



REGIONAL PROFILE
Montenegro
CROWDFUNDING
FINANCING INNOVATION IN THE DANUBE REGION

Symbolic map

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Regional profile

Montenegro

1 Introduction

The CrowdStream project

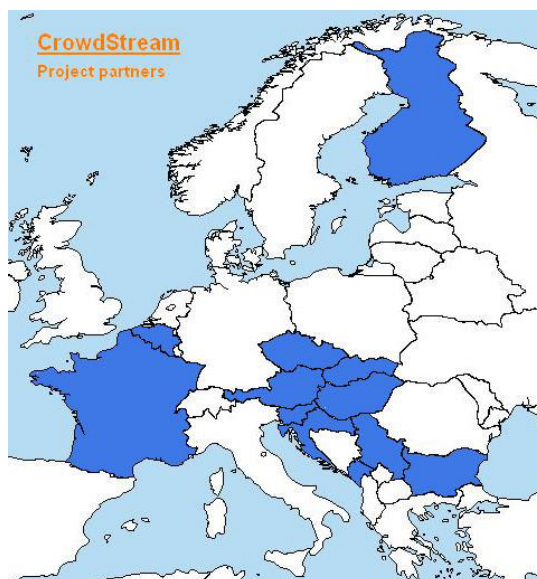
CrowdStream's main objective is to improve the effectiveness of public/private business-support for innovative spin-offs & social enterprises to access qualitative alternative financing (crowdfunding). The main project result will be improved cooperation between business-support-organisations and enterprises to guarantee a qualitative access to crowdfunding in the Danube region.

Crowd Stream outputs:

- ✓ Strategies for alternative finance (crowdfunding) in the Danube Region
 - Regional Action Plans
 - Policy recommendations for the region
- ✓ Quality tools for crowdfunding
- ✓ Capacity building for innovative small and medium enterprises (SMEs) and business support organizations
- ✓ Pilot actions

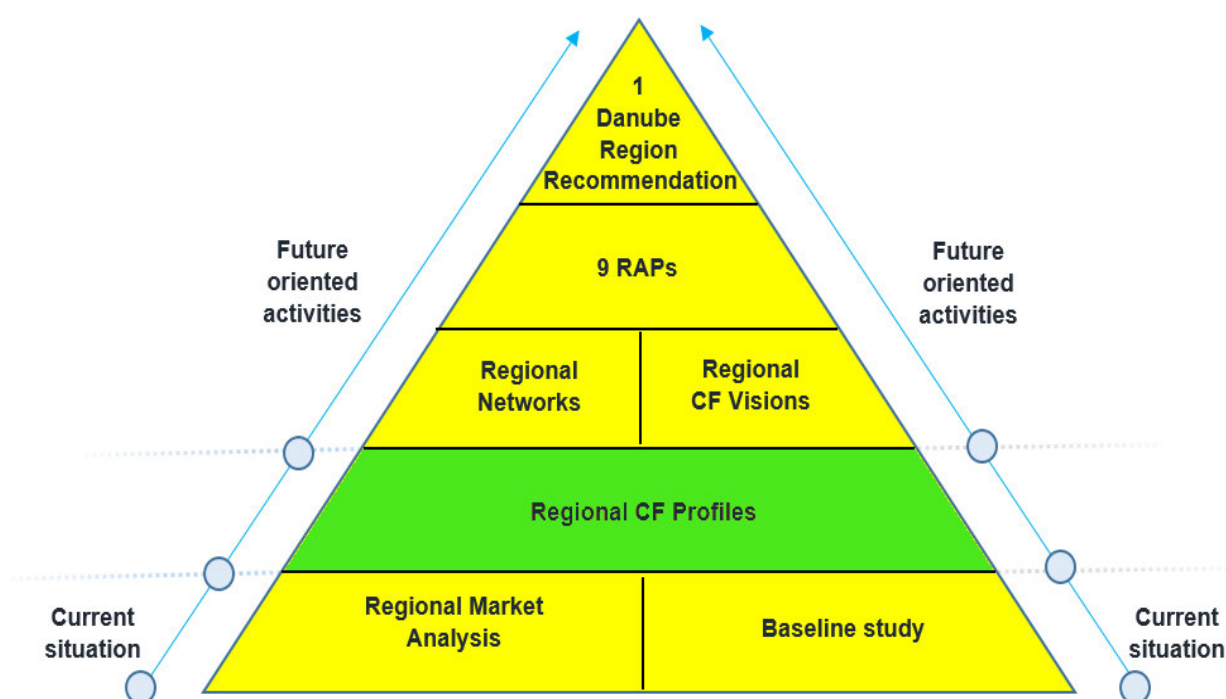
Who we are:

In this partnerships **16 organisations coming from 10 regions** aim at improving framework conditions for the development of alternative financing sources for SMEs in the Danube Region.



How we work:

The regional profiles will guide the project partners towards including relevant stakeholders in regional networks for developing the Regional Action Plan and the long-term targets on CF in their region (Regional CF visions). Those visions will enable the stakeholder groups to work jointly on the development and implementation of the RAPs and recommendations.



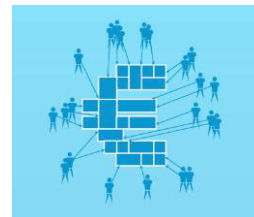
2 The regional profiles

- ✓ Describe the current situation of alternative finance in the partner regions
- ✓ Identify, inform and involve relevant stakeholders
- ✓ Support the development of common visions, Regional Action Plans (RAPs) and policy recommendations for the region

3 Crowdfunding basics

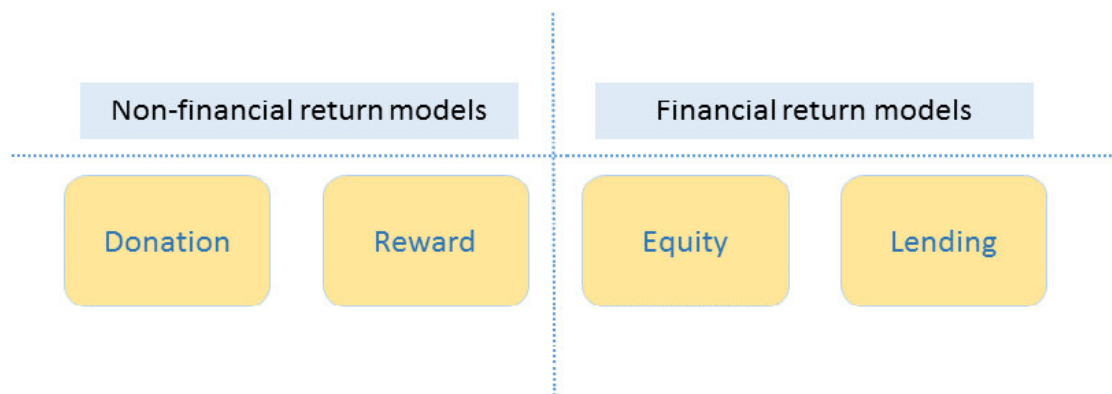
Types of Crowdfunding

Crowdfunding represents an effort from many individuals by offering a small contribution to support a project or a company in raising capital (*European Crowdfunding Network*).



Source: European Commission, Crowdfunding Explained to small and medium sized enterprises

In the case of **non-financial return crowdfunding models** individuals support a project because of emotional aspects of the campaign (donation-based) or they receive a symbolic award (reward model), which is not proportionate to the actual donation (*European Commission, Crowdfunding Innovative ventures in Europe*). The main advantages in the reward model can be attraction of first customers and a fast feedback on the commercial potential.



Financial return crowdfunding models provide an opportunity for the public to invest in start-ups or to offer loans with the expectation of a financial return while accepting some risks. The crowd could invest in early-stage companies (equity-based) or offer loans to SMEs under certain legal conditions (lending-based).

4 Montenegro – general information

4.1 Regional characteristics and economic situation

Montenegro is a Mediterranean country, located in Southeast Europe on the Balkan Peninsula. It is bordered by Italy to the south (sea border), Croatia to the west, Bosnia and Herzegovina to the northwest, Serbia to the northeast, Kosovo to the east and Albania to the southeast. Montenegro occupies approximately 13,812 km², and coast length is 293,5 km. The capital and largest city is Podgorica, while Cetinje represents the old royal capital and former seat of the monarchy.

