



**MFIC** | Montenegrin Foreign  
Investors Council

# MONTENEGRIN FOREIGN INVESTORS COUNCIL

# 2024

**STABILITY  
& REFORM  
LEAD TO SUCCESS**

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# BIG CEE: Driving innovation and growth in the region

BIG CEE, a subsidiary of the renowned Israeli real estate group BIG Shopping Centers, continues to shape the future of retail and business development. After 30 years of success, the company has significantly expanded its portfolio, which now includes 18 active properties—15 in Serbia and 3 in Montenegro. By setting new standards for shopping centers and mixed-use assets, BIG CEE has played a pivotal role in attracting the international investors and reputable global brands, positioning the region as a prime destination for foreign investment and economic growth.

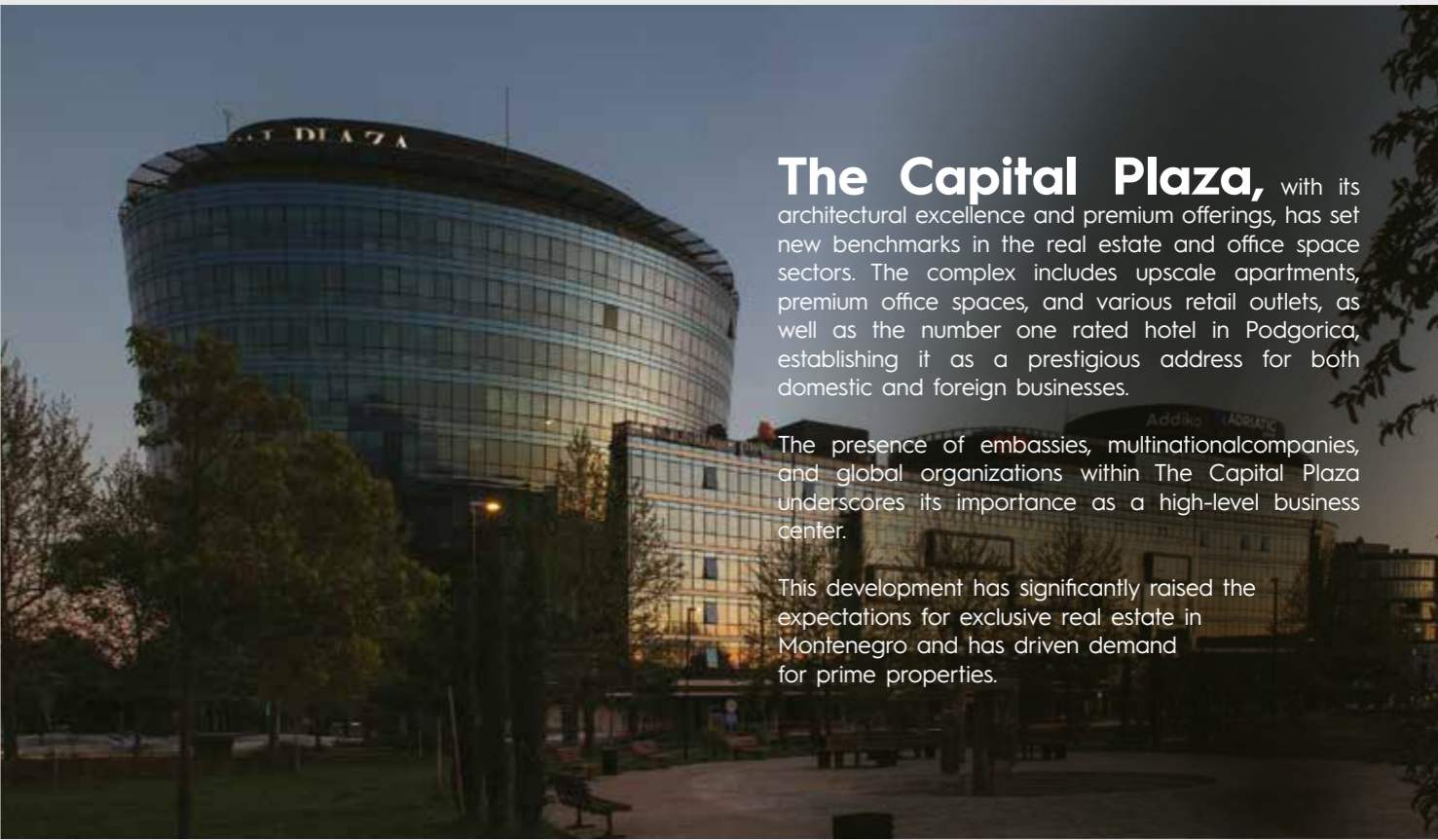


When discussing the fastest-growing markets in tourism and the economy, Montenegro plays a significant role. This vibrant country stands out as one of the most dynamic locations for investment, further highlighting the complementarity between BIG CEE's operations and the potential that Montenegro offers. In this context, BIG CEE is experiencing robust growth at the regional level, creating a synergy that enriches the narrative and provides readers with a broader perspective on the development of the company's business.



In Montenegro, BIG CEE's presence is marked by two key assets in Podgorica: BIG Fashion and The Capital Plaza. These properties not only lead in the retail and business sectors but also hold dominant positions in their respective fields. Their success in attracting both domestic and foreign brands has significantly contributed to the development of Podgorica's business climate. As drivers of economic growth, BIG centers have created numerous job opportunities, increased consumer spending, and stimulated the development of local infrastructure, further enhancing the overall economic ecosystem in the city. Since BIG CEE entered the Montenegrin market, significant investments have been made to develop and upgrade these assets. Moreover, the long-anticipated extension of BIG Fashion Podgorica is set to commence soon, marking a new chapter in the company's expansion.

**BIG Fashion Podgorica** stands out as more than just a shopping center. It has become a hub of community engagement, merging retail with cultural and entertainment offerings. With its brand diversion, alongside events such as fashion shows and food festivals, the center provides a vibrant atmosphere that resonates with both residents and tourists. By enriching the social and economic fabric of Podgorica, BIG Fashion has become an essential part of the city's everyday life.



**The Capital Plaza**, with its architectural excellence and premium offerings, has set new benchmarks in the real estate and office space sectors. The complex includes upscale apartments, premium office spaces, and various retail outlets, as well as the number one rated hotel in Podgorica, establishing it as a prestigious address for both domestic and foreign businesses.

The presence of embassies, multinational companies, and global organizations within The Capital Plaza underscores its importance as a high-level business center.

This development has significantly raised the expectations for exclusive real estate in Montenegro and has driven demand for prime properties.

The impact of BIG CEE's investments in Montenegro extends beyond economic growth. Through the creation of jobs and the attraction of tourists and investors, the company's assets are integral to the long-term, sustainable development of the local economy. BIG Fashion Podgorica and The Capital Plaza have not only transformed Podgorica's retail and business landscapes but have also reinforced the city's position as an attractive destination for global investors.

Building on its success, BIG CEE plans to continue its expansion in Montenegro with new developments in Nikšić and Radanovići. These upcoming projects will further strengthen the company's footprint in the country, creating additional job opportunities and enhancing the retail landscape. Through its commitment to sustainable growth and community-driven initiatives, BIG CEE is setting the stage for a prosperous future, fostering innovation and economic development in the region.







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# Stability & Reform Lead to Success



**With continued political commitment and strategic planning, Montenegro is well-positioned to achieve sustainable growth and advance towards EU membership**

Montenegro has made significant strides in terms of economic development and alignment with EU standards, though challenges remain in maintaining stability and momentum across several fronts. The country has shown a strong commitment to the EU accession process, but success in this endeavour requires a more cohesive approach and consistent efforts. Montenegro's progress in the EU accession process accelerated notably with the 2020 adoption of the new EU enlargement methodology. This framework introduced stricter criteria, with a focus on the rule of law, anti-corruption measures and the protection of human rights. The European Commission's positive 2024 report (IBAR) recognised the progress achieved by Montenegro in meeting key benchmarks, but it also emphasised the need for further efforts in judicial reform, developing administrative capacities to apply the EU acquis and establishing a functioning market economy.

Montenegro's economy remains heavily dependent on tourism, which has experienced growth over the past three years. Tourism is expected to continue contributing significantly to the country's GDP this year.

In its efforts to further strengthen Montenegro's economy, the government has recognised the need to accelerate its diversification, particularly through the development of the IT sector, as well as energy and agriculture, with a special focus on the digital transformation process.

As part of its macroeconomic reforms, the government has taken steps to stabilise public finances and control inflation, while also reducing burdens on payroll contributions.

Following the EU Accession Programme for the 2024-2027 period, the government will focus on adopting and implementing key legislation in the areas of justice, the labour market and environmental management. These reforms are aimed at aligning Montenegro with EU standards and improving the business environment to better attract investment.

A recent OECD report praised Montenegro's progress in achieving fiscal stability, highlighting the importance of continuing to implement key development projects. It called for particular emphasis to be placed on further economic diversification, strengthening infrastructure capacities and making significant strides in green and digital transitions.

FDI remains one of the key components of Montenegro's economic development. Total FDI inflows over the first eight months of 2024 reached €575.2 million, reflecting investor confidence in the country.

Achieving the goals set out in EU accession negotiations should lead to better utilisation of Montenegro's economic and investment potential. The key priorities on this path should include political stability and transparency, but also the inclusion of the business sector in decision-making processes.

Montenegro's path to full EU membership requires the government to remain focused on implementing reforms, upholding transparency principles and creating a favourable business environment

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# Helping Unlock Montenegro's Full Potential

MFIC can play a key role in preparing Montenegro to navigate both current and future global challenges, turning them into opportunities



## VISION

Our MFIC vision is for Montenegro to become the most advanced and competitive economy in the SEE region, where investors and talented people achieve their goals together

## PRIORITIES

MFIC prioritises clear regulations and the digital transformation of public services to improve efficiency and create a more investor-friendly environment

## DEVELOPMENT

We are moving from a purely lobbyist organisation to becoming a real investment catalyst for the country, as well as a networker and thought leader

Many international and domestic factors have been impacting Montenegro's business climate, influencing foreign investment inflows and economic growth generally. At the international level, factors like geopolitical risks, fluctuations in commodity prices and global financial trends impact investor sentiment and appetite. Despite this, Mediterranean growth prospects continue to be positive.

Indeed, the drop in FDI inflows in 2023, followed by stagnation in 2024, reflects growing concerns among foreign investors, says MFIC President Tamás Kamarási, who is also CEO of Crnogorska Komercijalna Banka (CKB). However, he notes, "while the Mediterranean region is still seen as a promising area for growth, geopolitical instability remains a significant challenge".

Domestically, Montenegro faces several structural challenges, including underdeveloped physical and IT infrastructure, a still-complex regulatory framework and public administration inefficiencies. Frequent political changes can slow down necessary reforms, thus hindering long-term progress. However, Montenegro's small size can also be an advantage—provided there is strong political will, changes can be implemented quickly, adds Kamarási.

Positive developments, like the prospects of EU integration, offer encouraging steps forward. Stability, predictability and transparency remain critical to attracting FDI. "The Government and the business community must work closely to address these challenges and unlock Montenegro's full potential. MFIC remains - as it has for the past 15 years - a committed partner in these efforts, supporting the harmonising of business interests and policy reforms," concludes our interlocutor.

**How capable is the Government of Montenegro when it comes to responding to these challenges, and how successfully is it doing so?**

— The Government of Montenegro has made visible progress in responding to these challenges, and I have no doubt about the good intentions behind their efforts. However, a sustainable and consistent strategic approach remains a significant challenge. We recognise signs of the development of a merit-based culture in key positions. However, the most important question is how this can cascade down to the operational levels of public administration, because that determines the capability at the end of the day. So, the Government must focus on adopting a long-term and sustainable approach that ensures sufficient dialogue with the private sector. No matter the circumstances at the local level, straightforward and transparent dialogue with the private sector must remain the priority.

Our MFIC vision is for Montenegro to become the most advanced and competitive economy in the SEE region, where investors and talented people achieve their goals together. Achieving this vision is only possible through strong collaboration between the Government, the business community and other stakeholders. It's essential that we work together to overcome these challenges and create an environment that's predictable and supportive of sustainable growth.

**The Ease of Doing Business Index in Montenegro has shown a deterioration in the business climate across various sectors over the past two years. From the perspective of the business community represented by MFIC, what are the most important prerequisites for the continued successful operation of the Montenegrin economy?**

— The Ease of Doing Business Index is a valuable indicator of a country's business environment. From MFIC's perspective, several key priorities must be addressed to improve the business climate. While infrastructure development (airports, ports, roads, railways etc.) is already a Government priority, we see other pressing areas. First of all, businesses

require clear and transparent regulations, so it is essential to enhance the efficiency and predictability of the legal and regulatory framework.

Moreover, we expect significant progress in the digital transformation of public services, which can reduce existing bureaucratic barriers. Streamlining administrative procedures through digital solutions is a crucial step towards creating a more efficient and investor-friendly environment. Workforce development is a critical area that cannot be overlooked. Aligning educational programmes with the needs of the market and investing in skill development will help create a competitive labour force that can attract and retain foreign investors.

Finally, the inclusion of foreign investors and the broader business community in the decision-making process is crucial. We've embedded this principle into our methodology, which was implemented in the 2023 White Book for the very first time. This ensures that the voices of key stakeholders are heard and reflected in the recommendations provided.

**How open to suggestions from the business community is the Government of Montenegro?**

— Many longstanding challenges in Montenegro's business environment have taken on new dimensions due to current global and domestic circumstances. I must say that the Government is receptive to feedback from the business community, though there is always room for improvement. The challenge remains in the practical implementation of these recommendations among investors. We still have a lot of work to do together to ensure that the developments proposed by investors receive the appropriate attention and that concrete resources are allocated for their implementation.

