



# GUIDELINES

## AGRICULTURE SECTOR IN MONTENEGRO

2022



Montenegrin  
Investment  
Agency



## Dear investors,

The Montenegrin Investment Agency (MIA) was established with the Law on Public-Private Partnership, with the mandate to implement public-private partnerships, oversee investments, and promote investment potentials of Montenegro to foreign stakeholders.

According to its competencies, MIA is a catalyst for new business opportunities and the first meeting point for foreign investors.

Through coordination of the investment process between various state bodies, MIA provides all necessary information to the potential investor in a timely manner, directing them to further steps in implementing projects.

The Agency also proposes measures to improve the investment environment and encourage economic development through activities that facilitate an increase of Foreign Direct Investment.

If you want to expand your business, investing in Montenegro is a safe place to start, with the Montenegrin Investment Agency as a reliable partner throughout the entire process.

Sincerely yours,

## Montenegrin Investment Agency

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# INTRODUCTION

The main goal of these guidelines is to demonstrate investment potentials in the field of agriculture in Montenegro.

**NB:** Throughout preparing these guidelines, authors followed the requirements set by the Montenegrin Investment Agency (MIA). These refer to:

- The investment potentials in the field of agriculture,
- Long term lease of state-owned agricultural land, and
- Ongoing programs within the Ministry of Agriculture and Rural Development.

These guidelines provide an overview of investment opportunities of Montenegrin agriculture with a summary of climate, environmental and economic conditions, alongside the incentive programs within this field.

The MIA does not guarantee that provided conditions will remain unchanged by the respective institution, especially in cases where the investor wants to engage in an investment not described in these guidelines.

These guidelines only provide general information on steps required for the realization of the investment and shall not represent the basis for detailed financial projections or timetable for the completion of the project.

## DOCUMENTATION

Authors have based the study according to the following documents and information from the following institutions:

- Ministry of Agriculture, Forestry and Water Management (<https://www.gov.me/en/mpsv>)
- Ministry of Ecology, Spatial Planning and Urbanism (<https://www.gov.me/en/mepg>)
- Cadastre and State Property Administration ([www.kdi.gov.me](http://www.kdi.gov.me)),
- Statistical Office of Montenegro (Monstat) ([www.monstat.org](http://www.monstat.org)),
- Investment development fund of Montenegro ([www.irfcg.me](http://www.irfcg.me)).

# OVERVIEW OF MONTENEGRIN AGRICULTURE

Agriculture plays an important role in the economy of Montenegro. The sector contributed approximately 7.6% to the country's Gross Domestic Product (GDP) in 2020 (EUR 3.1 million in current prices) and 6.4% in 2019 (MONSTAT, 2021a).

According to the Labour Force Survey, the total number of employed in the agricultural sector in 2020 was 16,500 persons or 7.5% of all employed workforce in Montenegro. Out of all employed, 36% were women.

	2014	2015	2016	2017	2018	2019
Gross Value Added (GVA) of agriculture, forestry and fishing in current prices, (in thousand EUR)	280.086	294 597	295 310	294 655	313 933	316 541
Share of agriculture, forestry and fishing in GDP (%)	280.086	8,1	7,5	6,9	6,7	6,4
<b>Employment in agriculture, forestry and fishing</b>						
- Number of employees	2686	2552	2 312	2 178	1 897	1 998
- Share in total employment (%)	1,5	1,4	1,3	1,2	1,0	1,0
- Number of employees	12 300	17 100	17 400	18 200	19 000	17 400
- Share in total employment (%)	5,7	7,1	7,7	7,9	8,0	7,1
<b>Trade with agricultural products</b>						
- Export of agriculture products (in thousand EUR)	85 272	53 224	49 843	46 951	45 352	48 652
- Share in total export (%)	25,6	16,8	15,3	12,6	11,3	11,7
- Import of agriculture products (in thousand EUR)	461 155	446 732	468 005	505 867	518 298	556 219
- Share in total import (%)	25,8	24,3	22,7	22,0	20,3	21,4
- Trade balance of agriculture products (in thousand EUR)	-375 883	-393 508	-418 162	-458 916	-472 946	-507 567
Coverage of import by export (%)	18,4	11,9	10,7	9,3	8,8	8,7

The surface of agricultural land in Montenegro amounts to 309,241 ha, which makes 22.4% of its territory. Out of this surface, 95.2% belongs to agricultural holdings, and the other 4.8% belongs to business operators. Most used agricultural land consists of meadows and pastures (94.1%).

<sup>1</sup> Employment from administrative sources

<sup>2</sup> MONSTAT. 2021a.

<sup>3</sup> Ibid.

The average agricultural holding has 4.6 ha of used agricultural land. There are 14826 registered agricultural producers as of July 28, 2021.

For those residing in the rural areas of Montenegro, agriculture is the most important sector. In particular, livestock breeding is a primary agriculture subsector, allowing Montenegro to exploit less productive areas (pastures and meadows). However, in the overall structure of households engaged in cattle breeding, only 3.6 percent of cattle are bred by commercial entities, while agricultural households breed the rest.

The total foreign trade in agricultural and processed agricultural products in 2020 amounted to EUR 520 million and, compared to 2019, was higher by EUR 92.6 million or 15.1%. The trade of agricultural products (basic and processed combined) is still at a high level- 90% of total trade in 2019. Montenegro's most important trade partners are CEFTA and the EU countries.

The production of fruits and vegetables is prevailing, while commercial production of field crops, such as small grains, corn, sugar beet, oilseeds, is limited. In particular, potatoes and vegetable crops, as well as fruit crops such as plums, apples, pears, peaches (or even oranges, tangerines, and figs), are predominantly cultivated in the south. Recently, there has been increasing production of grapes and wine.

The most important imported food products are fresh meat, cereal-based products, various foodstuffs (including a variety of sauces, spices, ice-cream, etc.) followed by carbonated (sparkling) soft drinks (beverages), milk and dairy products, and live animals. Regarding exports, wine is one of the leading export products. Besides wine, meat preparations, such as cured meat products, have become one of the country's main export products.

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<sup>4</sup> Source: MAFWM

# AGRICULTURAL LAND

A favorable climate for the production of different types and varieties of plants, well preserved nature, including high quality, preserved and fertile land, low pollution due to poor use of mineral fertilizers and pesticides are elements that emphasize the development of agriculture in Montenegro.