Geography

Surface	13,812 km ²
Length of borders	614 km
Coastline	294 km
Beaches	73 km
Highest mountain	2,522 m (Durmitor, Bobotov kuk)
Largest lake	Skadar Lake - 391 km ²
Deepest canyon	The Tara canyon – 1,300 m
Largest bay	Kotor Bay
National parks	Durmitor, Biogradska gora, Skadar Lake, Lovcen and Prokletije.
Climate	Hot dry summers and autumns in the southern parts, and relatively cold winters with heavy snowfalls inland

Demography

According to data from national statistic office, population in 2015 was 622, 159 citizens. The most populated cities in Montenegro are: Podgorica (195,524 inhabitants), Niksic (70,798) and Bijelo Polje (44,224). As the presented data shows, 30% of the total population lives in Podgorica. Furthermore this situation is a result of a high level of migration into the capital city of Montenegro, which is evidenced by official statistics and this process is still continuing.

Other useful information

Currency	Euro
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National holidays	13 July and 21 May
Time zone	CET - Central European Time (GMT+1)
International telephone code	+ 382
Internet country code	.me
Ports	Bar, Budva, Kotor and Herceg Novi
Airports	Podgorica and Tivat

Economy¹

Montenegro is a small, open economy aspiring to join the EU. It is also an economy particularly vulnerable to external shocks, as it relies heavily on capital inflows from abroad to stimulate its growth.

Because of its size, the already high costs of developing and running national institutions are compounded by a limited capacity to exploit economies of scale in the provision of public goods and services. An EU-compatible legal framework and regulatory bodies, as well as the ability to absorb EU funds, all require substantial capacity building.

At the same time, the transition to a market economy requires a reduction in the state's footprint in the economy. Creating a favorable environment for private sector development requires a restructuring of state-owned enterprises (SOEs) and the rationalization of public spending to reduce the cost of the state.

Montenegro started negotiations with the EU in June 2012 and strives to join by 2020, ahead of the other countries in the Western Balkans. Of the 35 negotiations chapters, three have been provisionally closed and 28 have been opened. In the latest European Commission (EC) Progress Report on Montenegro, the importance of maintaining macroeconomic stability was stressed, noting that the rapidly rising public debt and high fiscal deficits, together with high external imbalances and high unemployment, are of particular concern.

Moreover, the combined effects of large-scale public infrastructure investments and several new expensive social expenditure programs challenge fiscal sustainability.

Innovative sectors

Innovation is gaining a rather important place in all types of economic activities of Montenegro as one of the main drivers of economic growth and the basis for economic transformation and modernization of the country. Montenegro has recognized the need to create a well interconnected system of innovation where investing in human resources, their knowledge and skills, combined with developed infrastructure for innovation,

¹ Source: WorldBank: <http://www.worldbank.org/en/country/montenegro/overview>

contributes to high level of creativity which yields specific results in terms of increasing productivity, expanding the production base and creating new sources of competitive advantages. Montenegro continues to have very few enterprises that base their activities on innovation, knowledge and modern technologies. In the context of incentives for entrepreneurial potential based on innovation, the institutional framework will be brought about by establishing the first Scientific and Technological Park- in Montenegro (STP)-Innovative and Entrepreneurial Centre “Technopolis”, Nikšić. The First Scientific and Technological Park is designed as a networked structure that will be headquartered in Podgorica with three decentralized units – impulse centres in Nikšić (above mentioned “Technopolis”), Bar, and Pljevlja, which will create a strong link with local and regional business centres, incubators and clusters, and it will enable commercialization of innovative ideas into new products and services, which could be placed on the market. “Technopolis”, which was created as a limited liability innovative entrepreneurial centre (Montenegro Government session of 27 June 2013), is an innovative organization that provides specialized infrastructure and services, information/ infrastructure, professional and consulting services, support for cooperation with potential partners for participation in national and international programmes, projects and funds from certain scientific fields, to the users, scientific research institutions, institutions of higher education and other innovative organizations and companies, and for the economic development of the region and Nikšić. Taking into account its planned activities, Technopolis will contribute to: linking science and business sectors; improving the competitiveness of SMEs and promoting entrepreneurship; and support for new companies. Project “Technopolis” is implemented by the Ministry of Science in cooperation with following ministries/institutions: Ministry of Agriculture and Rural Development, Ministry for Information Society and Telecommunication, Municipality of Nikšić, Investment/Development Fund and Directorate of Public Works. Scientific and Technological Park is the new instrument included into Strategy of Scientific-Research Activity of Montenegro 2012-2016 as an instrument for achieving the third objective of the Strategy, namely strengthening linkage between academy and industry. The Strategic plan for Establishing Science and Technological Parks (2013-2018) was adopted in 2012.²

Innovative organizations that carry out innovation activity in Montenegro are: scientific research institutions, centres of excellence, higher education institutions, centres for technology transfer, science and technology parks, centres for innovation and entrepreneurship, business incubators and companies or parts of companies. SR institutions, centres of excellence and higher education institutions are innovative organizations if they perform innovative activity by implementing development research based on results of applied research, which relate to the creation and application of new or the improvement of existing technologies, procedures, products, services and

² Source: Instrument for Pre-accession Assistance (IPAI) 2014-2020, Montenegro, *Strengthening the competitiveness and innovation sector of Montenegro*, European Commission

processes, in accordance with the market needs. In Montenegro, the scientific-research and innovation activity is carried out by 58 licensed SR institutions²⁰, which are registered in the Registry of the MoS. The structure of the licensed SR institutions is composed of the following: 33 faculties – organizational units of three Montenegrin universities, 8 institutes (2 of which function within the universities), 5 independent private faculties, 1 independent state faculty, 3 companies, 3 non-governmental organizations, 3 centres, 2 agencies, 1 office and 1 museum. Although a number of these institutions conduct research in several different fields of science, if we classify them based on the dominant field of research, 50% of licensed institutions belong to the field of social sciences and humanities, 22.41% to technical and technological sciences, 13.79% to the field of natural and mathematical sciences, 8.62% to the field of medical and 5.17% to the field of agricultural sciences.

The Registry of the Ministry of Education includes 47 licensed higher education institutions and 178 accredited study programmes. The structure of the licensed higher education institutions is the following: 35 faculties – organizational units of three Montenegrin universities, 2 institutes (functioning within the universities), 9 independent private faculties and 1 independent state faculty. Although a number of these institutions conduct research in several different fields of science, if we classify them based on the dominant field of research, 70.21% of licensed institutions belong to the field of social sciences and humanities, 19.15% to technical and technological sciences, 4.25% to the field of natural and mathematical sciences, 4.25% to the field of agricultural and 2.13% to the field of medical sciences. Thematic Priorities of the Strategy Based on recommendations of the Council for Scientific-Research Activity, in 2011, the MoS identified ten research priorities, as follows: Energy; Identity; Informationcommunication technology; National economy competitiveness; Medicine and health of people; Science and education; New materials, products and services; Sustainable development and tourism; Agriculture and food; and Transport. ²⁵ On the other hand, the Government of Montenegro has identified four priority sectors of development of Montenegro in the coming period, as follows: Tourism, Energy, Agriculture and rural development, and Industry. Given the aforementioned priorities, the thematic priorities for the field of innovation activity for the period by 2020 are the following:³

- Energy;
- Agriculture and food;
- Sustainable development and tourism;
- Information-communication technologies;
- Medicine and health of people;
- New materials, products and services

³ Strategy of innovation activity (2016–2020), Government of Montenegro

4.2 General investment situation

Since regaining its independence in 2006, Montenegro has adopted a legal framework that encourages privatization, employment, and exports. Although the continuing transition in Montenegro has not yet eliminated all structural barriers, the government recognizes the need to remove obstacles in order to remain competitive, reform the business environment, and open the economy to foreign investors. There are no distinctions made between domestic and foreign-owned companies. Foreign companies can own 100 percent of a domestic company, and profits and dividends can be repatriated without limitations or restrictions. Foreign investors can participate in local privatization processes and can own land in Montenegro generally on the same terms as locals. Expropriation of property can only occur for a "compelling public purpose" and compensation must be made at fair market value. There has been no known expropriation of foreign property. International arbitration is allowed in commercial disputes involving foreign investors.⁴

So far, three developing sectors are the most attention-grabbing for investment: tourism, energy, transport and to a lesser extent agriculture⁵.

