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Committee on Subsidies and Countervailing Measures

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## SUBSIDIES

### NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVI:1 OF THE GATT 1994 AND ARTICLE 25.1 OF THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

MONTENEGRO

The following communication, dated and received on 9 January 2023 is being circulated at the request of the delegation of Montenegro.

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## **I NON-FISHERIES PROGRAMMES**

### **1 SUPPORT PROGRAMME LINE FOR MODERNISATION OF THE PROCESSING INDUSTRY**

#### 1. Title of the subsidy programme

Support Programme Line for Modernisation of the Processing Industry

#### 2. Period covered by the notification

2020.

#### 3. Policy objective and/or purpose of the subsidy

The aim of the programme line was to strengthen the competitiveness of business entities, to improve business, productivity and profitability through investment in equipment.

The specific objectives of the programme line were:

- Improvement of technological processes, products and services,
- Increasing the volume and value of turnover,
- Reducing the cost of financing of production equipment through subsidizing the part of costs of equipment procurement.

#### 4. Background authority for the subsidy (including identification of the legislation under which it is granted)

Background authority for the subsidy has been the Ministry of Economy<sup>1</sup> of Montenegro in cooperation with the Investment and Development Fund of Montenegro, based on the Industrial Policy of Montenegro 2016–2022, Montenegro Development Directions 2018-2021 and Montenegro Economic Reform Programme 2019-2021.

#### 5. Form of the subsidy

Grants.

#### 6. To whom and how the subsidy is provided (to produces, exporters and others, through what mechanism, etc.)

Registered micro, small and medium-sized companies and entrepreneurs who have been in the business for at least 2 years and whose registered principal activity fall within the processing industry are eligible to participate in the programme line.

#### 7. Subsidy per unit, or in cases where this is not possible, the total amount of the annual amount budgeted for that subsidy

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<sup>1</sup> Note: At the session of the Government of Montenegro on December 7, 2020, the name of the Ministry of Economy was changed to the Ministry of Economic Development.

The available funds in 2020 for the implementation of the programme line were EUR 300,000.00. In 2020 the Ministry received eight applications from the companies operating in furniture manufacturing, metal processing, manufacture of paper and carpentry products, manufacture of soap and detergents and processing of poultry. After checking the documentation, the Commission of the Ministry of Economy approved only one application in accordance with the Programme line's rules. With the support of EUR 27,931.90 by the Ministry of Economy, the equipment worth EUR 93,106.90 was purchased. Additionally, based on the Program for 2019, another company was granted in the amount of EUR 12,000.00 and equipment for EUR 100,840.00 was purchased. In accordance with the above, the Ministry of Economy, through the Program of Support to the Modernization of the Manufacturing Industry, awarded state aid in the total amount of EUR 39,931.90.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

9. Statistical data permitting an assessment of the trade effects of the subsidy

N/A.

## **2 PROGRAMME LINE OF ENHANCING INNOVATION IN SMALL AND MEDIUM ENTERPRISES**

1. Title of the subsidy programme

Programme Line of Enhancing Innovation in Small and Medium Enterprises for 2020 - Financial Support Project for small and medium enterprises (SMEs).

2. Period covered by the notification

2020.

3. Policy objective and/or purpose of the subsidy

Improving the innovative capabilities of SMEs through encouraging the use of consulting services for realization and implementation of innovative activities. Specific objectives and purpose were related to:

- Strengthening innovative potentials in SMEs;
- Modernization of business;
- Improving awareness of the importance of using consulting services by SMEs;
- Building links between SMEs and consultant services providers;
- Increasing productivity and competitiveness of SMEs; and
- Increasing the internationalization of SMEs.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy has been the background authority for the subsidies based on the following documents: Industrial Policy of Montenegro 2016-2020, Montenegro Development Directions 2018-2021 and Montenegro Economic Reform Programme 2019-2021 Strategy for Innovative Activities 2016-2020, Strategy for SME Development 2018-2022.

5. Form of the subsidy

The aid was granted as a reimbursement of 50% of the costs for engaging external consultants for implementing innovative activities. Additional support created for companies in which females

and/or persons up to 35 years of age participate in the ownership structure of at least 50% - up to 80%, and in the maximum amount of up to EUR 5,000.00 without VAT for companies.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The right to participate in the financial support project small and medium enterprises (SMEs) had registered micro, small and medium sized companies fulfilling the following conditions:

- To be 100% privately owned;
- Had no operating losses in the last financial year;
- Regularly paid taxes and contributions; and
- Had not use any financial assistance from the budget or donor programs for the same activities.

SMEs which fulfil the aforementioned conditions and appraised with quantitative and qualitative criteria and selected to realize innovative activity (innovation of product, process, organization or marketing) conducted innovative activity in cooperation with external consultant, the consultants and asked for reimbursement of 50% or 80% of the costs, following the implementation of the innovative activities and submission of relevant evidence. In 2020 in total 49 companies fulfilled conditions and procedures, implemented innovative activities and thus were reimbursed through the program of the Ministry of Economy. Program for improving innovation in small and medium-sized enterprises, allocated the amount of assistance EUR 168,977.29 (as grants).

7. Subsidy per unit or in cases where this is not possible. the total amount of the annual amount hudgeted for that subsidy

Total budget dedicated to the implementation of financial support project for small and medium-sized enterprises for 2020 was EUR 100,000.00 and the maximum amount of subsidy per company was EUR 3,500.00, excluding VAT or up to EUR 5,000.00 for companies in which females and/or persons up to 35 years of age participate in the ownership structure of at least 50%.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

9. Statistical data permitting an assessment of the trade effects of the subsidy

N/A.

### **3 PROGRAMME LINE OF INTRODUCTION OF INTERNATIONAL STANDARDS**

1. Title of the subsidy programme

Programme line of introduction of international standards.

2. Period covered by the notification2020.

3. Policy objective and/or purpose of the Suhsidy

The programme has aimed to provide support to entrepreneurs, small and medium sized enterprises (SMEs) especially from less developed municipalities and the northern region, to increase their own size to a greater extent of competitiveness, primarily through harmonization with the requirements

of international standards related to their products, management systems, staffing, testing, controlling and certification and support for obtaining accreditation for conformity assessment.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy based on the Law on Regional Development of Montenegro ("Official Gazette of the Republic of Montenegro", No. 20/11), the Law on Business Companies ("Official Gazette of the Republic of Montenegro", No. 06/02), the Strategy of Regional Development of Montenegro 2014-2020, the Strategy for Innovative Activities 2016-2020, the Strategy of the Development of the Processing Industry of Montenegro 2014-2020, Industrial Policy of Montenegro until 2020. The measures contained in the Programme Line meet the criteria of Article 14 of Annex 7a – Commission Regulation (EU) No 651/2014 of 17. June 2014 declaring certain categories of assistance compatible with the internal market in application of Articles 107 and 108 of the Treaty, the Ordinance on the list of state aid rules ("Official Gazette of Montenegro" No. 35/14, 02/15 and 38/15), so they agree with Articles 6 and 7 of the Law.

5. Form of the subsidy

The subsidy has been provided according to the principle of refund. The beneficiary of the program financed the project, and after realization and submission of evidence of realization, the Ministry refunded the contracted amount.

Support was related to two components - for the introduction of international business standards and for obtaining accreditation for conformity assessment.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The beneficiaries were entrepreneurs, small and medium sized companies under the criteria defined in the public call for participation. In 2020 in total 127 companies fulfilled conditions and procedures, implemented contracted activities and thus were reimbursed EUR 493,362.50 (as grants).

7. Subsidy per unit, or in cases where this is not possible, the total amount of the annual amount budgeted for that subsidy

Amount budgeted for 2020 was EUR 300,000.00.