Climate, rich biodiversity, nature, and a clean environment are excellent prerequisites for developing organic agriculture. Also, available land resources are an added advantage along with the traditional production of typical products and the use of autochthonous varieties and species in several sectors. Furthermore, the increased demand for agricultural products, which is a consequence of tourism development, gives realistic expectations for the progress of this sector. In recent years, processing capacities have developed in several areas and are an excellent example of new value-added products offered on the market.

As one of the most important natural resources, the land cover of Montenegro is quite diverse and is characterized by heterogeneous system units that occur due to different conditions: the basic substrate of different geological and lithological characteristics, specific types of soil.

The total available land in Montenegro is 294,400 ha, out of which 72% is used agricultural area.

Bearing in mind the size and structure of the distribution of agricultural land (0.53 ha of agricultural land per capita), Montenegro is one of several European countries with favorable land resources for the development of agriculture. Despite this, land in Montenegro is divided into numerous small parcels. Significant potential for planting olives and grapevines is seen in areas caught by fire, and these investments, the Government of Montenegro, monitors and encourage with special care!

State-owned agricultural land in Montenegro can be taken into a long-term lease!

**For additional information contact institution is:**

**Ministry of Agriculture, forestry and water management (MAFWM)**

Rimski trg 46, Podgorica, Montenegro

<https://www.gov.me/en/mpsv>

or just contact **Montenegrin Investment Agency (MIA)** for further instructions.

According to the Law on State property (“Official Gazette of Montenegro,” no. 21/09), the procedure of renting agricultural land in Montenegro follows the procedure listed below:

## Procedure

Steps	Details
Request submission	<p>Precise location of the land            Size of the area            Period of lease            Original of the Real estate folio (obtained from the local cadaster office) accompanied by the cadastral plan copy/digital plan abstract            If the area is not an entire parcel, but the part of it, the request must contain the Elaborate of conditional parcels (executed by the licensed geodetic office)            Clearly stated intentions of renting the agricultural land.</p>
Value assessment of the property	
Obtaining an opinion of Ministry of finance and social welfare	<p>15 days            MAFDW requests the opinion of the Ministry of Finance and social welfare, which is entitled for the management of state property.</p>
Obtaining an opinion of Ministry of Ecology, Spatial Planning and Urbanism	<p>15 days            MAFDW requests the opinion of the opinion the Ministry of Ecology, Spatial Planning and Urbanism, in terms of spatial planning.</p>
Obtaining an opinion of other relevant institution if necessary	<p>15 days            MAFDW requests the opinion of the opinion the Ministry of Ecology, Spatial Planning and Urbanism, in terms of spatial planning.</p>
Review of the submitted documentation	<p>Only once the documentation has been properly submitted the request can enter the procedure.</p>
Decision making procedure of the Government	<p>10 days</p>
Tender procedure	<p>4-5 months</p>
Public call	<p>30-60 days</p>
Signing the contract	<p>1 day</p>
Total	<p>5-6 months</p>

## Time

Renting period	Decision maker
Less than 30 years	Government of Montenegro
Over 30 years	Parliament of Montenegro

# OLIVE GROWING

## Montenegro has extremely favorable climate conditions for olive growing!

Olive is the oldest subtropical culture on the Montenegrin coast with a tradition of growing for more than 2000 years (one of the three oldest olives in the world is Mirovica in Stari Bar -2.240 years old, and still bears fruit).

Most of the olive groves are traditional plantations. Olive growing predominates in the coastal area of Montenegro (about 550,000 olive trees are planted in an area of approximately 3,400 ha, average tree age is over 200 years, and about 15% of all orchards are newer plantations). The vast majority of orchards are old, extensive plantations, usually planted on inaccessible terrains and in highly fragmented plots (the average size of one orchard is 0.3 ha). The most important is the oily, domestic variety Žutica (65%), from which the oil of excellent quality is obtained. In recent years, there has been a trend of planting table varieties such as Picholine, Arbequina, Leccino.

Olive fruit is mainly processed into oil (90%). Olive production is about 1000 tons of oil annually when the yield is good!

The estimated total amount of olive fruit produced in 2019 is 574.1 tons, of which the plantation production is 307.5 tons (MONSTAT 2020). It is estimated that of the total number of neglected and overgrown olive groves, about 2/3 of the total number of trees have been revitalized to some extent (assessment of key relevant stakeholders). The average yield is very modest and ranges between 2 and 3 t/ha, which reflects, among other things, the high age of mature olive groves on the one hand, and the incomplete yield of new plantations, due to their relative immaturity

616 olive growers are registered in the National Register of Agricultural Holdings, and the average size of olive groves is 0.42 ha, of which 409 are producers with less than 0.5 ha. In comparison, only 9 olive growers with over 3 ha are registered.

Current projections for the future development of the sector, according to available information from relevant stakeholders, envisage planting of a further 50,000 olive trees over the next 3-5 years, which means that the olive sector will add between approximately 80,000 and 110,000 new olive trees during the period 2014-2026. This is clear evidence of the reversal of the long-term downward trend of the sector, which was continuous until ten years ago.

Rising above the coastal areas, many parcels can be cultivated to grow new olive trees and have ideal conditions for olive cultivation.

Also, the use of pesticides in our country is reduced, and many sites are ideal for organic production!

Possible investments in this sector should be directed to:

- Increase in production by restoring existing ones and raising new olive trees - especially on unused stone soil, which is suitable for olive cultivation;
- Modernization of technologies to increase the competitiveness of domestic olive oil - procurement of processing lines;
- Organic production;
- Locations suitable for rural tourism - Stari Bar, Valdanos, Luštica areas.

### **Agrobudget 2021 – national budget of the Ministry of agriculture and rural development, Government of Montenegro**

The total amount of funds secured with the Agrobudget for 2018 The funds envisaged by the Agrobudget were allocated in the total amount of EUR 44,824,447.94, of which EUR 27,162,447.94 from national funds, EUR 9,321,000.00 from donations and EUR 8,341,000.00 from credit funds.

According to the Agrobudget, the Ministry in Agrobudget has set the following goals for the development of the olive industry:

- Increasing the numbers of olive trees and increased production of high-quality olive oil;
- Supporting the system of direct payments by registering the cultivated land into Land Parcel Identification System (LPIS),
- Strengthening the competition of the local products and production in Montenegro;
- Better use of natural resources by setting up the olive groves on the less fertile, rockier, and steep terrains;
- Reducing the olive treetop of the old and tall trees to the high-hat where the harvest is possible with mechanization;
- Modernizing the yield and production of olive oil;
- Preparing producers for foreign markets by following the EU standards in harvest, production, packing, storing, and placing on the market olive oils.