I would use this opportunity to note that we are aware that MFIC plays a vital role in facilitating essential dialogue between decision makers and foreign investors. That's why we launched the MFIC Talks platform, where we engage in discussions with representatives of



the Government and other institutions on the most important issues for the entire business community. We are pleased that this concept has been accepted and recognised as useful by both sides.

**Starting this year, the White Book will be published in November. This enables the Government to consider recommendations in a timely manner and to incorporate them and the analyses of foreign investors into its work programme. What progress can be realistically expected?**

— The shift in timing for the release of the White Book is an important advance. It allows the Government to take a more proactive and strategic approach, which will improve alignment between policy planning and the needs of the business community. We expect incremental improvements; small steps and progress, particularly in areas like the digitalisation of public services, regulatory simplification and labour market reform. The success of these initiatives depends largely on the Government's capacity to prioritise these issues and ensure their implementation within a realistic timeframe. As I mentioned, these are small developments, but ones that would send very positive and strong feedback to the business community, confirming that our suggestions are taken seriously.

**Along with expected changes to the business environment, you have also initiated the development of a strategy to contribute to improving the efficiency of the work of your association. In practical terms, what does this mean for MFIC's daily operations?**

— The development of our Strategy is aimed at strengthening our ability to serve our member companies and contribute to the broader business environment. MFIC is committed to supporting Montenegro's economic progress by leveraging our members' significant corporate governance experience and global business practices. Through our advocacy and initiatives, this Strategy provides guidelines for MFIC to be a vital partner to both the public administration and the private sector in advancing the country's growth and EU integration.



In practical terms, this Strategy reinforces our role in supporting structural reforms through key initiatives like the White Book, which outlines necessary improvements to the business environment. We are launching four new committees focused on critical areas of Montenegro's development (Talent and Human Capital Committee; IT, Economic and Infrastructural Development Committee; Rule of Law and Taxation Committee; Green Economy Transition (ESG) Committee), where industry leaders collaborate to offer expert insights and solutions.

We are consciously expanding our value proposition, moving from a purely lobbyist organisation to becoming a real investment catalyst for the country, as well as a networker and thought leader. We are additionally enhancing our digital presence with a new website and organising collaboration events (MFIC Talks) to strengthen ties between our members and foster relationships with the private, public and non-profit sectors. We also plan to build stronger relations with EU mission representatives and other diplomatic corps, while energising our community.

**What is your vision for a Montenegro that's able to cope with growing international challenges, and how can the resources at MFIC's disposal prove useful in creating public policies?**

— I'm confident that Montenegro has the potential to navigate growing international

challenges successfully. At MFIC, our mission is to catalyse the economic development of Montenegro by creating a business environment that's attractive for both investors and talented people. This aligns with my personal vision: of Montenegro becoming a resilient, innovative and sustainable economy capable of adapting to global changes. I believe the country has the potential to be a model of long-term economic stability, provided decision-makers focus on critical advancements in infrastructure, digital transformation and the green transition. These are essential to maintaining competitiveness on the international stage.

MFIC can play a key role in preparing Montenegro to navigate both current and future global challenges, turning them into opportunities. Let me emphasise that our members bring international governance practices and proven innovations from other countries, offering these resources in two key ways: consultation and active participation. The challenges we encounter often highlight opportunities for improvement, which we communicate to the Government consistently. I am quite convinced that these recommendations are perceived as constructive input for growth. Moreover, we are ready to participate actively in the creation of public policies by employing our best experts across various economic sectors. These experts can contribute directly to policy development, offering valuable insights and solutions for the country's future.

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# Positioning Montenegro to Compete Regionally and Globally



Montenegro's approach, to economic development – centred around tourism, ICT, agriculture, energy and SMEs, and coupled with strategic government measures – promotes long-term stability and growth ~ Nik Gjeloshaj

## BREAKTHROUGH

After receiving the IBAR, Montenegro is most likely to close several negotiation chapters by year's end, including chapters 7, 10, 20 and 31

## PRO-BUSINESS

We have adopted pro-business policies and streamlined regulations to foster sustainable domestic production and attract foreign investment

## BALANCE

Despite progress, Montenegro's coastal regions continue to outpace its northern regions in terms of growth, with ongoing efforts required to balance development

The prerequisites for Montenegro's political and economic stability are multidimensional. Politically, the country must have a strong governance framework, a transparent and accountable political system and a commitment to the rule of law. Speaking in this interview, Deputy PM and Economic Development Minister Nik Gjeloshaj outlines the Montenegrin government's key initiatives.

"Our primary strategic economic goal is to achieve smart, sustainable and inclusive economic growth that improves quality of life for all our citizens. In this regard, economic policies are focused on several key areas: diversifying economic activities and increasing competitiveness, strengthening our economy's resilience against external shocks, ensuring macroeconomic and fiscal stability and improving the business environment," says our interlocutor.

These growth prospects are further supported by the country's commitment to fulfilling the EU accession agenda. As he notes, "for small economies like ours, economic integration within the region and with the EU is crucial to improving living standards. Seamless access to larger markets allows companies across the Western Balkans to achieve the necessary economies of scale to be competitive. By offering an integrated market, Montenegro can attract high-quality foreign direct investments."

In this regard, explains our interlocutor, Montenegro actively promotes regional cooperation by participating in more than 30 regional initiatives and platforms. "Our role in chairing regional mechanisms contributes to positioning our country and the region's economies on the European map through the continuous improvement of constructive regional dialogue, the promotion of common values based on European principles and standards, and project-oriented cooperation aimed at comprehensive reform across the Western Balkans."



He adds that the Montenegrin government is committed to enhancing regional cooperation through the implementation of the Action Plan for the Common Regional Market (CRM), CEFTA 2006 and the new Action Plan for the Common Regional Market for the 2025-2028 period, which defines key regional measures that enable a better business environment in the region and a higher level of competitiveness through digital transformation mechanisms. Montenegro supports enhanced intra-regional trade within the Western Balkans, improved customs cooperation between the Western Balkans and the EU, and the modernisation of border crossings. These instruments are vital to accelerating economic convergence with the EU and nurturing good neighbourly relations in the region.

He notes that green corridors are fully recognised as a means of facilitating transport and trade within the region and between the region and the EU, particularly in terms of customs cooperation, data exchange, risk assessment, the alignment of working hours and the modernisation of infrastructure, equipment and IT systems at border crossings, with the aim of reducing formalities and waiting times for goods to be cleared by customs.

"The new EU initiative of the Growth Plan for the Western Balkans plays a crucial role in accelerating the enlargement process and boosting economic growth around the region. Through the Growth Plan, Montenegro has prepared a set of reforms that will focus, among other things, on building new schools and infrastructure (roads), increasing youth employment and digitalising public services," says Gjeloshaj.

"The European Commission has adopted reform agendas for five Western Balkan countries, marking a crucial step in unlocking six billion euros from the EU Reform and Growth Fund. These reforms are essential for aligning the economies of the Western Balkans with the EU's Single Market, providing businesses in these countries with the tools required to compete effectively. The adopted agendas focus on key areas like the rule of law, governance, digital and green transitions, human capital development and improving the business environment," he concludes.

### How would you evaluate overall macroeconomic stability and the conditions for foreign investment in Montenegro?

— Montenegro has made significant progress in terms of achieving macroeconomic stability. This is evident in our steady GDP growth, controlled inflation rates and improved standard of living for our citizens. Despite being a small, open and import-dependent economy with limited diversification, we have focused on several key sectors in an effort to drive our economic development.

To foster sustainable domestic production and encourage foreign investments, we have adopted pro-business policies and streamlined regulatory frameworks that create an environment conducive to investment. Our geostrategic location and EU membership candidacy further enhance our attractiveness among foreign investors. Alignment with EU standards is not just an administrative task, but





a key factor in attracting foreign investments. Investors seek stability, predictability and a favourable business environment, and Montenegro is continuously harmonising with EU norms as part of the EU integration process.

I would like to highlight that receiving the IBAR is a direct signal that Montenegro has made significant strides in important areas and can continue with the process of aligning with EU laws and standards in preparation for accession by 2028. Receiving the IBAR also paved the way to close other chapters in which Montenegro has met the final benchmarks. In this context, Montenegro is ready to close several negotiation chapters by the end of the year. The chapters that are closest to being closed are Chapter 7 – Intellectual Property Law, Chapter 10 – Information Society and Media, Chapter 20 – Entrepreneurship and Industrial Policy, and Chapter 31 – Foreign, Security and Defence Policy.

Montenegro's legal framework for investment remains clear, comprehensive and conducive to both foreign and domestic business operations. We have consolidated our investment promotion agency structure and strategy over recent years, exemplified by the Montenegro Investment Agency (MIA), a government-funded, autonomous public agency. The MIA is tasked with promoting and facilitating investment, realising public-private

partnership projects, promoting innovation and providing investors with comprehensive information on business registration.

In 2022, in cooperation with the World Bank Group, the Montenegrin Ministry of Economic Development developed a comprehensive Investment Incentives Inventory to help catalogue and navigate the various incentives on offer. This has been instrumental in supporting digital transformation and attracting investments in innovative solutions that enhance production processes and living conditions.

I would also like to highlight the fact that Montenegro is the first Western Balkan country to have submitted a formal request to join the Single Euro Payments Area (SEPA) and that we will become a SEPA member on 1st January 2025, marking a key step towards the further development and integration of Montenegro's financial system into the European economic and market space. Montenegro's membership in SEPA will bring numerous benefits to Montenegrin citizens and the economy, including significantly reduced costs, shorter transaction times and simplified cross-border payments on the European market. More efficient cash flow management, simplified international business operations and the creating of new opportunities for trade and

investment are just some of the benefits of joining SEPA.

Furthermore, broader regional alignment of investment policies and coordinated investment promotion in the Western Balkan region, particularly in promising value chains, hold significant potential for the economies of the region when it comes to attracting FDI. This involves not only promoting the region as an attractive destination for investors, but also creating a regulatory framework that supports investments and ensures equal treatment for all investors.

In summary, while there are ongoing challenges, such as the need for further structural reforms, the Government of Montenegro is creating a stable macroeconomic environment and favourable conditions for foreign investment. Our efforts are geared towards building a diversified, resilient and competitive economy that can grow sustainably and attract high-quality investments.

**What do you consider as the key drivers of the country's economic development, and what crucial measures has the government taken to ensure the smooth functioning of the economy?**

— Montenegro's economic development is driven primarily by its strong tourism sector, which contributes significantly to the country's

GDP by attracting investments in the hospitality sector. The government has recognised the importance of sustainable tourism and has implemented tailored subsidies, educational workshops, certification programmes and international networking to promote sustainable destination management.

In addition to tourism, the ICT sector stands out as a key driver thanks to its remarkable resilience and rapid growth. The government's focus on building a digital, smart and green economy is evident through continuous support programmes that encourage competitive business solutions and export diversification.

The agricultural sector also plays a vital role, with the government having significantly increased subsidies and budget allocations to integrate agriculture with tourism and support the manufacturing industry and crafts. This integration helps improve the overall competitiveness of the economy.

Energy sector initiatives are another crucial component, where efforts are being exerted to increase green production capacities, improve energy efficiency and enhance infrastructural connectivity with neighbouring countries. These measures are intended to create more sustainable and interconnected energy infrastructure.

Our efforts have been focused on reducing trade barriers, improving market access and aligning our trade policies with EU standards. The government has also been proactive in supporting entrepreneurship and SMEs, recognising their importance to boosting the national economy's competitiveness.

Through programmes designed to stimulate new business ventures and strengthen existing ones, there is a focus on fostering economic activity and enhancing the competitiveness of domestic products and services. The Ministry of Economic Development has been instrumental in creating and implementing these support programmes, which include financial and non-financial assistance aimed at fostering innovation and competitiveness on the domestic market and internationally.

In the industrial sector, we have implemented policies to increase competitiveness and innovation. By harmonising our industrial standards with those of the EU, we are working to ensure that Montenegrin products

meet standards of quality, fostering greater regional economic integration. In this regard, the Government of Montenegro has adopted its Industrial Policy for the 2024-28 period as a comprehensive strategic document aimed at further enhancing and strengthening the competitiveness of industry.

The new Industrial Policy is focused on digital transformation and improving the innovative performance of companies, as well as their transition to green and sustainable business practices. This will improve the competitiveness of Montenegrin industry, enabling faster integration with the European single market.

Financial and technical support is provided for sustainable investments linked to productivity, innovation, decarbonisation and gender equality, with institutions like the Innovation

stimulating economic growth in previously less developed regions.

Montenegro has also taken significant strides in regional connectivity through its bilateral cooperation with neighbouring countries. These collaborations have led to the establishment and modernisation of key rail and road border crossing points, further integrating Montenegro into the regional transport network and facilitating smoother cross-border trade and travel.

Advanced customs procedures and technologies aimed at simplifying processes and improving efficiency at our borders remain a key goal. These reforms are essential to easing trade and ensuring compliance with EU regulations.

The expansion of Green Corridors within CEFTA and with the EU is one of the most

Montenegro's reforms linked to the EU's Growth Plan for the Western Balkans aim to accelerate enlargement by improving infrastructure, youth employment and digital public services

Fund and Investment Development Fund of Montenegro offering investors favourable credit lines.

