrepreneurs for domestic and EU funds),
- Technical support for cluster development (enhancement of the system - organisation of clusters, enhancing the management of clusters, marketing policy, absorption capacity of clusters for domestic and EU funds),
- Financial support for enterprises and clusters (grants),
- Enhancing the role of local governments in development of the local economy (inter-municipal cooperation).

COMPONENT 3: ENERGY AND ENVIRONMENT

Project 1: Improvement of energy efficiency in industry sector

Output 1: Establishment of the energy management systems and application of ISO 50001 standard in industry sector in Montenegro:

- Analysis of the energy Montenegrin industry sector from the perspective of energy production/consumption,
- Analysis of the relevant legal obligation for the introduction of energy management in the industry sector,
- Design of schemes for introduction of energy management in different industry branches,
- Application of the ISO 50001 standard in industry sector in Montenegro;

Output 2: Capacity Building Programme for industries and experts regarding application of energy management:

- Training of (10) national experts on energy management, according to international standard ISO 50001 -2011,

- Training of (10) national experts on energy audits in industry sectors (branches, technologies),
- Education of industries on importance of energy management,
- Training of industries on establishment of energy management, according to international standard ISO 50001,
- Elaboration of register of energy performance indicators for application in all industry sectors.

Project 2: Technical assistance in the preparation of technical regulations according to the Energy Law

Output 1: Preparation of Montenegrin technical regulations harmonised with EU energy sector standards:

- Preparation technical regulations relating to construction, maintenance and use of energy structures,
- Ensuring the involvement of national experts in the drafting of technical regulations,
- Providing financial support for preparation of the technical regulations.

As per informal information by the Ministry of Sustainable Development and Tourism

Project 3: Eco-remediation educational training ground (it would be the first of its kind in the Balkans)

Project 4: Real excavations and rehabilitation of Port Milena channel

Project 5: Plant system for waste water treatment in Gusinje

Project 6: Rehabilitation of the waste landfills in Montenegro by Eco-remediation measures (250.000ha)

Project 7: Replication of sludge treatment reed bed fields in other municipalities with waste water treatment plants

In addition, inputs are awaited from the **Ministry of Sustainable Development and Tourism**. Those are expected to be in line with the discussed during UNIDO mission and accordingly pertain to the establishment of a **national monitoring system for SDG-9**. Furthermore, it was noted that UNIDO is considered a relevant partner for the implementation of projects in the area of **environmental protection, and specifically water-management and eco-remediation**, and that the Ministry is interested to build on the positive experience of cooperating with UNIDO in the mentioned areas.

The **Ministry of Science** expressed interest to work with UNIDO for the set-up of a **web portal linking academia and industry** at the national level with prospects to be scaled up.

Once the pending inputs from the above mentioned Ministries reach UNIDO, those will be integrated into the structure of the CPF components.

THE WAY FORWARD

The Needs Assessment will serve as analytical base for the development of a fully-fledged Country Programme Framework.

The zero draft CPF for Montenegro is expected to be completed by 15 August 2016. In the course of its preparation, UNIDO technical departments will be closely consulted on all substantive matters pertaining to the thematic components and their envisaged activities.

In late September/beginning of October 2016 UNIDO will dispatch a technical mission to Montenegro to firm up the technical aspects of the draft CPF and validate it with the Government of Montenegro. Donor round table will take place in parallel.

ANNEX I: FORMULATION OF COUNTRY PROGRAMMING FRAMEWORK FOR MONTENEGRO – WORK PLAN

IMPORTANT CONTACTS

Focal Point:	Ms. Bosiljka Vuković-Simonović, Counselor in the Ministry of Foreign Affairs and European Integration, MFAEI bosiljka.vukovic@mfa.gov.me
Permanent Mission:	<i>Ms. Stanica Andjic</i> , Second Secretary Permanent Mission of Montenegro to the International Organisations in Vienna Mobile: +43 6608400200

OVERVIEW WORKPLAN 2016

January	Preparatory work and setting the grounds for the CPF with the national counterparts
February	Desk assessment for the CPF and funds mobilisation strategy
March	Desk assessment for the CPF and funds mobilisation strategy
April	Programming 5-day mission to Podgorica, Montenegro
End of August	In-house finalisation of the CPF and funds mobilisation strategy
September/October	CPF validation workshop in Podgorica, Montenegro
November/December	Signing and launch of the CPF

DETAILED WORKPLAN 2016

ACTION	RESPONSIBILITY	DEADLINE
Inform the Ministry's Focal Point, UNRC's office, as well as PM in Vienna about the CPF formulation exercise and share the following: <ul style="list-style-type: none"> - PSF - CPF template - Letter of request Request advise on: <ul style="list-style-type: none"> - Appropriate dates for the programming mission; 	SO + TM	8 February 2016 (done)
Complete the mapping of UNIDO services for ISID and prepare draft presentation for the national counterparts	OA to take over	25 January 2016 for OZ, OA – March 2016
Finalise the draft Funds Mobilisation Strategy (FMS)	IM (primary) + TM (to validate)	4 April 2016

