



Investment and Development  
Fund of Montenegro JSC



# IDF FINANCIAL SUPPORT PROGRAMMES FOR 2018





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## 1. PROGRAMME OBJECTIVE

The aim of the programme is to encourage the establishment of primarily micro, small and medium-sized enterprises that are owned by Montenegrin citizens with university degree, registered as unemployed at the Employment Agency of Montenegro.

Thus, the objective is to dedicate special attention to the said target group to enable their better inclusion in entrepreneurship and providing for the conditions for employment of unemployed university graduates.

## 2. LOAN PURPOSE

Loans are intended for investments in fixed assets - tangible assets (buildings, equipment and appliances, livestock, long-term living plants, inventory...), intangible assets (product or service development, patents, licenses, concessions, copyrights, franchises...) and working capital. IDF may finance up to 75,00% of the total investment value.

The applicants for the loan can provide their own share in the amount of 25,00% of the total investment value within one year since the day of signing the loan agreement.

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

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Catering facilities exclusively serving drinks;
- ▶ Newspaper and other occasional edition publishing activities, activity of producing and airing radio and television programs, activities of newspaper agencies and services of marketing and public relations agencies;
- ▶ Acquisition of shares in other companies, stocks and other securities;
- ▶ Gas and petrol stations;
- ▶ Construction of residential and business units for sale;
- ▶ Production and sale of military equipment or services;
- ▶ Motor vehicle sale points;
- ▶ Completed investments intended for loan obligations refinancing;
- ▶ Banking and insurance;
- ▶ Foreign exchange and/or securities trading;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be Montenegrin citizens with a university degree who are registered as unemployed in the Employment Agency of Montenegro.

It is possible to make a preliminary decision on lending under certain conditions, including the registration of company.

In case of approval of the loan by IDF MN JSC, beneficiaries must register their activity in one of the forms of organization established by the Law on Business Entities, or as defined by the rules of their corresponding area of activity (artisans, agricultural producers, PHI etc.).

The applicant may not have more than 20.00% of ownership in another legal entity.

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through direct lending to the loan beneficiaries.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

## 5. LOAN CONDITIONS

Loans approved under this credit line shall be provided from the Company's own credit potential.

Lending conditions:

- ▶ Maximum amount up to € 50.000,00 for entrepreneurs up to € 30.000,00);
- ▶ Interest 0%;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

## 6. FEES

Fee amount

- ▶ 0,50% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 1,00% on the amount approved for projects implemented in other municipalities.

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds.

IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.



Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgage over immovable property (the estimated value of the immovable property must be at least equal to the amount of the request loan), bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables, administrative bans on income, at least one solvent guarantor (depending on the amount of the loan and the guarantor's income) and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MNE JSC and decisions passed by competent bodies of IDF MN JSC.

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

Prior to approval of the loan:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Confirmation of the Employment Agency of Montenegro that the applicant is registered as unemployed in the registry of the Agency;
- ▶ Proof of a university degree of the applicant;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal

invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

- ▶ Statement on household members;

For the construction / upgrade / reconstruction of a business facility:

- ▶ Property list of the real estate where the investment in question is not older than 30 days;
- ▶ Building permit (equivalent to the law) or urban-technical conditions, provided that a request for a building permit (equivalent to the law) is submitted, which must be submitted before signing the contract;
- ▶ Proposed, pre-budget and bid for the execution of works.

For the purchase of office space:

- ▶ Real estate list where the real estate that is the subject of the sale is not older than 30 days;
- ▶ Pre-contract / contract for the sale of real estate (certified by a notary);

Upon approval of the loan:

- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR);
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Statement on related parties ;

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

The credit line is valid until 31 December 2018, or until its amendment or termination.





## 1. PROGRAMME OBJECTIVE

The aim of the programme is to support persons who were declared redundant in ensuring their own existence with the credit support of the Investment and Development Fund. This will allow those persons who have the potential for business to “take matters into their own hands” and to secure jobs for themselves and for others through realization of their business ideas.

## 2. LOAN PURPOSE

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

IDF may finance up to 75,00 % of the total investment value.

The applicants for the loan can provide their own share in the amount of 25,00 % of the total investment value within one year since the day of signing the loan agreement.

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

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Catering facilities exclusively serving drinks;
- ▶ Newspaper and other occasional edition publishing activities, activity of producing and airing radio and television programs, activities of newspaper agencies and services of marketing and public relations agencies;
- ▶ Acquisition of shares in other companies, stocks and other securities;
- ▶ Gas and petrol stations;
- ▶ Construction of residential and business units for sale;
- ▶ Production and sale of military equipment or services;
- ▶ Motor vehicle sale points;
- ▶ Completed investments intended for loan obligations refinancing;
- ▶ Banking and insurance;
- ▶ Foreign exchange and securities trading;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may include:

Persons whose employment contract for an indefinite period was terminated due to technological, economic and restructuring changes (redundancies), and who are registered as unemployed with the Employment Agency of Montenegro;

It is possible to make a preliminary decision on lending under certain conditions, including the registration of company.

In case of approval of the loan by IDF MN JSC, beneficiaries must register their activity in one of the forms of organization established by the Law on Business Entities, or as defined by the rules of their corresponding area of activity (artisans, agricultural producers, PHI etc.). The applicant and/or related parties may not have more than 20.00% of ownership in another legal entity.

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through direct lending to the loan beneficiaries.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

## 5. LOAN CONDITIONS

Loans approved under this credit line shall be provided from the Company's own credit potential.

Lending conditions:

- ▶ Maximum amount up to € 50.000,00 for entrepreneurs up to € 30.000,00);
- ▶ Interest 0%;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

## 6. FEES

Fee amount

- ▶ 0,50% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 1,00% on the amount approved for projects implemented in other municipalities.

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds.

IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of



funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgage over immovable property (the estimated value of the immovable property must be at least equal to the amount of the request loan), bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables, administrative bans on income, at least one solvent guarantor (depending on the amount of the loan and the guarantor's income), and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MNE JSC and decisions passed by competent bodies of IDF MN JSC.

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

Prior to approval of the loan:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Confirmation that the person lost the job due to technological, economic and structural changes;
- ▶ Confirmation of the Employment Agency of Montenegro that the applicant is registered as unemployed in the registry of the Agency;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank (RKR), including founders and related parties;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

- ▶ Statement on household members;
- ▶ For the construction / upgrade / reconstruction of a business facility;
- ▶ Property list of the real estate where the investment in question is not older than 30 days;
- ▶ Building permit (equivalent to the law) or urban-technical conditions, provided that a request for a building permit (equivalent to the law) is submitted, which must be submitted before signing the contract;
- ▶ Proposed, pre-budget and bid for the execution of works.
- ▶ For the purchase of office space:
- ▶ Real estate list where the real estate that is the subject of the sale is not older than 30 days;
- ▶ Pre-contract / contract for the sale of real estate (certified by a notary);

Upon approval of the loan:

- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank (RKR);
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Statement on related parties ;
- ▶ Confirmation that the person lost the job due to technological, economic and structural changes;

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.







## 1. PROGRAMME OBJECTIVE

Programme for Gender Equality IPA 2010 is designed to stimulate faster and easier economic empowerment of women through the creation of a more favourable business environment and support for the development of their entrepreneurial potential, which will also contribute to the development of the existing and creation of new enterprises, job creation and employment growth, a thus also to the overall development of the SME sector and entrepreneurship in accordance with the Strategy for the Development of Women Entrepreneurship 2015-2020;

The second objective is the realization of the IPA 2014 Programme, which is jointly implemented by the Ministry of Human and Minority Rights of Montenegro (MoHMR) and UNDP, with the financial support of the EU and MOU – Memorandum of Understanding signed between the IDF, MoHMR and UNDP.

The specific objective of the Programme is to strengthen capacities, improve mechanisms and advance appropriate policies, in accordance with international framework (UN and EU), national policies and development priorities of the country.

Objective of the component for economic empowerment is to help Montenegro use the entrepreneurial potential of women, which promotes sustainable development at the local level.

Having in mind the foregoing, the Investment and Development Fund of Montenegro JSC, in cooperation with the Ministry for Human and Minority Rights of Montenegro and UNDP, announces (non)financial support for improvement of conditions for development of women entrepreneurship in Montenegro.

Objective of this credit line is to support women planning to register and develop their own business. In this way, they will be given the chance to finance a small business and to make it available to the market.

## 2. LOAN PURPOSE

Loans are intended for investments in fixed assets and working capital without limitations.

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Catering facilities exclusively serving drinks;
- ▶ Newspaper and other occasional edition publishing activities, activity of producing and airing radio and television programs, activities of newspaper agencies and services of marketing and public relations agencies;
- ▶ Acquisition of shares in other companies, stocks and other securities;
- ▶ Gas and petrol stations;
- ▶ Construction of residential and business units for sale;
- ▶ Production and sale of military equipment or services;
- ▶ Motor vehicle sale points;
- ▶ Completed investments intended for loan obligations refinancing;
- ▶ Banking and insurance;
- ▶ Foreign exchange and/or securities trading;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages

(except wine and fruit brandies);

- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

Loans are intended for women who are registered in the manner stipulated by the Law on Business Entities and women who perform their activities as defined by the rules of their corresponding area of activity, agricultural production, crafts, etc.

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

If the applicant is a legal entity (economic society), the legal entity itself and founders of legal entities may not hold more than 20,00% of the share in another legal entity, while in the case of entrepreneurs, the same must not hold share in another business entity of more than 20,00%.

Loan beneficiaries may not be legal entity with the share of legal entities in the ownership structure of more than 20,00%.

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through direct lending to the loan beneficiaries.

The Investment and Development Fund of Montenegro JSC implements this Programme in cooperation with the Ministry for Human and Minority Rights of Montenegro and UNDP.

After announcing the Support Programme, the Ministry for Human and Minority Rights of Montenegro and UNDP will inform in detail all interested women about the opportunities and steps for obtaining financial support.

In addition to information they shall receive various forms of business education and monitoring which means constant contact with representatives of these institutions.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

## 5. LOAN CONDITIONS

Loans approved under this credit line shall be provided from the Company's own credit potential.

- ▶ Maximum amount up to €10.000,00;
- ▶ Interest rate of 2,50 % annually with the proportional interest calculation method;
- ▶ Maximum term of 6 years (including grace period);
- ▶ Grace period up to 1 years.

Special lending conditions:

For subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level, the interest rate amounts to 2,00 % on an annual level with



proportional interest calculation method.

In case of a direct loan arrangement that is fully supported by a bank guarantee, cash collateral or State (municipality) guarantee, such loan arrangement or its proportional part shall not be considered as exposure of the end beneficiary.

## 6. FEES

Fee for loans that are realized through these credit lines shall not be charged.

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 12 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory) and working capital, by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept administrative ban on salaries of minimum one, prudential guarantor (depending on the loan amount and salary of the guarantor).

Alternatively, the IDF MN JSC shall accept as means of security bills of exchange, mortgages over immovable property (estimated value of immovable property must be worth as much as the requested loan amount), bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables, administrative bans on income, at least one solvent guarantor (depending on the amount of the loan and the guarantor's income) and other generally accepted instruments of security in the banking sector, in accordance with the Acts of and decisions passed by competent bodies of IDF MN JSC.

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties;
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Statement on related parties;
- ▶ A copy of the identity card;
- ▶ A copy of the card bank account;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment, inventory and working capital, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

For construction/expansion/reconstruction of business facility

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with the Law) or urban planning and technical conditions provided that a request for building permit (equivalent in accordance with the Law) is submitted, which must be submitted before signing the agreement;
- ▶ Priced bill of quantities and offers for execution of works.

For purchase of business premises

- ▶ Real estate folio in which the real estate which is the subject of the sale is registered which is not older than 30 days;
- ▶ Preliminary agreement/agreement on purchase of real estate (certified by a notary);

All documents, as a general rule, shall be submitted in Montenegrin language.





## 1. PROGRAMME OBJECTIVE

Objective of this Programme is to support establishing and growth of micro, small and medium companies and entrepreneurs wherein women carry out business activity. This is intended for supporting female entrepreneurship and promoting affirmation of women in business.

## 2. LOAN PURPOSE

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

IDF may directly finance up to 75,00 % of the total investment value.

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

For the project to be credited under this credit line, the woman must be the holder of the business, i.e. the 100% or majority owner and Executive Officer must be a woman.

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Catering facilities exclusively serving drinks;
- ▶ Newspaper and other occasional edition publishing activities, activity of producing and airing radio and television programs, activities of newspaper agencies and services of marketing and public relations agencies;
- ▶ Acquisition of shares in other companies, stocks and other securities;
- ▶ Gas and petrol stations;
- ▶ Construction of residential and business units for sale;
- ▶ Production and sale of military equipment or services;
- ▶ Motor vehicle sale points;
- ▶ Completed investments intended for loan obligations refinancing;
- ▶ Banking and insurance;
- ▶ Foreign exchange and/or securities trading;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be women entrepreneurs and business entities wherein women carry out business activity (founder and Executive Officer must be a woman).

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

If the applicant is a legal entity (economic society), the legal entity itself and founders of legal entities may not hold more than 20,00% of the share in another legal entity, while in the case of entrepreneurs, the same must not hold share in another business entity of more than 20,00%.

Loan beneficiaries may not be legal entities with the share of legal entities in the ownership structure of more than 20,00%.

Loan beneficiaries may only be legal entities that have operated for more than 12 months.