**To what extent have infrastructure and other investments succeeded in bridging the development gap within the country?**

— Infrastructure investments have played a major role in reducing the development gap within Montenegro, particularly between the more developed coastal regions and the less developed northern areas. The government's strategic focus on improving transport infrastructure has significantly enhanced internal and regional connectivity. Montenegro boasts the highest road infrastructure density in the region, averaging 72.6 km per 100 km<sup>2</sup>, which has been a key factor in facilitating economic activities and improving access to remote areas. Moreover, construction of the Bar-Boljare highway is a project that has vastly improved connectivity and accessibility,

successful regional initiatives, contributing to the acceleration of customs procedures and reducing waiting times at borders. In 2023, we managed to extend the coverage of Green Corridors to the border between Montenegro and North Macedonia.

Investments in energy infrastructure, particularly renewable energy projects, have been equally critical in advancing development across the country. These initiatives not only contribute to a more sustainable energy supply, but also support economic activities by providing reliable and affordable energy to various sectors.

Despite these advances, disparities between Montenegro's different regions persist. The coastal areas, with their well-developed tourism infrastructure, continue to experience more rapid growth compared to northern regions. Continuous efforts are required to address these imbalances and ensure that all parts of the country benefit equally from development initiatives.



An aerial photograph of a river winding through a mountainous landscape. The river flows from the top left towards the bottom right, curving around a large, rocky, forested peak in the center. The surrounding terrain is covered in dense green forest, with some open grassy areas. In the background, more mountain ranges are visible under a clear sky. The overall scene is vibrant and scenic.

# MFIC MISSION

MFIC catalyses the economic development of Montenegro by fostering an attractive business environment for investors and talent



# Good News for Citizens and Investors

The macroeconomic environment is stable, with growth exceeding expectations. And we aim to improve living standards and the investment environment by reforming tax and fiscal policies



## SUSTAINABILITY

The Development Bank will focus on responsible and sustainable operations, as the IRF has done to date, with the footnote that the aim isn't to maximise profit, but to achieve a clear development goal

## ATTRACTIVENESS

Montenegro is becoming the country with the lowest taxes on employee earnings in Europe, which provides a strong indicator to investors that the country's investment environment has advanced

## CONCERN

Some employers still use the model of partial cash-in-hand salary payments, which leads to tax evasion

Montenegro has a stable financial position, with the continuous collection of budget revenues, which exceeded the planned amount for the first seven months of 2024 by as much as 95.5 million euros, while they are almost 125 million euros, or 8.6%, higher compared to the same period of last year.

This isn't the only piece of good news that we received from Montenegrin Minister of Finance Novica Vuković in this interview. Specifically, increases in collection were recorded in almost all budget revenue categories during the observed period, both in relation to planned amounts and in relation to last year's totals, while preliminary data available on revenue collection up to the end of August indicate the continuation of these positive trends.

Credit rating agency Standard & Poor's (S&P) increased Montenegro's credit rating in August 2024 from "B" to "B+", with a stable outlook, which represents confirmation of the success of the Government of Montenegro's economic policy, particularly given that this is the second consecutive credit rating increase in just the last 10 months.

Supporting Montenegro's rating are its strong growth prospects, the long-term benefits of structural reforms linked to the EU accession process, and the relatively low costs of servicing debt. "This will impact on increasing Montenegro's attractiveness as an investment destination and improving its negotiating position in the EU accession process, as the country's most important foreign policy objective," explains our interlocutor.

**What are the main reasons behind the adoption of the new "Europe Now 2" programme, and how will you use it to address the suggestions of international financial institutions and experts with regard to the first package?**

— The main reason for the new "Europe Now 2" programme's adoption is the Montenegrin



The government aims to improve citizens' living standards by increasing minimum and average wages

Government's strategic commitment to improve citizens' living standards, and to do so by reducing the burden of contributions for pension and disability insurance on employees from 15% to 10% and reducing the burden of contributions for pension and disability insurance on employers from 5.5% to 0%, while increasing the minimum wage to a monthly average of €700 (it will total €600 up to 5<sup>th</sup> level of education qualifications and €800 for education qualifications of level 6 and higher). The "Europe Now 2" programme has been proposed in a way that's acceptable to both employees who receive increased wages and employers who are able to reduce the tax burden on earnings while preserving their macroeconomic and fiscal stability.

Labour costs represent the biggest fixed expenditure for employers. Until 2021, wage taxation was based on a proportional tax burden, which stood at 39% for all wage levels,

representing a significant limiting factor when it came to increasing the minimum wage, but also of other employee wages. Meanwhile, Montenegro was also the only country in the region to have a proportional income tax rate of 9% and no tax-free part of earnings.

As a result of the high tax burden on labour, the "grey economy" was particularly prominent on the labour market, both through informal employment and partial cash-in-hand payments. Under such conditions, the state lost revenue through reduced payments of taxes and contributions, while employees lost out in particular – given that those employed informally were unable to exercise any right based on an employment contract, while in the case of partial cash-in-hand payments their earnings base for calculating taxes and contributions was lower than the real level, thus reducing their basic threshold for future pensions.



► Through the “Europe now 1” economic programme, a “non-taxable part of earnings” was introduced, as well as the progressive calculating of income tax through a higher rate on earnings exceeding €1,000 (basic gross income) and the revoking of the obligation to pay health insurance contributions. A consensus reached between social partners also resulted in the minimum wage being increased to €450.

And despite significant increases in “formal” employment, enabled through the “Europe Now 1” programme’s reduction of the tax burden on wages – as confirmed by official data on the collection of taxes and contributions that were up more than 50% in 2023 compared to 2021 (pension contribution collections totalled €343.7 million in 2021, €405.9 million in 2022 and €526.5 million in 2023), as well as record high employment figures in Montenegro for the previous year – some employers still use the model of partial cash-in-hand salary payments, which leads to tax evasion.

The 44<sup>th</sup> Government has made a strategic commitment to improve citizens’ standard of living and revoke barriers to doing business in an effort to improve the business and investment environment. It is also worth reminding readers that, as of 1<sup>st</sup> January 2024, Montenegro’s minimum monthly pension has been increased to 450 euros, while other pensions will be increased as of January 2025.

The government proposed a set of tax and fiscal policy reforms for its Fiscal Strategy, which imply, among other things, a significant increase in wages for all employees in the economy and a strong increase in citizens’ living standards. This measure has an additional impact in terms of reducing the grey economy’s presence on the labour market, given that so-called partial “cash-in-hand” salary payments are still noticeable, which reduces workers’ labour rights, but also associated public revenue.

Simultaneously, the tax burden on labour will be reduced for employers as a compromise measure with social partners, through reductions in allocations for pension and disability insurance contributions, from a total of 20.5% to 10%. Montenegro thereby becomes the country with the lowest taxes on employee earnings in Europe, which



The improvement of the country’s credit rating, as one of the key economic parameters, represents a strong indicator of the stability and progress that Montenegro has achieved, particularly in terms of fiscal policy and economic reforms

provides a strong indicator to investors that the country’s investment environment has advanced – considering that wage costs represent a large fixed expense for employers.

To ensure these reform measures will have a fiscally neutral effect, the Government has proposed amendments to the tax policy that compensate for lost revenues on the basis of reduced contributions, through an increase in the tax base and the struggle to combat the grey economy. Likewise, in order to avoid unjustified price hikes, the Government has adopted a decision that limits the margins on food and other basic goods at large retail outlets, which is a measure that will run until the end of January 2025 and will have effects that, I believe, will be felt by citizens.

#### How do you view the opportunities and risks of establishing the Development Bank of Montenegro?

— In accordance with Montenegro’s strategic development direction, as well as the need to diversify the Montenegrin economy and improve its competitiveness continuously, a need exists to further develop institutions and mechanisms that ease access to finance, both for private businesses and public companies, as well as local governments. This will be enabled, among other things, through the establishment of the Development Bank of Montenegro, which will serve segments of the market that commercial banks don’t serve adequately.

The Development Bank, as well as part of the Investment and Development Fund (IDF), will now have a key role to play in supporting strategic infrastructure and development projects and ensuring the inclusion of vulnerable groups, like youth, women and individual agricultural producers, in an effort to further motivate the inclusion of interested segments in the creation of additional economic value.

The Development Bank of Montenegro will represent one of the mechanisms for strengthening the Montenegrin economy’s competitiveness through easier access to the grants of EU funds, the creation of new financial instruments based on the example of development banks in the EU, and the strengthening of the export potential of Montenegrin companies. This new financing model will enable various financial instruments to

be offered that will provide users with more favourable conditions – lower interest rates, longer maturity periods, reduced requirements for collateral and similar benefits, with significant positive impacts on the economy and the improved allocation of resources.

The Development Bank of Montenegro will offer a new service in the form of export insurance against non-market risks, with the aim of supporting Montenegrin exports and increasing the competitiveness of companies on foreign markets, which is particularly important in the context of eliminating barriers and creating a unified regional market. Apart from this service, the development bank would also take on the role of an export credit agency, providing additional support to the Montenegrin economy, in accordance with the legal framework.

#### You recently took on the position of Chairman of the Board of Directors of the Centre of Excellence in Finance (CEF). What does this position mean for the country, and for you personally?

— For the Ministry of Finance, and myself as the head, it is certainly a pleasure and an obligation to chair the Board of Directors of this international organisation with a long-standing reputation. Specifically, the CEF, headquartered in Ljubljana, was founded in 2001 and serves as a regional centre for exchanges of knowledge and capacity building for public sector officials in the fields of managing public finances, central banking and managing reforms.

Montenegro took on the one-year chairmanship of this organisation at the annual meeting of the CEF Board of Directors, which was held in Chişinău on 13<sup>th</sup> June 2024.

Apart from continuous successful cooperation that contributes to our administrative capacity building, as well as the opportunity to intensify it further through the chairmanship and the design and implementation of joint initiatives, I believe that taking on the chairmanship of such a successful international organisation contributes to improving the position and reputation of our institution, but also that of the country at the international level.



## Treću godinu zaredom dobitnici priznanja

### NAJBOLJA BANKA U CRNOJ GORI

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# Forging a Sustainable Tourism Destination



Diversifying the tourism product and expanding the offer across the entire country, as well as beyond the peak season, represent the foundation blocks of our planning and strategic documents

## COOPERATION

All partners in the tourism value chain must remain committed to working together to not only meet tourist expectations, but exceed them – as well as advancing our tourism economy

## PLAN

The government intends to continuously advance the environment for foreign investment and advance economic transition towards EU membership

## RESILIENCE

I expect that digitalisation, alongside the green transition, will play a crucial role in strengthening the tourism industry's resilience against increasing challenges

Tourism is a key economic sector in Montenegro, accounting for a third of the country's GDP, but it is also vulnerable. Responding to the challenges we face is thus not the sole responsibility of a single ministry; it requires the collaboration of numerous stakeholders.

Montenegrin Tourism Minister Simonida Kordić says that it is only through joint efforts between the government and the private sector that the "weak spots" in the country's tourism offer can be addressed, making the country even more attractive. Moreover, in order to improve the tourism offer and align it with the needs and expectations of visitors, it is important to know how many tourists visit various destinations in the country, where they come from, and during which periods they visit. This allows the tourism industry to tailor its offers to different tourist profiles and, with the help of digital solutions, operate more efficiently.

"There is a direct link between transport and tourism that significantly influences the overall service quality expected by visitors to any destination. In this sense, we have established close cooperation with the Ministry of Transport and other relevant institutions to expand and improve both capacities and the first impressions of guests at points of entry to our country," says Kordić.

That's why one of her first meetings after taking office was with the Director of Montenegro Airports. "We discussed key initiatives to improve Montenegro's air connectivity and develop airport infrastructure.



We agreed on the need to actively negotiate with low-cost airlines to expand their flight network to Montenegro and thus improve connections with key European destinations," explains the minister.

She also notes the need for more efficient and secure border control procedures. "We have thus established more than satisfactory cooperation with the Police Directorate, to ensure the fast and safe flow of people, par-

ticularly during the summer season, when the majority of tourists arrive in Montenegro," Kordić points out.

### What are your specific plans for introducing digitalisation to the tourism sector?

— In line with modern trends and changes, it is to be expected that digitalisation, alongside the green transition, will play a crucial role in strengthening the tourism industry's resilience against numerous and increasingly complex challenges.

One model that we strongly advocate is the introduction of a unified, comprehensive system that would connect the tourism industry with other institutions, such as the Revenue Administration and the Interior Ministry. This would strengthen the fight against the grey economy, remove some existing business barriers, simplify guest registration, improve revenue from tourist taxes and enhance the control of tax payments and other obligations.

The importance of this project is significant, as the processing and analysis of statistical data provides the basis for better tourism development. This involves work not only at the national level, but also at the level of local communities, where the tourism product is formed.

On the other hand, the attractiveness of our offer is best presented through digital tools. Montenegro has a diverse range of products to offer tourists, and through the digitalisation that we envisage, this offer can be tailored to their needs and preferences.

We – and here I'm referring to all partners in the tourism value chain – must remain committed to working together to not only meet tourist expectations, but exceed them – to the satisfaction of our visitors and the benefit of our population and the tourism industry.

### What elements should be incorporated into the new tourism development

We advocate the introduction of a unified system connecting the tourism sector with various institutions in order to combat the grey economy, simplify guest registration and improve revenue collection from tourist taxes



► **strategy to ensure that Montenegro keeps pace with the major changes happening in this industry?**

— The current Tourism Strategy expires next year, and we are already planning to engage relevant experts at the end of 2025 to work with the Ministry on a new document that will be harmonised with European practices and the needs of the domestic market.