Conceptualise the initial draft of the CPF	IM + TM (primary) + SO + OA	4 April 2016
Prepare the programming mission(mission plan/programme, stakeholders workshop)	IM (primary) + TM + SO, together with the Focal Point and Permanent Mission in Vienna	4 April 2016
Conduct one-week programming mission	SO + TM, together with IM	25-29 April 2016
Formulate CPF document for Montenegro and finalise FMS	TM (primary) + SO + IM, together with UNIDO Technical Branches	31 August 2016
Conduct Validation Workshop in Podgorica	IM (primary) + SO + TM	October 2016 (TBC)
UNIDO internal approval of the CPF	SO + TM	30 November 2016
Signing and launch of the CPF		December 2016
Submission of CPF to the donors (according to FMS)	SO+ TM with IM's support	December 2016 -January 2017

AGENDA

PROGRAMMING MISSION

UNIDO COUNTRY PROGRAMMING FRAMEWORK in Montenegro

UNIDO Delegation:

Ms. Solomiya Omelyan, Programme Officer, Regional Division - Europe and Central Asia

Ms. Tsvetelina Miliowska, International Expert, Regional Division - Europe and Central Asia

Mr. Ilija Mugosa, UNIDO National Consultant in Montenegro

UNIDO CPF Focal Point in Montenegro:

Ms. Bosiljka Vukovic, Counsellor, Ministry of Foreign Affairs and European Integration

FINALPROGRAMME

MONDAY,25 APRIL 2016				
Time	Event	Venue	Remarks	E-mail
14:30	Arrival to Podgorica			
15:30 – 15:45	Meeting with Ms. Bosiljka Vukovic , Counsellor and UNIDO CPF Focal Point Alternative: meeting with UN (held)	Ministry of Foreign Affairs and European Integration	Discuss the mission agenda and organisation	Bosiljka Vukovic: bosiljka.vukovic@mfa.gov.me
15:45 – 16:15	Meeting with Ana Vukadinović , Director General of Directorate General for Coordination of the EU Assistance Programmes (held)	Ministry of Foreign Affairs and European Integration	<u>Objective:</u> <ul style="list-style-type: none"> • CPF for Montenegro (main topic) • IPA programming exercise and eligibility of UNIDOs involvement 	<u>Ana Vukadinovic:</u> ana.vukadinovic@mfa.gov.me <u>Milica Abramovic:</u> milica.ambramovic@mfa.gov.me <u>Ivana Vujosevic:</u> ivana.vujosevic@mfa.gov.me
16:40-17:00	Meeting with the office of Ms. Fiona McCluny, UN Resident Coordinator's in Montenegro (held)	UN Office	<u>Objective:</u> <ul style="list-style-type: none"> • To present the UNIDO CPF • To discuss UNIDO's engagement in the UNDAF 2017-2021 • Address UNIDO-UN Team collaboration 	<u>Fiona McCluny:</u> fiona.mccluney@one.un.org <u>Milos Popovic:</u> milos.popovic@one.un.org
TUESDAY,26 APRIL 2016				
Time	Event	Venue	Remarks	E-mail
			<u>Ministry's delegation:</u>	<u>Dragan Kujovic:</u>

9:30-12:30	<p>Meeting with staff of the Ministry of Economy (held)</p> <ol style="list-style-type: none"> 1. Introduction by participants 2. Ministry's presentation 3. UNIDO presentation on its mandate and services and flagship programmes 4. UNIDO presentation on cooperation with Montenegro: results achieved 5. UNIDO presentation on the planned Country Programming Framework (CPF) in Montenegro 6. Discussion 7. Conclusions 	Ministry of Economy	<ol style="list-style-type: none"> 1. Mr. Dragan Kujović, Director General, Directorate for Industry and Entrepreneurship 2. Ms. Nataša Batrićević, Advisor in Directorate for Industry and Entrepreneurship 3. Ms. Ivana Popović, Advisor in Directorate for Industry and Entrepreneurship 4. Mr. Božidar Pavlović, Advisor in Energy Efficiency 5. Ms. Milena Jovetić, Advisor in Directorate for Development <p><u>Specific issues for discussion:</u></p> <ul style="list-style-type: none"> • Vision and timeline for the planned UNIDO Country Programming Framework (CPF) for Montenegro • Industrial strategy 2016-2020 and how should be streamlined into the CPF • Other national strategies and policies to be analysed and included into the CPF: Strategy for Regional Development of Montenegro 2014-2020, 	<p>dragan.kujovic@mek.gov.me Natasa Batricevic: natasa.batricevic@mek.gov.me Ivana Popovic: ivana.popovic@mek.gov.me Milena Jovetic: milena.jovetic@mek.gov.me Bozidar Pavlovic: bozidar.pavlovic@mek.gov.me</p>
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			<p>Energy Efficiency Policy; National Strategy for Energy Development till 2030</p> <ul style="list-style-type: none"> • Funds mobilisation for CPF • Role of the Ministry of Economy in CPF formulation process • Defining planned results and way forward 	
12:30-14:00	Lunch	Ministry of Economy	UNIDO team	
14:00-15:00	<p>Meeting with staff of the Ministry of Science (held)</p> <ol style="list-style-type: none"> 1. Brief introduction by each party 2. Discussion 		<p><u>Ministry's delegation:</u></p> <ul style="list-style-type: none"> • Ms. Smilja Vujačić, Head of Directorate for international programmes and European integration • Mr. Darko Petrušić, Deputy Minister of Science <p><u>Specific issues for discussion:</u></p> <ul style="list-style-type: none"> • Vision for the planned UNIDO Country Programming Framework(CPF) for Montenegro • Follow up on request of the Ministry for technical assistance in development 	<p><u>Smilja Vujacic:</u> smilja.kazic@mna.gov.me <u>Darko Petrusic:</u> darko.petrusic@mna.gov.me</p>