Support is provided for the seedling material, equipment, and activities mainly in the primary production, cultivating new olive groves, revitalizing the old ones, and purchasing the electric shakers.

**The total amount of support in the primary production in the olive industry is 150.000,00 EUR.**

Measure within the Agribudget	Criteria	Amount
Direct payments within the plant production	Registered into a register of agricultural holdings. Minimal support area: 0.3 ha. Other relevant criteria as described under measure 1.1.4 of the Agribudget	220€ per hectare of cultivated land *Users younger than 40 receive additional support of 10€ per hectare
Support to the development of the olive sector	Registered into a register of olive producers and a register of agricultural holdings. Support to: Land preparation of olive growing New plantations of olive trees Revitalization of old olive trees Irrigation systems Storing and packaging equipment for olive oil Plant waste disposal Construction of inner walls to fight erosion. Other relevant criteria as described under measure 2.1.5 of the Agribudget	Maximum investment of 10.000 EUR (return of 50% of investment).
Support to processing investments on agricultural holdings	Increasing the competitiveness of olive oil producers	Maximum investment of 10.000 EUR (return of 50% of investment).
Introducing quality and food safety standards	For laboratory control of the quality of agricultural and food products.	Maximum support is not more than 50% of overall cost of analysis. Maximum support per producer is 300 EUR.

# VITICULTURE

Montenegro has significant and traditional viticulture and winemaking production. Still, it has insufficiently used potential that could significantly contribute to improved standards of living of people in rural wine-growing areas and the promotion of Montenegro as a wine country.

The significance of this agricultural sector became even more prominent with the current climate changes, with reduced possibilities for cultivation of certain crops, and expanded areal opportunities for the cultivation of grapevine in areas without previous tradition in the production of grapes and wine.

However, this new situation should be valorized in the best possible manner and enable the production of high-quality wine, typical for the relevant wine-growing areas, and the production of grapes and wine should be adjusted to the climate changes. Furthermore, the cultivation of the grapevine and increasing areas under vineyards will enable the establishment of ecological balance and preservation of the natural environment from urbanization; this will also contribute to preventing land erosion, in particular in sloped hilly terrains, where vineyards are traditionally cultivated.

Compared with surfaces under other crops or surfaces under vineyards in neighbouring countries, Montenegro has significant surfaces under vineyards, considering the total surface of the country and the needs of the population and tourists. Based on information from MONSTAT, total surfaces under vineyards, including both the modern vineyard plantations and croft vineyards, were 2,991.5 ha in 2019. Of the total surface under vineyards, the majority are modern plantation vineyards intended for the commercial production of grapes and wine.

According to information from MONSTAT, surfaces under plantation vineyards were 2,880.00 ha (96.27%) in 2019, and the surface undercroft vineyards were 111.5 ha (3.73%).

According to information from MONSTAT, total grape production in the five years (2015-2019), depending on the meteorological conditions in the relevant production year, ranged from 21,865 t in 2019 to 30,153 t in 2016. In 2019, total grape production was 21,865 t, about 15.2% lower than in 2018, and 13.3% lower than the five-year average in the 2015-2019 period (25,219.3 t).

The biggest grape and wine producer in Montenegro, as well as one of the biggest in the West Balkan region, is the winery “13. jul – Plantaže” AD from Podgorica. This producer’s average annual wine production in the last five years (2016-2020) was 93,198 hl, which represents 95.99% of the total average wine production in this period (97,091 hl).

The largest grape producer “13. jul – Plantaže” AD from Podgorica had, in the last three years, average annual production of consumption grapes of 1,356,675 kg.

Also, wine is the most important export product of the food processing industry.

The larger part of Montenegrin vineyards is located in the southern and coastal regions of the country, the most seducing places in the country.

Montenegrin wines are made from various grape varieties, including Vranac, Krstač (autochthonous sorts), Cabernet Sauvignon, and Chardonnay.

Very favorable environmental conditions (climatic, edaphic, and biotic factors that enable the normal development of the vine, regular fruiting, and obtaining high-quality grapes) and specific positions for wine in the wine-growing regions of Montenegro make this area ideal habitat for growing vines.

Montenegro harmonized its regulations (with the exception of new regulations from 2019) with respect to quality policy, that is, geographical indications with the EU’s PDO/PGI system.

There are currently seven protected designations of origin in Montenegro, in particular: „Crmnica,” “Podgorički subregion,” “Ulinjski subregion,” “Boka Kotorska,” “Nudo,” “Katunska Nahija” and “Bjelopavlići” (Map 11), as well as two geographical indications for wine, in particular: “Crnogorski Basen Skadarskog jezera” and “Crnogorsko Primorje.”

Such a high number of designations of origin and geographical indications that have been registered recently is a huge success for viticulture and wine production in Montenegro and is also a condition for the promotion of Montenegro.

The most crucial state support for agricultural development is achieved through the agricultural budget. Agrobudget includes a set of incentives in the form of non-repayable grants from the overall budget of Montenegro for the development of agriculture.

In recent years there has been a major qualitative shift in production; there are new producers with a modern approach and modern equipment.

Old vineyard sites are renewed while existing vineyards are revitalized, with famous autochthonous varieties, which create the basis for further development of this sector.

General information on the sector of viticulture and wine production in Montenegro

Indicator	Number
The total surface under vineyards (2019) (ha)	2,991.50
Number of grape producers	313
Number of wine producers	88
Average vineyard (vineyard parcel) surface (ha) including the biggest grape producer and without it	2.04 / 0.51
The average surface of all vineyard (vineyard parcels) owned by a grape producer (ha) including the biggest grape producer and without it	8.23 / 1.03
Quantity of wine produced (average 2015-2019) (hl)	103,076
Wine sales value (average 2015-2019) (EUR)	24,987,400
Quantity of grapes produced (average 2015-2019) (t)	25,219.30
Total grape import (average 2015-2019) (t)	5,090
Total grape import (average 2015-2019) (EUR)	2,169,708
Total grape export (average 2015-2019) (t)	718
Total grape export (average 2015-2019) (EUR)	510,588
Total wine import (average 2015-2019) (hl)	27,794
Total wine import (average 2015-2019) (EUR)	6,118,295.35
Total wine export (average 2015-2019) (hl)	64,802
Total wine export (average 2015-2019) (EUR)	14,200,772.44

Source: MAFWM

Average annual grape import in the mentioned period amounted to 5,090,497.00 kg (with the average value of 2,169,708.00 EUR), while the average annual exports were 718,680.00 kg (with the average value of 510,588.00 EUR). The highest imports were in 2015, specifically 6,131,611.00 kg (2,230,972.00 EUR), and the highest exports were in 2018, with 949,370.00 kg (687,164.00 EUR).

