

United Nations Development Programme
Country: Montenegro
Amendment to Project Document “Integrated Local Development in Montenegro”
(Project ID 00076967)

Project Title: Integrated Local Development in Montenegro

The purpose of the Amendment is to reflect changes in the Project Document related to:

1. Total resources allocated – reflection of new contribution received for project activities;
2. Revision of activities related to the Components 1 and 4;
3. Project results and resources framework with regard to the 1 and 2 above;
4. Annual Workplan in regard to 1, 2 and 3 above.

1. Total resources allocated

The allocated resources are increased in the total amount of 158,500 USD (145,000 EUR as per exchange rate February the 1st, 2015 - 1\$=0.915€) from the following sources of funding:

- 50,000 EUR from the program part of the Government’s Local Office Contribution (GLOC),
- 30,000 EUR from the Ministry of Economy,
- 30,000 EUR from the Capital City Podgorica,
- 20,000 EUR from the Old Royal Capital Cetinje,
- 15,000 EUR from the Municipality of Bijelo Polje.

Thus, the total resources required are 426,000\$ (as per exchange rate February the 1st, 2015 - 1\$=0.915€) and the overview of the resources is the following:

Total resources required:	389,805 EUR
Total allocated resources:	339,805 EUR
UNDP	82,855 EUR (107,000\$ as per exchange rate February the 1 st , 2015 - 1\$=0.915€)
Government of Montenegro	113,000 EUR
UNIDO	78,950 EUR
Municipalities	65,000 EUR
Unfunded resources:	50,000 EUR

2. Revision of activities related to Components 1 and 4

Following components will be revised with this Amendment to Project Document:

- Component 1 - Developing prioritized and mature project pipeline that is aligned with strategic priorities at national and local level in pilot municipalities; and
- Component 4 - Improving municipal and ministries’ management practices in order to deliver better quality of services to the citizens in a transparent, accountable and cost-effective manner

The activities within Component 1 will be complemented with following activity:

1.6 Enhancing the competitiveness of local SMEs in Montenegro through cluster development

The activity is a follow up on the EU funded project implemented by UNIDO and UNDP in order to enhance the competitiveness of local SMEs in Montenegro through cluster development by supporting municipalities to develop relevant project pipeline. For this purpose Study on funding possibilities for Cluster Based Initiatives in Montenegro was developed and tailor made mentoring is provided to municipalities. Study tours to Hungary and Czech Republic were organized for the representatives of the Ministry of Economy and representatives of 12 municipalities.

As a result of the mentoring work with more than 100 representatives from the local private, public and civil sectors in 12 municipalities:

- seven clusters were established,
- four project proposals to support pilot clusters were submitted, and another five were drafted by local self-government units for funding to relevant schemes
- two project proposal were developed and one was submitted under the model of inter municipal cooperation.

The follow up activities within revised Amendment to Project Document will include:

1.6.5 Preparing Results Assessment of the *Strategy for Sustainable Economic Growth of Montenegro through Introduction of Clusters (2012-2016)* and the identification of guidelines and recommendations for the development of the Strategy for the future;

1.6.6 Support to the Ministry of Economy in the preparation and implementation of the national program for stimulating clusters development;

1.6.7 Strengthening the capacity of the targeted cluster managers in development and implementation of project proposals;

1.6.8 Support to the Ministry of Economy in determining the priorities and preparation of relevant documents for IPA programming in 2016 for the sector of competitiveness and innovation;

The activities within Component 4 will be complemented with following activity:

4.6 Support to the Ministry of Economy and local self-governments in business zones and free zones management and promotion

The activity is a follow up on the project "Capacity Building Programme for Local Self-Governments in Business Zone Management and Promotion" which is financed and implemented jointly by UNDP and Ministry of Economy and beneficiaries are municipalities of Berane, Bijelo Polje, Kolašin, Mojkovac and Nikšić. The project objective is to enhance capacities of the local authorities for absorption, promotion and coordination of new investments in the light of local economic development. The project activities included organization of trainings for business zone managers, development of business zones management and marketing plans, preparation of promotional materials (brochures, video presentations, website www.bizniszona.me) and organization of study tours to successful

business zones in Serbia and Czech Republic. All these results were presented to more than 80 foreign investors from 24 countries during the International conference for potential investors organized in Podgorica and Kolasin in the beginning of October.