Montenegro's 294 km- long coastline and the spectacular mountainous north drives the tourism sector, which accounts for up to 20 percent of GDP. Some concrete investments in tourism are first phase of 500 million EUR investment of One and Only resort by Azmont, development of the next stage of Porto Montenegro and Lustica Development.

As for the energy investments, The GoM is building an underwater electric transmission cable to Italy which will export renewable energy to the continent starting in 2017. The construction of the first wind farm in Montenegro (Krnovo near Niksic) has finished and they will be put in operation until the end of 2017. Implementation of the similar investment at Mozura near Bar was launched in September 2015. The construction of these two power facilities will greatly contribute to realization of the national target of 33 percent share of renewable energy in final consumption. Additionally, there are several ongoing conventional energy projects around the country, including a second block of the thermal plant in Pljevlja (which has drawn Czech interest and the Government is in final phase of negotiation with Skoda Praha) and a number of small-scale hydro projects. In late 2013, Montenegro invited international oil and gas companies to bid on licenses to

⁴ US Department of State, Investment Climate Statements for 2016 – Montenegro: <https://www.state.gov/e/eb/rls/othr/ics/investmentclimatestatements/index.htm?dliid=254397&year=2016#wrapper>

⁵ More information on investment opportunities can be found at: <http://www.mipa.co.me/en/publications/>

explore its offshore coast, based on seismic data showing favorable condition for hydrocarbon deposits off Montenegro's deep-water coast.

Montenegro's temperate climate supports a nascent agro-production industry; however, the country continues to be dependent on imports of food products from neighboring countries owing to the economies of scale.

The most important investment in transport sector is the construction of the first highway in Montenegro. This project started in 2015 and the first phase will cost 809,6 million EUR.

4.3 Financing of innovation

Despite being recognised by the World Bank as a country which constantly improves its position, Montenegrin enterprises face difficulties in their operations which has negative impact on their financial situation and solvency and ultimately undermines their sustainability. Difficult access to financial resources and problems in debt collection are major threats to solvency and growth in terms of reduced opportunities for investment into new products/services and new technologies which would contribute to their competitiveness. Lending conditions, especially of commercial banks, are not adapted to the needs of SME. Severe criticism is related to the level of collateral which majority of enterprises cannot afford. Access to financial resources is a main constraint in starting up a business, i.e. ensuring the funds needed for initial investments.⁶

Considerable efforts are also required to increase the level of investment in research and innovation, particularly from the private sector. Investment in research is modest. In 2014, total investment on research and development amounted to 0.36 % of GDP, and of this, only 0.14 % came from private sector.⁷

The Government of Montenegro, through the Ministry of Science and the Ministry of Education, is implementing the "INVO" project (Higher education and research for innovation and competitiveness of Montenegro) in the period 2012-2017 from the loan received from the World Bank. This program supports applied and development projects in the priority areas of research: Energy; Information and communication technologies; Medicine and human health; Sustainable development and tourism; Agriculture and food; And New materials, products and services. Projects are supported in individual amounts

⁶ Source: Strong economy – successful Montenegro! Strategic policy framework for enabling business environment in Montenegro, 5 Business killers

⁷ EUROSTAT Statistic explained, Europe 2020 Indicators – research and development

<http://www.interreg-danube.eu/approved-projects/crowdstream>

between € 150,000 and € 400,000. The amount of funding for the grant program for research and development subprojects is planned in the total amount of 2.6 mil. €. Through this project 7 contracted grants are approved for projects totaling 2.3 mil. €, while the process of negotiating the conclusion of the contract for another grant for the project of the Clinical Center of Montenegro is in progress.⁸

Bearing in mind the funds available for the implementation of the Program for Improving the Innovation of Small and Medium Enterprises in the Manufacturing Industry for 2017, the Ministry of Economy has announced second public call that will be opened until July 7, 2017.

The aim of the Program is to improve the innovative capabilities of small and medium enterprises in the processing industry, or to improve the development and introduction of innovations through the use of consulting services. Through this Program, the Ministry of Economy will grant financial assistance to enterprises for product innovation, business process, innovation in organization and marketing, which can include the following: development of technical documentation / solutions for product development, development and testing of prototype products, development of tools and ICT and software solutions for developing a new and improving the production / delivery process, developing a new or improved method of organizing business, creating technical documentation for product design, and prototype design in digital form and developing a technical or software solution for the method of distribution and pricing. The total budget allocated for the implementation of the Program in 2017 is € 30,000, and the maximum amount of eligible costs per company is € 3,500.00, exclusive of VAT.⁹

The difficulty faced by Montenegrin companies regarding access to finance represents a long standing challenge in the sector. With around 23,000 small, 200 medium-sized and 100 large companies, contributing to around 60% of GDP, Montenegro's SMEs need to be supported in this specific issue. As the EC notices the access to finance remains a particular challenge for SMEs (Montenegro 2015 Report and ISP 2014- 2020). In the same sense, the Small Business Act (SBA) 2015 for Montenegro recognises the access to financing and delivery of business services as barriers for growth and development of SMEs. Without finance or with a poor financial system, the companies do not have one of the basic elements for developing projects and hence to improve competitiveness. The

⁸ Informacija o dodjeli i realizaciji grantova za potprojekte i istraživanja razvoja-realizacija projekta „Visoko obrazovanje i istraživanje za inovacije i konkurentnost Crne Gore“ (INVO)

⁹ Source: Chamber of Economy of Montenegro
<http://www.privrednakomora.me/sadržaj/javni-poziv-za-ucescu-u-programu-za-unaprjeđenje-inovativnosti-u-mssp>

development of the private sector requires a suitable financial framework, which provides SMEs with favourable access to available funding models, creating new models in accordance with their needs, which can be summarised as follows: although there exist financial assistance to SMEs through several credit lines (e.g. for direct financing of investment projects, short-term funding, support aimed at young entrepreneurs, etc.) and also factoring facilities, the interest rates in both the traditional banking system and in the microfinance lending facilities in Montenegro generally remain higher than in the neighbouring countries. **Incentives such as interest rate subsidies are not available. Business angels' funding and venture capital funding are practically non-existent.** Loans arising from the few microfinance-lending facilities are scarce and expensive. The use of equity financing for innovative start-ups and SMEs is at starting point and readiness of companies in using this financial instruments is not recognized and implemented. Enterprises also need support through specialized non-financial services. The last SME Policy Report Index: Western Balkans and Turkey 2016, OECD, recognises that Montenegro has adopted strategies to stimulate private business support services funded from both budgetary and donor contribution. Websites provide information about private business support, but they are not comprehensive or regularly updated. In this sense, offering business-consulting service, information and trainings are key tools for stimulating the competitiveness of their business. These services, information and trainings, at present, are not accessible throughout the entire territory of Montenegro and also are not at the same quality and scope. Implementation of Competitiveness Support Grant Scheme is also planned for the coming period in order to continue with activities that have already started (IPA 2014: Designing the Competitiveness Support Grant Scheme) aiming to improve financing for innovative enterprises and in general improve competitiveness of the private sector. Introducing modern technologies and their application within priority sectors of industry is needed to increase efficiency of investments and stimulate movement of production towards higher value processing stages. In the field of access to finance, mainly for SMEs, it is important to take into consideration the experience and lessons learnt from the Investment and Development Fund of Montenegro (IDF) and its different financial instruments which, in general terms and as the Small Business Act for Europe (SBA) 2015 Fact Sheet states that, although IDF offers different credit lines and factoring facilities, carried out in cooperation with commercial banks, the interest rates remain higher than in the neighbouring countries. The SBA concludes that “government financing schemes need to be strengthened, and support provided to SMEs to increase their absorption capacity”. It is also important to mention that the European Investment Bank (EIB) has approved a new loan facility to IDF in the amount of 70 million euro. At the end of 2015 IDF became the member of ENIF – Enterprise Innovation Fund as part of the WB EDIF Program. The Western Balkans Enterprise Development and Innovation Facility (WB EDIF) is funded by the EU and managed by the European Investment Fund (EIF), which aim at improving access to