With respect to the quantity of exported wine, on average, Montenegro exports twice as much wine as it imports.

## INVESTMENT OPPORTUNITIES

1. Construction of the cold storage for receiving peaches, nectarines and grapes
2. Investment in new large-scale vineyards
3. Plant for production of briquettes from the vine
4. Construction of the House of wine

# ORGANIC PRODUCTION

Organic production has constantly been growing in Europe and the world, especially in the last two decades.

Natural resources of herbal origin are becoming more and more important in pharmacy, cosmetics, nutrition, especially due to their supremacy over synthetic products.

The priority of Montenegrin agriculture is in line with the principles of sustainable development and the maximum protection of the environment, such as organic farming. In recent years, interest in organic production in Montenegro is growing, and the number of organic producers but still the development of this sector is still insufficient.

Existing production systems are primarily extensive and can be included in the program of limited use of protective agents, mineral fertilizers, etc., relatively simply.

Organic production is legally regulated production involving the control and certification of production and products. The law is primarily harmonized with the EU legislation.

Livestock farming traditionally plays an important role in agriculture. Ruminant farming (bovine, ovine, caprine animals) prevails, while pig and poultry farming is less developed. Breeds, which are kept in the majority, are suitable for meat and milk production to increase dairy breeds share. In the last few years, positive changes have happened in terms of consolidation of holdings and an increase in the number of heads.

Organic livestock production is present to a much lesser extent; however, it recognizes the great potential, especially in goat productions.

**There are over 5,000 herbal species in Montenegro, out of which 200 are endemic. This puts Montenegro in the very top world natural ecological habitats!**

This kind of wealth enables their exploitation, but at the same time, obligates the protection from mindless consumption. Moreover, bottled waters fully comply with the standards in terms of quality, packaging, and labeling, which enables a good marketing position, especially during the tourist season.

Cultivating medicinal and aromatic herbs can provide substantially larger income than the cultivation of traditional herbs.

The National Association of Organic Producers of Montenegro–Organic Montenegro was established in May 2011. The general objectives of this Association are to promote the development of organic farming and new products, as well as the organic market in Montenegro.

The most extensive land areas are in the crop production (grains – buckwheat, barley, rye, oats, clover-grass mixtures and legumes, potatoes), then in fruits production (plums, apple, pear, quince, raspberries and blackberries, cherries, and sour cherries, blueberries, kiwi, figs, olives), and vegetables and grape production.

As an ecological state, Montenegro has excellent preconditions for developing high-quality, safe health, certified organic food, and we are sure this will become attractive for foreign investments.

**Sectors that have potential in organic farming are:**

- **medical herbs,**
- **vegetables,**
- **animal husbandry**

- 1. Investing in technological (processing) equipment for organic production**
- 2. Investment in processing in inputs of organic production**
- 3. Investments in products for packaging, labeling, and promotion**

# ANIMAL HUSBANDRY AND MEAT INDUSTRY

Montenegro has a rich gastronomic tradition in which meat and meat products take an important share in total production and consumption. A large number of agricultural households produce their food, processing the milk into cheeses, cream or skorup, and other dairy products, processing the meat of different animals into smoked hams, ham, sausages, and many other specialties. In addition to this production for personal needs, there is a highly developed market production in small and medium-sized registered or unregistered establishments where meat is processed into traditional products such as i) cured meat products – cured beef (smoked beef or tenderloin, cured beef ribs), smoked mutton (stelja and kastradina), smoked ham (njeguška, crnogorska pršuta), ii) fermented sausages – Njeguška sausage, beef or mutton sausages such as sudžuk, iii) smoked products), iv) a group of traditional products with exceptional quality can also include fresh beef and fresh lamb meat from central and northern parts of Montenegro. These products have a strong link with the territory, and the unique quality of meat is the result of farming practices and the quality of mountain pastures.

Livestock breeding is a branch with the highest potential in Montenegro. The reason lies in the terrain configuration and large areas under the pastures that favor extremely high-quality animal nutrition.

**Specific natural conditions, such as large areas under meadows and pastures, contribute to the dominance of extensive ruminant cultivation in Montenegro.**

According to MONSTAT, out of 43,791 agricultural holdings, as many as 31,260 engage in livestock production, accounting for 71% of all the assets.

Montenegro is following the growing trends in the consumption of poultry meat. Growth is met with a slight increase in production but also imports. Differently from countries in the region, the EU Member States, and the world average, poultry production is less represented in the structure of the meat production. Nevertheless, the share of poultry meat is increasing in the structure of consumption and production of almost all countries, so it is expected that the same trend will follow in Montenegro. Sheep, cattle, and pig farming are the most critical production. It provides milk, meat and raw material for further processing.

In terms of meat production per capita, Montenegro is among the last countries in Europe, while by meat imports it is among the leaders.

The dominant method of cattle farming and feeding in Montenegro is the extensive pasture fattening, which reflects the specific natural conditions of Montenegro - significant areas under pastures and meadows and small areas of arable land for the production of feed for the indoor farming method. This kind of production guarantees quality meat.

Meat processing in these companies is done using state-of-the-art technological solutions that guarantee the production of high-quality and safe products by applying traditional methods, especially in the production of dried meat and beef products.

Over the past decade, many resources have been invested in the meat industry to meet European standards. As a result, they meet the EU food safety standards, as they hold HALAL certificates.

Possible investments in this sector should be directed to:

- Primary production and processing area;
- Growing of livestock (with particular emphasis on excellent conditions for dealing with organic livestock breeding);
- Animal waste disposal and destruction
- Intensive buying and expanding lamb meat
- Investments into meat and milk processing

# APICULTURE

Apiculture has a long and rich tradition in Montenegro. The presence of several climatic zones, large areas of natural meadows and pastures, and a spacious karst area with rich floral composition and abundance of honey plants have provided very favorable natural conditions for the development of this economic activity. Extraordinary potential lies in the organic production of honey, which has also been identified as a priority in government policies!