The new strategy will focus on preserving natural, cultural and other authentic resources, which form the basis for developing a year-round, diversified tourism offer. This will include sports, recreation, adventure, rural development, health tourism and more, meeting the growing demand of modern tourists for breaks in nature, at small hospitality establishments, family-run businesses, as well as high-quality modern accommodation. It is in these areas that Montenegro's greatest tourism development potential lies.

Additionally, by developing destination management, we can be on the right track to better positioning Montenegro on the world tourism map.

**What are your plans to extend tourist stays and increase local spending?**

— Our goal is for Montenegro to be a sustainable tourist destination with what we call a "365-day offer". Therefore, the diversification of the tourism product, spatially extending the offer across the entire country and temporally beyond the main season, forms the backbone of our plans, as outlined in our programme and strategic documents.

As a tourist destination, Montenegro is divided into eight tourism clusters, each with its own sociocultural, historical, traditional, natural and economic characteristics: Ulcinj with Ada Bojana, the Bar Riviera with Lake Skadar, the Budva Riviera, the Bay of Kotor, the Royal Capital Cetinje, the Capital City with the Central Region, Bjelasica, Komovi and Prokletije, and Durmitor and Sinjajevina with the rivers Tara and Piva.

By connecting these areas, we create a unique and distinctive tourism product and authentic experience – something that's sought by today's tourists, particularly those coming from distant markets.

The south and north of our country are



not two separate entities; they are complementary, and we must draw benefits from that.

If we jointly manage to create a year-round tourism product, it is quite certain that this will also be the foundation for increasing local spending, as tourism contributes significantly to the development of nearly all other economic sectors.

**What steps are you taking to support entrepreneurship and innovative initiatives in the tourism industry,**

Investments in tourism are crucial, and we work with the Competitiveness Council and the Foreign Investors Council to remove business barriers

**particularly regarding sustainable development and new technologies?**

— Entrepreneurship, with a focus on young people and women, as well as family businesses, is of particular importance to Montenegro's tourism sector, as part of our industry is based on the work of micro companies and SMEs. In this regard, the Ministry of Tourism has been preparing and implementing annual programmes of incentive measures for tourism for several years now. The programme is applied through public calls for projects, and the Ministry provides financial assistance if the projects meet certain criteria.

As in previous years, this year's Programme of Incentive Measures in Tourism promotes, among other things, the organisation of numerous events and festivals, contributes to improving the offer and raising the quality of services in rural and MICE tourism, and supports the development of innovative services in cultural, health, sports and other forms of tourism. The ultimate goal of the programme is to improve the offer, extend the tourist season and accelerate the development of the northern region of Montenegro. Among other things, this en-

sure proper destination management, the preservation of cultural and historical heritage, and adherence to principles and standards related to environmental protection.

When it comes to innovation and new technologies, it is also worth mentioning that Montenegro is the first non-EU country to adopt a Smart Specialisation Strategy for 2019-2024, in which "Sustainable and Health Tourism" is one of the four key development segments, further contributing to the diversification of the tourism product while respecting sustainability principles.

**How do you plan to continue cooperation with Montenegro's largest investors in tourism?**

— Our business environment is a focus of attention and effort from all decision-makers. The importance of tourism investments is indisputable, particularly in light of global geopolitical and economic developments.

In this regard, we work closely with the Competitiveness Council and the Foreign Investors Council in monitoring activities aimed at removing barriers to successful business operations. It is especially important to maintain a good relationship between investors, the relevant ministries and the Government's General Secretariat, in order to maintain a relatively satisfactory situation, as evidenced by Montenegro's improved ratings among reputable international credit agencies. We are therefore open to cooperation not only with the largest investors, but with all of them, so that we can together build a high-quality tourism product for Montenegro.

Tourism is the most significant economic sector in Montenegro, directly generating a third of the country's GDP, with an even greater indirect contribution. Montenegro's goal, and that of its society as a whole, is to become a full EU member as soon as possible, thus completing its integration framework and laying the foundation for long-term development based on the standards and values of modern democracies.

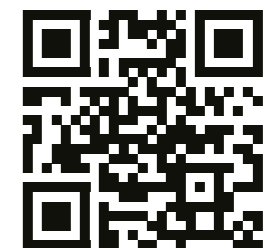
In this context, the Montenegrin government intends to continuously advance the environment for foreign investment and, through a form of "economic transition", make strides towards EU membership.

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BEAUTY AND TRANQUILITY AWAITS...



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# Demonstrating Seriousness and Commitment

Montenegro represents a driving force for European integration in the region, which is crucial for establishing economic, political and security stability—a key principle of the EU for political stability, security and economic development across the Balkans



## CONSISTENCY

Montenegro is the only country that has opened all negotiation chapters and has aligned its policies with the EU's Common Foreign and Security Policy from the very beginning

## CHALLENGE

A realistic challenge on the path to the EU is strengthening the country's capacity to implement the EU acquis and preparing its administration to function within the EU

## MERIT

The geopolitical context has brought enlargement policy back into focus, but the accession process has essentially been, and must remain, merit-based, and Montenegro has much reason to be proud

Even in times of crisis and internal consolidation, the EU has shown that enlargement remains its priority and a powerful foreign policy tool, as well as its soft power in the global order, says Predrag Zenović of the Montenegrin Ministry of European Affairs, who serves as Montenegro's Chief Negotiator with the EU. He explains that it is precisely thanks to Montenegro's commitment to the priority of integration, as well as the fact that the EU is a community of principles, values and standards, that a more demanding path to membership and a new approach to negotiations have been established.

"However, since the last EU enlargement in 2013, enough time has passed to allow us to analyse the reality of the EU and the direction of membership candidate countries. It has become clear that the EU's caution regarding the process stems both from a series of global crises and challenges, as well as from its own self-reflection, particularly on the political and legal foundations of the Union's functioning. As a result, the EU has had to change its mechanisms and strengthen the way it deals with these challenges, which is why enlargement has been less of a focus," explains Zenović. "Thus, the reality of the EU is very complex, but this has also prompted European leaders to seriously reconsider the enlargement process and the need to accelerate the accessions of Western Balkan countries. It is clear that a message of realistic enlargement prospects must come from Brussels, but candidate countries must also do their part. The geopolitical context has brought enlargement policy back into focus, but the accession process has essentially always been, and must remain, merit-based. Montenegro's administration has demonstrated its readiness, determination and courage in confronting the challenges, particularly by making progress in areas covered by chapters 23 and 24, which, according to the most recent IBAR report, cleared the way for Montenegro's further advancement on this path."



There is a lot of work ahead of us, but Montenegro has been in this process for a long time, so we have had time to map out our weaknesses and we now have the will to address them strategically

## How is Montenegro working to accelerate the integration process under the current circumstances, and what are realistic expectations from this process?

— The goal is not EU membership in itself, but rather achieving a European quality of life, which means that it is more important to bring Montenegro closer to European standards and raise the quality of life for Montenegrin citizens. The change in the accession process, specifically the focus on the rule of law and the better preparation of potential member states prior to joining the EU, certainly alters the timelines for enlargement, but also the goals of candidate countries. We are undoubtedly dealing with the most complex

accession process in history. In this context, it is clear that Montenegro needs to focus on the overall transformation of society, and particularly on the sustainability of its EU membership. We have shown that we are capable of responding to the EU's complex demands and are ready for the final phase of integration. As the process advances, there will certainly be a need for new specific knowledge and professional profiles, because closing chapters and completing the negotiation process does not mean the job is done. It is important to emphasise that establishing an efficient, responsible and transparent public administration is a process built throughout the entire accession journey. Administrative capacity is one of the basic conditions for EU





accession. However, we also have an internal need to build strong institutions and a professional workforce capable of dealing with the demands and challenges of the accession process, as well as post-accession obligations. Alongside regular and highly dynamic activities from the European agenda, we are working on reflecting and planning the strengthening of administrative capacities in all areas, which is currently the biggest challenge we face. There is a lot of work ahead of us, but Montenegro has been in this process for a long time, so we have had time to map out our weaknesses and we now have the will to address them strategically. We have already shown determination in this, and we have received a positive response from the European Commission, which justifies our belief that we are ready to become the next member state in 2028.

In its activities to date, Montenegro has demonstrated that it has strong institutions and many skilled and professional individuals, both in the public administration and other sectors, including the parliament, judiciary and civil society.

**How supportive of European integration are Montenegrin citizens today, and what factors have the greatest influence over public opinion and expectations?**

— The majority of citizens associate the EU with a “better life”. This is a key source of

support for European integration among Montenegrins, on the one hand, while on the other is the perhaps more important factor that Montenegro naturally feels like an integral part of Europe. Montenegrin citizens believe that the path their country should follow is firmly rooted in European values. Joining the EU will not resolve all of Montenegro’s problems, but the accession process itself will positively influence the establishment of a stable economic climate, increased FDI inflows and, consequently, more jobs and higher living standards. Montenegrin citizens have clearly demonstrated throughout this process that they want to be EU citizens and see the EU as their closest natural environment. Without this social consensus, we wouldn’t even be discussing the European agenda today.

**In which areas do you think Montenegro is best prepared for EU membership?**

— In terms of sectoral policies, we can certainly highlight chapters 25 (Science and Research) and 26 (Education and Culture), which have been provisionally closed, as well as Chapter 7 (Intellectual Property Law), Chapter 10 (Information Society and Media), Chapter 20 (Entrepreneurship and Industrial Policy) and Chapter 31 (Foreign, Security and Defence Policy). These are the chapters we have proposed to the European Commission for provisional closure. In order to achieve the goal of becoming the 28th member state by

2028, we face a period of intense work that must make up for lost time and address the upcoming challenges of the accession process.

**What open issues remain on the path to EU integration, and how do you think they can be resolved?**

— The priorities of the Montenegrin Government are framed by the rule of law, economic and political stability – as prerequisites for the overall development of society and the state. In this regard, the Government is strongly committed to achieving readiness to close all negotiation chapters by the end of its mandate. A realistic challenge on the path to the EU is strengthening the country’s capacity to implement the EU acquis and preparing its administration to function within the EU. We have already started working on this, primarily through strategic consideration of the need to strengthen administrative capacities across the EU acquis chapters and planning and implementing training for our civil servants to work in European institutions. This work is very complex and requires both time and financial support, but we are determined to give it our utmost attention, alongside the regular obligations arising from the process. The green and digital transitions will require both resources and time. Sectoral policies will have complex demands and adjustments won’t always be popular. That’s why the European integration process must involve all stakeholders in society if it is to be successful.

# Connecting The Region

## BRIDGING BUSINESS ACROSS ADRIA





# Reliable network for business success

Crnogorski Telekom is continuing its upward trajectory and has significant potential to maintain its leading position and achieve further long-term growth, says CEO Stjepan Udovičić with pride



**H**ow does a company remain at the top on a small market that has four operators? And how can the knowledge and experience of Deutsche Telekom Group be best leveraged? Here the CEO of Crnogorski Telekom reveals all of this and more, as we discuss the expansion of 4G, 5G, and fixed fibre-optic networks, investments, innovations and services that are always created to satisfy customer needs.

**Since October 2021, when you took the helm of the company, it has achieved growth in almost all business segments, along with excellent financial results. Congratulations! We believe that there were many challenges, but you've nonetheless succeeded...**

— I would avoid saying “I’ve succeeded”, as it implies a finality of activities. Crnogorski Telekom is still undergoing significant transformation – both technologically, where we are overhauling critical internal systems, and in terms of personnel, where we are witnessing a generational shift, with younger people taking the lead at the company. Despite macroeconomic challenges and market saturation, Telekom has maintained an upward trend for the third consecutive year, with significant potential for long-term leadership and continued growth in upcoming business cycles.



In terms of financial stability, Telekom saw revenue and operational profit growth in the first half of 2024 compared to the same period of last year, with a constant increase in EBITDA, affirming our discipline in cost management. Sustaining these results requires a favourable macroeconomic and institutional framework, along with a conducive market structure, which is not the case when you have four operators on a small market. A stable regulatory, tax and economic environment is crucial for us.

**The largest and fastest 5G and 4G mobile networks, gigabit fibre-optic internet, a new advanced TV platform and innovative digital solutions... are these the developments that have made Telekom the dominant player?**

— At Telekom, we aren't focused on market dominance, but on innovation and customer satisfaction. We are currently in the midst of a robust investment cycle, with a balanced focus on both fixed and mobile networks, innovation and the development of new, technologically-advanced services that meet the needs of our customers. Our unique advantage lies in our access to the knowledge and experience of Deutsche Telekom Group.

Our 5G signal coverage is around 84%, while 4G coverage stands at 97%, with 230 5G sites. This makes Telekom's mobile network the largest in Montenegro, and considering the country's geomorphological structure, any further adjustments are aimed at enhancing the infrastructure rather than indicating stagnation. Our benchmark is represented by developed EU countries, and our 5G coverage levels align with the most advanced EU nations, with comparable transmission speeds. The spectrum acquired in the 700 MHz, 3.6 GHz, and 26 GHz ranges – crucial for the expansion of 5G and the enhancement of 4G networks – including the spectrum freed up by the phasing out of obsolete 3G technology, ensures Telekom's leading position in the 5G and 4G network sectors over the coming years. The shutdown of 3G technology serves as a strong indicator of the development and reliability of Telekom's 5G and 4G networks in Montenegro, reflecting a trend that's followed by the most advanced telecommunications companies globally.

Of course, we are not neglecting the fixed network either: Telekom's priority remains expanding the fixed fibre-optic network, and

I can state proudly that we are on the verge of achieving our goal of covering around 70% of households across Montenegro with Telekom's fibre optic network.