finance for small and medium-sized enterprises in the Western Balkans. This Facility consists of four different pillars, which are implemented in the Western Balkans countries through financial intermediaries, mainly commercial banks: - Enterprise Innovation Fund (ENIF); - Enterprise Expansion Fund (ENEF); - Western Balkans EDIF Guarantee Facility; - Support Service Facility. In Montenegro, CKB (Crnogorska Komercijalna Banka) and EIF signed a First Loss Portfolio Guarantee (FLPG) Agreement in October 2014. On November 2015 the CKB and the EIF also signed the first COSME agreement consisting in a loan guarantee for the Competitiveness of Enterprises and Small and Mediumsized Enterprises which provide 30 million euros of loans to SMEs over the next three years. In this sense, increase the collaboration with this institution in order to reinforce the financial possibilities for SMEs, must be one of the main purpose of the Competitiveness and Innovation axis. In the forthcoming period, the improved access to financing for SMEs will be provided through implementation of updated lending schemes through and with the guarantees of commercial banks, as well as through direct lending and implementation of factoring facilities, which will be implemented by IDF. Envisaged reforms also include innovation in the segment of introducing equity financing under the ENIF Fund and lending-guarantee facility under the COSME program. Moreover, strengthening capacities of SMEs and financial intermediaries by conducting trainings for investment readiness will improve use of equity financial instrument as an alternative source of financing specifically for innovative SMEs. When talking about first financial perspective, there are a couple of projects related to this Action which should be mentioned: “Enhancing the Competitiveness of Local SMEs in Montenegro through Cluster Development”, which objective is to strengthen the competitiveness and market access of selected clusters and networks in Montenegro, with a special emphasis on the more disadvantaged Northern region as well as on less developed municipalities, and “Approximation of the legislation with EU Acquis on free movement of services and competition protection”, which objective is to align Montenegro’s legislation on the protection of competition and the freedom to provide services with the EU acquis.

5 Regional Analysis on crowdfunding

5.1 CF actors (platforms, initiatives, intermediaries etc.)

Montenegro hasn't established a crowd funding industry, yet. The uptake of crowd funding still might take some time. However, young people and entrepreneurs use foreign crowd funding platforms to finance their projects.¹⁰ However there is an on line platform from UNDP that is donation based where 3 projects can be supported: Bicycle paths, Solar

¹⁰ Source: <https://goo.gl/hsxNdC>

benches/smart bus stops and Solar boats. This initiative is dedicated to the protection and conservation of Montenegro's biodiversity. All donations are managed by "Towards Neutral Carbon Tourism Project" implemented by UNDP and Ministry of Tourism and Sustainable Development, the Government of Montenegro through Chamber of Economy of Montenegro.

The most popular initiatives for crowd funding in Montenegro came from the regional well-known musician Rambo Amadeus (Antonije Pusic) and the Badger Crew whose founder is Darko Ivanovic, famous Montenegrin journalist. Antonije Pusic idea is to restore an old navy cutter and create a retro-futuristic sailboat that will promote sustainable solutions. The reconstructed solar cutter will feature an original wooden hull and classic rigging and sails combined with a solar-powered engine. The mission of the boat is to promote clean energy in the Adriatic and it will be open to organizations fighting for the same cause. This campaign was conducted on the platform indiegogo and it is reward based, the project is a success since they have raised the planned amount.¹¹ The Badger Crew idea was The Badger - Wearable Electronic Badge. The Badger is a wearable screen designed to display images, GIFs, or social media handles with smartphone connectivity. It offers users a new way to express themselves by featuring a wide range of images, symbols, or hashtags to choose from. This fashionable device can accentuate your personality and share your style with the world. It is an aide that shares online activities while socializing in an offline setting. The Badger Crew have successfully ended their campaign with 103% of the goal reached. After three years since initial steps and long process of patenting "The Badger Crew" have finally validated their idea. Initial talks with investors and the interest from the Asia markets gave the necessary stamina to move forward on the market! The customers can now preorder the Badger on IndieGoGo.

The intermediaries who can potentially give support to crowd funding ideas are: Funding institutions, Incubators & accelerators, Innovation / Business support agencies and Chambers / Associations / Interest groups. But having in mind that the crowd funding is basically a novelty in Montenegro the support can be limited. Intermediaries can also be a valuable stakeholders for crowd funding in Montenegro since they can potentially offer support in creating and implementing pitching campaigns or can offer information about crowd funding opportunities. The overview of the intermediaries are present in the Anex I of this profile with the information about the category they belong to, their name and description of their work.

¹¹ More info on these initiatives: <https://www.indiegogo.com/projects/solar-retro-sailboat-solarni-retro-jedrenjak#/> <https://www.indiegogo.com/projects/the-badger-wearable-electronic-badge-fashion-advertising--2#/>

5.2 Available types of CF

As stated before there is no classical platform (UNDP platform is not classical CF platform per se) in Montenegro. Most CF initiatives are seeking funds via most popular CF platforms Indiegogo and Kickstarter and the most common types of CF initiatives that comes from Montenegro are Donation and Reward based.

5.3 CF volume of investment

There is no data on this topic for Montenegro.

5.4 Existing Regulation Framework

CROWDFUNDING is not explicitly regulated by the positive legislation of Montenegro.

CROWDFUNDING as the internet platform where interested parties direct interact and achieve their goals starting from the principle of disposition in terms of rights and obligations are allowed to move within the limits of the law, respecting, they are allowed everything that is not prohibited by law.

Emphasis should be placed primarily on obligatory legal relations regulated by the Law on Obligations. There are a number of other laws and regulations that govern concerning crowdfunding. As some of them can be mentioned: The Law on enterprises, the Law on property relations, Law on collateral security claims, Law on prevention of illegal business, then the group of tax laws and regulations and many others.

Depending on the model of financing which are in current practice in the region and beyond manifested in the form of grants, awards, loans, investments, and mixed models also depends mutual rights and obligations.

Donation or CROWDGIVING as a form of financing for which realization citizens donate money based on direct public interaction to the head of the project and group or individual quality assessment project with no intention of acquiring material gain for themselves. This model is based solely on the goodwill of donors to assist the project presented and the other party (the applicant) has no obligation, which, again does not exclude the possibility of their establishment.

Reward or reward crowdfunding as a form of financing in the form of collective purchasing of goods and services by citizens with the predetermined time at the

beginning. It is often characterized by the preferential terms of purchase, but also increased the risk of default. The award should not be taken jargon and equate it with the legal institute of public promise of reward. In this case, the holder of project sets a deadline for delivery of products. However, the relationship between the buyer and the seller in respect of mutual rights, obligations and protection of the same can be regulated by the relevant agreement. Most often, in practice, that would be contracts of sale with a specific delivery time, and the buyer can provide contracting contractual penalties in case of non-fulfillment of obligations by the seller, but also a number of other ways, which again points to the principle of disposition in these relations. There can be used many types of collaterals as contracting pledge on movables objects or even the establishment of mortgage rights on real estate properties depending on the cash amount which would not follow the sense of crowdfunding because those are the collaterals of ensuring that use banks and other entities as a credit creditors in legal transactions.

Loan or CROWDLENDING as manifests itself in a way that citizens most often in the initial phase of the project on basics of the public interactions provide cash loans to holders of the project with or without the intention of profit from interest. In this case, this is a loan agreement governed by the Law on Obligations. Our law allows contracting interest in the legal framework. As providers of loan funds provide cash for a specific purpose so this is a loan that is dedicated for purposes and other than the contract can not be used. The law does not provide the mandatory form of this contract and it may be concluded informally but in terms of legal certainty is not recommended so the written form with the certified signatures of the contracting parties at the court or notary would be desirable. Although so far in practice in the region and beyond the profit accomplished by way of interest, is not exclusion the ability to be contracted collaterals that are mentioned at crowdfunding in the form of rewards.

Investing or crowdfunding. Here people invest money with the aim of replacement with the owner share or share of the profits. Assets under crowdfunding are solely financial and can be invested in a variety of legal forms. This could be an agreement on the establishment of the company or an agreement on the transfer of shares. So, depending on the type (joint stock Company, limited liability company and limited partnerships) depends the participation in the invest project. In the region, there is a dilemma in the investment limited liability companies and other types of companies that is theoretically feasible but in practice complex and expensive bearing in mind the necessary legal procedures as well as lawyers, notary, judicial and other administrative costs that are imposed and the same will likely occur in our country because comparative law in the countries of the region contains similar solutions.