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through:

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

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

Based on the Loan Agreement between a commercial bank and IDF MN JSC, the commercial bank shall enter into agreement with the end beneficiary of the loan.

## 5. LOAN CONDITIONS

Loans approved under this credit line shall be provided from the Company's own credit potential.

A) Direct lending

- ▶ Maximum amount up to € 500.000,00 (for entrepreneurs up to € 50.000,00);
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 3,00 % annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

Special lending conditions:

- ▶ For subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level, the interest rate amounts to 2,50 % on an annual level with proportional interest calculation method.

INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS: For projects for which a bank guarantee is provided as collateral, the interest rate will be 2,00% on an annual level.

In case of a direct loan arrangement that is fully or partially supported by a bank guarantee, cash collateral or State guarantee, such loan



arrangement or its proportional part shall not be considered as exposure of the end beneficiary.

**B) Lending through commercial banks**

- ▶ Maximum amount up to €1.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 4 % annually (out of which 2,50% belongs to the bank);
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

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

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

**6. FEES**

Direct loan arrangements shall be subject to the following fee:

- ▶ 0,30% on the amount approved for entities that implement projects in the northern municipalities and in municipalities that have below average development at the national level;
- ▶ 0,50% on the amount approved for projects implemented in other municipalities.

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

**7. UTILIZATION OF LOAN**

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single

payment, in accordance with the present rulebook of IDF MN JSC.

The transfer of funds under loan arrangements through and with the guarantee of commercial banks shall, as a general rule be a one-time exercise.

In case of extending loans to final beneficiaries through commercial banks, commercial banks are obliged to establish and maintain documents and keep records that provide for a prompt and efficient control of dedicated usage of loans, as well as for defining other conditions for utilization of loan funds in accordance with legal requirements. IDF MN JSC retains the possibility of exercising control over dedicated usage of loan funds in direct contact with the end beneficiary.

**8. MEANS OF SECURITY**

As means of security, IDF MN JSC shall accept bills of exchange, mortgage over immovable property (the estimated value of the immovable property must be at least equal to the amount of the request loan), bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables, administrative bans on income, at least one solvent guarantor (depending on the amount of the loan and the guarantor's income), and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MNE JSC and decisions passed by competent bodies of IDF MN JSC.

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

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

**9. REQUIRED DOCUMENTS**

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank (RKR), including founders and related parties ;
- ▶ Original or certified copy of of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of



financial statements;

- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

For construction/expansion/reconstruction of business facility

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with the Law) or urban planning and technical conditions provided that a request for building permit (equivalent in accordance with the Law) is submitted, which must be submitted before signing the agreement;
- ▶ Priced bill of quantities and offers for execution of works.

For purchase of business premises

- ▶ Real estate folio in which the real estate which is the subject of the sale is registered which is not older than 30 days;
- ▶ Preliminary agreement/agreement on purchase of real estate (certified by a notary);

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

Documents required for realization of the project through and with the guarantee of a commercial bank:

- ▶ Investment programme in line with bank regulations;
- ▶ Decision of the bank's competent body;

- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Balance Sheet and Income Statement for the past two years;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application;
- ▶ Statement on related parties.
- ▶ All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, or until it's altered or terminated.

**LOANS FOR  
A WEALTHY  
FUTURE**





## 1. PROGRAMME OBJECTIVE

The aim of the Programme is to provide special crediting conditions to further encourage women to start their own business. This interest-free credit line will support those women who have the potential to start with the realization of their business ideas based on their knowledge and experience. This will allow the realization of the objectives defined in the Strategy for Development of Women Entrepreneurship 2015-2020.

## 2. LOAN PURPOSE

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

IDF may finance up to 75,00 % of the total investment value.

The applicants for the loan can provide their own share in the amount of 25,00 % of the total investment value within one year since the day of signing the loan agreement.

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

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs,
- ▶ Catering facilities exclusively serving drinks,
- ▶ Newspaper and other occasional edition publishing activities, activity of producing and airing radio and television programs, activities of newspaper agencies and services of marketing and public relations agencies,
- ▶ Acquisition of shares in other companies, stocks and other securities;
- ▶ Gas and petrol stations,
- ▶ Construction of residential and business units for sale,
- ▶ Production and sale of military equipment or services;
- ▶ Motor vehicle sale points;
- ▶ Completed investments intended for loan obligations refinancing;
- ▶ Banking and insurance; Banking and insurance;
- ▶ Foreign exchange and securities trading; Foreign exchange and/or securities trading;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

The loans are intended for women who wish to start their own business, therefore, support and development of start-up companies. The women must be the 100% or major owner and Executive Officers of the companies.

It is possible to make a preliminary decision on lending under certain conditions, including the registration of company.

In case of approval of the loan by IDF MN JSC, beneficiaries must register their activity in one of the forms of organization established by the Law on Business Entities, or as defined by the rules of their corresponding area of activity (artisans, agricultural producers, PHI etc.). The applicant may not have more than 20.00% of ownership in another legal entity (economic society).

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through direct lending to the loan beneficiaries.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

## 5. LOAN CONDITIONS

Loans approved under this credit line shall be provided from the Company's own credit potential.

Lending conditions:

- ▶ Maximum amount up to € 50.000,00 for entrepreneurs up to € 30.000,00);
- ▶ interest 0%;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

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

## 6. FEES

Fee amount

- ▶ 0,50% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 1,00% on the amount approved for projects implemented in other municipalities.

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds.

IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches - in phases, means that, as a general rule, the subsequent transfer of



funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).  
Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgage over immovable property (the estimated value of the immovable property must be at least equal to the amount of the request loan), bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables, administrative bans on income, at least one solvent guarantor (depending on the amount of the loan and the guarantor's income), and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MNE JSC and decisions passed by competent bodies of IDF MN JSC.

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

Prior to approval of the loan:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Confirmation of the Employment Agency of Montenegro that the applicant is registered as unemployed in the registry of the Agency;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank (RKR), including founders and related parties;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.
- ▶ Statement on household members;
- ▶ Upon approval of the loan:
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank (RKR);
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Statement on related parties;

For the construction / upgrade / reconstruction of a business facility:

- ▶ Property list of the real estate where the investment in question is not older than 30 days;
- ▶ Building permit (equivalent to the law) or urban-technical conditions, provided that a request for a building permit (equivalent to the law) is submitted, which must be submitted before signing the contract;
- ▶ Proposed, pre-budget and bid for the execution of works.

For the purchase of office space:

- ▶ Real estate list where the real estate that is the subject of the sale is not older than 30 days;
- ▶ Pre-contract / contract for the sale of real estate (certified by a notary);

All documents, as a general rule, shall be submitted in Montenegrin language.

Required documentation for applicants who do not have a registered activity.

Before granting a loan:

- ▶ Loan application;
- ▶ Investment program in accordance with the methodology of IDF MNE JSC;
- ▶ Confirmation of the Employment Agency of Montenegro that the applicant is on the register of unemployed persons of the institution;
- ▶ Approval for access to the data of the Regulatory Credit Registry of the Central Bank of Montenegro (RKR);
- ▶ Copy of ID card;
- ▶ Proposal of security instruments;
- ▶ Profit (copy or original) for the purchase of equipment and small inventory, calculations for the execution of construction works, pre-conditions for the purchase of real estate (IRF CG AD will not accept bids / pre-contracts issued by natural persons, except for the sale of real estate, offers / as well as internal invoices). The subject documentation cannot be older than 3 months from the date of submission of the loan application;
- ▶ Statement on the home community;

After approval of the loan:

- ▶ The decision on the end-user registration in the court register, or the registry of the competent municipal authority;
- ▶ A VAT registration decision if the end user is a VAT payer;  
Valid company statute;
- ▶ Approval for access to the Central Bank of Montenegro Regulatory Credit Registry (CRR) data;
- ▶ Original or certified copy of the form of the certified signatures of the person authorized to represent (OP) and the valid card of the deposited signatures;
- ▶ Statement on affiliated persons.

As a rule, all documentation is submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, or until its change/cancellation.







## 1. PROGRAMME OBJECTIVE

Basic objective of this Programme is support to development of entrepreneurship.

The specific objectives are as follows:

- ▶ creation of new jobs by encouraging entrepreneurship and start-up businesses;
- ▶ animating the target groups - young people, women, students, disabled persons, etc. to take the fate »into their own hands« and devote themselves to the business;
- ▶ stimulating innovation and creativity of young people;
- ▶ encouraging further growth of the existing SMEs.

Investment and Development Fund of Montenegro JSC, in cooperation with the Ministry of economy, Directorate for investments, development of Small and Medium Enterprises and management of EU funds and the Employment Agency of Montenegro, announces non-financial and financial support for improving conditions for development of entrepreneurship in Montenegro.

Objective of this credit line is to support interested parties planning to register their own business. In this way, they will be given the chance to finance a small business and to make it available to the market.

## 2. LOAN PURPOSE

The loan is intended for different target groups: young people (the existing and future male and female entrepreneurs) who wish to develop their entrepreneurial ideas, women who want to ensure their existence and independence by establishing their own businesses, students who are able to start their own business even before they finish education, persons with university degree and persons with secondary school education, who are registered as unemployed with the Employment Agency, persons with disabilities and similar.

Loans are intended for investments in fixed assets and working capital without limitations.

IDF may finance up to 75,00 % of the total investment value.

The applicants for the loan can provide their own share in the amount of 25,00 % of the total investment value within one year since the day of signing the loan agreement.

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Catering facilities exclusively serving drinks;
- ▶ Newspaper and other occasional edition publishing activities, activity of producing and airing radio and television programs, activities of newspaper agencies and services of marketing and public relations agencies;
- ▶ Acquisition of shares in other companies, stocks and other securities;
- ▶ Gas and petrol stations;
- ▶ Construction of residential and business units for sale;
- ▶ Production and sale of military equipment or services;
- ▶ Motor vehicle sale points;

- ▶ Completed investments intended for loan obligations refinancing;
- ▶ Banking and insurance;
- ▶ Foreign exchange and securities trading;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be business entities and entrepreneurs and all forms of organizing established by the Law on Business Entities, as well as subjects engaged in business activities governed by the rules of their corresponding area of activity (artisans, agricultural producers, PHI etc.) that operate less than 12 months from the date of submission of the loan application for credit.

If the applicant does not have a registered activity, in case of approval of the loan by the IDF MN JSC, he/she must register his/her activity in some form of organization established by the Law on Business Entities, or as defined by the rules of their corresponding area of activity (artisans, agricultural producers, PHI and the like).

End beneficiaries of these loan arrangements may only be applicants who have successfully completed training at the Directorate for investments, development of Small and Medium Enterprises and management of EU funds, the Employment Agency of Montenegro, as well as at ministries or municipalities.

If the applicant is a legal entity (economic society), the legal entity itself and founders of legal entities may not hold more than 20,00% of the share in another legal entity, while in the case of entrepreneurs, the same must not hold share in another business entity of more than 20,00%.

Loan beneficiaries may not be legal entities with the share of legal entities in the ownership structure of more than 20,00%.

If the applicant does not have a registered activity, he/she may not have more than 20,00% of ownership in another legal entity.

Loan application can be considered before the applicant registers its legal entity, so that the decision on the loan is conditional, i.e. determine the time limit within which the applicant must register a legal entity.

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through direct lending to the loan beneficiaries.

The Investment and Development Fund of Montenegro JSC implements this programme in cooperation with the Directorate for investments, development of Small and Medium Enterprises and management of EU funds and with the Employment Agency of Montenegro, as well as in cooperation with ministries and municipalities in the following manner.



Directorate for Development of Small and Medium Enterprises and/or the Employment Agency of Montenegro will:

- ▶ Prepare and implement specific cycles of entrepreneurship education for each target group;
- ▶ Announce a public call for candidates to attend training cycles and make a selection based on the predefined criteria;
- ▶ Prepare during the cycle of entrepreneurship education the business plan and other necessary documents on the basis of which one can will apply to IDF MN JSC for loans;
- ▶ Follow implementation of business plans that are supported by the loan;

Investment and Development Fund of Montenegro JSC shall:

- ▶ Provide loan funds;
- ▶ Give final decisions on the loan.

Potential loan beneficiaries will collect the necessary documents with the support of the Directorate for investments, development of Small and Medium Enterprises and management of EU funds and/or the Employment Agency of Montenegro.

After announcing a call for the Support Programme, the Directorate for investments, development of Small and Medium Enterprises and management of EU funds and/or the Employment Agency of Montenegro, will ensure to inform in detail all interested parties about the possibilities and steps of obtaining non-financial and financial support.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

## 5. LOAN CONDITIONS

Loans approved under this credit line shall be provided from the Company's own credit potential.

Direct lending:

- ▶ Maximum amount up to €50.000,00;
- ▶ Interest rate of 2,50% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years;

Special lending conditions:

For subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level, the interest rate amounts to 2,00 % on an annual level with proportional interest calculation method.

In case of a direct loan arrangement that is fully supported by a bank guarantee, cash collateral or State (municipality) guarantee, such loan arrangement or its proportional part shall not be considered as exposure of the end beneficiary.

## 6. FEES

Fee amount

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

- ▶ 0,50 % on the amount approved for projects implemented in other municipalities.

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 12 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds.

IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory) and working capital, by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan.

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgage over immovable property (the estimated value of the immovable property must be at least equal to the amount of the request loan), bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables, administrative bans on income, at least one solvent guarantor (depending on the amount of the loan and the guarantor's income), and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MNE JSC and decisions passed by competent bodies of IDF MN JSC.