**You offer services that the Montenegrin market has not yet experienced. Additionally, your company has been the market leader in customer satisfaction for six consecutive months, representing the best result achieved to date. Do customer needs drive your technological advancements?**

— We are focused on providing services that not only meet our customers' expectations, but exceed them. During the launch of VoLTE and VoWiFi technologies, or eTrust, these services were a novelty even at the European level. They are today standard in developed countries and are gradually being adopted by the local market. Our customers already have the unique opportunity to use the most advanced internet connection

ing in the network, platforms and customer experience in 2024.

Crnogorski Telekom is also the only telecoms provider in Montenegro to have been recognised by global customer review platform TrustPilot. In this regard, we are fully globally integrated and offer services to domestic and international customers at a level of quality that we believe is competitive globally.

**How would you assess the regulatory environment? Are there any particular challenges?**

— The regulator for the telecommunications industry in Montenegro employs a significant number of highly competent people, including excellent engineers, which we appreciate and support. Montenegro's regulatory environment largely relies on EU countries, including Croatia, as many solutions have been adopted with some sensible modifications. We also appreciate that our

With 5G coverage at 84% and 4G at 97%, supported by 230 5G sites, Crnogorski Telekom has the largest mobile network in the country

equipment, and we are keeping pace with the latest technological trends. WiFi 7 is the next generation on the horizon, which will deliver significant enhancements to the user experience, such as speeds of up to 200% faster on fibre networks, and I believe that, as always, we will be the first in the country to introduce these cutting-edge trends in equipment.

MagentaTV already holds a dominant position on the Montenegrin market in terms of technology and, with automatic updates to functionalities launched at the Deutsche Telekom Group level, it possesses significant potential for further improvement in the future. Our customers reward our investment-innovation focus, while a seamless customer experience has become a powerful brand component and part of the identity of Crnogorski Telekom. Our dedication to excellent service and advanced solutions is reflected in the €20 million we are invest-

suggestions and opinions regarding regulatory improvements are valued, and we strive to be a constructive partner in this regard.

One area that deserves special attention is the development of regulations concerning the sharing of our network and IT systems with operators from the EU. The EU is not just a political and economic union, but also a union of security and trust. If the EU is trusted in terms of sharing intelligence-operational data, then there should also be trust in its ability to professionally safeguard certain network and IT elements. This is the direction in which the EU is moving, and it is part of the common market. Therefore, when Montenegro joins the EU and allows the free movement of people, labour and capital, it will not be sustainable in the long term for local decisions to block the sharing of software and hardware systems within the EU, especially for groups like ours, which are international. Such local blocks, especially





from smaller countries, could result in technological lag (as the latest technologies are not introduced in these countries due to their reliance on certain Public Cloud technologies). We understand this is a complex and long-term process, and we will participate in it actively, consultatively and constructively.

Moreover, in the IT sector and other fields that require highly qualified professionals, where staff migration is commonplace, there are limited opportunities to showcase talent and achieve excellence. Our strategic goal is to establish a more favourable and stimulating working environment for employees, especially those who excel in their skills and abilities. However, given the current legal solutions in place, achieving this goal represents a significant challenge that requires considered labour law reform and adaptation to the specific needs of the labour market.

**Crnogorski Telekom has invested around €10 million in upgrading fibre optics and equipment over the past few years. What are your priorities for the future? Do you have the po-**

**tential, knowledge and boldness to achieve ambitious goals?**

— In addition to the company's aforementioned strategic guidelines, we are strongly focused on the welfare of the community. Telekom is already established as a company that invests significantly in the

Our dedication to excellent service and advanced solutions is evidenced by the 20 million euros that we're investing in the network, platforms and customer experience in 2024

ESG concept of sustainable business, which covers key factors in the areas of environmental protection, social responsibility and corporate governance.

Additionally, with the recent launch of the Magenta Home campaign, we are focusing on intensive education and the market positioning of a unique service in the Montenegrin telecommunications environment, aimed at the safety of children and young people online. It promotes constructive use and protects against malicious attacks. The next important segment relates to the growing need for comprehensive protection, especially for business users, given the continuous evolution of cyber threats.

Finally, Crnogorski Telekom doesn't forget its employees and shareholders, which is why we plan to develop the company's value through a long-term stable dividend policy.

As for Telekom as an employer, I would highlight that Deutsche Telekom, along with all its subsidiaries, including Crnogorski Telekom, has been awarded the "Leading Employers" certificate for the third consecutive year, and at the global level for the first time, for 2024-2025. We believe that our employees are our key resource for successful market competition.





# Growth Vision

**Over 470 million euros has so far been invested in the development, including key elements such as the hotel, marina and real estate. Near-term plans include the continued development of The Peaks neighbourhood, golf course and Centrale, says CEO Raphael Krucker**

Luštica Bay is quickly establishing itself as a cornerstone of Montenegro's luxury real estate and tourism sectors. With a focus on creating a vibrant community that offers a high-quality lifestyle, it is attracting international attention through strategic developments that integrate residential, commercial and leisure spaces. As one of the country's most significant investments, Luštica Bay is driving economic growth, creating jobs and boosting local industries. By fostering strong ties with Montenegrin suppliers and investing in community development, it is not only transforming the region, but also solidifying Montenegro's place on the map of prime luxury investment destinations.

## What is your strategic vision to drive Luštica Bay's growth in the coming years?

— The vision for Luštica Bay is very clear: we want to become the prime destination in the Adriatic region, a fantastic best-in-class place. By this we mean a year-round destination where people can live, work, enjoy life and have a strong sense of belonging to this place.

## The introduction of The Peaks golf residential collection and the strategic development of the golf course has swiftly propelled Luštica Bay into the global market of luxury real estate. How do you envisage the positioning of Luštica Bay as a prime destination and investment opportunity internationally?

— There's no question that Luštica Bay is unique. We have so much value to generate. We have a big land bank to develop – and we're just getting started. Our varied real estate portfolio



in four neighbourhoods – from apartments to townhouses, villas and now the golf residences – is improving the value that we're able to offer here at Luštica Bay even more.

Luštica Bay also continues to redefine Mediterranean living with the development of the country's very first golf course. To commemorate its visionary construction, Luštica Bay this summer proudly hosted its inaugural event, together with sporting legend and leading voice in golf course design, Gary Player, taking the symbolic first swing. The golf course joins Luštica Bay's newest and most luxurious development to date, The Peaks, while it represents a major investment in Montenegro's high-end real estate and tourism landscape. Conceived in such a way as to elevate this world-class destination while appealing to the growing interest in golf globally, this development sets a new standard of excellence in Montenegro and promises to attract both golfers and tourists on an international scale.

## What is the approximate financial level of the resources that have gone into the Luštica Bay project to date?

— So far, over 470 million euros has been invested in the development, including in key elements such as the hotel, marina and real estate. At the same time, essential infrastructure – roads, water and sewage systems, power supplies and telecommunications – have also been constructed.

## What plans are in place for future investments in the project's development?

— Near-term plans include the continued development of The Peaks neighbourhood and golf course and Centrale: the Luštica Bay town centre. Following the success of Marina Village, the new Horizon neighbourhood continues Luštica Bay's growth as its newest and most coveted residential community. Over the next 15 years, Luštica Bay's residential collection will provide more than 2,000 apartments and more than 300 luxury villas with sea views.

## One of the key elements of your strategy is the collaboration between Andermatt Swiss Alps, as a subsidiary company, and Luštica Bay. What do you see as the main potential of this joint development strategy?

— The principle of working together with other destinations within the scope of the Orascom Development Community is close to my heart. In this way, Andermatt can lead sometimes, while Luštica Bay will lead at other times, each reinforcing the other and learning from one another. This is one of our strengths. But it's not only about these two destinations, rather it relates to the entire universe of Orascom Development Holding – bringing the strengths of

## TOWN IN THE MAKING

Luštica Bay is today a place where over 400 families from over 40 countries feel like they belong. Once complete, the town will be home to:

- More than 6,000 residents
- More than 3,000 apartments
- Over 300 luxury villas with sea views
- Six more hotels (a total of seven, including The Chedi, which has already been established)
- The 4.9-km-long "Lungo Mare" promenade will connect the town with the glorious coastline, bays and beaches



all destinations to work together for the shared benefit of all our customers. In this first collaboration, we are introducing Luštica Bay to our customers and owners who have already bought into Andermatt – presenting a complementary destination that's very close in terms of logistics and values. I think this Adriatic destination in Montenegro offers the perfect balance to our Andermatt Alpine destination.

## Given the scale and economic significance of the Luštica Bay project, could you elaborate on the financial contributions and broader economic implications this development has had on Montenegro?

— The Luštica Bay project represents a major long-term investment, with the total investment expected to reach 1.6 billion euros by 2033. Its economic impact is substantial, contributing 755.1 million euros to Montenegro's GDP when considering direct, indirect and induced effects. This development is not just an isolat-

ed investment; it actively engages over 2,000 companies, 70% of which are local Montenegrin suppliers, thus further boosting the local economy.

Moreover, our contributions to the state's finances have been growing steadily. In 2023



alone, Luštica Bay paid 8.4 million euros into the national budget through VAT, taxes and other contributions. We expect these figures to



continue to rise as construction and development progress, demonstrating our long-term commitment to Montenegro's prosperity.

## Who are the residents of Luštica Bay?

— The aim is for Luštica Bay real estate owners to not only be property owners, but also members of the community – future neighbours, as well as business owners that leave a mark on the identity of this town in the making. The buyer pool comprises individuals and families of over 40 different nationalities, originating from the countries of the region, but also Western and Eastern Europe.

## What is the volume of project investments that benefit the local community directly?

— Luštica Bay is committed to creating long-term value for the local community through destination development, donations and sponsorships. Since the establishment of the company, Luštica Development has invested more than 2.5 million euros in various projects with beneficiary stakeholders identified within the local community and that aid in advancing fields like education, culture and sport. Moreover, through the engagement of local suppliers and partners, the company contributes directly to the growth of the economy, the tourism industry and the development of human capital: of the 609 employees in the town in the making that is Luštica Bay, within the company, 80% hail from Montenegro.

Luštica Bay has already transformed the demographic landscape of the Luštica Peninsula and the Municipality of Tivat. Given its impact, this project represents a key priority and is poised to accommodate Tivat's growing population, while driving tourism growth in both Tivat and across Montenegro as a whole.



# We Need Stability and Predictability



Photo by Dejan Kalesić

The basic prerequisites for sustainable growth in the period ahead are the stabilising of political conditions and the improving of the investment environment. The business community needs to be actively engaged in decision-making processes regarding economic policy

## INITIATIVE

State intervention is necessary to improve financing for the real sector. As many as 98% of surveyed companies supported the establishment of a guarantee fund

## IMPERATIVE

It is crucial that the business environment be as predictable and consistent as possible in the future

## CHALLENGES

Instability at the global level, as well as in our country, has led to a decline in the rating of the business environment from moderately favourable to moderately unfavourable

Following numerous challenges – from the pandemic and energy and food crises, to rampant inflation and the ongoing war in Ukraine – the global economy is experiencing a phase of mild recovery, with some developing countries achieving very good results by taking advantage of circumstances on the global market. The biggest geopolitical risk to recovery currently comes from the Middle East, where increased tensions could cause a significant rise in energy prices, which would ultimately cause global inflation to once again intensify.

Chamber of Commerce of Montenegro President Nina Drakić says that, despite unfavourable external factors, the Montenegrin economy continued its recovery in 2023, surpassing pre-pandemic levels in some segments. After last year's growth of 6%, which was among the highest in Europe, the country's recovery continued in the first quarter of 2024, reflected in a growth rate of 4.4%.

“Positive trends have also been recorded on the labour market, where the number of employees increased by 6.5% over the first five months of this year, while the unemployment rate fell to 12.1%. Additionally, the same period saw an 11.6% increase in retail trade turnover and a 9.7% increase in the value of net FDI,” says our interlocutor.

Due to the country's significant dependence on foreign goods, increased imports have been accompanied by a reduction in exports, leading to a 17% increase in the trade deficit, once again confirming the unfavourable structure of the Montenegrin economy, which still relies predominantly on tourism.

Preliminary forecasts indicate a slowdown in real economic growth, with projected 2024 growth rates of 3.4% (World Bank) and 3.7% (International Monetary Fund), while the Ministry of Finance expects a growth rate of 3.8%. Growth projections

are based on further growth in the tourism sector, continued high private consumption and the recovery of FDI.

“The basic prerequisites for sustainable growth in the coming period are the stabilisation of political conditions and the improvement of the investment environment, accompanied by structural reforms, i.e., the diversification of the economy, along with the intensive implementation of capital infrastructure projects,” says Dr Drakić.

**Considering political changes, how consistent and adapted to the needs of businesspeople is the economic policy that's been led by progressive governments of Montenegro?**

According to the expectations of businesspeople, conditions for doing business will be better and at a more satisfactory level in 2025 than they are currently

— Given that Montenegrin governments have changed four times since 2020, with the fifth being formed through the reconstructing of the previous one, it is challenging to maintain a high level of consistency in the implementing of economic policy. The issue isn't just programmatic differences of political parties, but also the relatively short periods that the administration, which has undergone significant changes, had to implement certain economic programmes/measures. Additionally, there have also been some changes in the institutional framework, which – regardless of whether they will prove positive or negative – require some adjustment time for both businesspeople and the administration.

**What do surveys and contacts with businesspeople tell you about how they evaluate the business climate?**

— In order to determine the state of the business climate and the expectations of the economy for the coming year, as well as to identify the biggest business barriers, the Chamber of Commerce conducted a survey on the business environment in the second quarter of this year.