Crowdfunding users can be both individual and legal entity. In addition to them that could be also organizations which the law does not give a legal entity but which in legal transactions act as a single entity. Again, imposes "the width" that this model has in the legal order. As one of the questions that can be set is whether users of crowdfunding who are individuals must have the contractual ability that means business capacity (independently manage rights and obligations) and is acquired by the age of eighteen years or is it working ability that is acquired at the age of fifteen years. At this point it is really ungrateful to deal with any legal issues that are theoretically indicate.

The needs of today in our country suggest that besides the usual method of financing there is a need of a new bearing in mind the needs and capacities of the Montenegrin market is realistic that can be manifested in the financing of small businesses, in the form of donations.

NATIONAL LEGAL FRAMEWORK

Law on obligations	2008
Law on enterprises	2011
Law on property relations	2009
Law on collateral security claims	2002
Law on prevention of illegal business	2012
Group of tax laws	-----

6 SWOT analysis of regional CF potential

STRENGTHS

- Emerging start up community
- Increasement in innovation investments
- Raising interest for this type of funding
- Business support organization

REGIONAL WEAKNESSES

- Lack of legal framework
- Lack of public awareness
- Lack of existing platforms
- Lack of funding support
- Lack of effective public campaigns
- Lack of support organizations for CF

OPPORTUNITIES

- EU support to research and innovation
- Positive regional examples of success stories on CF
- Crowd Stream project

THREATS

- Lack of funding support
- Lack of understanding from the stakeholders (from startups and investors) on concept of crowdfunding
- Weak economic situation in country
- Lack of experts

7 Regional development demand

7.1 Investment and business environment

According to the last EC Progress report, as regards economic criteria, Montenegro is moderately prepared in developing a functioning market economy. Some progress was made to strengthen the functioning of the financial and labour markets, as well as on improving the business environment. Investments in infrastructure and tourism support economic activity. Montenegro is moderately prepared in its capacity to cope with competitive pressure and market forces within the Union. Some progress was achieved in improving the quality of infrastructure, the energy market and the digitalisation of the economy. SMEs support is modest but developing gradually. However, substantial efforts are still required to develop human capital and a competitive export-oriented industry.

Same report states that: “The business environment recorded some improvement, but there is room for further progress. Efforts were made to enhance the protection of property rights, streamline legal and administrative procedures, and reduce backlogs at government offices. In 2015, the number of new companies registered was 4 113, similar to the previous two years. Companies can be partially registered online, although payments still need to be done in person. Cadastral records are available online, covering most of the country, but information is still problematic for some 7 % of rural area's territory. Users complain that the cadaster is not always updated, in particular with respect to encumbrances. In 2015, the average registration time of property transaction was 8 days, compared to 25 days in 2008, and the average time to issue a construction permit was reduced to 33 days at municipal level or 49 days at central level, down from 6 months in 2008. The informal economy remains large. In 2014, its size was estimated at 24.5 % of GDP³, and it is considered as a major obstacle for conducting business. Corruption continues to be a serious concern, negatively affecting the business environment. Intensified efforts are needed to strengthen the rule of law to ensure that regulatory improvements translate into an improved investment climate.”

In Montenegro, SMEs represent 99 % of total firms and generate 75 % of value added as well as 82 % of employment. Access to finance is one of the major challenges for SMEs. The Investment and Development Fund of Montenegro (IDF) channels the largest portion of public sector support for SMEs through credit lines for start-ups and financing programmes.

The macroeconomic projections of the European Commission anticipate real GDP growth of 3.7% in 2017, 3.8% in 2017, and 3,1% in 2018. Montenegro's economy is expected to pick up growth momentum over the period 2017-2018 due to increased investment

activity and engagement of the domestic potential, primarily from the construction sector. Ministry of Finance estimates that the implementation of investment projects worth 100 million euro would have a positive effect on GDP growth rate of 1.7% - 2.0% through direct, indirect, and imputed effects. It is also expected that tourism and complementary sectors such as trade, transport, and mining and quarrying, will strongly contribute to growth over the projected period, with reliance on agriculture as the substitution factor for food import and increased exports. The sine qua non for enhancing the economic activity is expected moderate increase of credit support. The average projected GDP rate of growth over the period is 3.8%, which is above the current potential GDP growth of 2.5%).¹² According to Montenegrin Investment Promotion Agency some of the reasons to invest in Montenegro are:

- Dynamic economic growth and development
- Multi-ethnic harmony and political stability
- Strategic geographic position, with exit to the sea
- Qualified human resources
- Favorable tax climate (corporate tax 9%)
- Pro-business Government
- Treatment of foreign and domestic investors on the same basis
- Hub for regional business
- Easy business start-up
- Young population with multilingual talent

¹² Montenegrin Investment Promotion Agency:
<http://www.mipa.co.me/files/images/1491350467-MIPA%20-%2011%20reasons%20to%20invest.pdf>

Macroeconomic indicators for, 2013, 2014, 2015 and 2016 (II quarter)

INDICATOR	2013	2014	2015	2016 (IIIQ)
GDP at current prices (€ million)	3,335.9	3458	3625	2827
Real GDP growth (%)	3.5	1.8	3.2	2.4
Inflation (%)	1.8	-0,3	1,9	-1,0
Unemployment rate (%)	15.02	18,0	17,2	17
External debt (€ million)	1,699.5	2.022,21	1956,4	2.300,8
External debt (% of GDP)	51.1	59,60	67,3	62,9
Net foreign direct investment, current prices (€ million)	323.9	498	619,3	347,4
Net foreign direct investment (% of GDP)	9.7	14,4	26,6	12,28

Source: Central bank of Montenegro and MONSTAT

7.2 Innovation

People are becoming more aware of the impact of science and technology in everyday life. In companies, there is an increased appreciation for the importance of research and new technologies, which have a high correlation with their competitiveness. In that regard, analyses confirm that innovation and new knowledge are a key driver of economic growth, employment and improvement of the quality of life. An important mechanism to increase competitiveness includes improving efficiency and quality of higher education and research in Montenegro, strengthening the links between research and business, with focus on innovation. Moreover, the acquis in Chapter 25 – Science and Research – requires Member States of EU to ensure the necessary implementing capacities to pursue the EU objectives and activities in the field of research and technological development. In 2012, Chapter 25 of negotiation process was temporarily closed for Montenegro, which meant that Montenegro has to fulfill objectives and activities listed in this chapter. According to the analysis of key economic and human resources related to competitiveness (WEF, ETF), Montenegro's stage of economic development is classified as country of entering more efficient production processes and increased product quality. It is also stated that

over a long run Montenegro needs to put more emphasis on stimulating new production capacity, based on added value, market-oriented research and innovation, increased investments in research and development, and cooperation between research and industry. Companies in Montenegro possess little knowledge in the area of innovation and even more in commercialization of innovation. In the past few years there were a few examples of innovative practices in Montenegro, and this project's aim is to educate target groups of the benefits of innovation and to emphasize that commercialization of innovation through entrepreneurial activities is a key to competitiveness on the market.

The accession negotiations with Montenegro were opened on 29 June 2012. As of 13 December 2016, 26 negotiating Chapters, including the rule of law Chapters, 23 – Judiciary and fundamental rights and 24 – Justice, freedom and security, have been opened, out which two Chapters (25 – Science and research and 26 – Education and culture) have been provisionally closed. Opening benchmarks have been set for 11 Chapters.¹³

Chapter 25: Science and research The EU provides significant support to research and innovation. All Member States can benefit from the EU's research programmes, especially where there is scientific excellence and solid investment in research. There is a good level of preparation in this chapter and some progress was made in the past year. In the coming year, Montenegro should in particular: → focus efforts on increasing participation in the EU's Horizon 2020 Programme; → continue to streamline efforts to increase investment in research, in particular through stimulating investment by the private sector. Montenegro participates in the EU's Horizon 2020 Research and Innovation programme (H2020) as an associated country and took part in the first meeting of the H2020 Joint Committee in September. Workshops, information days and regular 'Open Door Days' on specific H2020 topics were held. Successful participation, however, remains weak and should be addressed as a priority, including through focusing efforts on areas of strategic interest to the country. Montenegro research teams participated in 26 COST (European Cooperation in Science and Technology) actions and three national projects were awarded to Montenegro for the 2016/17 cycle under the 2014-2020 Framework Programme for Cooperation with the International Atomic Energy Agency. Participation in EUREKA remains limited. In March, Parliament ratified the contract on establishing the Western Balkans Research and Innovation Centre. Although the 2016 budget for scientific research activities was increased, the latest official MONSTAT figures indicate total national spending on research and development (R&D) in 2014 at 0.36 % of GDP. Work to improve the quality of data for R&D and innovation statistics is ongoing. Also, the newly adopted strategy on innovative activity (2016-2020) includes more realistic targets for an increase in national and private expenditure by 2020 (0.6 % of GDP in overall national R&D spending and 0.3 % of GDP for private investment). The level of