As an alternative security IDF MN JSC will accept the administrative ban on salaries for a minimum one, prudential guarantor (depending on the loan amount and salary of the guarantor).

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

## 9. REQUIRED DOCUMENTS

Documentation required for applicants with registered activity:

- ▶ Loan Application;
- ▶ A certificate of successful completion of training at the Directorate for investments, development of Small and Medium Enterprises and management of EU funds and/or the Employment Agency of Montenegro;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;



- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
  - ▶ Certificate on VAT registration, if the end user is subject to the VAT;
  - ▶ Valid Statute of the Company;
  - ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank (RKR), including founders and related parties;
  - ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
  - ▶ A copy of the identity card;
  - ▶ A copy of the card bank account;
  - ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
  - ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers), as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
  - ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
  - ▶ Proposal of the collateral;
  - ▶ Pro-forma invoices (photocopy or original) on procurement of equipment, inventory and working capital, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.
  - ▶ For the construction / upgrade / reconstruction of a business facility:
  - ▶ Property list of the real estate where the investment in question is not older than 30 days;
  - ▶ Building permit (equivalent to the law) or urban-technical conditions, provided that a request for a building permit (equivalent to the law) is submitted, which must be submitted before signing the contract;
  - ▶ Proposed, pre-budget and bid for the execution of works.
- For the purchase of office space:
- ▶ Real estate list where the real estate that is the subject of the sale is not older than 30 days;
  - ▶ Pre-contract / contract for the sale of real estate (certified by a notary);
- All documents, as a general rule, shall be submitted in Montenegrin language.
- Documentation required for applicants who do not have registered activity.
- Prior to approval of the loan:
- ▶ Loan Application;
  - ▶ Investment programme in line with IDF MN JSC methodology;
  - ▶ A certificate of successful completion of training at the Directorate for investments, development of Small and Medium Enterprises and/or the Employment Agency of Montenegro;
  - ▶ Confirmation of the Employment Agency of Montenegro that the applicant is registered as unemployed in the registry of the Agency;
  - ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank (RKR);
  - ▶ A copy of the identity card;
  - ▶ Proposal of the collateral;
  - ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.
  - ▶ Statement on household members;
- Upon approval of the loan:
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
  - ▶ Certificate on VAT registration, if the end user is subject to the VAT;
  - ▶ Valid Statute of the Company;
  - ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank (RKR);
  - ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
  - ▶ Statement on related parties;
- All documents, as a general rule, shall be submitted in Montenegrin language.
- Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018.



# ZNANJE KAO OSNOVNI USLOV UKUPNOG RAZVOJA

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KNOWLEDGE AS A CONDITION OF THE OVERALL  
DEVELOPMENT

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### 1. PROGRAMME OBJECTIVE

Objective of this Programme is lending to new commercial enterprises and entrepreneurs and support to establishing new work positions.

### 2. LOAN PURPOSE

Loans are intended for investments in fixed assets - tangible assets (buildings, equipment and appliances, livestock, long-term living plants, inventory...), intangible assets (product or service development, patents, licenses, concessions, copyrights, franchises...) and working capital. IDF may finance up to 75,00% of the total investment value.

The applicants for the loan can provide their own share in the amount of 25,00% of the total investment value within one year since the day of signing the loan agreement.

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

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Catering facilities exclusively serving drinks;
- ▶ Newspaper and other occasional edition publishing activities, activity of producing and airing radio and television programs, activities of newspaper agencies and services of marketing and public relations agencies;
- ▶ Acquisition of shares in other companies, stocks and other securities;
- ▶ Gas and petrol stations;
- ▶ Construction of residential and business units for sale;
- ▶ Production and sale of military equipment or services;
- ▶ Motor vehicle sale points;
- ▶ Completed investments intended for loan obligations refinancing;
- ▶ Banking and insurance;
- ▶ Foreign exchange and/or securities trading;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/ or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

NOTE: For financing projects based on new products or services that may be treated as innovation, beneficiary must provide special, detailed business plan. For this type of products or services a corresponding certificate on registration of the product or service in subject with the competent body needs to be provided.

### 3. LOAN BENEFICIARIES

Loan beneficiaries may be business entities and entrepreneurs which are operating less than 12 months from the date of loan application.

End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears. If the applicant is a legal entity (economic society), the legal entity itself

and founders of legal entities may not hold more than 20,00% of the share in another company, while in the case of entrepreneurs, the same must not hold share in another business entity of more than 20,00%.

Loan beneficiaries may not be legal entities with the share of legal entities in the ownership structure of more than 20,00%.

Loan application can be considered before the applicant registers its legal entity, so that the decision on the loan is conditional, i.e, determine the time limit within which the applicant must register a company.

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

### 4. LENDING METHOD

IDF MN JSC implements this Programme through direct lending to the loan beneficiaries.

For all start-up projects implemented through and with the guarantee of commercial banks requirements defined under separate credit lines apply. Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

### 5. LOAN CONDITIONS

Loans approved under this credit line, and financed by the European Investment Bank (EIB), will be approved at an interest rate from 0.50% to 0.70% lower compared to the interest defined hereinafter.

Lending conditions:

Maximum amount up to € 50.000,00 for entrepreneurs up to € 30.000,00);

- ▶ Interest rate of 3,00% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

Special lending conditions:

- ▶ For subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level, the interest rate amounts to 2,50% on an annual level with proportional interest calculation method.

#### FOR START UP COMPANIES WHOSE LOAN APPLICATION IS ABOVE € 50.000,00 THERE ARE THE FOLLOWING REQUIREMENTS:

The amount over the set limits may be authorized, but not more than the maximum defined credit limit for the concerned activity (defined by the special credit line) if it is provided: Business bank guarantee; 100% cash deposit; The granting of a credit rating legal entity or other contracted source of credit (a pledge agreement on claims and / or rights, a contract on debt access and other instruments commonly used in banking practice). In such case, the following credit conditions apply:

- ▶ Interest rate of 4,00% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

INCENTIVE MEASURES: For entities implementing projects in Northern region municipalities or in under-developed municipalities in Montenegro or entities that recruit 5 or more new employees under the project realization a special incentive measure of reduction of the interest rate by 0,50% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial



interest rate will be decreased by 1,00%. Aforementioned incentives may only be used on one ground at the time.

In this case, the limitations set out in point 3 in relation to the ownership interest will not apply.

In case of a direct loan arrangement that is fully or partially supported by a bank guarantee, cash collateral or State (municipality) guarantee, such loan arrangement or its proportional part shall not be considered as exposure of the end beneficiary.

## 6. FEES

Fee amount

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,50% on the amount approved for projects implemented in other municipalities.

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgage over immovable property (the estimated value of the immovable property must be at least equal to the amount of the request loan), bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables, administrative bans on income, at least one solvent guarantor (depending on the amount of the loan and the guarantor's income), and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MNE JSC and decisions passed by competent bodies of IDF MN JSC.

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank (RKZ), including founders and related parties ;
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.;

For construction/expansion/reconstruction of business facility:

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with the Law) or urban planning and technical conditions provided that a request for building permit (equivalent in accordance with the Law) is submitted, which must be submitted before signing the agreement;
- ▶ Priced bill of quantities and offers for execution of works.
- ▶ For purchase of business premises
- ▶ Real estate folio in which the real estate which is the subject of the sale is registered which is not older than 30 days;
- ▶ Preliminary agreement/agreement on purchase of real estate (certified by a notary);

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





## 1. PROGRAMME OBJECTIVE

The goal of the programme is to encourage the establishment and development of the business of micro, small and medium-sized enterprises and of entrepreneurship owned by Montenegrin citizens who are up to and including 35 years of age.

Thus, the objective is to dedicate special attention to the said target group to enable their better inclusion in entrepreneurship and providing for the conditions for better business operations of the youth.

## 2. LOAN PURPOSE

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

IDF may finance up to 75,00 % of the total investment value.

The applicants for the loan can provide their own share in the amount of 25,00% of the total investment value within one year since the day of signing the loan agreement.

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

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Catering facilities exclusively serving drinks;
- ▶ Newspaper and other occasional edition publishing activities, activity of producing and airing radio and television programs, activities of newspaper agencies and services of marketing and public relations agencies;
- ▶ Acquisition of shares in other companies, stocks and other securities;
- ▶ Gas and petrol stations;
- ▶ Construction of residential and business units for sale;
- ▶ Production and sale of military equipment or services;
- ▶ Motor vehicle sale points;
- ▶ Completed investments intended for loan obligations refinancing;
- ▶ Banking and insurance;
- ▶ Foreign exchange and/or securities trading;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/ or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

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

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

If the applicant is a legal entity (economic society), the legal entity itself and founders of companies may not hold more than 20,00% of the share in another company, while in the case of entrepreneurs, the same must not hold share in another business entity of more than 20,00%. Moreover, in order to achieve the right under this credit line, owner of the legal entity, i.e. entrepreneur must be younger than 35 years.

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through direct lending to the loan beneficiaries.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

## 5. LOAN CONDITIONS

Loans approved under this credit line shall be provided from the Company's own credit potential.

Lending conditions:

- ▶ Maximum amount up to € 50.000,00 for entrepreneurs up to € 30.000,00);
- ▶ Interest rate of 2,50% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.
- ▶ Special lending conditions:
  - ▶ For projects implemented in Northern municipalities of Montenegro interest rate amounts to 2,00% on an annual level with proportional interest calculation method.

With the submitted bank guarantee or guarantee of another business entity (except for trade sector) the amount over the set limits may be approved in accordance with the submitted bank guarantee/guarantor's creditworthiness, but not more than the maximum defined credit for the concerned activity (defined by the special credit line).

In case of a direct loan arrangement that is fully supported by a bank guarantee, cash collateral or State (municipality) guarantee, such loan arrangement or its proportional part shall not be considered as exposure of the end beneficiary.

## 6. FEES

Fee amount

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,50% on the amount approved for projects implemented in other municipalities.

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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



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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgage over immovable property (the estimated value of the immovable property must be at least equal to the amount of the request loan), bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, administrative bans on income, at least one solvent guarantor (depending on the amount of the loan and the guarantor's income), and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MNE JSC and decisions passed by competent bodies of IDF MN JSC.

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank (RKR), including founders and related parties;
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;

- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

For construction/expansion/reconstruction of business facility:

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with the Law) or urban planning and technical conditions provided that a request for building permit (equivalent in accordance with the Law) is submitted, which must be submitted before signing the agreement;
- ▶ Priced bill of quantities and offers for execution of works.

For purchase of business premises

- ▶ Real estate folio in which the real estate which is the subject of the sale is registered which is not older than 30 days;
- ▶ Preliminary agreement/agreement on purchase of real estate (certified by a notary);

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.







## 1. PROGRAMME OBJECTIVE

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

## 2. LOAN PURPOSE

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

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

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

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Acquisition of shares in other companies, stocks and other securities;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

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

End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears). Right to a loan is not a guaranteed right and IDF MN JSC shall enact a decision on each Loan Application.

## 4. LENDING METHOD

IDF MN JSC implements this Programme through:

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

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

Based on the Loan Agreement between a commercial bank and IDF MN JSC, the commercial bank shall enter into agreement with the end beneficiary of the loan.

## 5. LOAN CONDITIONS

Loans approved under this credit line and financed by the European Investment Bank (EIB), will be approved at an interest rate of 0.5% to

0,7% lower compared to the interest defined hereinafter.

### A) Direct lending

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

INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS: For entities implementing projects in Northern region municipalities or in under-developed municipalities in Montenegro or entities that recruit 5 or more new employees (entrepreneurs and agricultural producers 3 or more new employees) under the project realization a special incentive measure of reduction of the interest rate by 0,50% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,00%. Aforementioned incentives may only be used on one ground at the time.

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

Full exposure to one client including all connected persons shall be defined by the internal acts of IDF.

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

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

### B) Lending through commercial banks

- ▶ Maximum amount up to €5.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 5 % annually (out of which 3% belongs to the bank, whilst IDF MNE JSC in any case, retain at least 1.5% with the possibility that the bank receives less than 3%);
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

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

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

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



## 6. FEES

Direct loan arrangements shall be subject to the following fee:

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,40% on the amount approved for projects implemented in other municipalities.

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

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

The transfer of funds under loan arrangements through and with the guarantee of commercial banks shall, as a general rule, shall be a one-time exercise.

In case of extending loans to final beneficiaries through commercial banks, commercial banks are obliged to establish and maintain documents and keep records that provide for a prompt and efficient control of dedicated usage of loans, as well as for defining other conditions for utilization of loan funds in accordance with legal requirements. IDF MN JSC retains the possibility of exercising control over dedicated usage of loan funds in direct contact with the end beneficiary.

## 8. MEANS OF SECURITY

As means of loan security IDF MN JSC shall accept bills of exchange, mortgage on real estate, bank guarantees, local government units' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables, administrative bans on income, at least one solvent guarantor (depending on the amount of the loan and the guarantor's income), premiums, subsidies, grants and direct payments ensured by the Ministry of Agriculture and Rural

Development, as well as other typical means of security in banking operations and in accordance with the present Acts of IDF MN JSC and the decisions of the relevant authorities of IDF MN JSC.

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank (RKR), including founders and related parties ;
- ▶ Original or certified copy of the form of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.
- ▶ For registered agricultural producers it is necessary to submit: evidence that they are registered in one of the registers of the Ministry of Agriculture and Rural Development, ID card copy, giro account card copy, household member's certificate etc.

All documents, as a general rule, shall be submitted in Montenegrin language.