Instability at the global level, as well as in our country, has caused a decline in the assessment of the business environment, which stood at the satisfactory level of 3.05 prior to the Covid-19 pandemic. The current overall assessment of the business environment is 2.37 - moderately unfavourable, which is almost the same level as last year (2.41). Representatives of companies from central Montenegro and small businesses

are least satisfied with the business environment.

The survey covered eight areas: tax system, public procurement, labour market, infrastructure, administration, rule of law, digitalisation and digital transformation, and access to finance. All areas received below-satisfactory average scores (3), indicating a wide range of business environment segments that can be improved. Businesspeople gave the lowest rating to access to finance, while the best-rated area was public procurement.

**If a consensus around priority measures that the Government of Montenegro should take were to be sought within the business community, both among foreign investors and domestic companies, what measures would those be?**



► — Based on the survey conducted, businesspeople identified the grey economy, the lack of personnel with appropriate knowledge and skills, inefficient public administration, slow collection of receivables - liquidity issues, and high fiscal and parafiscal levies as the biggest barriers to doing business. In last year's survey, conducted using the same methodology, there was only a difference in one barrier. Specifically, instead of inadequate legal solutions and their implementation in practice, this year saw high fiscal and parafiscal levies rank among the top five barriers. I therefore believe that the measures with which the business community would fully agree are precisely those that address overcoming these challenges. Given that companies gave the lowest rating to the area of "access to finance", and that as many as 98% of respondents agreed on the establishment of a guarantee fund, state intervention is necessary to improve financing for the real sector.

Moreover, changes to the business environment had a significant impact leading to sharp decline in net foreign investments last year, by as much as 45%. Investors, both domestic and foreign, expect an attractive investment environment, in addition to an adequate legislative and institutional framework, which includes a stimulating tax policy, efficient public administration and judiciary, the availability of a workforce with appropriate knowledge and skills, and accessible sources of financing.

Montenegro should pay significant attention to this issue, considering that most countries of the region have exceptionally well-designed incentive measures that align with the characteristics of their economic systems.

#### **How successfully is Montenegro taking advantage of the opportunities provided by the EU's Growth Plan for the Western Balkans?**

— The European plan for the Western Balkans is simultaneously a political, economic and financial plan, and we see it as a document of the utmost importance. This means that the opportunities available to Montenegro, as well as to each country of the



Photo by Dejan Kalezić

I have no doubt that the business community, and the economy as a whole, will contribute to the implementation of the EU Growth Plan for the Western Balkans

region, are both significant and substantial. Apart from the financial support provided by this plan, the reform measures intended to improve business conditions and lay the foundations for accelerated economic development and easier EU integration are particularly important for the economy.

Montenegro has set priorities in managing its obligations under the European

plan, and their implementation will depend on many factors, most of which lie with decision-makers and the administration. I have no doubt that the business community, and the economy as a whole, will provide its own contribution in the best possible way.

#### **In which areas is the region best networked, and what does this bring to businesspeople?**

— I believe that, especially through the strengthening of regional initiatives, new and stronger networking can be achieved – primarily in terms of interconnections and transport links, and subsequently through the establishment of economic interdependence, particularly through the component of increasing production capabilities that will find their market in neighbouring countries.

#### **How successful are the chambers of commerce of the region when it comes to initiating various initiatives aimed at reducing barriers to business within the region, and which of your initiatives would you highlight as being the most important?**

— The chambers of commerce are doing this well, efficiently and continuously. In many situations, even under some circumstances that bordered on the extraordinary, chamber cooperation has passed the test of maturity.

It is perhaps in this context that I would highlight the Western Balkans 6 Chamber Investment Forum (WB6 CIF), where the chambers of commerce of Bosnia and Herzegovina, Serbia, Albania, North Macedonia, Kosovo and Montenegro work together on all issues of economic interest to the region, recognising the EU accession perspective as a goal without an alternative. The WB6 CIF is also an important promoter of the idea of a Regional Economic Area (REA), as it articulates the needs and suggestions of the business community through the broad network of the economy of the region it represents.

We are simultaneously building other channels to connect and cooperate with the region's business communities.

# Merging Tradition and Modern Luxury

Despite challenges, we have managed to implement ambitious plans and contribute to the growth of the country's real estate market and tourism sector as a whole, says Portonovi CEO Rashad Aliyev with pride

Speaking in this interview, Portonovi boss Rashad Aliyev explains how Montenegro has successfully positioned itself as an attractive luxury destination with a flourishing real estate market, but also what makes Portonovi a unique resort in Europe that's attracting increasing interest from international buyers.

#### **With the summer drawing to a close, you must feel proud that Portonovi has completed another successful season marked by improved offers and increased guests of the resort. Is their satisfaction the goal that drives you?**

— Absolutely! Guest satisfaction has been central to everything at Portonovi since 2019. We aim to progress each season by continuously improving our offers and services. Despite the two years of the pandemic marking our early journey, the last two years have seen great interest shown and we've received overwhelmingly positive feedback. Over the last five years, through close collaboration with our partners, we've transformed Kumbor into a prestigious destination that continues to attract attention. This, coupled with numerous awards, pushes us to keep innovating and setting ever-higher standards for our guests and homeowners.

#### **Foreign investors have recognised Montenegro's potential and are investing more than ever.**

— Indeed! Montenegro's potential is unmatched, which is why we chose it for Portonovi, which is home to Europe's first One&Only. This address aims to draw attention not only



Every aspect of Portonovi pays homage to Montenegro's heritage, preserving it through architecture, amenities and various events

as a tourist hot spot, but also with carefully selected residential developments that bring this remarkable corner of Europe to life.

Montenegro is popular with investors thanks to its prime location, luxurious lifestyle, favourable legislation and high returns. At Portonovi, we have witnessed firsthand how these factors contribute to increasing interest among international buyers. However, a continued commitment to infrastructure growth and maintaining a stable investment climate are essential to sustaining this momentum.

#### **What are the key success factors?**

—Our strategic initiatives have been carefully crafted to ensure that Portonovi becomes a preferred choice for visitors and a memorable home for residents. Portonovi isn't just a resort, but rather represents a lasting investment in Montenegro's future. Every aspect of Portonovi pays homage to Montenegro's heritage, preserving it through architecture, amenities and various events. Portonovi has introduced initiatives to promote responsibility while providing the luxurious and exclusive experience visitors expect. Innovative solutions, such as utilising seawater for heating and cooling, exemplify our dedication to blending luxury and ecological awareness.

#### **This is a year of celebration for Portonovi. What key milestones have you reached?**

— Portonovi has become a testament to what can be achieved when vision, determination and expertise come together. Portonovi today distinguishes itself with its low-density, low-rise buildings, top-quality infrastructure, and the only One&Only Resort in Europe. Many champions call it home. Since the 2019 opening of our Marina, we've hosted prestigious yachts, including the historic Kalizma and modern superyacht Bold in 2023. These iconic vessels represent they way we merge tradition with modern luxury. Another key milestone was the opening of One&Only Portonovi in 2021, marking this chain's first European location. This firmly placed Portonovi on the global luxury map, attracting high-net-worth individuals and celebrities to this exceptional destination.



# Always on the Right Side

MTEL this year commemorates 17 years of doing business as the absolute market leader, which is a result of immense dedication, continuous work, growth and constant learning, says CEO Zoran Milovanović



As CEO of MTEL, Montenegro's youngest telecommunications operator, Zoran Milovanović discusses with us how the company achieved its leadership position, why it is crucial for new products to emerge in response to customers' needs and what the 5G network brings citizens.

**MTEL is the absolute leader in Montenegrin telecommunications. This prestigious title and position wouldn't have been possible if your quality hadn't been recognised by the customers who've placed their trust in you.**

— The latest market share data shows that we have over 40% of the market in mobile telephony, internet and cable services, which is a historic result. We work diligently and continuously on the development of new products, which are created in response to the needs of our customers, who've always been our motivation and will continue to be. MTEL's market position is a result of immense dedication, constant work and growth, but also continuous learning.

We are continuously developing our Move TV platform, which enables access to over 250 channels, the ability to rewind programmes up to seven days, and access to content from wherever the user is located. Through the Secure Net service, we provide our mobile users with reliable protection from viruses, hacker attacks and other threats. We offer packages with Montenegro's highest minimum speed of 120 Mbps, while our self-care app has over 200,000 active users. This has been a year of outstanding results, accompanied by significant investments,



Each of our services is designed to allow customers to use everything offered by new technologies easily, quickly, simply and securely

especially when it comes to the expansion of the 5G network, which will open the doors to a future full of opportunities for citizens.

**The numbers show that you're on the right track and ready to tackle any challenge and continue setting trends.**

— MTEL last year achieved record growth in both revenue and profit. We generated €111.5 million in 2023, which is a 36% increase compared to 2022, when revenues totalled €81.62

million. MTEL's sales revenue amounted to €79.1 million, while the company achieved a net profit of €28.47 million in 2023, which is nearly six times higher than 2022's profit of €5.75 million. I'm proud to say that we're a company that's trusted by citizens. Each of our services is designed to allow them to use everything that's offered by new technologies easily, quickly, simply and securely.

MTEL was the first company in Montenegro and around the region to organise a 5G event, at which citizens of Montenegro could witness the benefits of the fifth generation of mobile communications. The event featured a DJ performance in Podgorica, a violinist in Nikšić and a saxophonist in Bar. These performances were transmitted via hologram to all three locations simultaneously.

**As a socially responsible company, MTEL contributes actively to the everyday progress of society. Which programmes and initiatives do you focus particular attention and support on?**

— MTEL has always been on the right side, as evidenced by our support for sport, science, culture and education. We've been general sponsor of the Basketball Federation of Montenegro for many years, while our support for sport continues through our sponsorship of the Jadran Water Polo Club from Herceg Novi, which will soon compete under the name "Jadran m". We have educated thousands of citizens, organised six start-up academies, held over 100 workshops on programming, robotics and 3D printing for children, and delivered educational workshops under the Secure Net initiative. We are also proud of the Friend of Children and Families Award, presented by the Association of Montenegrin Managers and representing further recognition of our contribution to society.



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# Facing Challenges with a Strong Commitment to Reform



The World Bank continues to work with the Government of Montenegro and other development partners in providing financial and reform support to ensure Montenegro's stronger and more inclusive growth

## UNITY

Montenegro's political environment is complex, but all parties share the common goal of EU accession, reflecting a unified commitment to advancing reforms for faster integration

## PROGRESS

The private sector is vital to Montenegro's economy, while the country has improved its business climate through reforms in administration, regulations and the rule of law

## COMMITMENT

Meeting EU environmental standards—as a particularly complex reform area—will be a key focus of World Bank support to the Montenegrin government

As a small country, Montenegro is extremely vulnerable to external shocks, as was evident during the Covid-19 pandemic when the country experienced a historic recession. The economy nevertheless rebounded robustly, driven primarily by the solid recovery of tourism, but also helped by an influx of foreigners, says Christopher Sheldon, World Bank Country Manager for Bosnia and Herzegovina, and Montenegro, with whom we discussed the current state of the country's economy and the support to its major reforms that's provided by the World Bank.

Montenegro's real GDP actually grew at an average rate of 8.5% from 2021 to 2023, with the economy returning to pre-pandemic levels in 2022. Growth continued strongly into the first quarter of 2024, with GDP expanding by 4.4%, driven by still solid private consumption. In the post-pandemic period, strong economic activity has been complemented by significant labour market improvements.

"However," notes Sheldon, "despite these positive developments, Montenegro faces substantial debt repayments from 2025 to 2027, which require the country to be fiscally prudent and to carefully manage its debt in order to maintain macroeconomic stability".

### What are the main challenges to implementing structural reforms in Montenegro, given the political instability and polarisation?

— Montenegro aspires to become the next EU Member State, and despite recent political complexity and instability, joining the EU remains its main strategic objective. On this path, Montenegro is committed to significant structural reforms, particularly in the rule of law, which is foundational for other reforms, including improvements to the business environment.

Montenegro's political environment remains complex. However, it is encouraging

that EU accession is a common goal for all political parties, showing a collective will to advance these reforms to accelerate the EU integration process. Strengthening administrative capacities will be crucial to implementing impactful reforms more swiftly. The World Bank is supporting Montenegro's government in these efforts. For example, the ongoing Second Montenegro Institutional Development and Agriculture Strengthening Project aims to strengthen administrative capacities, increase and diversify income generation opportunities for individuals and

environment in which the cost of financing remains high. In that aspect, the World Bank is working together with the Montenegrin Ministry of Finance to provide financing of €80 million under favourable terms in 2024. This financing is built on a jointly agreed reform programme that aims to strengthen fiscal sustainability and enable more resilient and sustainable economic development.

Furthermore, the World Bank is partnering with the French Development Agency and the OPEC Fund, which will provide a total of €100 million of additional finan-

Large debt repayments pose a risk amid high financing costs. To address this, the World Bank is collaborating with the Ministry of Finance to secure €80 million in favourable financing for 2024

enterprises, contribute to job creation and enhance resilience to climatic pressures in Montenegro's agricultural sector.

### How does the World Bank see its role in supporting Montenegro's efforts to achieve sustainable public finances and reduce public debt?

— The World Bank remains a partner to the Government of Montenegro, providing both financial support and technical assistance in order to maintain healthy public finances. Montenegro reduced its public debt successfully, from 103.5 per cent of GDP in 2020, at the height of the pandemic, to 60.3 per cent in 2023, aided largely by high nominal GDP growth (a denominator effect), but also by the government's fiscal management.