8. Duration of the subsidy and/or any time limits attached to including date of inception/commencement

One year.

9. Statistical permitting an assessment of the trade effects of the subsidy

N/A.

#### **4 PROGRAMME LINE FOR STIMULATING THE DEVELOPMENT OF CLUSTERS**

1. Title of the subsidy programme

Programme line for stimulating the development of clusters.

2. Period covered by the notification

2020.

3. Policy objective and/or purpose of the subsidy

The objective of the program is financial support for more efficient functioning of innovative clusters and their better promotion in order to achieve a better competitive position of small and medium-sized enterprises on the national and international market.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy based on the Strategy of Regional Development of Montenegro 2014-2020, the National Strategies for Employment and Human Resources Development 2016-2020, the Strategy for Innovative Activities 2016-2020, the Strategy of the Development of the Processing Industry of Montenegro 2014-2020, Industrial Policy of Montenegro until 2020.

5. Form of the subsidy

The subsidy has been realized according to the principle of refund. The beneficiary of the program financed the project, and after realization and submission of evidence of realization, the Ministry refunded the contracted amount.

The subject of support might be investments in tangible, intangible assets and operational costs of business.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The right to participate in the Program for the Promotion of Cluster Development in Montenegro had clusters of entrepreneurs, micro, small and medium enterprises registered as legal entities. In 2020 in total 7 clusters fulfilled conditions and procedures, implemented contracted activities and thus were reimbursed EUR 73,857.00 (as grants).

7. Subsidy per unit, or in cases where this is not possible, the total amount of the annual amount budgeted for that subsidy

Amount budgeted for 2020 was EUR 150,000.00.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

9. Statistical data permitting an assessment of the trade effects of the subsidy

N/A.

## 5 PROGRAMME LINE FOR FOSTERING DIRECT INVESTMENT

1. Title of the subsidy programme

Programme line for direct investment incentives.

2. Period covered by the notification

2020.

3. Policy objective and/or purpose of the subsidy

The goal of the programme line is to create conditions for a more favourable business environment that will, by encouraging domestic and foreign investments in all areas of Montenegro, contribute to the increase competitiveness and export potential of the industry by introducing new technologies and knowledge and enable the creation of new jobs.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy. The subsidies are granted based on Guideline on Regional Aid.

5. Form of the subsidy

Investment incentives for the investment projects and job creation. Funds for investment incentives can be awarded for investment projects with a minimum value of new investment of EUR 250,000.00, which provide employment for at least eight new employees within three years from the date of application for participation in the procedure for allocating funds for investment incentives.

For investment in investment projects in the area of local self-government from the northern and central region, except the Capital Podgorica, investment incentives may be allocated for investment projects with a minimum value of EUR 100,000.00 and which provide employment for at least four new employees within of three years from the date of filing the application.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Micro, small, medium and large companies have the right to participate in the Program in accordance with the Law on Companies. In 2020, only one company fulfilled all conditions and was supported in the amount of EUR 96,000.00.

7. Subsidy per unit, or in cases where this not possible, the total amount of the annual amount budgeted for that subsidy

Range EUR 3,000.00 – 10,000.00 per new job position.

Program line total amount budgeted for 2020 was EUR 2,300,000.00.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

9. Statistical data permitting an assessment of the trade effects of the subsidy

N/A.

## **6 PROGRAMME LINE FOR FOSTERING PRODUCTION PROCESSES**

1. Title of the subsidy programme

Programme line for fostering production processes.

2. Period covered by the notification

2020.

3. Policy objective and/or purpose of the subsidy

The programme supports investment in new or used equipment required to implement an investment project or to start, enhance or expand existing capacities, expand to new products and production processes, or to scale up production. The programme provides co-financing for the purchase of production equipment and equipment deployed in the production process.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy. The subsidies are granted based on Guideline on Regional Aid.

5. Form of the subsidy

Investment incentives for the production processes and new/used equipment. The subsidy has been provided according the principle of refund, The reimbursement is given as part of costs up to 40% for micro, small, medium and large enterprises, the amount of eligible costs excluding VAT, in the minimum amount of EUR 10,000.00, and the maximum amount up to EUR 150,000.00 excluding VAT.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Micro, small, medium-sized and large enterprises are eligible to participate in the programme. In 2020, the total of 9 companies fulfilled the criteria, and were contracted in the amount of EUR 721,535.00.

7. Subsidy per unit, or in cases where this is not possible, the total amount of the annual amount budgeted for that subsidy

The total budget for the implementation of the Programme for Fostering Production Processes is EUR 1,300,000. The Ministry of Economy approves reimbursement of up to 40% of eligible costs (excl. VAT) for micro, small, medium-sized and large enterprises, with the minimum amount set at EUR 10,000.00, and the maximum amount at EUR 150,000.00 (excl. VAT). Intensity of support: The principle is that the company finances 100% of all costs until the end of the activity for which it applies, and then, based on the submitted documentation proving the expenditure of the funds of the contracted activity, the Ministry of Economy approves a refund of part of the costs in the amount of up to 40% for micro, small, medium and large enterprises, the amount of eligible costs without VAT, in the minimum amount of EUR 10,000.00, and a maximum amount of up to EUR 150,000.00 without VAT.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

9. Statistical data permitting an assessment of the trade effects of the subsidy

N/A.

**7 PROGRAMME LINE FOR SUPPORT SMALL INVESTMENTS OF ENTREPRENEURS (WOMEN AND YOUTH)**

1. Title of the subsidy programme

Programme line for support small investments of entrepreneurs (women and youth), for 2020.



2. Period covered by the notification

2020.

3. Policy objective and/or purpose of the subsidy

The Program line for support of small investments of entrepreneurs aims to encourage entrepreneurship of women and youth as well as, to improve the efficiency and institutional support of entrepreneurs' business. This program line will support vulnerable target groups by providing financial assistance, through grants to finance the procurement of fixed assets of small value.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy is background authority for the subsidy. Subsidies are provided in line with the Law on Business Companies ("Official Gazette of the Republic of Montenegro", No. 06/02), the Decree on Detailed Criteria, Conditions and Manner of Granting State Aid ("Official Gazette of Montenegro", No. 27/2010, 34/2011 and 16/14) and the Law on Accounting ("Official Gazette of the Republic of Montenegro", No. 52/16, as well as following the regulations in force in accordance with the Law on Waters ("Official Gazette of the Republic of Montenegro", No. 27/2007 and "Official Gazette of Montenegro", No. 32/2011, 47/2011 - amended, 48/2015, 52 / 2016, 2/2017 - other law, 80/2017 - other law, 55/2016 - other law and 84/2018), Law on Municipal Wastewater Management "Official Gazette of Montenegro", No. 002/17 from 10.01.2017) and other applicable laws that define this area.

5. Form of the subsidy

The subsidy has been provided according to the principle of refund. The beneficiary of the program financed the project, and after realization and submission of evidence of realization, the Ministry refunded the contracted amount.

Support was intended for co-financing the costs of procurement of fixed assets - equipment and part of intangible assets - software that are directly involved in the production process/service provision:

1. new production equipment and/or machinery;
2. new computer equipment, laptops, printers, scanners and related software;
3. new equipment for 3D scanning, 3D printing and accompanying software;
4. Microsoft Office application software;
5. software used in CAD design (AUTOCAD, ARHICAD, CATIA, SOLIDWORKS), as well as other software used in computer-aided design;
6. software used in CAM/in computer-aided production;
7. used production equipment and/or machinery, not older than three years, which is directly in the function of creating products and / or services;
8. new parts, specialized machine tools.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The beneficiaries were entrepreneurs, micro, small and medium sized companies owned by women and young people under 35 years of age (criteria defined in the public call for participation). In 2020, 52 company applied. The number of companies fulfilled conditions and procedures, implemented contracted activities was 42 and total reimbursed amount was EUR 89,362.35 (subsidy - 50% of eligible costs (excl. VAT).