More than 500 species of significant honey plants have been identified in Montenegro, many of which are related to medicinal plants whose properties are transferred to honey. Hence, honey from these areas is characterized by a high level of nutritional and medicinal properties. Some of the most important honey-bearing plant species are sage, seagrass, willow, hazelnut, hay, red and white clover, thyme, black and white linden, raspberry, wild blackberry, chestnut, conifers, and others.

Moreover, beekeeping is especially important given the role of bees in pollinating plants, which directly influences the increase in yields of various fruits and cereals. Compared to other industrialized countries, Montenegro has an unpolluted and healthy nature, leading to high-quality and healthy honey production.

The average annual production of honey in Montenegro is 626t (2016), which indicates the low utilization of the huge potential of this sector!

By adopting the Strategy of Food Production and Rural Development in 2006, Montenegro chose to accept the concept of sustainable development; this means achieving a good balance between economic development, environmental protection, and other social aspects. The starting point for the strategy was the recognition of the multifunctional role of agriculture; it was evident that agriculture should be viewed in a broader context than just as a contributor to GDP.

Possible investments in this sector should be directed to:

- Increasing production of honey,
- Expansion of assortment of bee products,

The significant unused potential lies in the part of branding and packaging of honey for export and direct sale, with particular emphasis on small packaging (25gr) that can be placed in catering facilities.

# PRODUCTION AND PROCESSING OF POMEGRANATE, ROSE HIPS AND FIGS

Montenegro represents a potential oasis for growing rose hips, pomegranate and figs!

Pomegranate grows in almost every garden on the Montenegrin coast. Fruits ripen from early October until January, depending on variety. This is still an insufficiently exploited wealth of Montenegro; however, as the interest of an increasing number of producers shows - the plantation of the pomegranate and figs will increase. The cultivation of pomegranate is considered one of the most profitable investments of all fruit species, even more profitable than the cherry, apricot, pears, or apples.

This is a fruit that has been known to people from the earliest times and is exceptionally delicious and healthy. Numerous advantages are the use of fresh fruit of pomegranate or juice from nourishment in the diet: protects the heart's health, destroys bad cholesterol and triglycerides, strengthens blood vessels, destroys harmful bacteria, slows down aging, strengthens immunity, improves mood. It is important to note that, at least in Montenegro, this plant is never treated with chemicals, so it is advantageous to other fruit trees! Also, hot summer and mild winter are suitable for this plant, so Montenegro is ideal for this production line to intensify!

The fig is also a type of fruit that brings significant yields! Moreover, it is especially cost-effective for breeding because of its diverse use - in Montenegro, it is consumed as fresh fruit, dried, or processed into jams. Figs are also not treated with chemicals.

**Montenegro has no large plantations of figs and pomegranates, representing a huge market opportunity for investors who can recognize the opportunity!**

Along with the potential of growing these fruits, the processing capacities for these fruits are directly linked! One of every household's traditional products in Montenegro is wild pomegranate juice. Plantations of pomegranate and figs are especially suitable in the municipalities of Podgorica, Danilovgrad, Bar, and Ulcinj.

Possible investments in this sector should be directed to:

- Plantation of pomegranate and figs,
- Opening of processing capacities for pomegranate and figs, jam made of figs, fresh pomegranate juice, and other products.
- Open the fig fruit drying plant.

# PRODUCTION AND PROCESSING OF CORNELIAN CHERRY (Cornus Mas)

The cornelian cherry is an exciting fruit that represents a true symbol of health. The extraordinary natural resistance and healing properties of this fruit are confirmed by the saying: "To be as healthy as a cornelian cherry"!

Cornelian cherry grows on dry, sunny, rocky sides of deciduous forests as a self-branched tree in the shape of a tall grass. It flowers in February and March and ripens in September and October.

The potential for raising plantations in Montenegro is genuinely remarkable, bearing in mind that this valuable gift of nature extends from the sea's shore to the crossroads and altitudes up to 1,300 meters above sea level. This is a big but not the only advantage for growing this fruit. Cornelian cherry does not require chemical protection to bring a large amount of fruit every year. That is why it is highly appreciated in organic production.

Each part of the cornelian cherry is considered a medicament. Fruits are an abundance of vitamin C, natural sugar, organic acids, antioxidants, pectin, and tannin, and due to their high nutritional value, they have a remarkably beneficial effect on health. They are fresh, dried, processed in jam, sweet, compote, fruit juice, liqueur, brandy. Products do not require any additional attention in order to be preserved!

In our climate, cornelian cherry grows as a homogeneous species, and there are only a few plantation farms. Still, due to the extraordinary potential that Montenegro provides, the plantation dredging and a rich assortment of quality products would ensure a safe profit!

Possible investments in this sector should be directed to:

- Plantation growing of cornelian cherry,
- Opening of processing capacities.

# WATER USE

Regarding water and water usage in general, Montenegro has enormous untapped potential!

In Montenegro, there are significant differences in the distribution and abundance of water resources - starting with arid karst areas to those that are rich in both surface and groundwater. The territory of Montenegro falls among the areas rich in water! Water is considered to be Montenegrin greatest natural resource. Montenegrin water springs are placed in ecologically healthy mountain areas, which provides them with constant bacteria quality.

Bottled water factories are especially interesting for investors since the legal ambient is friendly towards water usage as a renewable resource. Moreover, bottled waters comply fully with the quality, packaging, and labeling standards, enabling a good marketing position, especially during the tourist season.

In the past three years, Montenegro has imported natural and mineral water in the amount of 23 million EUR, while the water export was estimated at 1 million EUR. This is a clear indicator of unused Montenegrin water potential, which brings a significant number of possibilities in the field of water exploitation and management. Furthermore, several important watercourses drain into two directions: towards the Black Sea and the Adriatic Sea. The total area of the Black Sea part of the catchment area amounts to 7454 km<sup>2</sup>.

Montenegro experiences high river discharge levels, with an average total of 40 l/s/km<sup>2</sup>, and, as such, is in the top 4% of the world's territory in terms of average outflow. Given that 95% of Montenegrin watercourses are formed within the country, it could be said that water is Montenegro's most significant natural resource. Furthermore, 52% of the country (7251 km<sup>2</sup>) contains rivers that eventually find their way to the Danube (to the north), while the remainder of the country's rivers flows to the Adriatic (to the south).

**Montenegro has an abundance of high-quality underground and surface waters. Hydropower is the country's most important energy resource, and Montenegro is ranked high in terms of the availability of hydropower resources.** However, environmental protection requirements and seismic risks reduce its utilization, and, at present, only 17% of the potential is being exploited.