Two important bylaws were also prepared under the project in order to improve investment environment:

- the Decree on Fostering Direct Investments, which sets up concrete provisions for reliefs for investments which will create new jobs and contribute to economic and regional development of Montenegro.
- the Decree on Business Zones, which defines the conditions for business zones establishment, registration, management and infrastructural equipping.

Also, in order to support decision making process at relevant national and local level following studies were developed:

- A Study to identify the business zones of national interest, with the list of potential business zones with detailed action plan for establishment of these business zones and budget outline of the resources that need to be invested by the Government of Montenegro;
- Pre-Investment Studies for five municipalities (Berane, Bijelo Polje, Kolasin, Mojkovac and Nikšić), in line with already developed Business Zones Management plans for these municipalities.

The follow up activities within revised Amendment to Project Document will include:

- 4.6.1 Support to the Ministry of Economy in Amending the Business Zones Decree;
- 4.6.2 Supporting the Ministry of Economy in the establishment and management of the business areas of strategic interest for Montenegro
- 4.6.3 Supporting the municipalities of Berane, Bijelo Polje, Kolasin, Mojkovac and Niksic in the implementation of the recommendations identified in pre-investment studies
- 4.6.4 Preparing pre-investment studies for Cetinje, Podgorica and other interested municipalities
- 4.6.5 Providing support to the Capital City of Podgorica in defining incentives for the "Industrial zone KAP"
- 4.6.6 Developing of the Study on the economic justification for the establishment of a free zones in municipalities
- 4.6.7 Developing of the Economic Feasibility Study for a free zone in Cetinje
- 4.6.8 Preparation of the Research/Analyze and identification of the potential micro and small businesses suitable for development in the Business Incubator and Innovation Centre in Cetinje
- 4.6.9 Support to Bijelo Polje Municipality in further development of economic/business zones
- 4.6.10 Developing of promotional materials and promotion of investment opportunities

4.6.11 Organization of one Study Tour

4.6.12 Organize the Second International Conference for Investors

4.7 Support to the Secretariat for Development Projects in monitoring of the implementation of investment projects

The activity is a follow up on the project “Fostering Investments and Jobs” financed by the Government of Montenegro and UNDP, under which technical assistance was provided to the Secretariat for Development Projects (SDP) by implementing the most feasible and effective capacity building program in the field of Investment promotion. The technical assistance has guided SDP representatives in business process reengineering, including development of basic knowledge transfer tool such as document management system, handbooks, guidelines and a database for client investors. The technical assistance has also trained SDP representatives on image-building, investor facilitation, and investor servicing, including expediting registration and approval processes, providing necessary documentation related to tax purposes, obtaining property, utilities and other relevant assistance.

Since these activities directly relate to the activities implemented under Component 4 of the Project “Integrated Local Development in Montenegro”, the follow up activities within revised Amendment to Project Document will include:

4.7.1 Supporting the monitoring of the investment projects in Montenegro implemented in accordance with Public Notice

4.7.2 Supporting the development of the databases of investment locations and local suppliers in Montenegro

4.7.3 Supporting the development of promotional materials

4.7.4 Supporting the organization of promotional events

4.7.5 Supporting the organizational development

3. Project results and resources framework

<p>Intended Outcome as stated in the Country Results and Resources Framework: Fostering a democratic society that fully respects, protects and fulfils human rights through rule of law, government transparency and accountability</p>			
<p>Outcome indicators as stated in the Country Results and Resources Framework, including baseline and targets.</p>			
<p><u>Indicators:</u> Public Perception on Transparency and Effectiveness of Public Administration</p>			
<p><u>Baseline:</u> 2010 survey baseline 6 (10 being highest) on quality of service in public administration</p>			
<p>Applicable MYFF Service Line:</p>			
<p>Partnership Strategy: The project will contribute towards building partnership with the Government of Montenegro and the line ministries (the Ministry of Interior, the Ministry of Finance, the Ministry of Economy and other line ministries and Governmental agencies), with the national institutions (the Union of Municipalities of Montenegro the Human Resources Management Authority) and with municipalities in Montenegro.</p>			
<p>Project title and ID (ATLAS Award ID): Integrated Local Development in Montenegro 00076967</p>			
Intended Output	Output Targets	Indicative Activities	Responsible parties
<p>Local government system further enhanced to deliver the better quality of local services to the citizens in a transparent, accountable and cost-effective manner</p> <p><i>Baseline:</i> Limited management and project development capacities due to lack of tailored training programme on cluster project preparation.</p> <p><i>Indicators:</i></p> <p>1. Number of trainings, workshops and conferences organized for the BZ managers and other municipal staff in strengthening national and local capacities for strategic and project development;</p>	<p>At least 10 training/workshop participants trained on cluster project preparation;</p>	<p>Key activity: Developing prioritized and mature project pipeline that is aligned with strategic priorities at national and local level in pilot municipalities</p> <p>1.6.5 Preparing Results Assessment of the <i>Strategy for Sustainable Economic Growth of Montenegro through Introduction of Clusters (2012-2016)</i> and the identification of guidelines and recommendations for the development of the Strategy for the future;</p> <p>1.6.6 Support to the Ministry of Economy in the preparation and implementation of the national program for stimulating clusters development;</p> <p>1.6.7 Strengthening the capacity of the targeted cluster managers in development and implementation of project proposals;</p> <p>1.6.8 Support to the Ministry of Economy in determining the priorities and preparation of relevant documents for IPA programming in 2016 for the sector of competitiveness and innovation;</p>	<p>UNDP</p>
		<p>Inputs</p> <ul style="list-style-type: none"> • UNDP Project Team • International and Local Experts/Companies <p>Total Activity: 32,000 EUR</p> <p>Government of Montenegro 12,000 EUR</p> <p>Unfunded 20,000 EUR</p>	
<p><i>Baseline:</i> Capacities of the municipalities, Ministry of Economy and</p>	<p>At least 2 Business Zones Studies prepared</p>	<p>Key activity: Improving municipal and ministries' management practices in order to deliver better</p>	<ul style="list-style-type: none"> • UNDP Project Team • International and

<p>Secretariat for Development Projects limited in establishing and monitoring of the Business Zones functioning, as well in promotion and marketing of national investment potentials.</p> <p><i>Indicators:</i></p> <p>1. Number of Documents for Business zones prepared and business zones established and monitored;</p>	<p>and submitted to municipalities and Ministry for adoption;</p>	<p>quality of services to the citizens in a transparent, accountable and cost-effective manner</p> <p>4.6.1 Support to the Ministry of Economy in Amending the Business Zones Decree;</p> <p>4.6.2 Supporting the Ministry of Economy in the establishment and management of the business areas of strategic interest for Montenegro</p> <p>4.6.3 Supporting the municipalities of Berane, Bijelo Polje, Kolasin, Mojkovac and Niksic in the implementation of the recommendations identified in pre-investment studies</p> <p>4.6.4 Preparing pre-investment studies for Cetinje, Podgorica and other interested municipalities</p> <p>4.6.5 Providing support to the Capital City of Podgorica in defining incentives for the "Industrial zone KAP"</p> <p>4.6.6 Developing of the Study on the economic justification for the establishment of a free zones in municipalities</p> <p>4.6.7 Developing of the Economic Feasibility Study for a free zone in Cetinje</p> <p>4.6.8 Preparation of the Research/Analyze and identification of the potential micro and small businesses suitable for development in the Business Incubator and Innovation Centre in Cetinje</p> <p>4.6.9 Support to Bijelo Polje Municipality in further development of economic/business zones</p> <p>4.6.10 Developing of promotional materials and promotion of investment opportunities</p> <p>4.6.11 Organization of one Study Tour</p> <p>4.6.12 Organize the Second International Conference for Investors</p> <p>4.7 Support to the Secretariat for Development Projects in monitoring of the implementation of investment projects</p>	<p>Local Experts/Companies</p> <p>Total Activity: 175,000 EUR</p> <p>GLOC 50,000 EUR Government of Montenegro 30,000 EUR Capital City Podgorica 30,000 EUR Old Royal Capital Cetinje 20,000 EUR Municipality of Bijelo Polje 15,000 EUR Unfunded 30,000 EUR</p>
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		<p>4.7.1 Supporting the monitoring of the investment projects in Montenegro implemented in accordance with Public Notice</p> <p>4.7.2 Supporting the development of the databases of investment locations and local suppliers in Montenegro</p> <p>4.7.3 Supporting the development of promotional materials</p> <p>4.7.4 Supporting the organization of promotional events</p> <p>4.7.5 Supporting the organizational development</p>		
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4. ANNUAL WORKPLAN BUDGET SHEET - Year 2016