For construction/expansion/reconstruction of business facility:

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with the Law) or urban planning and technical conditions provided that a request for building permit is submitted (equivalent in accordance with the





Law), which must be submitted before signing the agreement;

- ▶ Priced bill of quantities and offers for execution of works.

For purchase of business premises:

- ▶ Real estate folio in which the real estate which is the subject of the sale is registered which is not older than 30 days;
- ▶ Preliminary agreement/agreement on purchase of real estate (certified by a notary);

Executive office of the IDF MN JSC retains the right to request additional documents.

Documents required for realization of the project through and with the guarantee of a commercial bank:

- ▶ Investment programme in line with bank regulations;
- ▶ Decision of the bank's competent body;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Balance Sheet and Income Statement for the past two years;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF

MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

- ▶ Statement on related parties.

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





# PODSTICAJ IZVOZA

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ENCOURAGING EXPORT

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## 1. PROGRAMME OBJECTIVE

IDF MN JSC has defined stimulating financing conditions for a particular target group of companies participating in grant scheme IPARD like Programme of the Ministry of Agriculture and Rural Development of Montenegro.

IPARD Project is implemented in cooperation with the Ministry of Agriculture and Rural Development of Montenegro for financing projects in the field of agriculture and food processing in Montenegro. The goal of the project is to support investments in food processing, introduction and implementation of rural development measures, improving competitiveness on the agricultural products market, as well as introducing and strengthening European food production standards.

## 2. LOAN PURPOSE

Loans are designed for supporting investments in companies in accordance with the Call of the Ministry of Agriculture and Rural Development of Montenegro.

## 3. LOAN BENEFICIARIES

The loan beneficiaries under this credit line are micro, small and medium enterprises (which perform agricultural activities within their activities) and which received from the Ministry of Agriculture and Rural Development a decision confirming that they are IPARD project beneficiaries.

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

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through direct lending to the loan beneficiaries.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

## 5. LOAN CONDITIONS

Loans approved under this credit line shall be provided from the Company's own credit potential.

Lending conditions:

- ▶ The maximum loan amounts up to maximum investment level in accordance with IPARD rules;
- ▶ Interest rate of 3,00% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

Special lending conditions:

For subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level, the interest rate amounts to 2,50 % on an annual level with proportional interest calculation method.

In case of a direct loan arrangement that is fully or partially supported by a bank guarantee, cash collateral or State (municipality) guarantee, such loan arrangement or its proportional part shall not be considered as exposure of the end beneficiary.

Upon meeting the requirements and conducting the procedure in accordance with IPARD rules, loan beneficiaries shall be entitled to a refund in the set amount, which is deducted from the loan principal. Activities related to rights to a refund are carried out by the Ministry of Agriculture and Rural Development of Montenegro.

## 6. FEES

Fee amount

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,40% on the amount approved for projects implemented in other municipalities.

## 7. UTILIZATION OF LOAN

Loan Validity: in accordance with the signed agreement between the beneficiary and the Ministry of Agriculture and Rural Development of Montenegro.

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

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

IDF MN JSC will not carry out field control over the purposeful use of loans but will accept the views of the Ministry of Agriculture and Rural Development of Montenegro.

IDF MN JSC shall execute approved direct loans whose purpose is investing in agricultural holdings, by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

## 8. MEANS OF SECURITY

As means of loan security IDF MN JSC shall accept bills of exchange, mortgages on real estate, bank guarantees, local government units' guarantees, guarantees of the Government of Montenegro, guarantees



of credit rating legal entities, stocks of receivables administrative bans on income, at least one solvent guarantor (depending on the amount of the loan and the guarantor's income), premiums, subsidies, grants and direct payments ensured by the Ministry of Agriculture and Rural Development, as well as other typical means of security in banking operations and in accordance with acts of IDF MNE JSC and the decisions of the relevant authorities of IDF MNE JSC.

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

## 9. REQUIRED DOCUMENTS

Documentation base - defined by the IPARD project.  
Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





## 1. PROGRAMME OBJECTIVE

IDF MN JSC has defined stimulating financing conditions for a particular target group of agricultural producers and companies participating in grant scheme IPARD like Programme of the Ministry of Agriculture and Rural Development of Montenegro.

IPARD like Project is implemented in cooperation with the Ministry of Agriculture and Rural Development of Montenegro for financing projects of agricultural producers in Montenegro. The goal of the project is to support investments in registered agricultural estates in order to introduce and implement rural development measures, improve competitiveness on the agricultural products market, as well as to introduce and strengthen European food production standards.

## 2. LOAN PURPOSE

Loans are designed for supporting investments in agricultural holdings in accordance with the Call of the Ministry of Agriculture and Rural Development of Montenegro.

## 3. LOAN BENEFICIARIES

Micro, small and medium enterprises (which perform agricultural activities within the scope of their activities).

- ▶ Registered agricultural producers which received the support of the Ministry of Agriculture and Rural Development from the IPARD like;
- ▶ End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears).

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through direct lending to the loan beneficiaries.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

## 5. LOAN CONDITIONS

Loans approved under this credit line shall be provided from the Company's own credit potential.

Lending conditions:

- ▶ The maximum loan amount up to maximum investment level in accordance with IPARD like rules;
- ▶ Interest rate of 3,00% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

Special lending conditions:

For subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level, the interest rate amounts to 2,50% on an annual level with proportional interest calculation method.

In case of a direct loan arrangement that is fully or partially supported by a bank guarantee, cash collateral or State (municipality) guarantee, such loan arrangement or its proportional part shall not be considered as exposure of the end beneficiary.

Upon meeting the requirements and conducting the procedure in accordance with IPARD like rules, loan beneficiaries shall be entitled to a refund in the set amount, which is deducted from the loan principal. Activities related to rights to a refund are carried out by the Ministry of Agriculture and Rural Development of Montenegro.

## 6. FEES

Fee amount

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,60 % on the amount approved for projects implemented in other municipalities.

## 7. UTILIZATION OF LOAN

Loan Validity: in accordance with the signed agreement between the beneficiary and the Ministry of Agriculture and Rural Development of Montenegro.

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

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

IDF MN JSC will not carry out field control over the purposeful use of loans, but will accept the views of the Ministry of Agriculture and Rural Development of Montenegro.

IDF MN JSC shall execute approved direct loans whose purpose is investing in agricultural holdings, by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.



## 8. MEANS OF SECURITY

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

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

## 9. REQUIRED DOCUMENTS

Documentation base - defined by the IPARD project.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.







## 1. PROGRAMME OBJECTIVE

The goal of the programme is to support agricultural producers which are beneficiaries of grants from the Agro budget.

Through the Agro budget, the Ministry of Agriculture and Rural Development provides different grants intended for agricultural producers.

## 2. LOAN PURPOSE

Loans are designed for supporting investments in agricultural holdings in accordance with the Call of the Ministry of Agriculture and Rural Development of Montenegro.

## 3. LOAN BENEFICIARIES

Loan beneficiaries under this credit line are:

- ▶ Agricultural producers which received the support of the Ministry of Agriculture and Rural Development from the Agro budget;
- ▶ Micro, small and medium enterprises (which perform agricultural activities within the scope of their activities).

End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears). Right to a loan is not a guaranteed right and IDF MN JSC shall enact a decision on each Loan Application.

## 4. LENDING METHOD

IDF MN JSC implements this Programme through direct lending to the loan beneficiaries.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

## 5. LOAN CONDITIONS

Loans approved under this credit line shall be provided from the Company's own credit potential.

Lending conditions:

- ▶ Maximum amount up to €10.000,00;
- ▶ Interest rate of 2,50% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

Special lending conditions:

For subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level, the interest rate amounts to 2,00% on an annual level with proportional interest calculation method.

## 6. FEES

Fee amount

- ▶ 0,20% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,40% on the amount approved for projects implemented in other municipalities.

## 7. UTILIZATION OF LOAN

Loan Validity: in accordance with the signed agreement between the beneficiary and the Ministry of Agriculture and Rural Development of Montenegro.

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

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

IDF MN JSC will not carry out field control over the purposeful use of loans, but will accept the views of the Ministry of Agriculture and Rural Development of Montenegro.

IDF MN JSC shall execute approved direct loans whose purpose is investing in agricultural holdings, by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

## 8. MEANS OF SECURITY

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



## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties;
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application;

- ▶ For registered agricultural producers it is necessary to submit: evidence that they are registered in one of the registers of the Ministry of Agriculture and Rural Development, ID card copy, giro account card copy, household member's certificate etc.
- ▶ Documents on the use of funds from the Agro budget;

For construction/expansion/reconstruction of business facility

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with the Law) or urban planning and technical conditions provided that a request for building permit (equivalent in accordance with the Law) is submitted, which must be submitted before signing the agreement;
- ▶ Priced bill of quantities and offers for execution of works.

For purchase of business premises

- ▶ Real estate folio in which the real estate which is the subject of the sale is registered which is not older than 30 days;
- ▶ Preliminary agreement/agreement on purchase of real estate (certified by a notary);

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





## 1. PROGRAMME OBJECTIVE

The goal of the programme is to further support trade companies, hotels, hospitality facilities and other companies which purchase products from domestic agricultural producers. This programme shall support higher purchases of agricultural products which shall contribute to further incentives for domestic agricultural producers to take up agriculture.

## 2. LOAN PURPOSE

The loans are intended for the purchase of domestic agricultural products.

## 3. LOAN BENEFICIARIES

Loan beneficiaries under this credit line are:

- ▶ Trade companies, hotels, hospitality facilities and other companies which purchase agricultural products from domestic producers.

## 4. LENDING METHOD

IDF MN JSC implements this Programme through direct lending to the loan beneficiaries.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

This programme is implemented in cooperation with the Ministry of Agriculture and Rural Development.

## 5. LOAN CONDITIONS

a) Lending conditions:

- ▶ Maximum amount up to €1.000.000,00;
- ▶ Interest rate of 2,50% annually with the proportional interest calculation method;
- ▶ Repayment period up to 12 months;
- ▶ Repayment of loans on a monthly and quarterly basis.

Special conditions:

- ▶ For subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level, the interest rate amounts to 2,00% on an annual level with proportional interest calculation method.

b) Terms of lending for the purchase of market lamb surpluses:

- ▶ Maximum amount up to 1.000.000,00 EUR;
- ▶ The interest rate is 2.50% annually with a proportional interest calculation system;
- ▶ Repayment period up to 12 months (including up to 2 months grace period);
- ▶ Repayment of loans on a monthly and quarterly basis.

## 6. FEES

Direct loan arrangements shall be subject to the following fee:

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,50% on the amount approved for projects implemented in other municipalities.

In addition, IDF MNE JSC will not charge a fee for loans intended to finance the purchase of liver market surpluses.

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 1 months, or 2 months if the loan is intended to finance the purchase of market surpluses of lambs.

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

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

For users of credit support for the purchase of market surpluses of lambs, according to this program, part of the loan funds can be used to settle the obligations of the loan user IDF MNE JSC from previous years.

IDF MN JSC shall perform control of the dedicated usage of loan funds, except for loans intended to finance the purchase of market surpluses of lambs.

The transfer of funds shall be made to the account of the supplier/local agricultural producer, except for loans intended to finance the purchase of market surpluses of lambs.

## 8. MEANS OF SECURITY

As means of loan security IDF MN JSC shall accept bills of exchange, but also mortgages on real estate if applicable, bank guarantees, local government units' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables, administrative bans on income, at least one solvent guarantor (depending on the amount of the loan and the guarantor's income), premiums, subsidies, grants and direct payments ensured by the Ministry of Agriculture and Rural Development.

Since this is a short-term loan, nothing more than a bill of exchange as means of security may not be necessary.

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;



- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties ;
- ▶ Projections for the repayment period;
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;

In addition, IDF MNE JSC can require additional documentation:

- ▶ Certificate of registration of the agricultural producers from

whom the products are bought (Ministry of Agriculture and Rural Development);

- ▶ Purchase coupons, pro-forma invoices, invoices;
- ▶ All documents, as a general rule, shall be submitted in Montenegrin language.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated



# ABU DHABI FUND FOR DEVELOPMENT SUPPORT PROGRAM FOR THE DEVELOPMENT OF AGRICULTURE IN MONTENEGRO (ADMAS)

AGRICULTURE



## 1. GOAL OF THE PROGRAM

Starting from the fact that the agricultural sector plays an important role in the economy of Montenegro, as well as increasing the share of Gross Domestic Product from year to year, the Ministry of Agriculture and Rural Development, in cooperation with the Abu Dhabi fund for Development, initiated the implementation of a special project for the development of agriculture in Montenegro (ADMAS project) for which realization the Abu Dhabi Development Fund has provided \$ 50 million. From 2018, the implementation unit of this project is the Investment and Development Fund of Montenegro JSC.

The goal of the program is to support the development and growth of micro, small and medium enterprises and entrepreneurs from the agricultural industry and food production sector through the promotion of production capacities, expanding production, introducing new technologies, improving competitiveness, financing projects of local, regional and state importance.

This program will aim to specifically support projects that contribute to:

- ▶ Increasing the competitiveness of the domestic sector in the domestic market and
- ▶ Increase in exports:
- ▶ with a better link with the tourism sector,
- ▶ to target and new markets, which can be achieved by introducing appropriate standards as a prerequisite for placing products on the market and introducing a quality policy based on the protection of geographical indications of products,
- ▶ by further development of organic production, taking into account the growing demand for organic products in the global market.