Investment potentials:

- Export to international market
- Investing in strengthening competitiveness and adapting to market demands - Investment in packaging equipment - Marketing activities

# WOOD PROCESSING

Forests have been multi-functionally managed according to contemporary standards meaning they are natural, healthy, vital, and resistant to negative impacts, and they perform their ecological and other functions.

Out of the total territory of Montenegro, 1,388,581 ha, 59.5% (826,782 ha) is covered with woods, while barren forest land makes an additional 9.7%.

In the last decades, the area under forests has been increasing due to the abandonment of traditional agriculture and afforestation, which is now confirmed by the statistical NFI data from the field. This means that the traditional objective of increasing forest areas, which has been the priority of the forest policy since the 19th century, has been met.

Forestry, wood, and non-wood products are an integral part of the rural economy and rural development. In addition to agriculture and rural tourism, they constitute one of the main development fields of rural areas.

According to the MONSTAT survey, out of the total 131,004 households that used solid fuels in 2011, over 79% or 103,979 households used firewood, followed by the households using the combination of firewood/ electricity (6.4%) and firewood/coal (6.1%). A significant number of households use firewood/ residues: 6,355 or approx. 5% of the total number of households that used solid fuels in 2011.

Montenegrin forests are among the most natural forests in Europe, having regard that 99% of forest potential is of natural origin!

## FACTS CHECK

- 1,388,581 ha of Montenegrin territory covered with woods – 59,5% of total land, 9.7% of barren land
- 133 million m<sup>3</sup> – total wood reserves
- 52.3% OF FORESTS ARE OWNED BY THE GOVERNMENT

Firewood represents the most used wood biofuel within the wood biomass consumption in Montenegro. The current processing capacity is 15.000 m<sup>3</sup> of wood per year. Following the public call, the right to use wood potentials is obtained by signing the Concession contract with MARD.

The wood processing industry in Montenegro is characterized by the production of semi-products (sawn timber and lumber), which are exported into countries in the region. In addition, investment opportunities are seen in the production of wood biomass (pellet and briquette), furniture, and wood processing.

## FOOD SAFETY

In Montenegro, the competent authority institution for food safety, veterinary and phytosanitary policy is the Ministry of Agriculture and Rural Development (MARD), through a specialised institution named the Administration for Food Safety, Veterinary, and Phytosanitary Affairs.

Food control is now carried out by veterinary, phytosanitary, and food inspectors; health, animal welfare, identification of animals, and registration are under the authority of veterinary inspectors; Phytosanitary inspectors are in charge of plant health, plant protection products, seeds, and planting material and protection of plant varieties.

Laboratory tests of food are performed by the following institutions and centers: Institute of Public Health, Centre for Ecotoxicological Testing, and specialized veterinary laboratory (SVL).

The food safety system in Montenegro harmonizes with the EU food safety system; when it comes to the export of products of animal origin, three meat producers are included in the EU list:

- Mesopromet doo, Bijelo Polje (meat products);
- Goranović d.o.o., Nikšić (meat products);

**For the export of Montenegrin products, the relevant institutions must submit requirements for animal products (especially honey and meat) and products of plant origin (oil) to provide the necessary conditions for the certification of the Administration.**

# EU FUNDS AVAILABLE: IPARD II

The objective of IPARD is two-fold:

1. to assist in the implementation of the acquis concerning the Common Agricultural Policy
2. to contribute to the sustainable adaptation of the agricultural sector and rural areas in the candidate country.

IPARD II program provides investment support to increase the ability of the agri-food sector to cope with competitive pressure and market forces and progressively align with the Union rules and standards while pursuing economic, social, and environmental goals in the balanced territorial development of rural areas. Furthermore, it will contribute to the security and safety of food supply and the maintenance of diversified and viable farming systems in vibrant rural communities and the countryside. In addition, the measures, rural infrastructure, agri-environmental schemes, and local initiatives will be supported through the IPARD II program. The IPARD II program will also reinforce the capacity of relevant EU funds management structures to efficiently manage and implement the program in line with EU requirements.

Each year, public calls for various IPARD II measures are being published.

# BUSINESS STIMULATING PROGRAMS

The Government of Montenegro has constantly been adopting incentive measures available to domestic and foreign investors through various support programs intended for the private sector. The Investment Incentive Inventory 2021 contains data on 42 incentive measures available to domestic and foreign investors through various support programs or tax reliefs created and implemented by the competent ministries. The Investment Incentives Inventory 2021 is available on the official websites of the Montenegrin Investment Agency:  
<https://mia.gov.me/investment-incentive-inventory/>

## Program for improving the competitiveness of the economy

The Program for Improving the Competitiveness of the Economy for 2021 has a total budget of €3 million and consists of 5 financial and two non-financial program lines, which include activities and measures for the realization of financial and non-financial support for potential and existing entrepreneurs, micro, small and medium-sized enterprises.

### 1. Program line for the modernization of production processes

Registered micro, small and medium-sized enterprises that have been operating for at least 2 years and whose predominant activity is written in the areas of manufacturing and the processing industry have the right to participate in the program line. The incentives and subsidy funds can be used to purchase new production machines and/or specialized equipment for commissioning purchased machines.

The total budget for implementing the program line for the modernization of production processes is €1,500,000. The program line implies the realization of planning investments – procurement of equipment (in part or in full) through a credit arrangement with the Investment and Development Fund of Montenegro (IRF) or commercial banks. The amount approved by the incentive ranges up to 35% of the equipment value and cannot be less than €7,000 or more than €70,000 excl. VAT. Accordingly, the value of the equipment to which the grant/subsidy is awarded ranges from €20,000 to €200,000.

### 2. Program line for the support of small-scale investments by entrepreneurs (in focus - women, young people in business, and craftspeople)

Entrepreneurs, micro, small, medium-sized enterprises, and craftspeople have the right to participate in this program line. The program line is intended to co-finance the costs of the purchase of fixed-assets, equipment, and intangible assets, namely software, directly deployed during the production process or service delivery:

- New production equipment and/or machinery which is used in the function of creating products and/or services;

- Used production equipment and/or machinery, not more than 3 years old, which is directly used for production and/or services;
- New computer equipment, laptops, printers, scanners, and related software, as well as equipment used for the production and development of creative industries;
- New parts and specialized machine tools;
- Domain purchase and hosting lease (for one year) if purchased for the first time, website development with interactive software solutions for online trade and/or communication with customers/suppliers (e-business).