¹³ <http://www.delme.ec.europa.eu/code/navigate.php?Id=56> (Delegation of the European Union to Montenegro, 28.06.2017.)

investment in research, particularly from the private sector, needs to be increased. Construction of the 'Technopolis' innovation and entrepreneurship centre was completed and the selection of entrepreneur tenants is finalised; the centre was formally opened in September 2016. The capacity of the BIO-ICT Centre of Excellence was further increased through the purchase of scientific equipment. Under the Higher Education and Research for Innovation and Competitiveness (HERIC) project, a national excellence scholarship programme is being implemented for awarding PhD and postdoctoral studies abroad. The Montenegrin Council for Scientific Research Activities adopted a national roadmap for the European Research Area in April 2016. On innovation union, the law on innovation activities was adopted in June, governing the organisation, conditions and manner of financing innovation activities.¹⁴

Through the "INVO" project (Higher education and research for innovation and competitiveness of Montenegro) for the period 2012-2017 that is financed from the loan received from the World Bank, 7 contracted grants are approved for projects totaling 2.3 mil. €. This way, during the period 2014-2017. capacities of Montenegrin scientific research institutions will be improved, in the sense of: strengthening scientific research teams and scientific and technological infrastructure; Increasing the quality and relevance of research and development results; Facilitating cooperation with the economic sector and foreign research institutions; All in order to create conditions for the formation of future centers of excellence.¹⁵

In Montenegro there are several institutions that are in charge in stimulation innovations and support of development of knowledge based, innovative SMEs.

BSC Bar was established in 2007 through a project of opening business centers and incubators 2007-2010. The project is funded by the Ministry of Foreign Affairs of the Netherlands and implemented by the Dutch NGO SPARK. As part of the open similar centers in Bitola (Macedonia), Kragujevac (Serbia), Prishtina and Mitrovica (Kosovo). BSC Bar is part of the regional network and collaborate with other centers at the regional level. In 2009, in order to achieve sustainability center project management was transferred to local partners who have registered in October of the same year the Foundation Business Start Bar. Founders of BSC Bar are seven institutions: Municipality of Bar, Faculty of Tourism Bar, High School of Economics, Cultural Center, Employment Bureau Bar, Montenegro Business Alliance and Bar Association of Businessmen. The mission of the BSC Bar to its support to help create a favorable environment for economic

¹⁴ Source: Commission staff working document, *Montenegro 2016 Report*, European Commission, Brussels, 9.11.2016.

¹⁵ Informacija o dodjeli i realizaciji grantova za potprojekte i istraživanja razvoja-realizacija projekta „Visoko obrazovanje i istraživanje za inovacije i konkurentnost Crne Gore“ (INVO)

development by encouraging the development of entrepreneurship and small and medium-sized enterprises.¹⁶

Business Center Podgorica was founded as a part of Bureau for Economic Co-operation and support of the business community of the Capital. The aim of the business center is to improve the business environment in the capital which would further stimulate growth in the number of entrepreneurs, within which will provide a range of benefits that will accelerate their growth and development. They are providing support for:

- Start-up businesses, companies and entrepreneurs who are in business less than 12 months of operations,
- Economic entities and entrepreneurs who operate no more than 24 months.¹⁷

DOO Regional Business Center (RBC) was established in March 2015 within the project "Establishment of a regional business center with business incubator in the northeast of Montenegro", which was largely financed by the European Union and implemented by the Municipality of Berane, in partnership with the Regional Development Agency for Bjelasica, Komovi i Prokletije and municipalities Andrijevica, Bijelo Polje, Plav and Rozaje which are its founders.¹⁸

Bureau for Economic Co-operation and support of the business community was established in December of 2015, with key objective to encourage and stimulate entrepreneurship and job creation in Podgorica.¹⁹

Business Center Office - called Local Business Center Cetinje - in 2002 established the Agency for Development of Small and Medium Enterprises, as an integral part of a network of similar centers in Montenegro. The key objective of the Local Business Center was providing institutional support to development of entrepreneurship. In June 2011, the contract between the Directorate for Development of Small and Medium Enterprises and Cetinje, the Office Business Center Cetinje officially becomes an organ of the city administration.²⁰

¹⁶ <http://www.bsccbar.org/>

¹⁷ www.podgorica.me

¹⁸ <http://www.rbcberane.me/o-nama/>

¹⁹ www.podgorica.me

²⁰ <http://www.cetinje.me/index.php/me/gradska-uprava/gradski-sekretarijati-direkcije-i-sluzbe/kancelarija-biznis-centar-cetinje>

Directorate for SME development works on:²¹ Defining the strategy for SMEs development; Preparing the implementation of SMEs support programs and projects; Coordinating the programs, measures and activities related to SMEs development; Observing realization of financial support programs for SMEs development; Providing and expert assistance and participating in definition of rules related to SMEs development; Examining the impact of legal and other acts on SMEs development; Preparing educational programs for entrepreneurs; Making projects and care about organization of regional and local centers for SMEs development; Proposing and providing realization of special programs for stimulation of SMEs development.

One of important actors in stimulating innovations and entrepreneurship in Montenegro are University of Donja Gorica, University of Montenegro and Mediterranean University Montenegro, through different kinds of project activities and University courses.

Digitalizuj.Me mission is to help the citizens of Montenegro to understand and take advantage of exciting new opportunities for social change and business in the digital environment by using social media and innovative business models. Digitalizuj.Me through a series of lectures, panel discussions, workshops and specific projects launches digital community in Montenegro in the right direction. Digitalizuj.Me has successfully implemented a number of innovative projects, where he was partner for - UNDP Montenegro, East West Management Institute, Telecom Montenegro, Telenor Montenegro ... Education is an important part of Digitalizuj.Me activities. Digitalizuj.Me has extensive experience in organizing training for the organization's performance on social media for clients such as - Brewery Trebjesa Niksic (part of Molson Coors group) Considering Niksic, American Chamber of Commerce in Montenegro, Ministry of Sustainable Development and Tourism in the Government of Montenegro, Agency for environmental protection of Montenegro.²²

Domen.me is the company that manages the .me domain, country domain of Montenegro. The company was founded in 2007. Registration of .me domains began in 2008 and .me was soon recognized as a new state domain with the fastest growth in the number of registrations and as one of the most popular domain for creation a personal brand on the Internet.²³

²¹ <http://nasme.me/en/>

²² <http://digitalizuj.me/>

²³ <http://digitalizuj.me/>

7.3 Regulation framework

In recent years, Montenegro has undertaken a number of activities aimed at establishing a new institutional framework for innovation, as well as at strengthening the existing innovation potential in Montenegro, through the implementation of various support programmes, which indicated the need to establish a legal and strategic framework for the field of innovation activity.

The innovation system in Montenegro is regulated by the international legal acts, legislative and strategic framework in this field.