			<p>of science and industry parks¹</p> <ul style="list-style-type: none"> • Funds mobilisation for industrial parks project • Role of the Ministry of Science in CPF • Define planned results and next steps 	
15:30 - 17:00	<p>Meeting with staff of the Ministry of Sustainable Development and Tourism (held)</p> <ol style="list-style-type: none"> 1. Brief introduction by each party 2. UNIDO presentation (20 min) 3. Discussion 		<p><u>Ministry's delegation:</u></p> <ul style="list-style-type: none"> • Andrej Lakic, Head of Division for International Cooperation and GEF • Ms. Marija Mijušković, Advisor in the Division for Sustainable Development and Integrated Coastal Zone Management • Ms. Snežana Didanović, Advisor in the Division for Utility Development <p><u>Specific issues for discussion:</u></p> <ul style="list-style-type: none"> • Vision for UNIDO Country Programming Framework(CPF) for Montenegro • Monitoring and implementation of SDGs in Montenegro and how it should be reflected in UNIDO CPF 	<p><u>Andrej Lekic:</u> andrej.lekic@mrt.gov.me</p> <p><u>Marija Mijuskovic:</u> marija.mijuskovic@mrt.gov.me</p> <p><u>Snezana Didanovic:</u> snezana.didanovic@mrt.gov.me</p>

¹ Ms. Vlahović paid official visit to UNIDO DG Mr. Li Yong at 4 November 2015 where they agreed on intensification of UNIDO-Ministry of Science collaboration in the field of technology and industry parks.

			<ul style="list-style-type: none"> • Status of recent requests received from the Ministry of Sustainable Development and Tourism: way forward and possible inclusion in CPF • UNIDO programme in the area of environment in Montenegro: Resource Efficient and Cleaner production programme; TEST / water management projects; Montreal Protocol. What should be included in the CPF? • Funds mobilisation for environment component of CPF • To explore potential UNIDO – GEF projects in Montenegro • GEF 6 allocation for Montenegro 	
WEDNESDAY, 27 APRIL 2016				
Time	Event	Venue	Remarks	
12:00-13:15	Lunch		UNIDO team	
13:30-15:00	Meeting with the Delegation of European Union to Montenegro (canceled) <ul style="list-style-type: none"> • Brief introduction of each party • EU presentation • UNIDO presentation (20 min) 		<u>EU delegation:</u> <ol style="list-style-type: none"> 1. Mr. Andre Lys, Head of Operations of EU 2. Mr. Mark Reilly, Programme manager, Competitiveness, private 	<u>Andre Lys:</u> Andre.LYS@eeas.europa.eu <u>Mark Reilly:</u> Mark.REILLY@eeas.europa.eu <u>Sladjan Maslac:</u> Sladjan.MASLAC@eeas.europa.eu

	<ul style="list-style-type: none"> • Discussion 		<p>sector development</p> <p>3. Slađan Maslać, Operations task manager Department for Environment</p> <p><u>Specific issues to be discussed:</u></p> <ul style="list-style-type: none"> • UNIDO Country Programming Framework(CPF) for Montenegro • IPA programming exercise • Implementation of IPA 2014 • Possible collaboration 	
15:30-16:30	<p>Meeting with the Chamber of Commerce (held)</p> <ul style="list-style-type: none"> • Brief introduction of each party • UNIDO presentation (20 min) • Discussion 	Chamber of Commerce	<p><u>Chamber's delegation:</u></p> <ol style="list-style-type: none"> 1. Aleksandar Mardjonovic, Head of Quality sector 2. Slavica Pavlovic, Head of Project Department 3. <p><u>Specific issues to be discussed:</u></p> <ul style="list-style-type: none"> • Formulating a UNIDO Country Programming Framework and cooperation with the private sector • Experiences and lessons learned –Cleaner Production Centre² • Agreement on the next steps 	<p><u>Aleksandar Mardjonovic:</u> amardjonovic@pkcg.org</p> <p><u>Slavica Pavlovic:</u> spavlovic@pkcg.org</p>