## 2. PURPOSE OF THE LOAN

Loans are intended for investments in:

- ▶ purchasing and equipping facilities (factories, warehouses, etc.);
- ▶ purchase of land, necessary machinery and equipment (production facilities, vehicles, etc.), livestock units, planting materials;
- ▶ construction facilities;
- ▶ development of existing capacities (improvement, reconstruction);
- ▶ revolving funds (they may not exceed 1/3 of the loan amount).

IDF MNE JSC can directly finance up to 50.00% of the value of the net budget of the total investment, while its own share must be at least 25% of the net budget of the total investment.

Financial support will not be granted for the following purposes:

- ▶ Components of investment for personal needs;
- ▶ Purchase of shares in other companies, shares and other securities;
- ▶ Participation in projects that violate internationally recognized workers' rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any activity considered unlawful or harmful to the environment and dangerous to human health: tobacco, alcoholic beverages (except for the production of wine and fruit brandy);
- ▶ Immoral and illegal activities.

## 3. CREDIT BENEFICIARIES

The loan beneficiaries can be:

- ▶ Small, medium and large enterprises (SMEs), whether they are privately owned, whether there is a country's participation;
- ▶ Entrepreneurs / holdings who intend to register as corporate clients as a prerequisite for the implementation of the loan.

The ultimate beneficiaries of these credit arrangements may be entities that provide a certificate from the Tax Administration to properly settle their tax obligations.

The right to credit does not exist, but IDF MNE JSC about each request makes a special decision.

For each decision, it is necessary to provide prior approval for approval by the ADMAS Project Board.

## 4. LENDING MODE

The ADMAS project is being implemented in cooperation with the Abu Dhabi fund for Development (ADFD), which provided financial resources. IDF MNE JSC shall implement this Program by crediting the borrower in accordance with the Agreement on business cooperation concluded between the Ministry of Agriculture and Rural Development of Montenegro and IDF MNE JSC.

Requests for loan approval that are not documented by mandatory prescribed documentation will not be considered.

## 5. LENDING TERMS

Amount:

- o loans from \$ 100,000 to \$ 1,000,000 (totalling up to \$ 10,000,000);
- o Loans from \$ 1,000,000 to \$ 3,000,000 (totalling up to \$ 16,000,000)

- ▶ The interest rate is 2.50% annually with a proportional interest calculation system;
- ▶ Repayment period until 31.12.2031;
- ▶ Grace period until 30.09.2019;
- ▶ Repayment of loans will be made in dollars and monthly, quarterly, semi-annual or other non-standard payment methods in accordance with the seasonal character of the activity,
- ▶ The loan user is bearing the currency risk.

## 6. FEES

Periodic fee is 0.5% per annum on the outstanding loan amount and will be paid semi-annually until the end of the loan repayment.

## 7. CREDIT USAGE

The term of the loan is up to 24 months.

The final period of use will be determined for each loan arrangement individually, depending on the real needs and the dynamics of the investment of the funds.

The loan beneficiaries are obliged to use the loan in accordance with this program and the contract signed between IDF MNE JSC and users.



Ministry of Agriculture and Rural  
Development



Investment and Development Fund  
of Montenegro JSC



IDF MNE JSC will conduct control of the intended usage of the loan. IDF MNE JSC realizes approved direct loans for the purpose of investing in fixed assets (and small inventory), transferring funds to:

- ▶ the account of the supplier, i.e. the provider of services / works or
- ▶ Account of the Borrower on a one-off basis or by tranches – in phases.

Transfer of funds directly to the account of the User by tranches - in phases, implies that the next transfer of funds will not be executed as a rule before the loan beneficiary justifies the intended spending of previously realized funds under an approved loan (funds on already transferred tranches).

## 8. SECURITY INSTRUMENTS

As means of security IDF MNE JSC will accept bills of exchange, mortgage on real estate, bank guarantees, guarantees of local self-government units, guarantees of the Government of Montenegro, guarantees of rating legal entities, stocks of receivables, administrative prohibition on receipts, minimum one, rating guarantor (depending on loan amount and receipt of guarantor) grants, subsidies, grants and direct payments provided by the Ministry of Agriculture and Rural Development and other usual instruments of security in banking operations in accordance with the acts of IDF MNE JSC and decisions of the competent authorities of IDF MNE JSC.

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

In the case of loans through and with the guarantee of commercial banks, the bills and exchange licenses of banks will be used for security, and the bank reserves the right to negotiate security instruments with the end user.

## 9. NECESSARY DOCUMENTATION

Necessary documentation:

- ▶ Loan application;
- ▶ Investment program in accordance with the methodology of IDF MNE JSC i.e. an investment program of acceptable content;
- ▶ The decision on the end-user registration in the court register, or the registry of the competent municipal authority;
- ▶ A VAT registration decision if the end user is a VAT payer;
- ▶ Valid company statute;
- ▶ Approval for access to the data of the Regulatory Credit Registry of the Central Bank of Montenegro (RCR) including founders and affiliates;
- ▶ Original or certified copy of the form of the certified signatures of the person authorized to represent and the valid card of the deposited signatures;
- ▶ Certification of the Tax Administration on the regular payment of taxes and contributions not older than 30 days;
- ▶ Set of annual accounts forms (Balance Sheet, Income Statement, Gross Balance Sheet, Customer and Supplier Analytics) - for

the last two years, as well as a section of the above-mentioned reports for the current year, except for clients who are not obliged to compile financial statements;

- ▶ Report of auditors for loan users who are subject to audit by law;
- ▶ The corresponding form for the last month of payment of taxes and contributions for employees certified by the Tax Administration, as evidence of the number of employees;
- ▶ Proposal of security instruments;
- ▶ Proinvoice (copy or original) for the purchase of equipment and small inventory, calculations for the execution of construction works, pre-contracts / contracts for the purchase of real estate (IDF MNE JSC will not accept bids / pre-orders issued by private persons, except for the sale of real estate, offers / pre-contracts from related parties or internal invoices). The subject documentation cannot be older than 3 months from the date of submission of the loan application;
- ▶ For registered agricultural producers, it is necessary to provide: proof that it is registered in one of the registries of the Ministry of Agriculture and Rural Development, a copy of the ID card, a copy of the card of the giro account, a certificate of the home community.

As a rule, all documentation is submitted in Montenegrin language; For the construction / upgrade / reconstruction of a business facility:

- ▶ Real estate list of the real estate where the investment in question is not older than 30 days;
- ▶ Building permit (equivalent in accordance with the law) or urban-technical conditions, provided that a request for a building permit (equivalent to the law) is submitted, which must be submitted before signing the contract;
- ▶ Proposed, pre-budget and bid for the execution of works

For the purchase of office space:

- ▶ List of real estate where the real estate that is the subject of the sale is not older than 30 days;
- ▶ Pre-contract / Real Estate Purchase Agreement (certified by a notary)

Professional service of IDF MNE JSC reserves the right to request additional documentation.

## 10. OTHER REGULATIONS

The additional rules applicable to this Loan Program, which are not mentioned in this document, are defined in the ADMAS Operation Manual.

## 11. THE DURATION OF THE CREDIT LINE

The credit line lasts until December 31, 2018, i.e. until the available funds are available, until it is changed or cancelled.





## 1. PROGRAMME OBJECTIVE

The goal of the programme is to increase hotel capacities, which creates conditions for encouraging new employment, enables the extension of the tourism season, increases accommodation capacities, improve the overall competitiveness of Montenegro as a tourist destination, finance projects of a local, regional and national importance.

The goal of the programme is the priority increase of capacities in primary hospitality facilities for the provision of accommodation services and food and drinks preparation and serving services, primarily by constructing new facilities. In accordance with the assessment on the missing capacities in Montenegro, the loans shall be approved for investment in primary hospitality facilities for the provision of accommodation services and food and drinks preparation and serving services, in accordance with the Law on Tourism in Hotel & Resort, Wild Beauty Resort as well as objects from the group hotels - hotel, small hotel, boutique hotel, hotel garni, but also tourist village, ethno village, eco lodge and villas.

## 2. LOAN PURPOSE

Loans are intended for investments in construction of all types of hospitality tourist capacities. Therefore, acceptable are investments in fixed assets - tangible assets (buildings, equipment and appliances, inventory...) and working capital.

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

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

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be companies and entrepreneurs in all forms of organizing established by the Law on Business Entities or commercial banks that have established business relation with IDF MN JSC.

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

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through:

- ▶ Direct lending to the loan beneficiaries;

- ▶ Financing end beneficiaries of loans through commercial banks that have established business relation with IDF MN JSC.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

Based on the Loan Agreement between a commercial bank and IDF MN JSC, the commercial bank shall enter into agreement with the end beneficiary of the loan.

## 5. LOAN CONDITIONS

Loans approved under this credit line and financed by the European Investment Bank (EIB), will be approved at an interest rate from 0.5% to 0.7% lower compared to the interest defined hereinafter.

A) Direct lending

- ▶ Maximum amount up to € 5.000.000,00 (for entrepreneurs up to € 50.000,00);
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 4,50% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

**INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS:**  
For entities implementing projects in Northern region municipalities or in under-developed municipalities in Montenegro or entities that recruit 5 or more new employees under the project realization a special incentive measure of reduction of the interest rate by 0,5% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,0%. Aforementioned incentives may only be used on one ground at the time.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided a certificate to properly settle their tax obligations by meeting the criteria to appear on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC).

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

Full exposure to one client including all connected persons shall be defined by the internal acts of IDF.

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

B) Lending through commercial banks

- ▶ Maximum amount up to €7.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 5,00% annually (out of which 3,00% belongs to the bank while IDF MN JSC in any case, keeps at least 1.5% with the possibility that the bank belongs to less than 3%);
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.



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

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

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided a certificate to properly settle their tax obligations by meeting the criteria to appear on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC). This incentive measure applies to direct loan arrangements and through banks.

## 6. FEES

Direct loan arrangements shall be subject to the following fee:

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,40% on the amount approved for projects implemented in other municipalities.

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

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

The transfer of funds under loan arrangements through and with the guarantee of commercial banks shall, as a general rule, shall be a one-time exercise.

In case of extending loans to final beneficiaries through commercial banks, commercial banks are obliged to establish and maintain documents and keep records that provide for a prompt and efficient control of dedicated usage of loans, as well as for defining other conditions for utilization of loan funds in accordance with legal requirements. IDF MN JSC retains the possibility of exercising control over dedicated usage of loan funds in direct contact with the end beneficiary.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MN JSC and decisions passed by competent bodies of IDF MN JSC.

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

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties ;
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year,







exception being the clients that are not subject to mandatory compilation of financial statements;

- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

For construction/expansion/reconstruction of business facility:

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with the Law) or urban planning and technical conditions provided that a request for building permit (equivalent in accordance with the Law) is submitted, which must be submitted before signing the agreement;
- ▶ Priced bill of quantities and offers for execution of works.
- ▶ All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

Documents required for realization of the project through and with the guarantee of a commercial bank:

- ▶ Investment programme in line with bank regulations;
- ▶ Decision of the bank's competent body;
- ▶ Decision on registration of the end beneficiary in the court

registry i.e. registry of the competent municipal authority;

- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Balance Sheet and Income Statement for the past two years;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.
- ▶ Statement on related parties;
- ▶ All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





# ODGOVORNOST I PROFESIONALNOST U POSLOVANJU

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ACCOUNTABILITY AND PROFESSIONALISM IN  
DOING BUSINESS

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## 1. PROGRAMME OBJECTIVE

Objective of the Programme is improvement of the existing apartment and hotel capacities, upgrade, reconstruction, renovation, equipping, conversion of housing into tourist facilities as well as purchase of the existing hotels (with obligatory investments) which is creating conditions for encouraging new employment, enabling prolonged tourists season, increasing accommodation capacities and promoting overall competitiveness of Montenegro as a tourist destination, financing projects of a local, regional and national importance.

## 2. LOAN PURPOSE

Loans are intended for investments in fixed assets - tangible assets (buildings, equipment and appliances, inventory...) and working capital.

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

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

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

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

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

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

## 4. LENDING METHOD

Loans approved under this credit line and financed by the European Investment Bank (EIB), will be approved at an interest rate from 0.5% to 0.7% lower compared to the interest defined hereinafter.

A) Direct lending:

- ▶ Maximum amount up to € 5.000.000,00 (for entrepreneurs up to € 50.000,00);
- ▶ Minimum amount of € 10.000,00;

- ▶ Interest rate of 4,50% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS:

For entities implementing projects in Northern region municipalities or in under-developed municipalities in Montenegro or entities that recruit 5 or more new employees under the project realization a special incentive measure of reduction of the interest rate by 0,50% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,00%. Aforementioned incentives may only be used on one ground at the time.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided a certificate to properly settle their tax obligations by meeting the criteria to appear on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC).

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

Full exposure to one client including all connected persons shall be defined by the internal acts of IDF.

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

B) Lending through commercial banks

- ▶ Maximum amount up to €5.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 5,00% annually (out of which 3,00% belongs to the bank while IDF MN JSC in any case, keeps at least 1.5% with the possibility that the bank belongs to less than 3%);
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

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

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

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided a certificate to properly settle their tax



obligations by meeting the criteria to appear on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC). This incentive measure applies to direct loan arrangements and through banks.

## 5. FEES

Direct loan arrangements shall be subject to the following fee:

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,40% on the amount approved for projects implemented in other municipalities.

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

## 6. NAKNADE

Visina naknade za direktne aranžmane:

- ▶ 0,30% na odobreni iznos za subjekte koji projekte realizuju u opštinama sjevernog regiona i u opštinama koje su ispod prosjeka razvijenosti na nivou Crne Gore;
- ▶ 0,40% na odobreni iznos za projekte koji se realizuju u ostalim opštinama.