INTERNATIONAL ACTS

International Agreement between the EU and Montenegro on the Participation of Montenegro in the Union Programme “Horizon 2020” – the Framework Programme for Research and Innovation (2014–2020)	2014
International Agreement between the EU and Montenegro on the Participation of Montenegro in the COSME Programme (2014–2020)	2014
Framework Programme for Cooperation of Montenegro with the International Atomic Energy Agency – IAEA (2014–2020)	2014
Memorandum of Accession to EUREKA Programme	2012
Accession to COST Programme	2015
Declaration of Acceptance of the Regional Strategy of Research and Development for Innovation of the Western Balkans	2013

NATIONAL LEGAL FRAMEWORK

Law on Innovation Activity (IA)	2016
Law on Patents	2015
Law on Copyrights and Related Rights	2011
Law on Ratification of the WISE Agreement	2016

The Law on Innovation Activity¹¹ regulates the organization, conditions and manner of funding innovation activity in Montenegro, in a way that allows innovation to become a pillar of the development of a dynamic and relevant environment for the development of science and research. Article 2 of this Law establishes that innovation activity shall include activities undertaken for the purpose of creation and application of new or improvement of existing technologies, procedures, products, services and processes, in accordance with the market needs. Also, the definition of innovation is provided, as the practical application of new or a significant improvement of existing products, goods, services, procedures, processes, organization and marketing, contributing to the creation

of new value and quality in their application. In accordance with this Law, innovation activity shall be performed by innovation organizations and other entities, such as companies and natural persons or inventors – innovators. The Law also establishes the sources of financing innovation activity, the priorities for co-financing and provides for the possibility of introducing tax exemptions and incentives. The Law on Patents (Official Gazette of Montenegro 42/15)¹² defines the terms of legal protection of the patents. In accordance with this Law, patent is a legally protected invention in any field of technology, provided that it is new, that it involves an inventive component and that it is applicable in industry. The Law also defines the conditions for patent protection, the right to acquire a patent, the procedure for acknowledging a patent, content, scope and limitation of the rights of the patent holder, duration and termination of patent, trade in rights, special provisions on confidential inventions and inventions arising from employment, as well as provisions relating to the European Patent Application and European Patent, and an international application under the agreements on cooperation in the field of patents. The Law on Copyrights and Related Rights (Official Gazette of Montenegro 37/11)¹³ governs the right of authors of literary, scientific and artistic works (copyrights), rights of performers, phonogram producers, film producers, broadcasting organizations, publishers and producers of databases (related rights), copyright contract law, collective exercise of copyrights and related rights and their protection. On the other hand, the growing importance of innovation has had an increasing influence on the direction of policy formulation in Montenegro, so this segment is included in all major national strategies.

POLICY FRAMEWORK

Amendments to the Strategy of Scientific-Research Activity of Montenegro (2012– 2016)	2012
Roadmap for Research Infrastructure in Montenegro by 2020	2015
National Roadmap for European Research Area (ERA)	2016
Program of Accession of Montenegro to the European Union (PAM) (2015–2018)	2015
Development Directions of Montenegro (2015–2018)	2016
Economic Reform Programme (ERP) (2015–2017)	2015
Regional Development Strategy of Montenegro for the period of 2014–2020	2014
Industrial Policy of Montenegro by 2020	2016
Feasibility Study for Establishing Centres of Excellence in Montenegro (2012–2017)	2011
Feasibility Study for Establishing Science and Technology Parks in Montenegro (2012–2018)	2011
Strategic Plan for Establishing Science and Technology Parks (2013–2018)	2012

Study on Scientific-Research Equipment and Establishment of Common Research Area (2013–2017)	2013
Study on Scientific Diaspora of Montenegro	2014

In the Amendments to the Strategy of Scientific-Research Activity of Montenegro (2012–2016)¹⁴, innovation has been identified as the factor for increasing the competitiveness and technological development of the country and there are a number of activities identified that are related to better connection between and strengthening scientific research institutions and industry through various institutional projects and support programmes, provision of consultancy services to all stakeholders in the scientific-research and innovation system, with special emphasis placed on technical assistance in the field of intellectual property. The Council for Scientific-Research Activity adopted the Roadmap for Research Infrastructure in Montenegro in September 2015, providing an overview of the existing research infrastructure and analyzing the potential of new infrastructural projects in the field of research and innovation in Montenegro, while presenting the possibilities of using the PanEuropean Research Infrastructure. The Council for Scientific-Research Activity adopted the National Roadmap for European Research Area (ERA) in April 2016. In this document, the manner is defined in which Montenegro is going to implement the activities within the areas identified (ERA priorities), which will contribute to establishing a strong research area. Acquiring the status of a EU membership candidate, Montenegro has committed to prepare the document entitled Program of Accession of Montenegro to the European Union – PAM (2015–2018)¹⁵, presenting, inter alia, the state of play in Chapter 25: Science and Research and determining the time-schedule for the activities on the implementation of future plans in relation to the legislative, strategic and administrative framework for this Chapter. One of the most important policy documents that came after Montenegro gained candidate status for membership in the EU is entitled Development Directions of Montenegro (2015–2018)¹⁶. This document determines the vision of socio-economic development of the country, defining the different priorities and measures within the following development directions: smart growth, sustainable growth and inclusive growth. The Development Directions have identified four priority sectors of development: tourism, energy, agriculture and rural development, and industry. Special attention in this paper is focused on innovation and technological readiness as factors of competitiveness. A very important source of guidance and measures is the Economic Reform Programme – ERP (2015–2017)¹⁷, which is aimed at removing obstacles to economic growth and development with a view to strengthening the country’s competitiveness, creating new jobs and increasing the standard of living of the population. In the area of structural reforms, under the reform area of “technology absorption and innovation”, the main obstacles to development are identified, along with assessment of the current situation

and review of future directions. The Regional Development Strategy of Montenegro (2014–2020)¹⁸ establishes a number of mechanisms and measures, whose implementation is aimed at achieving a balanced socio-economic development of all local self-government units and regions, based on competitiveness, innovation and employment. The Strategy identifies eight priority areas of regional development, one of which is “competitiveness and innovation”, including entrepreneurship, science, promotion of the business environment, quality infrastructure and other elements of the internal market, business infrastructure and financial services.

The proposal for Industrial Policy of Montenegro by 2020¹⁹ defines the strategic framework and the priorities of industrial development, which should result in overall economic growth, increase in employment and accelerated innovative development of all regions. The aim is to create conditions for modernizing industry based on knowledge and innovation, enabling greater integration in the international market. The document deems innovations very important in the context of the strategic objectives, and the intention is to achieve growth and development based on innovation, with a focus on identified priorities of the country’s development. Bearing in mind that the legal framework for innovation activity is established, as well as that there is a number of policy documents in Montenegro already significantly defining directions and objectives in the field of innovation for the future period, the priorities and strategic goals of the Innovation Strategy are aligned with existing national framework. Finally, especially significant position within the national context of innovation belongs to HERIC project, implemented by the Government of Montenegro through the Ministry of Science (MoS) and the Ministry of Education, with support by a loan from the World Bank (WB). HERIC project supports initiatives that will enable innovations to become a pillar of the development of a dynamic and relevant environment for the development of higher education, and will make provisions for universities and public and private companies to use their more active role in research and development and the opportunities for technology transfer. Within the third project component, “Establishment of a competitive environment for research”, the programme of establishing the first Center of Excellence in Montenegro and the programme of collaborative grants for research and development projects are being implemented.

8 Good practice examples

Box 1

Solar Retro Sailboat - Solarni retro jedrenjak

- **Company:** Rambo Amadeus
- **CF platform used:** Indiegogo
- **Topic:** The reconstruction of solar cutter in order to to promote clean energy in the Adriatic
- **Amount of money raised:** \$20,814



Short description

The reconstructed solar cutter will feature an original wooden hull and classic rigging and sails combined with a solar-powered engine. The mission of the boat is to promote clean energy in the Adriatic and it will be open to organizations fighting for the same cause.

Box 2

The Badger - Wearable Electronic Badge

- **Company:** The Badger Crew
- **CF platform used:** Indiegogo
- **Topic:** Wearable Electronic Badge
- **Amount of money raised:** \$21,078



Short description

The Badger is a wearable screen designed to display images, GIFs, or social media handles with smartphone connectivity. It offers users a new way to express themselves by featuring a wide range of images, symbols, or hashtags to choose from. This fashionable device can accentuate your personality and share your style with the world. It is an aide that shares online activities while socializing in an offline setting.

It is a rebirth of an icon from our adolescence, the pinned badge.

This wearable's ability to feature images and art offers users a new way to express themselves.