As I've already said, this has been a significant achievement, but upcoming major debt repayments represent a vulnerability in an

cing under the same reform programme. A second tranche, totalling €180 million, is expected in 2025.

### What specific reforms does the World Bank consider crucial to improving Montenegro's business climate; and how is the Bank supporting these reforms?

— The private sector plays a key role in Montenegro's economy and the country has exerted significant efforts to enhance its business climate, particularly through its continuous reforms streamlining administrative processes, improving regulatory frameworks and strengthening the rule of law. However, informality and inconsistent enforcement of regulations continue to hinder competitiveness. Inefficiencies in the institutional and regulatory environment, including in taxation, and corruption are among the key drivers of informality, with a



- ▶ disproportionate impact on SMEs. Informality erodes the tax base and therefore reduces the scope and quality of government services. Informal workers, who tend to work in agriculture, construction and tourism, lack legal protections and social benefits.

**In the context of Montenegro's EU integration aspirations, which initiatives is the World Bank involved in as part of its efforts to support the country's transition to a green economy?**

— Montenegro is committed to reducing its greenhouse gas emissions by 55 per cent by 2030. As a signatory to the 2020 Sofia Declaration on the Green Agenda for the Western Balkans, which is aligned with the EU's Green Deal, Montenegro also supports the aim of achieving carbon neutrality in Europe by 2050. Achieving these ambitious targets requires coordinated efforts among all stakeholders in the country. The World Bank is committed to supporting the Government of Montenegro in this regard, through its technical support, but also through financing. The development policy loan of the World Bank supports improvements to the legal framework on climate action (Law on Forests, Law on Renewable Energy, Law on Climate Change) that will lay the foundation for greenhouse gas emission reductions and climate change adaptation, including harmonisation with the EU Acquis.

The Bank is also supporting Montenegro in developing a Strategy on Low-Carbon Development and a carbon pricing methodology. The forthcoming five-year strategy between the World Bank and Montenegro will support decarbonisation in Montenegro by focusing on key policy reforms and investments, as well as building on the findings of the upcoming Western Balkans Country Climate and Development Report (CCDR).

**How involved is Montenegro in regional initiatives like the EU Growth Plan for the Western Balkans; and how does the World Bank support these initiatives?**

— The EU Growth Plan for the Western Balkans emphasises connectivity, digitalisation and economic convergence – all areas in which Montenegro has shown its commitment



through infrastructure projects, reforms and policy alignments with EU standards. By participating in this initiative, Montenegro isn't only preparing to integrate into the European market ahead of full EU membership, but is also proving its capability and readiness to become the next EU member state, thereby contributing significantly to the stability and prosperity of the region.

Political stability, good governance and fiscal management are all key to investor confidence, alongside the addressing of polarisation, judicial inefficiencies and diversification

In an effort to align with EU standards, Montenegro is implementing comprehensive governance reforms, including on anticorruption measures, judicial reforms and public administration. The process also promotes economic development through the adoption of EU market regulations, encouraging foreign investment and enhancing trade opportunities. The World Bank supports Montenegro's accession aspirations by aligning its projects and initiatives with the reforms required for EU membership. For example, within its forthcoming five-year strategy programme with Montenegro, the World Bank will support the country in improving public financial management, fostering economic competitiveness and improving natural resource management, in line with EU requirements. It will also provide funding and technical assistance for public administration reforms, for example, under the proposed development policy operations, where agreed policy actions and legal reforms are aligned with EU accession objectives.



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# MFIC VISION

Montenegro as the most advanced and competitive economy in the SEE region, where investors and talent thrive together to achieve their goals





# Digital Transformation for a Competitive Economy

The key to improving the business environment lies in a combination of digital efficiency and regulatory stability

“Our strategic vision is clear: digital transformation and infrastructure enhancement are crucial to Montenegro’s future economic development. By modernising the legislative framework, continuing education and creating a favourable environment for innovation, we can ensure long-term competitiveness and attract new investments. Our mission is to create a stable, efficient and stimulating business environment that will enable Montenegro to become a regional leader and attract global technology leaders,” says MFIC board member and One Montenegro CEO Branko Mitrović.

**In your opinion, what is the most important element to advance a stimulating and intuitive business environment for investments and business operations in Montenegro?**

— I believe the key to improving the business environment lies in combining digital efficiency and regulatory stability. According to data contained in the MFIC White Book, despite progress in telecommunications and ICT, especially regarding infrastructure and public opinion, we need to work on improving administrative procedures and the legislative framework.

We face a situation in which several key provisions of the new draft Law on Electronic Communications deviate from positive EU examples. To ensure innovation and provide advanced services on the electronic communications market, it is necessary to ensure the connectivity of operators with technically in-



tegrated solutions of operators based outside Montenegro, under commercial conditions. It is encouraging that digital transformation is one of the strategic priorities of the Montenegrin government, and our expectations are that Montenegro, in its EU pre-accession negotiations, will abandon past practices and open up to innovative and progressive approaches that will better serve the ICT sector and the economy as a whole. This would create conditions that meet the market’s modern needs, allowing it to grow and attract new investments. Introducing more flexible and modern regulatory solutions could contribute significantly to increasing Montenegro’s competitiveness globally.

**What would be the most important MFIC recommendations regarding digital transformation?**

— Digital transformation is at the core of our strategic approach. As the Montenegrin Foreign Investors Council, we believe there are four key pillars to build on: infrastructure, legislative framework, education, and innovation. We must first invest in advanced digital infrastructure that will secure fast and reliable internet for all citizens and companies, highlighted as a key area for improvement in the White Book. Second, modernising the legislative framework must support the accelerated digitalisation of business processes and facilitate client interaction. Third, the continuous education of employees on modern technologies will ensure that Montenegro has a workforce that’s ready for the digital future. Finally, creating an ecosystem that encourages innovation through support for start-ups and research projects is crucial to long-term competitiveness.

**How could Montenegro further leverage its capacities in the IT sector and accelerate economic growth?**

— Montenegro needs to focus on several key strategies. Investing in advanced IT infrastructure and modern telecommunications technology is crucial to enabling faster and more reliable internet connections. This will allow all industries to use digital tools more efficiently, thereby increasing their productivity.

Apart from infrastructure, promoting Montenegro as an attractive technological destination also plays an important role. By supporting start-ups through tax incentives,

subsidies and easier access to capital, we can create a favourable environment for innovation and entrepreneurship. This encourages the development of new ideas that can bring economic progress.

It is also crucial to develop the education system with a focus on IT. Finally, creating a dynamic and sustainable IT ecosystem contributes to generating new jobs and accelerating economic growth. Digital transformation – through the improving of business processes and the developing of e-government and smart cities – enables greater efficiency and modernisation of the economy. With this approach, Montenegro has the potential to position itself as a leader in the digital economy, transforming into a significant player in the field of digital technologies and innovation, which will contribute to long-term economic prosperity and improving citizens’ quality of life.

**One Montenegro is a company that has stood out for years with great successes recognised by both the**

With a strong commitment to innovation and customer satisfaction, One Montenegro will continue leading the development of telecommunications services in the country

**community and professionals. You personally won this year’s prestigious Manager of the Year award, which is presented by the Association of Montenegrin Managers. What makes you particularly proud when it comes to the company’s achievements under your leadership?**

— Awards are an important indicator of success and provide motivation for further work. However, I prefer to focus on concrete results that demonstrate our progress. I am proud that we have significantly increased the number of employees at One, reflecting our continuous growth and development. Our network remains the largest in Montenegro, with the largest number of base stations, ensuring the best coverage and service for users.

Focusing on implementing 5G technology has also been crucial to our advancement. We continue to invest heavily in infrastruc-

ture to improve the network and offer top-notch telecommunications services. These investments enable us to stay ahead of the competition in terms of technological development and to provide our users with the most advanced digital experience.

Additionally, the introduction of new technologies like e-SIM and VoLTE has set new market standards. I am particularly pleased with our success in expanding the sales network, opening new branches that allow users to easily and conveniently address all their telecommunications needs in one place.

**What are your future plans regarding One’s goals?**

— As an MFIC board member, I would like to highlight the impressive level of activity and investment in the entire telecommunications industry. Telecommunications have become one of the most developed economic sectors in Montenegro, with a level of development comparable to, and often exceeding, some EU countries. This level has

been achieved thanks to significant investments and the trust of telecommunications operators in the potential of the Montenegrin market. These operators are responsible for this level of development, showing their key role in shaping the market.

In this context, One, with the support of Hungary’s 4iG group, strives to maintain and enhance its market leader position. Our goal is to continuously monitor global trends and keep pace with technological innovations to provide users with a top-notch experience. Our strategy includes focusing on developing the 5G network, increasing the number of base stations and continuing investments in infrastructure. At the same time, we are committed to ESG initiatives, where we will work on improving environmental practices and socially responsible projects, further strengthening our reputation and creating new business opportunities.



# Poised for Success

Montenegro provides a safe environment, rich natural beauty and a deep connection to traditional values, all of which align well with emerging tourism trends

The global tourism sector is in a state of flux, both in terms of the products and experiences customers demand today and where they desire to spend their time. It would appear that luxury tourism customers are redefining their definition of luxury towards wholesome experiences that offer a deep-rooted sense of fulfilment in secure, comfortable and uplifting settings. Excitement and entertainment are still on the list of demands, but even young customers who are extremely anxious about today's world are less thrill-seeking and more fulfilment-seeking. Consequently, investors in tourism are having to move in line with these shifts in customer demands and we see investors entering the sector from traditionally different sectors, such as music, film and health, science & technology, which are being drawn into the new experience-driven tourism definitions ~ explains MFIC BoD member and Porto Montenegro CEO David Margason. "Fortunately, Montenegro offers many of the new experiences being sought, which should attract new investment to various strands of the sector here, provided taxation and regulatory complexities are not allowed to undermine its competitive position, despite almost uniquely meeting the cocktail of new customer needs in tourism," adds our interlocutor.

### What would you highlight as Montenegro's advantages as a tourist destination today?

Montenegro offers an environment of safety, natural beauty and traditional values, all of which play into the new tourism paradigms we're seeing. It is also located just two-three hours from most major European gateway cities, which gives it a strategically positive placement, provided travel and transport infrastructure is improved to facilitate increased customer flows. Being a relatively small yet very diverse country, Montenegro offers a traditional and ho-



mogeneous cultural experience and a diverse range of environments and experiences in close proximity to one another, which places it well for short and medium break tourism, as a growing sub-sector.

### The MFIC Index for 2023 showed a decline in the tourism sector. What factors influenced this result?

There is no doubt that the mid-market sector of tourism in Montenegro has seen declines in visitor numbers and in the average spend of visitors. However, this seems to be a reflection of global trends and conflicts in the region and beyond, having first created immediate demand for migration among those who could afford it, which has now given way to the corrosive economic effects of those conflicts and limitations, particularly on the mobility of mid-market and lower-market customers. Infrastructure shortcomings for travel by air, water and road have also become a deterrent to making return visits for some, especially following the sharp increase in resident migration to the country that

is non-seasonal and has effects that are felt year-round but that exasperate the summer pressures on infrastructure.

### In your opinion, what would be the key prerequisites for Montenegro to return to an upward trajectory in this sector?

For Montenegro to be able to capitalise on its unique and well-aligned (with the demands of the new tourism paradigms) tourism attributes, it must return to a competitive cost base in terms of VAT and other tax burdens, such as competitively priced yacht refuelling, concentrate on the continuous improvement of the service culture and quality, and thus the perception of value for money even at higher prices, concentrate on providing what modern and future tourists expect from elsewhere in the world, including resort shopping on Sundays. It must also significantly improve its infrastructure in healthcare, aviation and road travel, as well as marine travel – as a rare and realistic alternative to travel by land, in its main southern tourism zone.



**BIJELA KNJIGA**  
Investiona klima  
u Crnoj Gori  
2024



**WHITE BOOK**  
The Investment Climate  
in Montenegro for  
2024

**PUBLISHING DATE:**  
20th of November



# Shaping the Future: Effective Business Planning

Transparent procedures and the greater involvement of the business sector in policymaking will ensure more effective reforms, contributing to a stable and predictable business environment

While the Government of Montenegro has shown openness to dialogue with the business community, more intensive and structured engagement is needed, says MFIC board member and Jugopetrol CEO Vasilis Panagopoulos. “It is very indicative that the Foreign Investors Council’s White Book for 2023 reported negative trends for the second consecutive year,” he explains.

“There is room for improvement in areas such as transparency in decision-making, legislative changes supported by economic impact assessments, administrative processes, political stability, and infrastructure. Addressing these issues could enhance effective business planning and operations,” adds Panagopoulos.

In order to address these challenges, our interlocutor insists that closer collaboration between the government and the business community is essential. Transparent procedures and greater business sector involvement in policymaking will ensure more effective reforms, contributing to a stable and predictable business environment.

“Foreign investments bring capital, knowledge and experience from other countries, benefiting the government and driving economic growth. The expertise and best practices introduced by foreign investors can streamline processes, improve transparency and foster innovation, leading to a more competitive and resilient economy,” says Panagopoulos.



It is important to invest in human capital for foreign investments in Montenegro to continue growing steadily despite global challenges

**How does MFIC align its business climate improvement activities with other participants in the business community?**

— MFIC is a steadfast ally of Montenegro, dedicated to advancing its economic prosperity. MFIC embodies this commitment by

striving to cultivate a dynamic and supportive business environment. Our approach is holistic and inclusive. By engaging regularly with government agencies, local businesses and international investors, we ensure that diverse perspectives are integrated into our strategies. We organise forums, workshops and networking events, fostering dialogue and cooperation.

