



EU and Montenegrin officials meet to discuss EU assistance for private sector development

26 July 2006



Podgorica – The Director of the European Commission's Directorate for the Western Balkans, Reinhard Priebe, visited the Montenegrin SME Development Directorate and the Euro Info Correspondence Centre (EICC) in Podgorica to discuss private sector development issues. Both institutions, along with the Montenegrin Development Fund, receive EU technical assistance managed by the European Agency for Reconstruction.

At the meeting, the Director of the SME Development Directorate Zoran Vukcevic and EICC Manager Zarko Djuranovic talked about past achievements, but put the main focus in their presentation on future challenges, including the elimination of business barriers, improving access to finance, development of institutions and improving business management skills.

"In the past four years the number of SMEs has increased four times. Registering a company now takes only four days and costs one euro, Nonetheless, the companies still face cumbersome licensing procedures at the municipal level," Mr Vukcevic said.

Zarko Djuranovic explained that EU support has been instrumental in the establishment of the first EICC and 11 regional/local business centres in Montenegro, whose task is to provide information, advice and support to SMEs. About 80% of the queries received to date by the EICC have been from companies willing to establish various forms of international business partnerships. On the other hand, many domestic companies lack the necessary marketing and communication skills required to internationalise their businesses.

Mr Djuranovic added that the EU-funded Turn Around Management (TAM) and Business Advisory Services (BAS) programmes, implemented by the European Bank for Reconstruction and Development, are helping address these gaps in management and marketing know-how. To date, the TAM programme has assisted 23 medium sized companies. In turn, BAS support has been provided to more than 110 small enterprises, and has helped establish a pool of local business consultants, practically inexistent in Montenegro before the programme was initiated.

A separate segment of the discussion was devoted to the transformation process of the Montenegrin Development Fund. Its Executive Director, Dragan Lajovic, spoke about the Fund's current role in the enterprise privatisation process and stated: "Having in mind that the privatisation process is nearly completed, we need to explore ways to adjust our mandate. I believe that we could do this best by helping improve access to credit for enterprises. A serious option, that we are studying together with EU experts, is to help create a Credit Guarantee Fund, building on the positive experience of other European countries," Mr Lajovic said.

The Agency's project team leader, Roberto Zavatta, presented in more detail the work involved in the transformation of the Development Fund, improving access to finance for SMEs and entrepreneurs (Credit Guarantee Fund), accelerating privatisation, and improving corporate governance practices.

"The privatisation process in Montenegro has gone a fair distance but there are still companies that need professional support to be privatised and one of the most interesting and attractive companies for the investment community is Plantaze vineyards and winery," Mr Zavatta said.

Reinhard Priebe expressed particular interest in the on-going efforts at privatisation and eliminating business barriers. "It is of utmost importance that privatisation is conducted in a transparent manner and that the tender transactions are implemented in full conformity with the respective legal procedures," Mr Priebe said.

Since 2001, the European Agency for Reconstruction has managed more than €10 million in EU-funded enterprise development projects in Montenegro.