



Pursuant to Article 21 of the Decree on Fostering Direct Investments (Official Gazette of Montenegro 8/15)

**GOVERNMENT OF MONTENEGRO
SECRETARIAT FOR DEVELOPMENT PROJECTS**

publishes the

PUBLIC ANNOUNCEMENT

for participation in the procedure of awarding funds for fostering direct investments

1. Government of Montenegro - Secretariat for development projects issues the Public Announcement for participation in the procedure of awarding funds for fostering direct investments (hereinafter referred to as the Public Announcement).

A business entity shall mean a domestic or foreign company, legal entity or entrepreneur.

A direct investment shall mean an investment in tangible and intangible assets of business entities with the aim to establish a new business entity, expand the capacities of the existing business entity and diversify the production of a business entity into new products or production processes.

Acquisition of stakes or share in a business entity shall not be considered a direct investment.

2. The funds for fostering direct investments may be awarded for investment projects the minimum investment value of which is EUR 500.000 and which generate the opening of 20 new jobs within three years from the date of agreement on the utilization of funds.

The funds for fostering direct investments are provided for in the budget of Montenegro.

The funds for fostering direct investments **may be used** for financing of investment projects which generate opening of new jobs and contribute to economic and regional development of Montenegro.



The funds for fostering direct investments **may not be used** for financing of investment projects in the sector of:

- a) Primary agricultural production, synthetic fibre production;
- b) Catering industry, construction of catering facilities, except for the construction of primary catering facilities rated with three or more stars in the units of local government of less than 75% development level compared to the average Development Index in Montenegro;
- c) Traffic which includes transport of passengers in air, maritime, road or rail traffic and inland waterways or services of commercial transportation of goods;
- d) Games of chance;
- e) Trade, and
- f) Primary coal and steel production, production of electricity, oil and gas, tobacco and tobacco products, weapons and ammunitions, production of genetically modified organisms and hazardous waste.

Awarded funds for fostering direct investments shall be disbursed in instalments amounting to one third of the total amount of awarded funds for fostering direct investments, in accordance with the dynamics regulated in Article 31 of the Decree on fostering direct investments.

3. Conditions for awarding funds for fostering direct investments

Funds for fostering direct investments may be awarded to a business entity:

- a) registered in the Central Registry of Business Entities;
- b) which has submitted an investment project for which the funds for fostering direct investments are awarded in accordance with the Decree on fostering direct investments;
- c) against which no bankruptcy or liquidation proceedings is initiated, except for reorganization in accordance with the law regulating bankruptcy of business entities;
- d) which is not convicted of a crime committed in the course of pursuing a business activity;
- e) which has settled all liabilities for taxes, customs and contributions;
- f) which has not reduced the number of employees in Montenegro by 10% and more in the previous 12 months prior to the submission of application;
- g) which was not awarded the funds from the Budget of Montenegro allocated for the same purposes;
- h) in which the state or a local government unit does not have a majority interest;
- i) which is not faced with difficulties in accordance with the regulations on state aid;
- j) which is not under the obligation to return illegally received state aid.

A foreign investor participating in the procedure of awarding funds for fostering direct investments may be the beneficiary of funds, i.e. may conclude agreement on the utilization of funds, provided that it establishes a business entity in Montenegro.



4. Amount of funds for fostering direct investments

The amounts of funds for fostering direct investment which may be awarded according to the awarding criteria are:

- 1) EUR 3.000 per new job, for the number of points from 76 to 85;
- 2) EUR 4.000 per new job, for the number of points from 86 to 95;
- 3) EUR 5.000 per new job, for the number of points from 96 to 105;
- 4) EUR 6.000 per new job, for the number of points from 106 to 115;
- 5) EUR 7.000 per new job, for the number of points from 116 to 125;
- 6) EUR 8.000 per new job, for the number of points from 126 to 135;
- 7) EUR 9.000 per new job, for the number of points from 136 to 145;
- 8) EUR 10.000 per new job, for the number of points from 146 to 150.