² Within the context of UNIDO project financed by Slovenian Government, Centre for Cleaner Production was established within the Chamber of Commerce. CPC was established in December 2014 as output of the UNIDO project.

THURSDAY, 28 APRIL 2016				
Time	Event	Venue	Remarks	E-mail
09:15 – 10:20	Ms. Nina Vujosevic, Prime Minister Advisor (held)	Government of Montenegro	<u>Objective:</u> <ul style="list-style-type: none"> • Debrief on the results of the UNIDO mission • Possibilities on IPA funding • Priorities of Government of Montenegro for following period 	Nina Vujosevic: nina.vujosevic@gsv.gov.me
10:30-11:30	Meeting with Ms. Dragana Scepanovic, Head of the Division for Economic, Financial and Development Issues, Ministry of Foreign Affairs and European Integration (held)	Ministry of Foreign Affairs and European Integration	<u>Objective:</u> <ul style="list-style-type: none"> • Debrief on the results of the UNIDO mission 	<u>Dragana Scepanovic:</u> dragana.scepanovic@mfa.gov.me
END OF MISSION				

ANNEX III: CONTACT DATA OF FOCAL POINTS IN RELEVANT MINISTRIES AND INSTITUTIONS

Title	First Name	Surname	Institution	Position	E-Mail	Tel	Cell	Website
Ms.	Bosiljka	Vuković	Ministry of Foreign Affairs and European Integration	Counsellor in General Directorate for Multilateral Affairs	bosiljka.vukovic@mfa.gov.v.me	+382 20 416 336	+382 67 634 248	www.mvpei.gov.v.me/
Mr.	Dragan	Kujović	Ministry of Economy	Director General of Directorate for Industry and Entrepreneurship	dragan.kujovic@mek.gov.me	+382 20 234 016	+382 67 560 390	www.mek.gov.me/
Ms.	Dragica	Sekulić	Ministry of Economy	Director General of Directorate for Energy Efficiency	dragica.sekulic@mek.gov.v.me	+382 20 482 274	+382 67 210 640	www.mek.gov.me/
Ms.	Milena	Jovetić	Ministry of Economy	Advisor in Directorate for Development	milena.jovetic@mek.gov.me	+382 20 482 316	+382 69 925 500	www.mek.gov.me/
Ms.	Smilja	Kažić - Vujačić	Ministry of Science	Head of Division for International Programs and European integration	smilja.kazic@mna.gov.me	+382 20 405 351	+382 67 869 87	www.mna.gov.me
Mr.	Darko	Petrušić	Ministry of Science	Deputy Minister of Science	darko.petrusic@mna.gov.me	+382 020 234 148	+382 67 644 293	www.mna.gov.me

Title	First Name	Surname	Institution	Position	E-Mail	Tel	Cell	Website
Ms.	Jelena	Knežević	Ministry of Sustainable Development and Tourism	Head of Division for Sustainable Development and Integrated Coastal Zone Management	jelena.knezevic@mrt.gov.me	+ 382 20 446 225		www.mrt.gov.me
Ms.	Marija	Mijušković	Ministry of Sustainable Development and Tourism	Advisor in Division for Sustainable Development and Integrated Coastal Zone Management	marija.mijuskovic@mrt.gov.me	+ 382 20 446 388		www.mrt.gov.me
Mr.	Dragan	Asanović	Ministry of Sustainable Development and Tourism	Director General of Directorate for Waste Management and Utility Development	dragan.asanovic@mrt.gov.me	+ 382 20 446 208		www.mrt.gov.me
Ms.	Snežana	Didanović	Ministry of Sustainable Development and Tourism	Advisor in Division for Utility Development	snezana.didanovic@mrt.gov.me	+382 20 446 343	+382 69 179 409	www.mrt.gov.me
Ms.	Ljiljana	Filipović	Chamber of Economy	Vice president of Chamber of Economy	ljfilipovic@pkcg.org	+382 20 230 714	+382 69 310 294	www.privrednatomora.me

Title	First Name	Surname	Institution	Position	E-Mail	Tel	Cell	Website
Ms.	Nina	Drakić	Chamber of Economy	Head of Sector for Analysis and Research	ndrakić@pkcg.org	+382 20 230 423	+382 67 251 125	www.privrednatomora.me