Naknade za kredite koji se realizuju preko banke IRF CG A.D. neće zaračunavati, a krajnji korisnik će sa bankom ugovoriti iznos naknade.

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory) by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

The transfer of funds under loan arrangements through and with the guarantee of commercial banks shall, as a general rule, shall be a one-time exercise.

In case of extending loans to final beneficiaries through commercial

banks, commercial banks are obliged to establish and maintain documents and keep records that provide for a prompt and efficient control of dedicated usage of loans, as well as for defining other conditions for utilization of loan funds in accordance with legal requirements. IDF MN JSC retains the possibility of exercising control over dedicated usage of loan funds in direct contact with the end beneficiary.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of prudential legal entities, stocks of receivables and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MNE JSC and decisions passed by competent bodies of IDF MN JSC.

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

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties ;
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;





- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

For construction/expansion/reconstruction of business facility:

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with the Law) or urban planning and technical conditions provided that a request for building permit is submitted (equivalent in accordance with the Law), which must be submitted before signing the agreement;
- ▶ Priced bill of quantities and offers for execution of works.

For purchase of business premises:

- ▶ Real estate folio in which the real estate which is the subject of the sale is registered which is not older than 30 days;
- ▶ Preliminary agreement/agreement on purchase of real estate (certified by a notary);

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

Documents required for realization of the project through and with the guarantee of a commercial bank:

- ▶ Investment programme in line with bank regulations;
- ▶ Decision of the bank's competent body;

- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Balance Sheet and Income Statement for the past two years;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.
- ▶ Statement on related parties.

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





# UNAPREĐENJE KONKURENTNOSTI DOMAĆIH PREDUZEĆA

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PROMOTING COMPETITIVENESS OF  
LOCAL COMPANIES

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## 1. PROGRAMME OBJECTIVE

The goal of the programme is to improve the existing and construct and put into operation new missing tourist infrastructure and non-accommodation offer in order to reduce the seasonal character of the destination, generate new jobs and additional income from tourism and related activities. This project will support projects such as the construction and establishment of aqua parks, pools, skating rinks, dry bob slide, Nordic and Alpine skiing, night skiing, artificial accumulation for ski slopes, artificial snow cannons, carting track, ski resorts, track for alternative activities, cable car, theme park and amusement parks, tourist information centres, centres for accepting tourists and visitors, rest area and viewpoints along the road, golf and tennis courses, wellness facilities, leisure and recreational tracks and paths (jogging tracks, lookouts, panoramic roads, cycling, walking and snowmobile tracks), facilities for observing natural rarities, facilities for adventure activities.

## 2. LOAN PURPOSE

Loans are intended for investments in fixed assets - tangible assets (buildings, equipment and appliances, inventory...) and working capital. IDF may directly finance up to 70,00% of the total investment value. Loan amount dedicated to investing in working capital may be up to 30,00% of the total loan amount.

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

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

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

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through:

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

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

Based on the Loan Agreement between a commercial bank and IDF MN JSC, the commercial bank shall enter into agreement with the end beneficiary of the loan.

## 5. LOAN CONDITIONS

Loans approved under this credit line and financed by the European Investment Bank (EIB), will be approved at an interest rate from 0.50% to 0.70% lower compared to the interest defined hereinafter.

### A) Direct lending

- ▶ Maximum amount up to € 500.000,00 (for entrepreneurs up to € 50.000,00);
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 4,00% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

### INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS:

For entities implementing projects in Northern region municipalities or in under-developed municipalities in Montenegro or entities that recruit 5 or more new employees under the project realization a special incentive measure of reduction of the interest rate by 0,50% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,00%. Aforementioned incentives may only be used on one ground at the time.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided confirmation that they duly settle their tax obligations by meeting the criteria to be found on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC).

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

Full exposure to one client including all connected persons shall be defined by the internal acts of IDF.

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

### B) Lending through commercial banks

- ▶ Maximum amount up to €1.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 5,00% annually (out of which 3,00% belongs to the bank while IDF MN JSC in any case, keeps at least 1.5% with the possibility that the bank belongs to less than 3%);
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

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



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

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided confirmation that they duly settle their tax obligations by meeting the criteria to be found on the „white list“, in the form of reduced interest rates by 0.50 % (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC). This incentive measure applies to direct loan arrangements and through banks.

## 6. FEES

Direct loan arrangements shall be subject to the following fee:

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,40% on the amount approved for projects implemented in other municipalities.

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

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan.

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

The transfer of funds under loan arrangements through and with the guarantee of commercial banks shall, as a general rule, shall be a one-time exercise.

In case of extending loans to final beneficiaries through commercial banks, commercial banks are obliged to establish and maintain documents and keep records that provide for a prompt and efficient control of dedicated usage of loans, as well as for defining other conditions for utilization of loan funds in accordance with legal requirements. IDF MN JSC retains the possibility of exercising control over dedicated usage of loan funds in direct contact with the end beneficiary.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of prudential legal entities, stocks of receivables and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MN JSC and decisions passed by competent bodies of IDF MN JSC.

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

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties ;
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary







agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

For construction/expansion/reconstruction of business facility

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with The Law) or urban planning and technical conditions provided that a request for building permit is submitted (equivalent in accordance with The Law), which must be submitted before signing the agreement;
- ▶ Priced bill of quantities and offers for execution of works.
- ▶ All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

Documents required for realization of the project through and with the guarantee of a commercial bank:

- ▶ Investment programme in line with bank regulations;
- ▶ Decision of the bank's competent body;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;

- ▶ Balance Sheet and Income Statement for the past two years;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.
- ▶ Statement on related parties.

All documents, as a general rule, shall be submitted in Montenegrin language.

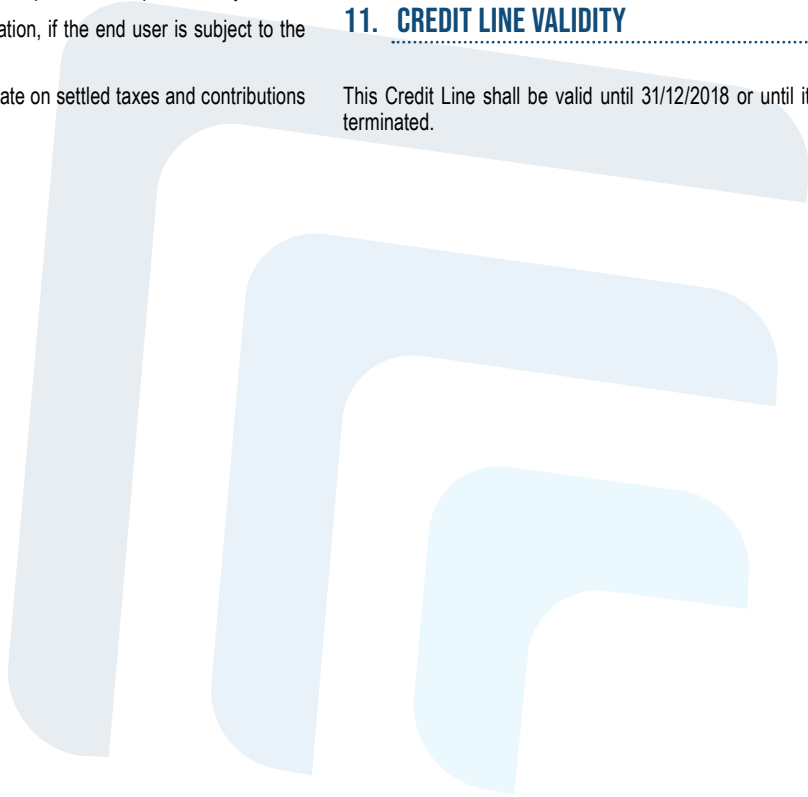
Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31/12/2018 or until it's altered or terminated.





# USMJERENOST KA KORISNIKU

CUSTOMER ORIENTATION



## 1. PROGRAMME OBJECTIVE

Objective of this Programme is development and growth of the existing micro, small and medium enterprises and entrepreneurs in the area of hospitality, providing for conditions for promotion of new employment and improvement of the overall tourist offer, financing projects of a local, regional and national importance.

The objective of this programme is also to improve the hospitality offer in facilities which, under the Law on Tourism, belong to the group of hospitality facilities for the provision of food and drinks preparation and serving services. In accordance with the assessment on missing capacities and the quality of the offer and service, loans can be approved to hospitality facilities such as restaurants (classic, specialised and national) or taverns.

## 2. LOAN PURPOSE

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

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

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

Financial support shall not be approved for the following purposes:

- ▶ Catering facilities exclusively serving drinks (coffee bars, cafes and the like);
- ▶ Parts of investments intended for meeting personal needs;
- ▶ Participation in projects violating internationally recognized employee rights; including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be companies and entrepreneurs and all forms of organizing established by the Law on Business Entities, as well as subjects engaged in business activities governed by the rules of their corresponding area of activity (artisans, agricultural producers, etc.) End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears).

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through:

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

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

Based on the Loan Agreement between a commercial bank and IDF MN JSC, the commercial bank shall enter into agreement with the end beneficiary of the loan.

## 5. LOAN CONDITIONS

Loans approved under this credit line and financed by the European Investment Bank (EIB), will be approved at an interest rate from 0.5 % to 0.7% lower compared to the interest defined hereinafter.

A) Direct lending

- ▶ Maximum amount up to € 3.000.000,00 (for entrepreneurs up to € 50.000,00);
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 4,50% annually with the proportional interest calculation method;
- ▶ Maximum term of 10 years (including grace period);
- ▶ Grace period up to 2 years.

**INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS:** For entities implementing projects in Northern region municipalities or in under-developed municipalities in Montenegro or entities that recruit 5 or more new employees under the project realization a special incentive measure of reduction of the interest rate by 0,50% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,00%. Aforementioned incentives may only be used on one ground at the time.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided a certificate to properly settle their tax obligations by meeting the criteria to appear on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC).

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

Full exposure to one client including all connected persons shall be defined by the internal acts of IDF.

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

B) Lending through commercial banks:

- ▶ Maximum amount up to €3.000.000,00;
- ▶ Minimum amount of € 10.000,00;



- ▶ Interest rate of 5,00% annually (out of which 3,00% belongs to the bank while IDF MN JSC in any case, keeps at least 1.5% with the possibility that the bank belongs to less than 3%);
- ▶ Maximum term of 10 years (including grace period);
- ▶ Grace period up to 2 years.

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

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

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided a certificate to properly settle their tax obligations by meeting the criteria to appear on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC). This incentive measure applies to direct loan arrangements and through banks.

## 6. FEES

Direct loan arrangements shall be subject to the following fee:

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,40% on the amount approved for projects implemented in other municipalities.

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

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 12 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

The transfer of funds under loan arrangements through and with the guarantee of commercial banks shall, as a general rule, shall be a one-time exercise.

In case of extending loans to final beneficiaries through commercial banks, commercial banks are obliged to establish and maintain documents and keep records that provide for a prompt and efficient control of dedicated usage of loans, as well as for defining other conditions for utilization of loan funds in accordance with legal requirements. IDF MN JSC retains the possibility of exercising control over dedicated usage of loan funds in direct contact with the end beneficiary.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of prudential legal entities, stocks of receivables and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MN JSC and decisions passed by competent bodies of IDF MN JSC.

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

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ • Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties ;
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income





Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;

- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application;

For construction/expansion/reconstruction of business facility:

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with The Law) or urban planning and technical conditions provided that a request for building permit is submitted (equivalent in accordance with The Law), which must be submitted before signing the agreement;
- ▶ Priced bill of quantities and offers for execution of works;

For purchase of business premises:

- ▶ Real estate folio in which the real estate which is the subject of the sale is registered which is not older than 30 days;
- ▶ Preliminary agreement/agreement on purchase of real estate (certified by a notary);

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

Documents required for realization of the project through and with the guarantee of a commercial bank:

- ▶ Investment programme in line with bank regulations;
- ▶ Decision of the bank's competent body;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Balance Sheet and Income Statement for the past two years;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application;
- ▶ Statement on related parties.

All documents, as a general rule, shall be submitted in Montenegrin language.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





# RAST I RAZVOJ MIKRO, MALIH I SREDNJIH PREDUZEĆA

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GROWTH AND DEVELOPMENT OF MICRO,  
SMALL AND MIDDLE COMPANIES

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## 1. PROGRAMME OBJECTIVE

Objective of this Programme is development and growth of the existing micro, small and medium companies and entrepreneurs, through supporting investments in modernization of production, creating new production capacities, stimulating production at the higher processing level and utilization of domestic resources, introducing new technologies and products, financing projects of a local, regional and national importance.

## 2. LOAN PURPOSE

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

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

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

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Production and sale of military equipment;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);

Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be companies and entrepreneurs and all forms of organizing established by the Law on Business Entities, as well as subjects engaged in business activities governed by the rules of their corresponding area of activity (artisans, agricultural producers, etc.). End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears).

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through:

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

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

Based on the Loan Agreement between a commercial bank and IDF MN JSC, the commercial bank shall enter into agreement with the end beneficiary of the loan.

## 5. LOAN CONDITIONS

Loans approved under this credit line and financed by the European Investment Bank (EIB), will be approved at an interest rate from 0.5% to 0.7% lower compared to the interest defined hereinafter.