The amount of funds for fostering investments which may be awarded to large enterprises is set to up to 50% of the reasonable costs of implementation of investment project or up to 60% of the reasonable costs for medium-sized enterprises and up to 70% for small enterprises.

Exceptionally, the funds for fostering investments may be awarded for capital investments, without using the points system, in the amount of up to 17% of the total value of investment project, in accordance with the Decree on fostering direct investments.

5. Criteria for awarding funds for fostering direct investments

Criteria for awarding funds for fostering direct investments are:

- a) references of the investor;
- b) effects of investment project on the productivity of suppliers and other business entities from Montenegro which operate in the same industry sector;
- c) viability of investment project;
- d) effects of investment project in connection with research and development;
- e) effects of investment project on human resources;
- f) environmental impact assessment;
- g) international trade volume;
- h) effects of investment project on the development of less developed local government units, and
- i) Letter of intent of the local government where the investor intends to invest.

6. Deadline, manner and address for submission of applications

Application for participation in the procedure of awarding funds for fostering direct investments (hereinafter referred to as the **Application**), is submitted to the Secretariat for development investments no later than 1 September 2015 to 12 hours (local time), at the indicated address, regardless of the manner of delivery.

Applications are submitted directly or by registered mail to the following address:



**Secretariat for development projects
Moskovska Street 2b, 81000 Podgorica**

Application Form and the Guidance on the submission of application and detailed manner of evaluating criteria for awarding funds for fostering direct investments have been published on the website of the Secretariat for development projects (www.srp.gov.me).

7. Opening of applications

Opening of applications will be carried out on 1 September 2015, in the premises of the Secretariat for development projects, starting at 13 pm.

The opening of applications is public.

Applicants, their representatives or their attorneys may be present at the opening of applications, with the attached authorization for representation or power of attorney.

8. Application bank guarantee

Business entity submitting the Application must submit an **application bank guarantee** issued to the benefit of the Government of Montenegro, in the amount of EUR 5.000 (in words: five thousands euros), payable on first demand, issued by the commercial bank registered in Montenegro, with a validity of 180 days from the public opening of applications. The validity period of this Guarantee may be extended at the request of the Secretariat for development projects.

The costs of the Application Bank Guarantee are borne by the business entity submitting the Application for the Public Announcement.

9. Performance bank guarantee

The Beneficiary of funds for fostering direct investments shall prior to the submission of request for disbursement of funds for fostering investments, within 15 days from the date of conclusion of the Agreement on the utilization of funds, submit to the Secretariat for development projects an **unconditional bank guarantee, to the benefit of the Government of Montenegro**, payable on first demand, without right of objection, issued by the commercial bank registered in Montenegro, in accordance with the Agreement on the utilization of funds.

The Performance Bank Guarantee shall be submitted for the period until the expiry of 60 days after the date of completion of investment project implementation and achievement of full envisaged employment, in accordance with the disbursement schedule and amounts of instalments referred to in item 2 of this Public Announcement and the Agreement on the utilization of funds.

Form of bank guarantees referred to in items 8 and 9 of this Public Announcement have been published on the website of the Secretariat.



10. In addition to the bank guarantee referred to in item 9 of this Public Announcement, the funds Beneficiary shall within 15 days from the date of the Agreement on the utilization of funds, submit two signed blank bills of exchange with signed authorization for the purpose of collection of statutory default interest.

11. For any questions related to this Public Announcement please contact the Secretariat for development projects at the following address and contacts:

Secretariat for development projects

Moskovska Street 2b

81000 Podgorica

Contact person: Anja Čvorović

Tel: 020 220 271

Fax: 020 220 030

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

12. The procedure according to the Public Announcement shall be carried out within six months from the date of publishing of the Public Announcement.

13. The Government of Montenegro may amend the provisions of the Public Announcement before the expiry of the deadline for submission of applications, in which case the amendments will be published in the manner in which this Public Announcement was published.