7. Subsidy per unit, or in cases where this is not possible, the total amount of the annual amount budgeted for that subsidy

Amount budgeted for 2020 was EUR 80,000.00.

Intensity of support: The principle is that the entrepreneur finances 100% of all costs until the end of the activity for which he applies, and then after submitting documentation proving the expenditure of the funds of the contracted activity, the Ministry of Economy approves a refund of part of the costs in the amount of up to 50% for micro and small enterprises, the amount of eligible costs without VAT, in the minimum amount of EUR 500.00 without VAT and in the maximum amount up to EUR 4,000.00 without VAT.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/eommencement

One year.

9. Statistical data permitting an assessment of the trade effects of the subsidy

N/A.

## **8 PROGRAMME LINE FOR FOSTERING CIRCULAR ECONOMY**

1. Title of the subsidy programme

Programme line for Fostering Circular Economy.

2. Period covered by the notification

2020.

3. Policy objective and/or purpose of the subsidy

The Programme has aimed to provide support to entrepreneurs, micro, small and medium sized enterprises (SMEs). The Programme aimed to introduce and use modern biological processes for wastewater treatment in Montenegrin business sector. The application of Upflow Sludge Blanket Filtration (USBF) biological wastewater treatment process was in the focus of the Programme.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy is background authority for the subsidy. Subsidies are provided in line with the Law on Business Companies ("Official Gazette of the Republic of Montenegro", No. 06/02), the Decree on Detailed Criteria, Conditions and Manner of Granting State Aid ("Official Gazette of Montenegro", No. 27/2010, 34/2011 and 16/14) and the Law on Accounting ("Official Gazette of the Republic of Montenegro" No. 52/16, as well as following the regulations in force in accordance with the Law on Waters ("Official Gazette of the Republic of Montenegro", No. 27/2007 and "Official Gazette of Montenegro", No. 32/2011, 47/2011 - amended, 48/2015, 52 / 2016, 2/2017 - other law, 80/2017 - other law, 55/2016 - other law and 84/2018), Law on Municipal Wastewater Management "Official Gazette of Montenegro", No. 002/17 from 10.01.2017) and other applicable laws that define this area.

5. Form of the subsidy

The subsidy has been provided according to the principle of refund. The beneficiary of the program financed the project, and after realization and submission of evidence of realization, the Ministry refunded the contracted amount.

Support was intended to co-finance the costs of the following activities:

- Component I - Wastewater treatment in agri-food industry, intended for entrepreneurs and micro-enterprises, and

- Component II - Industrial wastewater treatment, intended for small and medium-sized enterprises and hotels.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The beneficiaries were entrepreneurs, micro, small and medium sized companies under the criteria defined in the public call for participation. In 2020 only one company applied. The same company fulfilled conditions and procedures, implemented contracted activities and thus were reimbursed EUR 4,830.00 (subsidy - 70% of eligible costs (excl. VAT)).

The principle is that the company finances 100% of all costs until the end of the activity for which it applies, and then after submitting documentation proving the expenditure of the funds of the contracted activity, the Ministry of Economy approves a refund of part of the costs in the amount of up to 70% for entrepreneurs, micro and small enterprises, or up to 60% for medium-sized enterprises, the amount of eligible costs without VAT, and in the maximum amount up to EUR 10,000.00 without VAT. The funds were allocated through an open grant procedure through an open Public Call, i.e. until the expenditure of available funds for the program line.

7. Subsidy per unit, or in cases where this is not possible, the total amount of the annual amount budgeted for that subsidy

Amount budgeted for 2020 was EUR 150,000.00.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

9. Statistical data permitting an assessment of the trade effects of the subsidy

N/A.

## **9 PROGRAMME LINE FOR CRAFTS DEVELOPMENT**

1. Title of the subsidy programme

Programme line for Crafts Development.

2. Period covered by the notification

2020.

3. Policy objective and/or purpose of the subsidy

The goal of the programme line for the development of crafts was the promotion of Montenegrin crafts through provision financial support to entrepreneurs and companies that perform craft activities (hereinafter: craftsmen), in the sense of encouraging and enabling the procurement of equipment and tools intended exclusively for performing craft activities as well as organizing and participating in domestic and international fairs and events.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy based on the Law on Regional Development of Montenegro ("Official Gazette of the Republic of Montenegro", No. 20/11), the Law on Business Companies ("Official Gazette of the Republic of Montenegro", No. 06/02), the Strategy of regional development of Montenegro 2014-2020, the Strategy for innovative activities 2016-2020, the Strategy of the

development of the processing industry of Montenegro 2014-2020, Industrial policy of Montenegro until 2020.

5. Form of the subsidy

The programme line implied financial Support based on the principle of reimbursement (reimbursement of part of the costs). Approved support from the Ministry of Economy will cover 20% of the costs foreseen by the application, excluding VAT under the first component and 50% within the second component of the Program Line. The remaining 80% and 50% respectively costs should be covered from the applicant's own sources.

The amount of grants that have been awarded to craftsmen under the first component Program lines were 20% of eligible costs for value-related activities equipment, or up to EUR 3,000.00 without VAT per applicant. Additionally, the amount of the grant that can be awarded to craftsmen under the second component of the Program Line was 50% of eligible costs, or up to EUR 3,000.00 without VAT per applicant, for participation in the international fair, while the amount was to be up to EUR 2,000.00 without VAT awarded for participation in a domestic fair.

For activities related to the design and printing of promotional material, the amount of the grant funds that can be allocated to craftsmen was 50% of eligible costs, or up to EUR 2,000.00 without VAT per applicant.

If in the founding structure of the company was at least 50% female person and/or person up to 35 years of age, for the first component of the Program line possible intensity of maximum support was up to 40% of eligible costs without VAT, ie in the maximum amount of up to EUR 4,000.00.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The right to participate in the Programme Line had the craftsmen who are registered in accordance with the Law on companies ("Official Gazette of the Republic of Montenegro", No. 06/02, 36/11) in the Central Register of Companies subjects and which are entered in the Register of craftsmen at the Public Institution Chamber of Crafts, i.e. entrepreneurs and companies in accordance with the Law on Crafts, which is predominant activity of performing a simple or complex craft, all in accordance with the Decision on identifying trades, trades-like activities and lists of simple and complex crafts. The amount given for 2020 was EUR 2,870,91, and was awarded to 2 applicants/companies.

7. Subsidy per unit, or in cases where this is not possible, the amount of the annual amount budgeted for that subsidy

Amount budgeted for 2020 was EUR 50,000.00.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

9. Statistical data permitting an assessment of the trade effects of the subsidy

N/A.

## **10 PROGRAMME LINE FOR THE SUPPORT OF DIGITALIZATION**

1. Title of the subsidy programme

Programme line for the support of digitalization.

2. Period covered by the notification

2020.

3. Policy objective and/or purpose of the subsidy

The goal of the Programme Line for the support of Digitalization was to raise the level of business automation processes and levels of knowledge of management and operational Structures in MSMEs.

Specific Objectives:

- Increased number of MSMEs that have automated business processes;
- Increased exports of Montenegrin MSMEs thanks to digital business.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy based on the Law on Regional Development of Montenegro ("Official Gazette of the Republic of Montenegro", No. 20/11), the Law on Business Companies ("Official Gazette of the Republic of Montenegro", No. 06/02), the Strategy of regional development of Montenegro 2014-2020, the Strategy for innovative activities 2016-2020, the Strategy of the development of the processing industry of Montenegro 2014-2020, Industrial policy of Montenegro until 2020.