The total budget for implementing the program line to support small-scale investments by entrepreneurs amounts to €650,000. The Ministry of Economic Development approves the incentive/subsidy of the costs of up to 50% of the value of justified costs excl. VAT, for micro, small and medium-sized enterprises, and up to a maximum amount of €7,500 excl. VAT, i.e., up to 80% of the eligible costs excl. VAT, and up to a maximum amount of €7,500 excl. VAT for women and young entrepreneurs up to the age of 35, while in crafts, business subsidy amounts to up to 70% of eligible costs excl. VAT, i.e., up to a maximum amount of €7,000.

### **3. Program line for the introduction of international standards**

Entrepreneurs, micro, small and medium-sized enterprises have the right to participate in this program line. The support is intended to co-finance the costs of the following activities:

- Component I – Accreditation of conformity assessment bodies;
- Component II – Business regulation in accordance with the requirements of international business standards (implementation/certification/recertification).

The total budget for implementing the program line for the introduction of international standards is €250,000. The Ministry of Economic Development approves the reimbursement of part of the costs, of up to 70% for micro and small enterprises or up to 60% for medium enterprises, of the number of eligible expenses excl. VAT, and up to €4,000 excl. VAT, or up to 80%, and up to a maximum of €5,000 excl. VAT, for companies in which women and/or persons up to 35 participate in the ownership structure with at least 50%.

### **4. Program line for digitalization support**

Entrepreneurs, micro, small and medium-sized enterprises have the right to participate in this program line. Through the program line for digitalization, the support is intended for co-financing the costs of creating a personalized solution for the digitalization of the organizational and business processes of the company. The total budget for implementing the program line for digitalization support is €400,000. The Ministry of Economic Development approves the reimbursement of part of the costs of up to 50% of the value of eligible costs excl. VAT, and up to a maximum amount of €6,000 excl. VAT; i.e., up to 80% of eligible costs excl. VAT, and up to a maximum amount of €7,500 excl. VAT, for companies in which women and/or persons up to 35 years of age participate in the ownership structure with at least 50%.

## 5. Program line for fostering a circular economy

Entrepreneurs, micro, small and medium-sized enterprises have the right to participate in this program line. Through the program line for fostering a circular economy, the support is intended to co-finance the costs of the following activities:

- Component I – Industrial wastewater treatment, intended for entrepreneurs and micro enterprises;
- Component II – Industrial wastewater treatment, intended for small and medium-sized enterprises and hotels.

The total budget for implementing the program line for fostering a circular economy is €200,000. The Ministry of Economic Development approves reimbursement of up to 70% of eligible costs (excl. VAT) for entrepreneurs, micro and small enterprises, and up to 60% of qualified expenses (excl. VAT) for medium-sized enterprises, with the maximum amount set at €10,000 (excl. VAT).

## Business zones

The Government of Montenegro adopted the **Promotion Programme of Business Development**, which seeks to encourage the development of micro and small enterprises on land connected to utilities, increase employment in less developed municipalities, as well as activate the capital of domestic and foreign investors who could identify an interest in the implementation and advancement of this project. Investors can use premises within the local self-government, suitable for capacity building, connected to utilities, intended for coordinated and planned use by several companies and manufacturers, which enables joint use of premises, utilities, financial, technical, and other services, thus attaining business operations with lower cost.

Eight local self-governments have declared business zones in Montenegro. Therefore, investors can invest under favorable terms in Berane, Bijelo Polje, Kolašin, Mojkovac, Nikšić, Cetinje, Ulcinj, and Podgorica. The said local self-governments had defined business facilitations related to:

- payment of utility or other charges;
- bargain price of lease/purchase of premises within business zones;
- reduction or exemption from surtax on individual income;
- lowering tax rates on real estate;
- the possibility to define a favorable model of public-private partnership;
- equipping with infrastructure areas which do not have a developed infrastructure.

The Ministry of Economics drew a unique guide with individually presented business zones, locations, capacities, and facilitation. A bylaw is also being developed, which will further define the competencies and management of the business zone development project.

Therefore, in addition to tax exemptions and administrative facilitations, investors who choose to operate within the business zone will be provided with complete logistical support so that their business operations will be further facilitated.

Source:

<https://www.biznizsona.me/en/promotion-programme-of-business-development-business-zones/>

Berane	<a href="https://www.biznizsona.me/en/biznis-zona/berane/">https://www.biznizsona.me/en/biznis-zona/berane/</a>
Bijelo Polje	<a href="https://www.biznizsona.me/en/biznis-zona/bijelo-polje/">https://www.biznizsona.me/en/biznis-zona/bijelo-polje/</a>
Kolašin	<a href="https://www.biznizsona.me/en/biznis-zona/kolasin/">https://www.biznizsona.me/en/biznis-zona/kolasin/</a>
Mojkovac	<a href="https://www.biznizsona.me/en/biznis-zona/mojkovac/">https://www.biznizsona.me/en/biznis-zona/mojkovac/</a>
Nikšić	<a href="https://www.biznizsona.me/en/biznis-zona/niksic/">https://www.biznizsona.me/en/biznis-zona/niksic/</a>
Cetinje	<a href="https://www.biznizsona.me/en/biznis-zona/cetinje/">https://www.biznizsona.me/en/biznis-zona/cetinje/</a>
Ulcinj	<a href="https://www.biznizsona.me/en/biznis-zona/ulcinj/">https://www.biznizsona.me/en/biznis-zona/ulcinj/</a>
Podgorica	<a href="https://www.biznizsona.me/en/biznis-zona/podgorica/">https://www.biznizsona.me/en/biznis-zona/podgorica/</a>

# INVESTMENT-DEVELOPMENT FUND

## Support to Agriculture and food production program

### Program Objective

The objective of the program is to support the development and growth of micro, small and medium-sized enterprises and entrepreneurs from the sector of agriculture and food production through incentives for advancing the production capacity, expansion of production, the introduction of new technologies, improvement of competitiveness, financing projects of local, regional and national importance.

### Loan purpose

Loans are intended for investments in fixed assets - tangible assets (buildings, equipment, appliances, livestock, long-term living plants, inventory...), intangible assets (product or service development, patents, licenses, concessions, copyrights, franchises...), and working capital.

IDF may directly finance up to 50,00% of the total investment value.

The loan amount dedicated to investing in working capital may be up to 30,00% of the total loan amount.