A) Direct lending:

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

INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS:

For entities implementing projects in Northern region municipalities or in under-developed municipalities in Montenegro or entities that recruit 5 or more new employees under the project realization a special incentive measure of reduction of the interest rate by 0,50% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,00%. Aforementioned incentives may only be used on one ground at the time.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided confirmation that they duly settle their tax obligations by meeting the criteria to be found on the „white list“ , in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC).

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

Full exposure to one client including all connected persons shall be defined by the internal acts of IDF.

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

B) Lending through commercial banks:

- ▶ Maximum amount up to €3.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 5,00% annually (out of which 3,00% belongs to the bank while IDF MN JSC in any case, keeps at least 1.5% with the possibility that the bank belongs to less than 3%);
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.



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

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

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided confirmation that they duly settle their tax obligations by meeting the criteria to be found on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC). This incentive measure applies to direct loan arrangements and through banks.

## FEES

Direct loan arrangements shall be subject to the following fee:

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,40% on the amount approved for projects implemented in other municipalities.

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

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

The transfer of funds under loan arrangements through and with the guarantee of commercial banks shall, as a general rule, shall be a one-time exercise.

In case of extending loans to final beneficiaries through commercial banks, commercial banks are obliged to establish and maintain documents and keep records that provide for a prompt and efficient control of dedicated usage of loans, as well as for defining other conditions for utilization of loan funds in accordance with legal requirements. IDF MN JSC retains

the possibility of exercising control over dedicated usage of loan funds in direct contact with the end beneficiary.

## 6. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of prudential legal entities, stocks of receivables and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MN JSC and decisions passed by competent bodies of IDF MN JSC.

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

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

## 7. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties ;
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;







- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

For construction/expansion/reconstruction of business facility:

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with The Law) or urban planning and technical conditions provided that a request for building permit is submitted (equivalent in accordance with The Law) , which must be submitted before signing the agreement;
- ▶ Priced bill of quantities and offers for execution of works.

For purchase of business premises:

- ▶ Real estate folio in which the real estate which is the subject of the sale is registered which is not older than 30 days;

Preliminary agreement/agreement on purchase of real estate (certified by a notary);

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

Documents required for realization of the project through and with the guarantee of a commercial bank:

- ▶ Investment programme in line with bank regulations;
- ▶ Decision of the bank's competent body;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Tax Administration certificate on settled taxes and contributions

– not older than 30 days;

- ▶ Balance Sheet and Income Statement for the past two years;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.
- ▶ Statement on related parties.

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

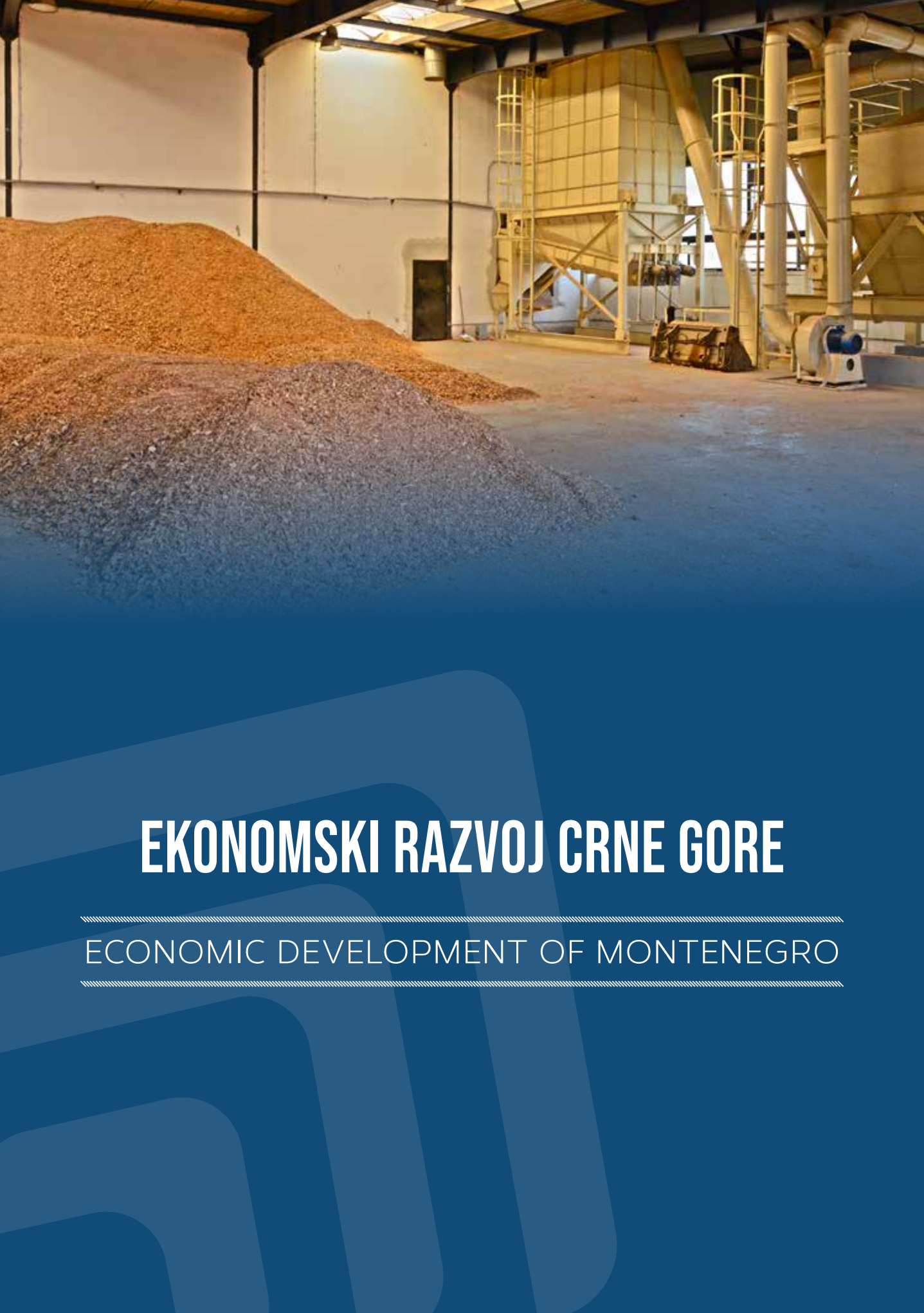
## 8. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 9. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





# EKONOMSKI RAZVOJ CRNE GORE

ECONOMIC DEVELOPMENT OF MONTENEGRO



## 1. PROGRAMME OBJECTIVE

Having in mind potentials of Montenegro in the area of wood processing, objective of this Programme is providing for investment loans for development and growth of existing production micro, small and medium companies and entrepreneurs engaged in wood processing. The support is aimed at stimulating investments in modernization of production, development of new production capacities, utilization of domestic resources and introducing new technologies, financing projects of a local, regional and national importance.

## 2. LOAN PURPOSE

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

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

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

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat;
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be companies and entrepreneurs in all forms of organizing established by the Law on Business Entities engaged in primary wood processing.

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

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through:

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

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

Based on the Loan Agreement between a commercial bank and IDF MN JSC, the commercial bank shall enter into agreement with the end beneficiary of the loan.

## 5. LOAN CONDITIONS

Loans approved under this credit line and financed by the European Investment Bank (EIB), will be approved at an interest rate from 0.50% to 0.70% lower compared to the interest defined hereinafter.

A) Direct lending

- ▶ Maximum amount up to € 2.000.000,00 (for entrepreneurs up to € 50.000,00);
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 4,50% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS:

For entities implementing projects in Northern region municipalities or in under-developed municipalities in Montenegro or entities that recruit 5 or more new employees under the project realization a special incentive measure of reduction of the interest rate by 0,50% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,00%. Aforementioned incentives may only be used on one ground at the time.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided a certificate to properly settle their tax obligations by meeting the criteria to be found on the „white list“ , in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC). This incentive measure applies to direct loan arrangements and through banks.

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

Full exposure to one client including all connected persons shall be defined by the internal acts of IDF.

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

B) Lending through commercial banks

- ▶ Maximum amount up to €3.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 5,00% annually (out of which 3,00% belongs to the bank while IDF MN JSC in any case, keeps at least 1.5% with the possibility that the bank belongs to less than 3%);
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

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

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



Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided a certificate to properly settle their tax obligations by meeting the criteria to be found on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC). This incentive measure applies to direct loan arrangements and through banks.

## 6. FEES

Direct loan arrangements shall be subject to the following fee:

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,40% on the amount approved for projects implemented in other municipalities.

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

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

The transfer of funds under loan arrangements through and with the guarantee of commercial banks shall, as a general rule, shall be a one-time exercise.

In case of extending loans to final beneficiaries through commercial banks, commercial banks are obliged to establish and maintain documents and keep records that provide for a prompt and efficient control of dedicated usage of loans, as well as for defining other conditions for utilization of loan funds in accordance with legal requirements. IDF MN JSC retains the possibility of exercising control over dedicated usage of loan funds in direct contact with the end beneficiary.

## 8. INSTRUMENTI OBEZBJEDJENJA

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MN JSC and decisions passed by competent bodies of IDF MN JSC.

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

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties ;
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by





related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

For construction/expansion/reconstruction of business facility:

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with the Law) or urban planning and technical conditions provided that a request for building permit (equivalent in accordance with the Law) is submitted, which must be submitted before signing the agreement;
- ▶ Priced bill of quantities and offers for execution of works.

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

Documents required for realization of the project through and with the guarantee of a commercial bank:

- ▶ Investment programme in line with bank regulations;
- ▶ Decision of the bank's competent body;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Balance Sheet and Income Statement for the past two years;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Pro-forma invoices (photocopy or original) on procurement of

equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

- ▶ Statement on related parties;
- ▶ All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





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### 1. PROGRAMME OBJECTIVE

The objective of the programme is to encourage the development of clusters in Montenegro through financial support for entrepreneurs, micro, small and medium enterprises, which are members of clusters. Creating conditions for balanced regional development and long-term growth and development of the economy as a whole, includes, among other things, the continued development of small and medium enterprises, i.e. raising their competitiveness. Comprehensive legal, strategic and institutional approach to development of small and medium enterprises is a prerequisite for strengthening the competitive ability of Montenegrin enterprises and a more balanced regional development. Special importance in strengthening the competitive ability of entrepreneurs, micro, small and medium enterprises is their organizing in clusters. Strengthening entrepreneurship and raising their competitiveness through organization of clusters contributes to the increase of employment, import substitution, stimulating domestic production and exports, improving the business environment, more balanced regional development, as well as to better use of natural and productive capacity.

### 2. LOAN PURPOSE

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

IDF may directly finance up to 75,00% of the total investment value.

Loan amount dedicated to investing in working capital may be up to 40,00% of the total loan amount.

Financial support shall be approved for the following purposes:

- ▶ Production;
- ▶ Wood processing;
- ▶ Services (including the IT sector);
- ▶ Agriculture and food production;
- ▶ Tourism.

### 3. LOAN BENEFICIARIES

Loan Beneficiaries can be companies and entrepreneurs in all forms of organisation defined by the Law on Business Entities and which are a part of a cluster registered with the relevant ministry/state authority, provided that the following conditions are met:

- ▶ To operate a 100% privately owned;
- ▶ To have a seat on the territory of Montenegro;
- ▶ Not to have losses in business in the last financial year;
- ▶ To have signed a cooperation agreement between at least three entrepreneurs / companies in cluster 1 which expressly provides;
- ▶ That all members of the cluster will be jointly and severally liable for performance of the agreement in accordance with its terms;
- ▶ That one of the members of the cluster will be appointed and entitled to, on behalf of each and all members of the cluster together in the company, assume responsibility and receive instructions;
- ▶ That the realization of the overall agreement, including payments, will be made only with an authorized member of the cluster;

- ▶ The applicant, who in the call under this program act as a cluster and as such received credit funds, may not change the composition of the cluster members without the approval of the relevant ministry / state authority.

End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears). Right to a loan is not a guaranteed right and IDF MN JSC shall enact a decision on each Loan Application.

### 4. LENDING METHOD

IDF MN JSC implements this Programme through direct lending to the loan beneficiaries.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

### 5. LOAN CONDITIONS

Loans approved under this credit line and financed by the European Investment Bank (EIB), will be approved at an interest rate from 0.50% to 0.70% lower compared to the interest defined hereinafter.

Loan conditions:

- ▶ Maximum amount up to €2.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 4,00% annually with the proportional interest calculation method;
- ▶ Maximum term of 8 years (including grace period);
- ▶ Grace period up to 2 years.
- ▶ Special lending conditions:
  - ▶ For subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level, the interest rate amounts to 3,50% on an annual level with proportional interest calculation method.

**INCENTIVE MEASURES:** Incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,00%.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided a certificate to properly settle the tax that fulfilled the criteria to appear on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC).

Beneficiaries of this credit line are eligible for subsidies by directly addressing the relevant Ministry / state authority.

In case of a direct loan arrangement that is fully supported by a bank guarantee, cash collateral or State (municipality) guarantee, such loan arrangement or its proportional part shall not be considered as exposure of the end beneficiary.

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

Full exposure to one client including all connected persons shall be defined by the internal acts of IDF.

The interest rate may be flexible as well and shall be determined on the basis of the company's rating in accordance with the methodology determined by the IDF's bodies.



## 6. FEES

Direct loan arrangements shall be subject to the following fee:

- ▶ 0,50% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 1,00% on the amount approved for projects implemented in other municipalities.

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

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds.

IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of prudential legal entities, stocks of receivables and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MN JSC and decisions passed by competent bodies of IDF MN JSC.