5. Form of the subsidy

The principle was that the company finances 100% of all costs until the completion of the activity for which it applies, and then after the submitted documentation proving the expenditure of funds contracted activities, the Ministry of Economy approves the reimbursement of part of the costs in up to 50% of the amount of eligible costs without VAT, and in the maximum amount up to EUR 3,500.00 without VAT.

If in the founding structure of the company was at least 50% female person and/or person up to 35 years of age, maximum intensity support amounts to 80% of eligible costs without VAT, i.e. in the maximum up to EUR 5,000.00 without VAT. This aid was granted as low - value aid (*de minimis* aid) in accordance with EU Commission Regulation No. 1407/2013 of 18 December 2013. The condition is that in the last six months until the day of publishing the Public Invitation, there were no changes in the ownership structure. The amount given for 2020 was EUR 177,304.53 and this amount was awarded to 55 applicants/companies. The donor of these funds is the Ministry of Economy through the Digitalization Support Program.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Entrepreneurs, small and medium-sized enterprises, have the right to participate in the program line for support of digitalization medium - sized enterprises registered in accordance with the Companies Act ("Official Gazette RCG", No. 06/02), Decree on Detailed Criteria, Conditions and Manner of Granting State Aid ("Official Gazette of Montenegro", No. 27/2010, 34/2011 and 16/14) and the Law On Accounting (Official Gazette RCG" No. 52/16), registered in the Central Register of Business Entities.

7. Subsidy per unit, or in cases where this is possible. The total amount of the annual amount budgeted for that subsidy

Amount budgeted for 2020 was EUR 200,000.00.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

9. Statistical data permitting an assessment of the trade effects of the subsidy

N/A.

## **11 PROGRAMME LINE FOR THE SUPPORT OF INTERNATIONALIZATION**

1. Title of the subsidy programme

Programme line for the support of internationalization.

2. Period covered by the notification

2020.

3. Policy objective and/or purpose of the subsidy

The goal of the programme line for MSME Internationalization was to provide support for the Montenegrin companies to present service products in international markets and strengthen business Cooperation with international partners. Specific objectives: Increased exports of Montenegrin MSMEs in target markets; Increased number of MSMEs with increased value of export contracts in target markets; Increased number of MSMEs prepared for export.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy based on the Law on Regional Development of Montenegro ("Official Gazette of the Republic of Montenegro", No. 20/11), the Law on Business Companies ("Official Gazette of the Republic of Montenegro", No. 06/02), the Strategy of regional development of Montenegro 2014-2020, the Strategy for innovative activities 2016-2020, the Strategy of the development of the processing industry of Montenegro 2014-2020, Industrial policy of Montenegro until 2020.

5. Form of the subsidy

The principle was that the company finances 100% of all costs until the completion of the activity for which it applies, and then after the submitted documentation proving the expenditure of funds contracted activities are approved by the Ministry of Economy for reimbursement of part of the costs, and to for:

- International fairs participation: the amount of grants was up to 50% of the amount of eligible costs without VAT or in the maximum amount of up to EUR 4,000.00.
- Company visits to fairs in order to connect with foreign countries partners/participation in B2B meetings: the amount of the grant that was up to 50% of the amount of eligible costs without VAT or in the maximum amount of up to EUR 500.00.
- Production of promotional material: the amount of the grant was up to 50% of the amount of eligible costs without VAT ie in the maximum amount up to EUR 500.00.

If at least 50% of the founding structure of the company is owned by female person and/or person up to 35 years of age, the intensity of maximum support amounts to 80% of eligible costs without VAT, ie in the maximum amount:

- up to EUR 5,000.00 for the activity "international fairs participation";
- up to EUR 700.00 for the activity "company visits to fairs in order to connect with foreign partners/participation in B2B meetings";

- up to EUR 700.00 for the activity "Production Of promotional material",

This aid is granted as de minimis aid in accordance with EU Commission Regulation no. 1407/2013 of 18 December 2013. The condition is that in the last six months until the day of the announcement of the Public Invitation, there were no changes in ownership structures.

In 2020, there were no funded projects due to Covid19 year.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Entrepreneurs, small and medium-sized enterprises, have the right to participate in the program line for support of the internationalization, medium - sized enterprises registered in accordance with the Companies Act ("Official Gazette RCG", No. 06/02), Decree on Detailed Criteria, Conditions and Manner of Granting State Aid ("Official Gazette of Montenegro", No. 27/2010, 34/2011 and 16/14) and the Law on Accounting (Official Gazette RCG, No. 52/16), registered in the Central Register of Business Entities.

7. Subsidy per unit, or in cases where this is not possible. the total amount of the total annual amount budgeted for that subsidy

Amount budgeted for 2020 was EUR 100,000.00.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

9. Statistical data permitting an assessment of the trade effects of the subsidy

N/A.

## **12 BUSINESS ZONES**

1. Title of the subsidy programme

Decree on Business Zones.

2. Period covered by the notification

2020.

3. Policy objective and/or purpose of the subsidy

The Decree defines as its aim the establishment of business zones, which are unique areas established by government or municipalities, foreseen to provide various fees reliefs to business entities within them, for the purpose of a more balanced regional development of Montenegro. Namely, the Decree states that the beneficiaries of the business zones shall exercise the right to tax and other reliefs in accordance with the decisions adopted by the municipalities governing business zones.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy is background authority for the subsidy. Subsidies are granted based on the Decree on business zones, as well as decisions on establishing business zones by municipalities which have business zones.

## 5. Form of the subsidy

The subsidies are in form of income taxes and social contributions reliefs/incentives (defined by decree) and municipal taxes and land rent reliefs (defined by municipalities).

The decree stipulates tax reliefs regarding social contributions (contributions for pension and disability insurance, health insurance, unemployment insurance and labour fund) and income taxes for business zones beneficiaries. Business zones beneficiaries can use these benefits no more than 5 years since the day of employing a person in a business zone.

During 2020, there were in total 6 approved business zones in Montenegro (in Berane, Šavnik, Bijelo Polje, Mojkovac, Nikšić and in Podgorica). There were only 3 beneficiaries of business zones reliefs in 2020. They archived reliefs from national level in total amount of EUR 1,427,755.00.

Decree on Business zones also allows business zones establishers to include additional benefits/incentives from local level in their respective decisions on establishing business zones. Some of them are related to: favorable prices for land lease/purchase, exemption or reduction of utility fees, as well as fees for equipping construction land, reduction of real estate tax rate to the limit prescribed by law, exemption from personal income tax, additional infrastructural equipping of locations by the local self-government unit.

These incentives are subject to bilateral agreement between certain municipal authority and the beneficiary of the business zone.

Reliefs can amount to a maximum of 70% of eligible costs (investments in tangible assets and jobs creation) of the total investment for small enterprises, 60% for medium and 50% for large ones.

## 6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The beneficiaries of business zones are private companies which are selected by municipalities under the criteria defined in the public call for participation.

## 7. Subsidy per unit, or in cases where this is not possible, the amount of the annual amount budgeted for that subsidy

There is no budgeted amount per year, as there are incentives from income taxes and social contributions, it depends on number of companies and number of employees operating in approved business zones.

## 8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

5 years after employing a person, business zone beneficiary can use income taxes and social contributions reliefs.

## 9. Statistical data permitting an assessment of the trade effects of the subsidy

N/A.

# 13 ANNUAL PLAN OF THE INVESTMENT AND DEVELOPMENT FUND OF MONTENEGRO

## 1. Title of the subsidy programme

Annual Plan of the Investment and Development Fund of Montenegro JSC for 2020.

## 2. Period covered by the notification

2020.