Financial support will not be granted for the following purposes:

- Parts of the investment that are used for personal needs;
- Catering facilities that exclusively provide beverage dispensing services;
- Publishing of newspapers and other periodicals, activities of production and broadcasting of radio and television programs, activities of news agencies, as well as service activities of marketing and public relations agencies;
- Purchase of shares in other companies, shares and other securities;
- Gas stations;
- Construction of residential and commercial premises for sale;
- Production and sale of military equipment or services;
- Car sales showrooms;
- Completed investments to refinance credit liabilities;
- Banking and insurance;
- Trade in currencies and securities;

- Participation in projects that violate internationally recognized workers' rights, including occupational safety, rules and procedures in Montenegro;
- Any activity that is considered illegal or harmful to the environment and dangerous to human health: games of chance, tobacco, alcoholic beverages (except wine production, craft beers and fruit brandies);
- Immoral and illegal activities.

## **Loan beneficiaries**

Loan beneficiaries may be companies and entrepreneurs and all forms of organizing established by the Law on Business Entities and subjects engaged in business activities governed by the rules of their corresponding area of activity (agricultural producers, etc.).

End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears).

Right to a loan is not a guaranteed right, and IDF shall enact a decision on each Loan Application.

## **Lending Method**

IDF implements this Program through:

- Direct lending to the loan beneficiaries;
- Financing end beneficiaries of loans through commercial banks that have established business relations with IDF.

Loan Applications that are not supported with mandatory defined documents shall not be considered.

Based on the Loan Agreement between a commercial bank and IDF, the commercial bank shall agree with the end beneficiary of the loan.

## **Loan Conditions**

Loans approved under this credit line and financed by the European Investment Bank (EIB) will be approved at an interest rate of 0.5% to 0,7% lower than the interest defined hereinafter.

## **A) Direct lending**

- Maximum amount up to € 3.000.000,00 € (for entrepreneurs and agricultural producers up to € 50.000,00);
- Minimum amount of € 10.000,00;
- Interest rate of 3,50% annually with the proportional interest calculation method;
- Maximum term of 12 years (including grace period);
- Grace period up to 4 years.

### **INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS:**

For entities implementing projects in Northern region municipalities or under-developed municipalities in Montenegro or entities that recruit three or more new employees (entrepreneurs and agricultural producers three or more new employees) under the project realization, a special incentive measure of the reduction of the interest rate by 0,50% shall be approved. The aforementioned incentives may only be used on one ground at a time.

Current direct beneficiaries of IDF loans may re-apply for additional funds provided that total IDF debt under direct loan arrangements with a single client matches its balance sheet ratios.

The internal acts of IDF shall define the exposure to one client, including all connected persons.

In case of a direct loan arrangement supported by a bank guarantee, cash collateral, or State guarantee, such loan arrangement or its proportional part shall not be considered exposure to the end beneficiary.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the "white list" of the competent state body, or if they have obtained confirmation that they are reregular tax payer the precondition for being on the "white list" have been received, in the form of reduced interest rates by 0.50% (it is necessary to confirm the state body or an official document of the state body which will be submitted to the IDF).

## **B) Lending through commercial banks**

- Maximum amount up to €3.000.000,00;
- Minimum amount of € 10.000,00;
- Interest rate of 5.00 % annually (out of which 3% belongs to the bank, whilst IDF in any case, retain at least 1.5% with the possibility that the bank receives less than 1.5%););
- Maximum term of 12 years (including grace period);
- Grace period up to 4 years.

NOTE: Business bank shall, based on its own business policy, have the right of approving a loan to the client in a percentage it deems appropriate, from its own potential and under the terms it establishes at its own discretion.

Commercial bank through which the loan arrangement is realized shall be required to provide from the end loan beneficiary fulfilment of all obligations under the legislation regarding the realization of the investment - a project supported with the loan proceeds of the IDF.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the "white list" of the competent state body or if they have obtained confirmation that they are regular tax payer meaning that the precondition for being on "white list" have been obtained, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF).

## Fees

Direct loan arrangements shall be subject to the following fee:

- 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;

Fees for loans realized through commercial bank IDF shall not be charged, and the fee shall be agreed upon between the bank and the end beneficiary.

## Utilization of Loan

The loan utilization period is up to 24 months.

The final utilization period shall be established on a case-by-case basis for each individual loan arrangement dependent on the real needs and the dynamics of investing.

Loan beneficiaries shall be obliged to a dedicated usage of loan funds in accordance with this program and agreement signed between IDF and loan beneficiary.

IRF CG A.D. will control the intended use of the loan.

IRF CG A.D. realizes approved direct loans whose purpose is to invest in fixed assets (and small inventory), by transferring funds to:

- account of the supplier, i.e. executor of services / works or
- account of the loan user once or by tranches - in phases.

Transfer of funds directly to the beneficiary's account by tranches - phased, implies that the next transfer of funds will not be made before the loan beneficiary justifies the intended

spending of previously realized funds on the approved loan (funds on already transferred tranches). Exceptionally, in the case of a refund of paid investments, the transfer of funds to the borrower's account can be done once or in tranches - in phases, in accordance with the applicable regulations of the IRF CG AD.

The transfer of funds for credit arrangements through and with the guarantee of commercial banks will, as a rule, be performed once.

In the case of lending to end-users through commercial banks, commercial banks are required to provide and keep documentation and keep records that allow rapid and efficient control of the intended use of the loan, as well as defining other conditions for using the loan in accordance with legal requirements. IRF CG A.D. retains the possibility to perform dedicated control in direct contact with the end-user of the loan.

## **Means of Security**

As means of loan security, IDF shall accept bills of exchange, a mortgage on real estate, bank guarantees, local government units' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables, administrative bans on income, at least one solvent guarantor (depending on the amount of the loan and the guarantor's income), premiums, subsidies, grants and direct payments ensured by the Ministry of Agriculture and Rural Development, as well as other typical means of security in banking operations and in accordance with the present Acts of IDF and the decisions of the relevant authorities of IDF.

All costs with regard to providing instruments of security as well as of the execution of insurance-related tasks, deletion, and retrieval of realized instruments shall be carried by the loan beneficiary.

In case of loans through and guaranteed by commercial banks, bills of exchange and bank authorizations shall be accepted as collateral. The bank retains the right to arrange means of security with the end beneficiary contractually.

## **Required Documents**

Documents required for the realization of the project through direct loan arrangement are available upon request.

## **Credit Line Validity**

This Credit Line shall be valid until December 31, 2021, until it's altered or terminated.

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