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Study on Scientific-Research Equipment and Establishment of Common Research Area (2013–2017)

Study on Scientific Diaspora of Montenegro

10 ANNEX I

Overview of intermediaries

Category	Name	Description
Funding institutions	Investment and Development Fund of Montenegro (IDF MN)	The Institution was established with the purpose of encouraging and facilitating economic development of Montenegro. By establishing the Investment and development Fund, the Government of Montenegro has provided for an efficient mechanism of supporting economic development, especially in the light of the current economic and financial crisis. The Fund core businesses is established through granting loans and extending guarantees, performing activities pertaining to the sale of capital in Fund's portfolio and other activities aimed at supporting economic development.
Incubators & accelerators	Business Center Bar	BSC Bar was established in 2007 through a project of opening business centers and incubators 2007-2010. The project is funded by the Ministry of Foreign Affairs of the Netherlands and implemented by the Dutch NGO SPARK. As part of the open similar centers in Bitola (Macedonia), Kragujevac (Serbia), Prishtina and Mitrovica (Kosovo). BSC Bar is part of the regional network and collaborate with other centers at the regional level. In 2009, in order to achieve sustainability center project management was transferred to local partners who have registered in October of the same year the Foundation Business Start Bar. Founders of BSC Bar are seven institutions: Municipality of Bar, Faculty of Tourism Bar, High School of Economics, Cultural Center, Employment Bureau Bar, Montenegro Business Alliance and Bar Association of Businessmen. The mission of the BSC Bar to its support to help create a favorable environment for economic development by encouraging the development of entrepreneurship and small and medium-sized enterprises.
	Business Center Podgorica	Business Center Podgorica was founded as a part of Bureau for Economic Co-operation and support of the business community of the Capital. The aim of the business center is to improve the business environment in

(Biznis centar Podgorica)	the capital which would further stimulate growth in the number of entrepreneurs, within which will provide a range of benefits that will accelerate their growth and development. They are providing support for: - Start-up businesses, companies and entrepreneurs who are in business less than 12 months of operations, - Economic entities and entrepreneurs who operate no more than 24 months.
Regional Business Center (RBC) Ltd.D.O.O. (Regionalni biznis centar (RBC))	DOO Regional Business Center (RBC) was established in March 2015 within the project "Establishment of a regional business center with business incubator in the northeast of Montenegro", which was largely financed by the European Union and implemented by the Municipality of Berane, in partnership with the Regional Development Agency for Bjelasica, Komovi i Prokletije and municipalities Andrijevica, Bijelo Polje, Plav and Rozaje which are its founders.
Bureau for Economic Co-operation and support of the business community (Biro za ekonomsku saradnju i podršku biznis zajednici)	Bureau for Economic Co-operation and support of the business community was established in December of 2015, with key objective to encourage and stimulate entrepreneurship and job creation in Podgorica.
Directorate for SME developmentm (Direkcija za razvoj malih i srednjih preduzeća)	Defining the strategy for SMEs development; Preparing the implementation of SMEs support programs and projects; Coordinating the programs, measures and activities related to SMEs development; Observing realization of financial support programs for SMEs development; Providing and expert assistance and participating in definition of rules related to SMEs development; Examining the impact of legal and other acts on SMEs development; Preparing educational programs for entrepreneurs; Making projects and care about organization of regional and local centers for SMEs development; Proposing and providing realization of special programs for stimulation of SMEs development.

	IPC Tehnopolis	<p>Innovations and entrepreneurship center TEHNOPOLIS was founded by Ministry of Science, Government of Montenegro, on 11th of September 2014. IPC TECHNOPOLIS Ltd. works on developing micro, medium and small enterprises, provides business consulting services, conference space and in near future – biochemical laboratory and laboratory for industrial design. We are also working on promotion and development of entrepreneurship, knowledge based growth and commercialization of innovations. Our main goal is to establish more intensive cooperation between the scientific community and the economy, and to motivate young people to think proactively towards the realization of their business idea. Primarily this is about the enterprises whose business operations are based on the scientific and research work, development and implementation of new technologies, i.e. the activities which have a high growth potential, in line with the strategic aims of Montenegro. However, all the enterprises which have the potential of the sustainable growth will be provided with support. Tehnopolis provides: Infrastructure Support, Consulting support, Training Support and Incubation support</p>
	Mtel Digital Factory	<p>Mtel Digital Factory is a center for the development of technological entrepreneurship and innovation.</p> <p>Mtel Digital Factory offers creators of a good IT ideas the conditions for establishing and developing their own business in order to start projects as soon as possible and develop a successful business activity.</p> <p>They have concrete support, a custom workplace, a cloud computing development platform, technical support, Startup program, administrative and legal advisory services, excellent team and networking with other entrepreneurs.</p>
	The Montenegrin Investment Promotion Agency	<p>The mission of MIPA is to partner with foreign and domestic investors; the public and private sector; international organizations and private individuals in order to boost business opportunity and overseas investments in Montenegro. Ultimately, through economic development, MIPA aims to improve the quality of life of all Montenegrin citizens. Therefore, MIPA promotes business ventures of particular interest to foreign</p>

Innovation / Business support agencies		investors and brings such projects to the attention of the international marketplace. Moreover, MIPA raises Montenegro profile as a global competitor by facilitating investment from abroad.
	Business Center Cetinje (Biznis Centar Cetinje)	Business Center Office - called Local Business Center Cetinje - in 2002 established the Agency for Development of Small and Medium Enterprises, as an integral part of a network of similar centers in Montenegro. The key objective of the Local Business Center was providing institutional support to development of entrepreneurship. In June 2011, the contract between the Directorate for Development of Small and Medium Enterprises and Cetinje, the Office Business Center Cetinje officially becomes an organ of the city administration.
	Domen.me	Domen.me is the company that manages the .me domain, country domain of Montenegro. The company was founded in 2007. Registration of .me domains began in 2008 and .me was soon recognized as a new state domain with the fastest growth in the number of registrations and as one of the most popular domain for creation a personal brand on the Internet.
Chambers / Associations / Interest groups	The Chamber of Economy of Montenegro	The Chamber of Economy of Montenegro - business association with rich tradition, independent, professional, creative, inventive and above all authoritative, represents interests of all businessmen for the economic and overall development of the state of Montenegro.
	Montenegrin Employers Federation	Montenegrin Employers Federation (MEF) is an independent, non-governmental, non-political and not-for-profit organization based on voluntary membership. MEF actively contributes to improvement of business climate and elimination of business barriers providing a wide variety of services to its members. Along with representing the interests of employers in tripartite working groups and bodies at national level that work on the development of legislation, strategies and action plans, MEF services include provision of legal advises in the areas relevant for enterprise operations, economic studies and analyses, seminars and trainings delivery, production of publications, implementation of EU funded projects, and networking activities at national and international level.
	Montenegro Business Alliance	Montenegro Business Alliance (MBA) is a business association that brings together entrepreneurs, domestic and foreign investors. MBA was established in September 2001 by ten companies from Montenegro. Since its

		<p>founding MBA works to promote private sector development and points out the problems in the existing legislation, aiming that with offered recommendations contribute to removing existing barriers and improving the overall environment for business in Montenegro. Montenegro Business Alliance today gathers about 500 most successful companies in Montenegro.</p>
	Association of Business Women of Montenegro	<p>Association of Business Women of Montenegro "Business Woman" is a voluntary, non-governmental, non-political and non-profit association founded in late 2009. Tehir goal is to help improving the business and strengthen the women's business, linking business women, exchange of ideas and joint projects.</p>
	Managers Association of Monetengro	<p>Managers Association is an association of professionals who are engaged in management positions . Achieves its goals through educational projects , creating contacts and through joint work on improving the managerial profession . We are members of the European Confederation of Managers</p>
	The American Chamber of Commerce in Montenegro	<p>The American Chamber of Commerce in Montenegro (AmCham Montenegro) is an independent non-profit business association. Founded in 2008, it has created a strong network of members who together strive for a more competitive and prosperous Montenegro. AmCham represents the leading voice of the international business community in Montenegro.</p>
	Montenegrin Foreign Investors' Council	<p>The Council was established as non-governmental and non-profit organization aimed at:</p> <ul style="list-style-type: none"> • Improving investment climate and supporting business development in Montenegro; • representing, expressing the opinion of its members for the purpose of promoting common interests and stimulating direct foreign investments; • promoting communication, cooperation and current dialogue between the Council and official authorities in Montenegro; • cooperation with official authorities in Montenegro for the purpose of overcoming possible problems and obstacles foreign investors may face, as well as in economic relations with other countries; • promoting interests of international business community in Montenegro;

<http://www.interreg-danube.eu/approved-projects/crowdstream>

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| | <ul style="list-style-type: none">• informing its members and other stakeholders on possibilities regarding investment climate in Montenegro;• connection with the other foreign organizations of investors within SEE region for the purpose of:
a) sharing benefits and experiences of the best world's practise and b) analyzing concrete tools in order to facilitate regional business activities; |
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