### 3. Policy objective and/or purpose of the subsidy

The subsidy was provided with the goal of realization of credit lines of Investment and Development Fund of Montenegro AD, intended for:

- Entrepreneurship development - encouraging employment (support to specific targeted groups: Start-up companies, young people in business, women in business, students, innovative and research companies, promotion of online and ICT business, cluster production, persons with disabilities, unemployed persons with university education and the like);
- Increasing of competitiveness of entrepreneurs and SMEs;
- Support the creation of commodity producers in agriculture and food production;
- Support to innovative projects;
- Support to projects in the field of ICT;
- Improving the Support to the development of tourism and catering;
- Balanced regional development in Montenegro;
- Starting a new investment cycle for SMEs;
- Strengthening the existing capacities - maintenance and improvement of liquidity;
- Development of infrastructure projects, projects from ecological, local and national significance; and
- Projects in the field of energy and energy efficiency.

### 4. Background authority for the subsidy (including identification of the legislation under which it is granted)

Investment and Development Fund of Montenegro A.D. based on the Law on Investment Development Fund of Montenegro ("Official Gazette of Montenegro", No. 88/09,40/10 and 080/17) and the IDF Annual Work Plan for 2020.

### 5. Form of the subsidy

The aid is granted in the form of subsidized interest rates on the loans.

### 6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Beneficiaries, based on the Plan of the Investment and Development Fund for 2020, were entrepreneurs, micro, small and medium enterprises, as well as large enterprises as defined in the Program.

### 7. Subsidy per unit, or in cases where this is not possible, the amount of the annual amount budgeted for that subsidy

Total funds for loans approved during 2020 amounted to EUR 5,756,733.80 for interest rate subsidy. In accordance with the Decision of the Council of the Agency for Protection of Competition, act No. 01-807/4 of 16 December 2019, by which the Annual Work Plan of the IDF was assessed as in accordance with the Law on State Aid Control.

### 8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

Duration of subsidy is related to terms and conditions of specific loan.

### 9. Statistical data permitting an assessment of the trade effects of the subsidy

N/A.

## 14 ELECTRICITY PRODUCED FROM RENEWABLE RESOURCES

### 1. Title of the subsidy programme

The subsidy programme in accordance with the Energy Law for electricity produced from renewable resources.

### 2. Period covered by the notification

2020.

### 3. Policy objective and/or purpose of the subsidy

The Energy Development Strategy of Montenegro until 2030, which was adopted in 2014, has recognized the development of renewable energy sources as a strategic goal of Montenegro. The Strategy has aimed to the development of wind farms since the study of the potential of renewable sources in the territory of Montenegro had showed significant wind potential, in addition to the hydro potentials and potentials of solar energy and biomass.

### 4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Capital Investments took over the powers in the field of energy, previously run by the Ministry of Economy. The Ministry of Capital Investments is the background authority for the subsidy based on the following documents: the Energy Law, the Decree on acquiring the status and accomplishing entitlements of the privileged producer electricity, the Decree on how to achieve and altitude incentive prices for electricity derived from renewable sources and high efficient cogeneration, the Decree about compensation for encouraging electricity generation from renewable sources and high-efficient cogeneration.

### 5. Form of the subsidy

The aid has been granted in the form of guaranteed price, guaranteed purchase and release of balance responsibility.

### 6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Pursuant to the legal possibilities provided for in the Law on Energy and after fulfilling all prescribed conditions the companies: "Hidroenergija Montenegro" d.o.o. Berane, "Kronor" d.o.o. Podgorica, "Synergy" d.o.o. Podgorica, "Hydro Bistrica" d.o.o. Podgorica, "Igma Energy" d.o.o. Andrijevica, "Krnovo Green Energy" d.o.o. Nikšić, "Nord Energy" d.o.o. Andrijevica, "Simes inienjering" d.o.o. Podgorica, "Viridi Progressum" d.o.o. Kolašin, "Power AB" d.o.o. Kolašin, "BB Hydro" d.o.o. Podgorica, "Dekié" d.o.o. Podgorica, "MHE Vrbnica" d.o.o. Podgorica, "Small Hydro Power Plant Kutska" d.o.o. Andrijevica, "Small Hydro Power Plant Mojanska" d.o.o. Andrijevica, "Zeta energy" d.o.o. Danilovgrad, "Moiura Wind Park" d.o.o. Podgorica, "Eco solar system" d.o.o. Podgorica, "Invicta" d.o.o. Podgorica, "Alliance" d.o.o. Podgorica, "Fudbalski savez Crne Gore" d.o.o. Podgorica and "Bar-kod" d.o.o. Podgorica have gained the Status of a privileged producer for 12 years. In accordance with the Status of a privileged producer they have been entitled to use the aid.

After acquiring the status of a privileged producer, the companies have signed the Electricity Purchase Agreement with the Montenegrin Electricity Market Operator, guarantying purchase at a defined price for 12 years.

### 7. Subsidy per unit, or in cases where this is not possible, the total amount of the annual amount budgeted for that subsidy

Montenegro has determined the selling price of electricity produced in plants during the entire period of the purchase contract. Selling price has been determined in accordance with the Decree on tariff

system for determining the incentive prices for electricity produced from renewable energy sources and high efficient cogeneration.

During 2020 year selling price was:

- SHPP "Seremet", developed by "Nord Energy" d.o.o. Andrijevica, has determined the selling price of 10,959 c€/kWh (status of a privileged producer of 12 years began from 3 August 2018);
- SHPP "Bistrica" developed by "Hydro Bistrica" d.o.o. Podgorica has determined the selling price of 8,762 c€/kWh (status of a privileged producer of 12 years began from 12 January 2018);
- SHPP "Sekular", developed by "Hidroenergija Montenegro" d.o.o. Berane, has determined the selling price of 9,899 CC/kWh (status of a privileged producer of 12 years began from 12 April 2016);
- SHPP "RmuS" developed by "Hidroenergija Montenegro" d.o.o. Berane, has determined the selling price of 11,11 cC/kWh (status of a privileged producer of 12 years began from 19 May 2015);
- SHPP "Orah" developed by "Hidroenergija Montenegro" d.o.o. Berane, has determined the selling price of 11,11 cC/kWh ( status of a privileged producer of 12 years began from 19 May 2015);
- SHPP "Spaljevići" developed by "Hidroenergija Montenegro" d.o.o. Berane, has determined the selling price of 11,11 cC/kWh (status of a privileged producer of 12 years began from 19 May 2015);
- SHPP "Jara" developed by "Kroling" d.o.o. Danilovgrad, has determined the selling price of 8,255 cC/kWh (status of a privileged producer of 12 years began from 24 November 2016);
- SHPP "Babino Polje" developed by "Kroling" d.o.o. Danilovgrad, has determined the selling price of 9,548 c€/kWh (status of a privileged producer of 12 years began from 2 November 2017);
- SHPP "Jezergtica" developed by "Hidroenergija Montenegro" d.o.o. Berane, has determined the selling price of 11,034 c€/kWh (status of a privileged producer of 12 years began from 28 November 2013);
- SHPP "Jelovica 2" developed by "Hidroenergija Montenegro" d.o.o. Berane, has determined the selling price of 10,702 c€/kWh (status of a privileged producer of 12 years began from 28 November 2019);
- SHPP "Bistrica" developed by "Hidroenergija Montenegro" d.o.o. Berane, has determined the selling price of 8,266 cC/kWh (status of a privileged producer of 12 years began from 19 May 2015);
- SHPP "Vrelo" developed by "Synergy" d.o.o. Podgorica, has determined the selling price of 11,11 CC/kWh (status of a privileged producer of 12 years began from 10 July 2015);
- SHPP "Rijeka Bradavec" developed by "Igma Energy" d.o.o. Andrijevica, has determined the selling price of 11,11 c€/kWh (status of a privileged producer of 12 years began from 09 November 2015);