Through these efforts, we ensure that every stakeholder has a voice in shaping Montenegro’s economic future.

**What measures would you consider necessary for foreign investments in Montenegro to continue growing steadily despite global challenges?**

— Several key measures are necessary to ensure that foreign investments in Montenegro continue to grow steadily despite continuing global challenges. I would highlight in particular the importance of developing human capital, ensuring system predictability and enhancing inclusiveness in policymaking.

Strengthening human capital through education and training, ensuring consistent and fair investment rules allowing business community to make long-term business decisions, and involving businesses in the regulatory process are crucial for creating a skilled workforce and supporting economic growth.

Enhancing infrastructure and digital connectivity, along with offering attractive incentives like tax breaks or grants, can further boost foreign investments.

# Dedicated to Greening Montenegro

MFIC is focused on the green economy, which is evident in our creation of a working group tasked with proposing key sector reforms and attracting responsible investors

The European Bank for Reconstruction and Development (EBRD), the EU and other development partners work closely with Montenegro to support the groundwork for a robust renewable energy sector through policy dialogue, technical assistance and investments in energy infrastructure. “As a result, Montenegro is making steady progress in regulatory reforms to increase its renewable energy capacity within the national grid,” says Remon Zakaria, MFIC Board of director member and EBRD Head for Montenegro.

The EBRD and EU are providing technical assistance to Montenegro in support of the launch of international auctions for renewable energy projects, implementing reforms aimed at integrating Montenegro’s power market with that of the EU and regional power markets, and strengthening the corporate governance of state-owned enterprises. “This initiative supports the advancement of the regulatory framework for renewable energy and facilitates the integration of Montenegro’s power market with the EU and regional markets, which is essential to the country’s green transition and EU integration,” says our interlocutor.

**How can MFIC members, with their expertise and experience in this field, assist the business community in properly leveraging the potential offered by energy transition?**

The green economy is one of MFIC’s strategic priorities. A working group has been formed to discuss and propose key sector reforms to advance Montenegro’s progress. The annually published MFIC White Book includes specific recommendations in this field.



With EBRD support, a landmark renewable energy law is nearing adoption and will mark a significant step towards a sustainable energy future for Montenegro

One key goal is to improve access to capital and attract socially responsible investors. A recent MFIC survey showed that 40% of member companies monitor their GHG emissions, while 24% of them fully disclose indirect emissions along the value chain (scope 3).

At MFIC, we are dedicated to improving the business environment and fostering strong government relationships through proactive engagement. Our mission is to catalyse Montenegro’s economic development by creating an attractive business environment for investors and talented individuals. Through constructive dialogue and collaboration, we aim to enhance the regulatory framework, support renewable energy integration and drive sustainable growth for Montenegro’s future.

**What would be the most important steps to increase investments in this area moving forward?**

To increase investments in Montenegro’s renewable energy sector, it’s essential to adopt relevant policy reforms and enhance energy infrastructure, including the grid, substations and distribution networks. Transparent international auctions, streamlined permitting processes and a clear regulatory framework will attract global investors. Promoting transparency in environmental reporting and encouraging sustainability practices will also draw socially responsible investors.

Montenegro can additionally accelerate energy efficiency investments in buildings by enforcing secondary regulations governing energy performance directives and certifications. This will contribute to creating an enabling environment for financing green mortgages and green buildings.



# The Power of Partnership

The Montenegrin Foreign Investors Council collaborates actively with all stakeholders in this society in order to collectively find the best solutions to improve the business climate

The goal of the Montenegrin Foreign Investors Council (MFIC) and the focus of its work is on improving the business climate through intensive dialogue, cooperation and the involvement of all relevant actors in the decision-making process. As MFIC Executive Director Arijana Nikolić Vučinić explains, “I always like to emphasise that transparency and the involvement of the private sector in the decision-making process are prerequisites for long-term sustainability and a stimulating environment for the economy.”

“If the business sector is informed about planned legislative changes in a timely manner and thus has sufficient time to prepare for them, we are able to reach solutions that are appropriate for all parties involved,” notes our interlocutor. “Insisting on adherence to these principles is one of the priorities of the Council’s activities.”

MFIC also strives to highlight the importance of improving road infrastructure and advancing Montenegro’s accessibility. “If we wish to further develop tourism, as the most significant sector of the economy, as well as logistics and trade, it is necessary to develop transport infrastructure in all its segments,” explains Nikolić Vučinić. “On the other hand, I would like to remind you that our members regularly point out that infrastructure improvement also means intensifying the digitalisation process, as this can speed up procedures and reduce bureaucratic barriers. We are aware that digital transformation is a complex process, but MFIC strives to provide all possible support, particularly through the activities of our Committee for IT, Economic and Infrastructural Development.

“Our Strategy also recognises the need to strengthen human resources, especially thro-



ugh the aligning of the education system with labour market needs. I am confident that both the business sector and decision-makers share the view that only people with the required knowledge and skills can construct a reliable foundation for further economic growth.

“When you consider it, these are truly fundamental issues of immeasurable im-

portance for the economy of any country. Bearing that in mind, in addition to the aforementioned Committee for IT, Economic and Infrastructural Development, we have established committees for Talent and Human Capital, Rule of Law and Taxation, and Green Economy Transition (ESG). These committees are chaired by

## FOCUS

MFIC has committees for IT, economic and infrastructural development, talent and human capital, the rule of law and taxation, and green economy transition

members of our Board of Directors, who aim to achieve the results required in these important areas.”

### What new methods have you introduced to better utilise the capacities of MFIC members?

— One of the key priorities during my tenure has been to ensure that the voice of our member companies is heard more clearly when it comes to policy creation and strategic initiatives. Additionally, through the formation of these committees, we wanted to encourage our members to choose the area that they consider as being the most important to them and where they can provide the greatest contribution. We have increased the frequency and quality of communication with relevant institutions and the Government to ensure that the views and recommendations of our members are conveyed and implemented adequately. Our membership in the Competitiveness Council has given us the opportunity to nominate certain key issues on behalf of our members. We are pleased that representatives from our member companies are involved in working groups and government bodies, which gives them the chance to directly highlight the challenges they face, as well as to present opportunities for further development in their respective industries.

I would also mention that we have launched the “MFIC Talks” platform, which enables more informal and direct communication between our members and key decision-makers.

Moreover, we have also made changes to the structure of our White Book, as the Council’s key document. These changes include a clearer structure and a more comprehensive overview of the business environment and the challenges confronting our members. It is important to note that, from now on, the MFIC White Book will be published in November, giving the Government enough time to include our recommendations in its work programme for the following year.

## COLLABORATION

We are pleased that representatives of our member companies are involved in government working groups and bodies, giving them the opportunity to highlight the challenges they face directly

This ensures that proposed suggestions are considered in a timely manner and potentially included in government plans and policies. All the changes I have mentioned aim to contribute to the more impactful and efficient work of the Council.

### What are the most important topics you would like to address through “MFIC Talks” events?

— Through “MFIC Talks”, we aim to initiate dialogue on topics of strategic importance to Montenegro’s long-term development, such as digital transformation, the green transition

We aim to initiate dialogue on topics of strategic importance to Montenegro’s long-term development, such as digital transformation, the green transition and labour market improvement

and labour market improvements. We are additionally focusing on issues that may pose operational challenges for our members. “MFIC Talks” events are particularly valuable because they enable deeper exchanges of ideas, strengthen cooperation and build mutual trust between investors and decision-makers. The goal of these discussions is therefore not only to identify obstacles, but also to recognise opportunities for growth and development, through the exchange of ideas and the fostering of mutual trust.

### What do you see as the most effective ways of collaborating with the Government of Montenegro to improve

## VALUES

We believe that recognising areas of common interest is a prerequisite for creating new value, and we work excellently with others who share the same goals

### institutional conditions for foreign investment?

— Over the previous period, MFIC has made significant advances in strengthening its position as a partner able to contribute to Montenegro’s economic development. Our goal is to engage in dialogue with the Government on the basis of trust and effective cooperation, particularly in the context of the initiatives that we launch with the intention of improving the business and investment environment.

The White Book remains one of the most important sources of information for decision-makers regarding the state of the market and business conditions. Through the Ease of Doing Business Index, which we have published for 14 consecutive years, as well as by listing barriers and recommendations to improve the business environment in Montenegro, we provide the Government with clear guidance for its reform steps. In all that we do, we are guided by the desire to be a constructive partner to the Government, because our high-quality cooperation directly supports Montenegro’s economic development and creates better conditions for the lives and work of all citizens.

### In addition to cooperation with the Government, do you also have strong cooperation with other business associations in the country?

— Partnership is one of the key values of the Council’s work, and recognising areas of common interest is a prerequisite for creating new value. Several other business associations operate in Montenegro with which we share a common goal, and we also have a number of shared member companies. It is therefore natural for us to join forces, because I am confident that we will achieve much better results if we view each other as allies. Our success ultimately depends on the strength of the partnerships that we build and our ability to respond to the needs of the business community.





Strengthening  
Partnerships  
and Expanding  
Cooperation

MFIC Talks,  
General Assembly,  
and New Cooperation  
Agreements  
Mark the Year



General Assembly

In a series of significant events over the past year, the Montenegrin Foreign Investors Council (MFIC) hosted several MFIC Talks, held general assembly, and signed key memoranda of cooperation. Among the highlights was the signing of a memorandum with the Turkish Chamber of Commerce in Montenegro, aimed at fostering stronger economic ties and collaboration between the two countries. Additionally, a memorandum of cooperation was signed with the “Čini dobro” foundation, strengthening efforts in the areas of corporate social responsibility and community development.

These events not only reflect MFIC’s commitment to promoting business development and investment but also underscore its role in building strategic partnerships that contribute to Montenegro’s growth and prosperity.



MFIC



MFIC Turkcham



Foundation “Čini dobro”



General Assembly



MFIC Talks



MFIC Talks



General Assembly



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## KEY MESSAGES

### TAMÁS KAMARÁSI

MFIC PRESIDENT, (CEO  
OF CRNOGORSKA  
KOMERCIJALNA BANKA  
(CKB))



### Helping Unlock Montenegro's Full Potential

MFIC can play a key role in preparing Montenegro to navigate both current and future global challenges, turning them into opportunities

### Positioning Montenegro to Compete Regionally and Globally

Montenegro's approach, to economic development – centred around tourism, ICT, agriculture, energy and SMEs, and coupled with strategic government measures – promotes long-term stability and growth



### NIK GJELOSHAJ

MONTENEGRIN DEPUTY  
PRIME MINISTER FOR  
ECONOMIC POLICY AND  
MINISTER OF ECONOMIC  
DEVELOPMENT

### NOVICA VUKOVIĆ

MINISTER OF FINANCE OF  
MONTENEGRO



### Good News for Citizens and Investors

The macroeconomic environment is stable, with growth exceeding expectations. And we aim to improve living standards and the investment environment by reforming tax and fiscal policies

### SIMONIDA KORDIĆ

MONTENEGRIN  
MINISTER OF TOURISM



### Forging a Sustainable Tourism Destination

Diversifying the tourism product and expanding the offer across the entire country, as well as beyond the peak season, represent the foundation blocks of our planning and strategic documents

### Demonstrating Seriousness and Commitment

Montenegro represents a driving force for European integration in the region, which is crucial for establishing economic, political and security stability—a key principle of the EU for political stability, security and economic development across the Balkans



### PREDRAG ZENOVIĆ

CHIEF NEGOTIATOR OF  
MONTENEGRO WITH  
THE EUROPEAN UNION,  
MINISTRY OF EUROPEAN  
AFFAIRS

### We Need Stability and Predictability

The basic prerequisites for sustainable growth in the period ahead are the stabilising of political conditions and the improving of the investment environment. The business community needs to be actively engaged in decision-making processes regarding economic policy

### DR NINA DRAKIĆ

PRESIDENT OF  
THE CHAMBER OF  
COMMERCE OF  
MONTENEGRO





## KEY MESSAGES

### CHRISTOPHER SHELDON

WORLD BANK COUNTRY MANAGER FOR BOSNIA AND HERZEGOVINA, AND MONTENEGRO



### Facing Challenges with a Strong Commitment to Reform

The World Bank continues to work with the Government of Montenegro and other development partners in providing financial and reform support to ensure Montenegro's stronger and more inclusive growth

### Digital Transformation for a Competitive Economy

The key to improving the business environment lies in a combination of digital efficiency and regulatory stability



### BRANKO MITROVIĆ

MFIC BOD MEMBER (ONE MONTENEGRO CEO)

### Poised for Success

Montenegro provides a safe environment, rich natural beauty and a deep connection to traditional values, all of which align well with emerging tourism trends

### DAVID MARGASON

MFIC BoD member (Porto Montenegro Managing Director)



### VASILIS PANAGOPOULOS

MFIC BOD MEMBER (JUGOPETROL, EXECUTIVE DIRECTOR)



### Shaping the Future: Effective Business Planning

Transparent procedures and the greater involvement of the business sector in policymaking will ensure more effective reforms, contributing to a stable and predictable business environment

### Dedicated to Greening Montenegro

MFIC is focused on the green economy, which is evident in our creation of a working group tasked with proposing key sector reforms and attracting responsible investors



### REMON ZAKARIA

MFIC BOD MEMBER (EBRD HEAD OF MONTENEGRO)

### The Power of Partnership

The Montenegrin Foreign Investors Council collaborates actively with all stakeholders in this society in order to collectively find the best solutions to improve the business climate

### ARIJANA NIKOLIĆ VUČINIĆ

MFIC EXECUTIVE DIRECTOR







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**of those**  
**who know.**

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