Project ID Expected Outputs	Key Activities	Time Frame		Responsible Party	Planned Budget 2016 in EUR					
		Start	End		Donor	Budget Description	Donor	UNDP		
	Developing prioritized and mature project pipeline that is aligned with strategic priorities at national and local level in pilot municipalities	01/01/16	31/12/16	UNDP	Government of Montenegro	71300 Local Consultants	11,260			
		Activity Total without GMS: GMS 7%:							11,260	
		01/01/16	31/12/16	UNDP	Government of Montenegro	71300 International Consultants	32,200			
		01/01/16	31/12/16	UNDP	Municipalities	71200 National Consultants	20,000			
		01/01/16	31/12/16	UNDP	Municipalities	72100 Contractual Services Companies	40,000			
		01/01/16	31/12/16	UNDP	Municipalities	71600 – Travel	5,000			
		01/01/16	31/12/16	UNDP	Municipalities	74200 – Audio Visual and Printing Production Costs	12,000			
		Activity Total without GMS: GMS 5% and GMS 7%:							3,850 2,300	
	Project Management	01/01/16	31/12/16	UNDP	Government of Montenegro	71500 Contractual Services-Individual	0			
		01/01/16	31/12/16	UNDP	Government of Montenegro	61200 GS Salary	12,000			
		01/01/16	31/12/16	UNDP	Government of Montenegro	73100 – Rental and Maintenance - Premises	2,500			
		01/01/16	31/12/16	UNDP	Government of Montenegro	71600 – Travel	2,000			
		Activity Total without GMS: GMS 7%:							16,500 1,155	
	TOTAL ACTIVITIES WITHOUT GMS									
	GMS								11,022	
	TOTAL								145,000	

ANNUAL WORKPLAN BUDGET SHEET - Year 2017

Project ID Expected Outputs	Key Activities	Time Frame		Responsible Party	Planned Budget 2016 in EUR				
		Start	End		Donor	Budget Description	Donor	UNDP	Unfunded
	Developing prioritized and mature project pipeline that is aligned with strategic priorities at national and local level in pilot municipalities	01/01/17	31/12/17	UNDP		71300 Local Consultants	8,600		
		01/01/17	31/12/17	UNDP		72100 Contractual Services Companies	10,000		
		Activity Total without GMS:					18,600		18,600
		GMS 7%:					1,400		1,400
	Improving municipal and ministries' management practices in order to deliver better quality of services to the citizens in a transparent, accountable and cost-effective manner	01/01/17	31/12/17	UNDP		71300 International Consultants	10,400		
		01/01/17	31/12/17	UNDP		71200 National Consultants	5,000		
		01/01/17	31/12/17	UNDP		72100 Contractual Services Companies	5,000		
		01/01/17	31/12/17	UNDP		71600 – Travel	1,000		
		01/01/17	31/12/17	UNDP		74200 – Audio Visual and Printing Production Costs	6,500		
			Activity Total without GMS:					27,900	
		GMS 7%:					2,100		2,100
	Project Management	01/01/16	31/12/16	UNDP	Government of Montenegro	71500 Contractual Services-Individual	0		
		01/01/16	31/12/16	UNDP	Government of Montenegro	61200 GS Salary	0		
		01/01/16	31/12/16	UNDP	Government of Montenegro	73100 – Rental and Maintenance - Premises	0		
		01/01/16	31/12/16	UNDP	Government of Montenegro	71600 – Travel	0		
			Activity Total without GMS:					0	
		GMS 7%:					0		0
	TOTAL ACTIVITIES WITHOUT GMS								
	GMS								
	TOTAL						3,500		3,500
							50,000		50,000

Approved by UNDP Montenegro

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