- SHPP "Pigevska rijeka" developed by "Igma Energy" d.o.o. Andrijevica, has determined the selling price of 10,969 c€/kWh (status of a privileged producer of 12 years began from 22 June 2017);
- SHPP "Ljevak" developed by "Simes inženjering" d.o.o. Podgorica, has determined the selling price of 10,659 c€/kWh (status of a privileged producer of 12 years began from 20 February 2020);
- SHPP "Kutska 1" developed by "Small Hydro Power Plant Kutska" d.o.o. Andrijevica, has determined the selling price of 9,583 c€/kWh (status of a privileged producer of 12 years began from 22 April 2020);
- SHPP "Kutska 2" developed by "Small Hydro Power Plant Kutska" d.o.o. Andrijevica, has determined the selling price of 10,659 c€/kWh (status of a privileged producer of 12 years began from 22 April 2020);
- SHPP "Mojanska 1" developed by "Small Hydro Power Plant Mojanska" d.o.o. Andrijevica, has determined the selling price of 9,501 c€/kWh (status of a privileged producer of 12 years began from 22 April 2020);
- SHPP "Mojanska 2" developed by "Small Hydro Power Plant Mojanska" d.o.o. Andrijevica, has determined the selling price of 9,943 c€/kWh (status of a privileged producer of 12 years began from 22 April 2020);
- SHPP "Mojanska 3" developed by "Small Hydro Power Plant Mojanska" d.o.o. Andrijevica, has determined the selling price of 10,659 c€/kWh (status of a privileged producer of 12 years began from 22 April 2020);
- for SHPP "Bistrica" developed by "BB Hidro" d.o.o. Podgorica, has determined the selling price of 10,659 c€/kWh (status of a privileged producer of 12 years began from 24 April 2020);
- SHPP "Bukovica" developed by "Power AB" d.o.o. Kolašin, has determined the selling price of 10,659 c€/kWh (status of a privileged producer of 12 years began from 4 June 2020);
- SHPP "Paljevinska" developed by "Viridi Progressum" d.o.o. Kolašin, has determined the selling price of 10,659 c€/kWh (status of a privileged producer of 12 years began from 23 July 2020);
- SHPP "Slap Zete" developed by "Zeta Energy" d.o.o. Danilovgrad, has determined the selling price of 9,595 c€/kWh (status of a privileged producer of 12 years began from 22 September 2020);
- SHPP "Jelovica 1" developed by "Hidroenergija Montenegro" d.o.o. Berane, has determined the selling price of 8,736 c€/kWh (status of a privileged producer of 12 years began from 27 November 2020);
- SHPP "Pecka" developed by "Dekié" d.o.o. Podgorica, has determined the selling price of 10,691 c€/kWh (status of a privileged producer of 12 years began from 25 December 2020);
- wind power plant "Moiura" developed by "Moiura Wind Park" d.o.o. Podgorica, has determined the selling price of 9,6 c€/kWh (status of a privileged producer of 12 years began from 29 December 2019);

- wind power plant "Krnovo" developed by "Krnovo Green Energy" d.o.o. Nikšić, has determined the selling price of 10,086 c€/kWh (status of a privileged producer of 12 years began from 2 November 2017);
- solar power plant "Invicta" developed by "Invicta" d.o.o. Podgorica, has determined the selling price of 12,3 c€/kWh (status of a privileged producer of 12 years began from 29 May 2019);
- solar power plant "DG" developed by "Eco solar system" d.o.o. Podgorica, has determined the selling price of 12 c€/kWh (status of a privileged producer of 12 years began from 4 August 2019);
- solar power plant "Bar-kod" developed by "Bar-kod" d.o.o. Podgorica, has determined the selling price of 12,3 c€/kWh (status of a privileged producer of 12 years began from 17 November 2019);
- solar power plant developed by "Fudbalski savez Crne Gore" d.o.o. Podgorica, has determined the selling price of 10,8 c€/kWh (status of a privileged producer of 12 years began from 7 August 2020);
- solar power plant developed by "Alliance" d.o.o. Podgorica, has determined the selling price of 10,8 c€/kWh (status of a privileged producer of 12 years began from 23 July 2020).

The amount of the incentive represents the difference between the average incentive price and the price determined by the contract concluded between the Market Operator and the Supplier in the amount of 4,625.00 c€/kWh for 2020 year.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

The period, during which all the measures are to be implemented is 12 years, beginning on the date when the decision on acquiring the status of a privileged producer is issued.

9. Statistical data permitting an assessment of the trade effects of the subsidy

N/A.

## 15 GRANTS FOR INNOVATION PROJECTS

1. Title of the subsidy programme

Programme for Grants for Innovative Projects 2018-2020 and Collaborative Programme for Innovation 2019-2024.

2. Period covered by the notification

2019-2020.

3. Policy objective and/or purpose of the subsidy

The objectives of the both programmes are the following:

- Strengthening the competitiveness of Montenegrin companies by co-financing the development of innovative market-oriented products, services and technologies that have great potential for commercialization and market application;

- Supporting the transfer of innovative ideas from scientific research institutions to the market, through cooperation with partners from the economy or through the opening of new enterprises/spin-off companies in Montenegro;
- Strengthening human resources and creating new jobs.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Science<sup>2</sup> is background authority for the subsidy. Subsidies are provided in line with the Law on Innovation Activities (OG MNE 42/16), Strategy of Innovation Activity (2016-2020) with the Action Plan within the Strategic Goal II "Strengthening the Instruments for Networking and Cooperation of Actors in the Innovation System as well as the Smart Specialization Strategy (2019-2024), which introduced the "Collaborative Programme for Innovation".

Decision of the Commission for State Aid Control No. 01-29/1 from 11 July 2018 for Programme for Awarding Grants for Innovation Projects.

Decision of the Council of the Agency for Protection of Competition No. 01-502/4 from 26 June 2019 for the Collaborative Programme for Innovation 2019-2024.

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Research institutions, higher education institutions and economic entities (innovative-entrepreneurial centre, business incubator, company, or part of the company) and registered in the Register of Innovative Organizations.

The amount of funds allocated from the budget for co-financing an innovative project was determined based on the type of eligible cost and size of the company or other innovative organization, i.e., grant holder or project partner. The maximum amount of funds provided as support, i.e., the maximum state aid intensity, as well as the procedure of awarding grants for innovative projects was described within the Call for Awarding Grants.

7. Subsidy per unit, or in cases where this is not possible, the total amount of the annual amount budgeted for that subsidy

Under the Programme for Awarding Grants for Innovative Projects 2018-2020 one call was published, as follows:

1. The Call for Awarding Grants for Innovative Projects published in 2018, supported 10 grants for innovative projects. Out of 10, 7 projects were granted to companies and 3 projects to the scientific research institutions/university. The total value of the innovative projects is EUR 1,172,529.00, of which the Ministry of Science is co-financing the amount of EUR 730,834.00, while the co-funding of the grant holders amounts to EUR 441,695.00. Total transferred amount in 2019 for the implementation of these 10 grants was EUR 192,350.00.

Under the Collaborative Programme for Innovation 2019-2024 one call was published:

2. The Call for Awarding Grants for Innovative Projects published in 2019 supported 8 innovation projects within the strategic priorities established by the Smart Specialization Strategy (2019-2024). Out of 8, 7 projects were granted to companies and

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<sup>2</sup> At the session of the Government of Montenegro on December 7, 2020, the name of the Ministry of Science was changed to the Ministry of Education, Science, Culture and Sports, while the organizational unit in charged with innovation policy became the part of the Ministry of Economic Development.

1 project to the scientific research institution/university. The total value of the innovative projects from this Call is EUR 909,489.00, of which the Ministry of Science is co-financing the amount of EUR 614,432.00, while the co-funding of the grant holders amounts to EUR 295,056.00. Projects were approved for implementation in 2019/2021, and total transferred amount in 2019. for these 8 grants was EUR 154,672.64.

To summarize, for 18 projects approved in two Calls, the amount of subsidies during the 2020, was in total EUR 341,3540.59, amount of EUR 165,419.06 for the projects approved under the Programme for Awarding Grants for Innovative projects 2018-2020 and amount of EUR 175,935.53 for the projects approved under the Collaborative Programme for Innovation 2019-2024.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

Total amount of the Call in 2018 was MEUR 1 and of the Call in 2019 was EUR 700,000.00. Under these two Calls in 2018 and 2019, the Ministry of Science has allocated funds in total amount of EUR 700,000.00 for each. The Ministry awarded grants in the amount of up to EUR 100,000.00 per project approved. The projects are co-financed for a period of 12 to 24 months.

The Programme implemented through the first Call (10 projects) covers period December 2018 – December 2020, while second Call (8 projects) January 2020 - January 2022.

9. Statistical data permitting an assessment of the trade effects of the subsidy

N/A.

## **II SUPPORT FOR FISHERIES PRODUCTS**

### **1 MODERNIZATION OF PROFESSIONAL FISHING FLEET FOR DEMERSAL RESOURCES**

1. Title of subsidy

Support to improvement of marine fisheries and mariculture - modernization of professional fishing fleet for demersal resources.

2. Period covered by notification

2020 year.

3. Policy objective and/or purpose of the subsidy

Montenegro structural measures for improvement of the fishing fleet through achieving the next objectives:

- Modernization of the fishing fleet for demersal resources;
- Improving the standards of safety at sea, work conditions and maintenance of hygiene and health standards.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development<sup>3</sup>.

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<sup>3</sup> At the session of the Government of Montenegro on December 7, 2020, the name of the Ministry of Agriculture and Rural Development was changed to the Ministry of Agriculture, Forestry and Water Management.

5. Type of the subsidy

Support for to modernization of professional fishing fleet for demersal resources concerns co-financing for professional fishers (holders of the permits for commercial fishing) the costs of reconstruction of fishing vessels, replacement of the main engine, overhaul of the main engine, improvement of hygiene and health standards on board, supply of fishing tools and gear, as well as electronic devices for increasing the efficiency of fishing. The maximum contribution of budgetary funds is up to 50% of the value of the invoice submitted, maximum up to EUR 10,000. The criteria for support will be defined by a public call.

6. To whom and how to subsidy is provided

Professional fishermen (holders of the permit for large-scale commercial fishing) along with the use of the fishing gear - trawl and other fishing gear for catching demersal resources.

7. Total-budget

110,000.00 EUR.

8. Duration of Program

2020 year.

9. Trade effects

No effects on trade.

## **2 MODERNIZATION OF PROFESSIONAL FISHING FLEET FOR PELAGIC RESOURCES**

1. Title of subsidy

Support to improvement of marine fisheries and mariculture - Modernization of professional fishing fleet for pelagic resources.

2. Period covered by notification

2020 year.

3. Policy objective and/or purpose of the subsidy

Montenegro structural measures for improvement of the fishing fleet sector through achieving the next objectives:

- modernization of professional fishing fleet for pelagic resources,
- increase fishing efficiency.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

Support to modernization of professional fishing fleet for pelagic resources concerns co-financing for professional fishers (holders of the permits for commercial fishing) the costs of reconstruction of fishing vessels, replacement of the main engine, overhaul of the main engine, improvement of hygiene and health standards on board, supply of fishing tools and gear, as well as electronic devices for increasing the efficiency of fishing. The maximum contribution of budgetary funds is up to 50%



of the value of the invoice submitted, maximum up to EUR 10,000.00. Specific criteria for support shall be defined by the Public Call.

6. To whom and how to subsidy is provided

Professional fishermen (holders of the permit for large-scale commercial fishing).

7. Total budget

40,000.00 EUR

8. Duration of program

2020 Year.

9. Trade effects

No effects on trade.

### **3 MODERNIZATION OF PROFESSIONAL FISHING FLEET IN SMALL COMMERCIAL FISHING**

1. Title of subsidy

Support to improvement of marine fisheries and mariculture - modernization of professional fishing fleet in small commercial fishing (vessels of up to 10m LoA).

2. Period covered by notification

2020 year.

3. Policy objective and/or purpose of the subsidy

The objectives of this measure are following:

- improving the efficiency of catch and technique in small-scale commercial fishing,
- modernization of existing vessels in small-scale commercial fishing.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

Support to modernization of existing fishing vessels of 3 to 10m LOA in small commercial fishing concerns co-financing in costs of replacement of the main engine, reconstruction and adaptation of vessels, replacement of fishing tools to increase efficiency of catch, i.e. change for more selective tools. The maximum contribution of budgetary funds is up to 50% of the value of the invoice submitted, maximum up to EUR 6,500.00. Specific criteria for support shall be defined by the public call.

6. To whom and how to subsidy is provided

Professional fishermen (holders of the permit for small-scale commercial fishing).

7. Total budget

130,000.00 EUR.

8. Duration of Program

2020 year.

9. Trade effects

No effects on trade.

**4 IMPROVING THE COMPETITIVENESS AND EFFICIENCY OF MARICULTURE SECTOR**

1. Title of subsidy

Support to improvement of marine fishery and mariculture - improving the competitiveness and efficiency of mariculture sector.

2. Period covered by notification

2020 year.

3. Policy objective and/or purpose of the subsidy

- Improve the competitiveness and efficiency of the mariculture sector,
- Introduction of new technologies for protection of farming sites against predators.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the Subsidy

Support to competitiveness and efficiency of the mariculture sector concerns: co-financing of costs borne by fish and mollusc farmers for reconstruction of farming sites; construction or reconstruction of facilities for storage of feed and equipment; supply of equipment for automation of the farming process; supply of equipment for improvement of hygiene in terms of food safety and marketing of farmed products; reconstruction or supply of rafts for operations on the farming site; supply of protective nets in order to protect the farming sites against predators.

The maximum share of budgetary funds is up to 50% of the approved investment, up to EUR 7,000. More detailed eligibility criteria and conditions will be laid down by the public call.

6. To whom and how to subsidy is provide

Business organizations and entrepreneurs, holders of the mariculture permit.

7. Total budget

35,000.00 EUR.

8. Duration of program

2020 year.

9. Trade effects

No effects on trade.

## **5 SUSTAINABLE MANAGEMENT AND PRESERVATION OF FISHERY RESOURCES AND OTHER MARINE ORGANISMS**

1. Title of subsidy

Support to improvement of marine fishery and mariculture - sustainable management and preservation of fishery resources and other marine organisms.

2. Period covered by notification

2020 year.

3. Policy objective and/or purpose of the subsidy

- Assessment of available resources of fish and other marine organisms,
- Monitoring of the situation and assessment of sustainable exploitation of fish and other marine organisms,
- Collection and processing of data on catch, fleet and fishing effort, biological, environmental and socio-economic data in marine fishery,
- Monitoring the population dynamics of fish, research of potential mariculture locations in the open sea, conducting research and/or introducing innovative solutions to improve the quality of the environment, introducing more selective fishing tools and gear to preserve and protect fish and other marine organisms and reduce costs of catching.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

The support is provided to the Marine Biology Institute for implementation of the annual programme of data collection in marine fisheries (DCF-DCRF), research regarding possible mariculture locations in the open sea and implementation of research and/or introduction of innovative solutions for improving the quality status of the environment.

Support is provided to a project concerning the development of a more selective fishing tool for the trawl net, as well as for training the fishermen to weave these nets.

6. To whom and how to subsidy is provide

The Institute of Marine Biology from Kotor and the Project.

7. Total budget

122,000.00 EUR.

8. Duration of the program

2020 year.

9. Trade effects

No effects on trade.

## **6 MANAGEMENT OF THE FISHERIES MONITORING AND CONTROL SYSTEM (FMC)**

### 1. Title of subsidy

Support to improvement of marine fishery and mariculture - Management of the fisheries monitoring and control system (FMC).

### 2. Period covered by notification

2020 Year.

### 3. Policy objective and/or purpose of the subsidy

- Functionality of the satellite monitoring system for fishing vessels (VMS);
- Automatic locating of fishing vessels (CALC);
- Improving electronic records on fishing activities;
- Improve electronic records on sales, marketing, transport and traceability of fish and fish products;
- Data analysis and statistical processing of fishery data;
- Improving control of fishing activities in freshwater and marine fisheries;
- Long-term maintenance and management of FMC.

### 4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

### 5. Type of the subsidy

Support is provided to satellite and mobile operators, business organizations, entrepreneurs and other legal and natural persons that the Directorate for Fisheries hires in accordance with the Law, and for the purpose of achieving the said objectives.

### 6. To whom and how to subsidy is provide

Satellite and mobile communication systems operators, business organizations, entrepreneurs and other legal and natural persons hired in accordance with the Law.

### 7. Total budget

114,000.00 EUR.

### 8. Duration of program

2020 year.

### 9. Trade effects

No effects on trade.

## **7 MODERNISATION AND STRENGTHENING THE COMPETITIVENESS OF FISHERY SECTOR**

### 1. Title of subsidy

Support to improvement of marine fishery and mariculture - Modernization and strengthening the competitiveness of fishery Sector.

2. Period covered by notification

2020 year.

3. Policy objective and/or purpose of the subsidy

- Strengthening the competitiveness of fishery sector;
- Development of the coastal infrastructure for berths of fishing vessels and fish landing;
- Collection and processing of data on catch, fleet and fishing effort in marine fishery;
- Setting up of a traceability system in the fishery sector;
- Setting up of a system of electronic records in marine fishery;
- Strengthening the inspection and supervision of fishing activities;
- Strengthening the competitiveness of fishery sector through establishing of new knowledge and new technologies;
- Establishing and strengthening links between fishery, agriculture and tourism;
- Improvement of cooperation between professional fishermen from Montenegro and fishermen from other coastal countries;
- Strengthening the promotion and marketing of fishery products.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

Support to strengthening the competitiveness of small coastal fishing through grants. Development of the coastal infrastructure for berths of fishing vessels and catch landing. Strengthening the inspection and supervision of fishing activities - supply of the vessel for the control at the sea and equipment. Promotion of fishery, education and study visits for professional fishermen.

Measures and criteria for construction of fishing ports, equipping first landing sites, improving inspection and supervision of fishery activities, as well as organization of training and study tours for professional fishermen will be defined in accordance with the World Bank rules.

6. To whom and how to subsidy is provide

Beneficiaries will be defined in line with the criteria of the Ministry of Agriculture and Rural Development.

7. Total budget

1,500.000 EUR.

8. Duration of program

2020 year.

9. Trade effects

No effects on trade.

## **8 SUSTAINABLE MANAGEMENT OF FRESHWATER FISHERY**

1. Title of subsidy

Support to development of freshwater fishery and freshwater aquaculture - sustainable management of freshwater fishery.

2. Period covered by notification

2020 year.

3. Policy objective and/or purpose of the subsidy

- Development of sports fishing tourism;
- Strengthening control of sports fishing activities in order to protect and develop fishery waters and fish stocks;
- Reliable estimate of available fish stocks in freshwater fishery waters fishery master plan;
- Improving the management of freshwater resources based on available scientific data.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

Support to users of fish and other aquatic organisms and to the Confederation for organisation of sport fishing events both at the national and the international level in order to promote the sport fishing tourism. Support to development of protection and preservation of fishery waters. Support to a scientific institution that the Ministry authorises for development of fishery master plan.

Support to a scientific institution - Faculty of Mathematics and Science - Biology Department for monitoring of the status of fish and other aquatic organisms as well as for cooperation with sport fishing clubs in the processes concerning the restocking, selective or fishing for population control purposes.

6. To whom and how to subsidy is provide

Confederation of sports fishing organizations of Montenegro and users of fish stocks.  
Scientific institution authorised by the Ministry.  
Faculty of Mathematics and Science - Biology Department.

7. Total budget

65,000.00 EUR.

8. Duration of program

2020 year.

9. Trade effects

No effects on trade.

## **9 STRENGTHENING COMPETITIVENESS AND EFFICIENCY OF FRESHWATER FISHERY SECTOR**

1. Title of subsidy

Support to development of freshwater fishery and aquaculture - Strengthening competitiveness and efficiency of freshwater fishery sector.

2. Period covered by notification

2020 year.

3. Policy objective and/or purpose of the subsidy

- Strengthening competitiveness and efficiency of freshwater aquaculture sector;
- Introduction of new technologies for protection of farming sites against predators.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

Support to strengthening the competitiveness and efficiency of the freshwater aquaculture sector concerns co-financing of costs borne by fish farmers for reconstruction of the farming sites; construction or reconstruction of facilities for storage of feed and equipment; supply of equipment for automation of the farming process; supply of equipment for improvement of hygiene in terms of food safety and marketing of farmed products; supply of protective nets or other technical solutions in order to protect the farming sites against predators. The maximum share of budgetary funds is up to 50% of the approved investment, up to EUR 7,000.00. More detailed eligibility criteria and conditions will be laid down by the public call.

6. To whom and how to subsidy is provide

Business organisations and entrepreneurs issued with the aquaculture permit.

7. Total budget

60,000.00 EUR.

8. Duration of program

2020 year.

9. Trade effects

No effects on trade.

## **10 DIRECT PAYMENTS IN AQUACULTURE**

1. Title of subsidy

Support to development of freshwater fishery and aquaculture - direct payments in aquaculture.

2. Period covered by notification

2020 year.

3. Policy objective and/or purpose of the subsidy

- Increase the competitiveness of freshwater aquaculture production and creation of competitive farmers;
- Full use of all available production capacities;
- Improvement of business operations;
- Increase of total aquaculture production.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

Eligible for support for increase in aquaculture production are business organisations and entrepreneurs holding an aquaculture permit. Support is received exclusively for production from own farming site. Amount of support is set based on the area of the farming site stated in the authorisation for aquaculture and based on average production for the past two years as follows:

- EUR 3.0/ m2 of reported usable area of the farming site if the average of all fish size structures produced was above 22 kg/ m2;
- EUR 2.5/ m2 of reported usable area of the farming site if the average of all fish size structures produced was between 22 and 17 kg/ m2; • EUR 2.0/ m2 of reported usable area of the farming site if the average of all fish size structures produced was between 17 and 12 kg/ m2;
- EUR 1.5/ m2 of reported usable area of the farming site if the average of all fish size structures produced was between 12 and 7 kg/ m2;
- EUR 1.0/ m2 of reported usable area of the farming site if the average of all fish size structures produced was below 7 kg/m2.

6. To whom and how to subsidy is provide

Business organisations and entrepreneurs issued with the aquaculture authorisation.

7. Total budget

67,000.00 EUR.

8. Duration of program

2020 year.

9. Trade effects

Minimum effects on trade.

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