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Confirmation of the competent ministry / state authority on association in clusters;
- ▶ Cooperation Agreement between the cluster members;
- ▶ Investment programme in accordance with the methodology of IDF

MN JSC, or an investment programme of an acceptable content;

- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority (for all members of the cluster);
- ▶ Certificate on VAT registration, if the end user is subject to the VAT (for all members of the cluster);
- ▶ Valid statute of the company (for all members of the cluster);
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties (for all members of the cluster);
- ▶ Original or certified form of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements (for all members of the cluster);
- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.







### 1. PROGRAMME OBJECTIVE

Support program for the modernization of the industry is being implemented in cooperation with the Ministry of Economy of Montenegro. This Support Program will contribute to the realization of the goals defined by the Industrial Policy of Montenegro until the end of 2020 and it is one of the key activities within the implementation of the Action Plan of the Industrial Policy of Montenegro 2016-2020. It is an integral part of the most important strategic and development documents of Montenegro (Economic Reform Program for Montenegro 2018-2020 and Montenegro's Development Prospects 2018-2021), and it is also in line with the strategic goals of strategies related to competitiveness (Regional Development Strategy 2020 and the South East Europe Development Strategy by 2020).

Specific objectives of the program are:

- ▶ improvement of technological processes, products and services,
- ▶ increasing the volume and value of sales,
- ▶ reducing the cost of equipment purchasing,
- ▶ reducing the cost of financing the production equipment by subsidizing part of the cost of purchasing the equipment.

### 2. LOAN PURPOSE

The loans are intended to finance equipment, as follows:

- ▶ New production equipment and/or machinery;
- ▶ Used manufacturing equipment and/or machinery, no older than five years and
- ▶ New parts, specialized tools for machinery or other capital goods that will be used in order to put into operation the unused machines.

Loan funds may not be used for:

- ▶ Purchase of passenger, cargo and commercial vehicles;
- ▶ All costs related to the purchase of equipment such as: customs and administrative expenses, the cost of shipping, handling and storage, assembly and installation of equipment, training, etc.;
- ▶ All costs related to the approval and implementation of the IDF loan, such as costs of: processing of the loan, interest, insurance of movables, exchange rate differences and similar;
- ▶ Refund for already purchased equipment;
- ▶ Loans and installments for repayment of loans as well as loan restructuring;
- ▶ Other costs that are not in accordance with the purpose of the Pilot Program.

IDF may directly finance up to 50,00% of the total investment value. The loan must be fully used to purchase equipment.

### 3. LOAN BENEFICIARIES

The support program is intended for business entities operating in the manufacturing sector. The right of participation is registered micro, small and medium-sized enterprises at least 2 years old and whose main activity is registered in the manufacturing industry (classified from C10 to C33), in accordance with the Law on Classification of Activities:

- ▶ Food production;

- ▶ Production of beverages (excluding alcoholic beverages);
- ▶ Manufacture of textiles (excluding synthetic fibers);
- ▶ Manufacture of wearing apparel;
- ▶ Manufacture of leather and leather products;
- ▶ Manufacture of wood and products of wood, cork, straw and plaiting materials, except furniture;
- ▶ Manufacture of paper and paper products;
- ▶ Printing and reproduction of audio and video recordings;
- ▶ Manufacture of chemicals and chemical products;
- ▶ Manufacture of basic pharmaceutical products and preparations;
- ▶ Manufacture of rubber and plastic products;
- ▶ Manufacture of other non-metallic mineral products;
- ▶ Manufacture of basic metals (except steel);
- ▶ Manufacture of metal products, except machinery and equipment;
- ▶ Production of computers, electronic and optical products;
- ▶ Manufacture of electrical equipment;
- ▶ Manufacture of machinery and equipment not elsewhere specified;
- ▶ Manufacture of motor vehicles, trailers and semi-trailers;
- ▶ Manufacture of other means of transport;
- ▶ Manufacture of furniture;
- ▶ Repair and installation of machinery and equipment;
- ▶ Other manufacturing industries.

Support program does not apply to the following activities:

- ▶ Primary agricultural production;
- ▶ Production of tobacco products;
- ▶ Trade (retail and wholesale);
- ▶ Production of steel, synthetic fibers and coal mining;
- ▶ Manufacture of coke and refined petroleum products;
- ▶ Manufacture and sale of weapons and military equipment;
- ▶ Organizing gambling and related activities;
- ▶ Production and marketing of any product or activity deemed illegal or harmful to the environment and dangerous to human health;
- ▶ Activities considered forbidden under local regulations or international conventions.

Equipment that is the subject of financing cannot be purchased from a private individual.

Funds cannot be used by newly established business entities (entrepreneurs and companies).

The ultimate beneficiaries of these credit arrangements can be entities that provide a confirmation of the tax administration stating that they regularly settle their tax liabilities.

There is no entitlement to the loan, and IDF MONTENEGRO JSC passes a special decision on the basis of each individual request.

### 4. LENDING METHOD

The support program for the modernization of the processing industry implies realization of the planned investment - procurement of equipment, partially or completely, through a loan arrangement with the Investment and Development Fund of Montenegro (IDF MNE JSC). If a business entity meets the requirements of the Program and the IDF approves a loan, the potential beneficiary can obtain the right to a subsidy of up to 20% of the value of the equipment purchase (excluding value added tax) on the amount of funds provided through the IDF loan arrangement, in accordance with the Program and the rules for granting state aid.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.



## 5. LOAN CONDITIONS

- ▶ Loan amount: € 100,000.00, and for an amount higher than € 100,000.00, maximum loan amount is defined by a special credit line for the activity;
- ▶ Interest rate: 3,50% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

Special lending conditions:

- ▶ For subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level, the interest rate amounts to 3,00% on an annual level with proportional interest calculation method.

## 6. FEES

Fee amount

- ▶ 0,30% on the approved amount for implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level,
- ▶ 0,40% on the amount approved for projects implemented in other municipalities.

## 7. UTILIZATION OF LOAN

Final utilization period shall be established on the case-by-case basis for each individual loan arrangement dependent on the real needs and the dynamics of investing in line with the criteria defined in the public call of the Ministry of Economy of Montenegro.

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of prudential legal entities, stocks of receivables and other generally accepted instruments of security in the banking sector, in accordance with the present collateral policy and decisions passed by competent bodies of IDF MN JSC.

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

## 9. REQUIRED DOCUMENTS

- ▶ Loan Application;
- ▶ Proof of submitting a grant application to the Ministry of Economy of Montenegro;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties ;
- ▶ Original or certified copy of of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Invoices (original or copy) for the purchase of equipment (IDF MONTENERGO JSC shall not accept offers/preliminary agreements issued by natural persons, offers/preliminary agreements from related parties as well as internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

The credit line runs until 31 December 2018, its changes, termination, or until the funds earmarked by the Ministry of Economy of Montenegro for allocation of grants under this line are exhausted.





## 1. PROGRAMME OBJECTIVE

The objective of the programme is to support the development and growth of micro, small and medium enterprises and entrepreneurs from the service sector, incentives for advancing, improving of competitiveness, financing projects of a local, regional and national importance.

## 2. LOAN PURPOSE

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

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

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

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be companies and entrepreneurs and all forms of organizing established by the Law on Business Entities, as well as subjects engaged in business activities governed by the rules of their corresponding area of activity (artisans, agricultural producers, PHI etc.). End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears. Right to a loan is not a guaranteed right and IDF MN JSC shall enact a decision on each Loan Application.

## 4. LENDING METHOD

IDF MN JSC implements this Programme through:

- ▶ Direct lending to the loan beneficiaries,
- ▶ Financing end beneficiaries of loans through commercial banks that have established business relation with IDF MN JSC.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

Based on the Loan Agreement between a commercial bank and IDF MN JSC, the commercial bank shall enter into agreement with the end beneficiary of the loan.

## 5. LOAN CONDITIONS

Loans approved under this credit line and financed by the European Investment Bank (EIB), will be approved at an interest rate from 0.50% to

0.70% lower compared to the interest defined hereinafter.

A) Direct lending:

- ▶ Maximum amount up to € 2.000.000,00 for entrepreneurs up to € 50.000,00);
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 4,50% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

**INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS:** For entities implementing projects in Northern region municipalities or in under-developed municipalities in Montenegro or entities that recruit 5 or more new employees under the project realization a special incentive measure of reduction of the interest rate by 0,50% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,00%. Aforementioned incentives may only be used on one ground at the time.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided a certificate to properly settle their tax obligations by meeting the criteria to appear on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC). This incentive measure applies to direct loan arrangements and through banks.

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

Full exposure to one client including all connected persons shall be defined by the internal acts of IDF.

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

B) Lending through commercial banks

- ▶ Maximum amount up to €3.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 5,00% annually (out of which 3,00% belongs to the bank while IDF MN JSC in any case, keeps at least 1.5% with the possibility that the bank belongs to less than 3%);
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

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

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

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided a certificate to properly settle their tax obligations by meeting the criteria to appear on the „white list“ , in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC). This incentive measure applies to direct loan arrangements and through banks.



## 6. FEES

Each loan arrangement shall be subject to the following fee:

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,40% on the amount approved for projects implemented in other municipalities.

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

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

The transfer of funds under loan arrangements through and with the guarantee of commercial banks shall, as a general rule, shall be a one-time exercise.

In case of extending loans to final beneficiaries through commercial banks, commercial banks are obliged to establish and maintain documents and keep records that provide for a prompt and efficient control of dedicated usage of loans, as well as for defining other conditions for utilization of loan funds in accordance with legal requirements. IDF MN JSC retains the possibility of exercising control over dedicated usage of loan funds in direct contact with the end beneficiary.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of prudential legal entities, stocks of receivables and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MN JSC and decisions passed by competent bodies of IDF MN JSC.

All costs with regard to providing instruments of security as well as of the execution of insurance-related tasks, deletion and retrieval of realized

instruments shall be carried by the loan beneficiary.

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties ;
- ▶ Original or certified copy of of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

For construction/expansion/reconstruction of business facility:

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with The Law) or urban planning and technical conditions provided that a request for building permit is submitted (equivalent in accordance with The Law), which must be submitted before signing the agreement;
- ▶ Priced bill of quantities and offers for execution of works.





For purchase of business premises:

- ▶ Real estate folio in which the real estate which is the subject of the sale is registered which is not older than 30 days;
- ▶ Preliminary agreement/agreement on purchase of real estate (certified by a notary);

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

Documents required for realization of the project through and with the guarantee of a commercial bank:

- ▶ Investment programme in line with bank regulations;
- ▶ Decision of the bank's competent body;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Balance Sheet and Income Statement for the past two years;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction

works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application:

- ▶ Statement on related parties.

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





# PODRŠKA OTVARANJU NOVIH RADNIH MJESTA

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SUPPORTING NEW WORK CAPACITIES

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## 1. PROGRAMME OBJECTIVE

Objective of this Programme is financing new and existing companies, entrepreneurs in the ICT sector.

Credit support is intended for investments for improving the ICT infrastructure, development of new products and services in this area, as well as a business model based on information technology.

## 2. LOAN PURPOSE

Loans are intended for investments in fixed assets - tangible assets (infrastructure, equipment ...), intangible assets (product or service development, patents, licenses, concessions, copyrights, franchises...) and working capital.

IDF may finance up to 70,00% of the total investment value (taking into account the specificity of ICT activities it is possible to finance earnings under contracts for engaging employees who are directly or indirectly involved in product development).

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

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Acquisition of shares in other companies, stocks and other securities;
- ▶ Completed investments intended for loan obligations refinancing;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Trading;
- ▶ Immoral and illegal activities.

NOTE: For financing projects based on new products or services that may be treated as innovation, beneficiary must provide special, detailed business plan. For this type of products or services a corresponding certificate on registration of the product or service in subject with the competent body needs to be provided.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be new or existing business entities, entrepreneurs from the ICT sector.

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

If the applicant is a start-up company, the company itself and founders of companies may not hold more than 20,00% of the share in another company, while in the case of entrepreneurs, the same must not hold share in another business entity of more than 20,00%.

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through direct lending to the loan beneficiaries.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

## 5. LOAN CONDITIONS

A) Lending conditions:

- ▶ Maximum amount up to € 1.000.000,00 (for start-up companies up to € 50.000,00; for entrepreneurs up to € 30.000,00);
- ▶ Interest rate of 2,50% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

Special lending conditions:

For subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level, the interest rate amounts to 2,00% on an annual level with proportional interest calculation method.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided confirmation that they duly settle their tax obligations by meeting the criteria to be found on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC).

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

Full exposure to one client including all connected persons shall be defined by the internal acts of IDF.

In case of a direct loan arrangement that is fully or partially supported by a bank guarantee, cash collateral or State (municipality) guarantee, such loan arrangement or its proportional part shall not be considered as exposure of the end beneficiary.

B) Lending through commercial banks:

- ▶ Maximum amount up to €2.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 5,00% annually (out of which 3,00% belongs to the bank while IDF MN JSC in any case, keeps at least 1.5% with the possibility that the bank belongs to less than 3%);
- ▶ Maximum term of 10 years (including grace period);
- ▶ Grace period up to 2 years.

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

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided confirmation that they duly settle their tax obligations by meeting the criteria to be found on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC). This incentive measure applies to direct loan arrangements and through banks.



## 6. FEES

Fee amount:

- ▶ 0,40% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,60% on the amount approved for projects implemented in other municipalities.

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property (the estimated value of the immovable property must be at least equal to the amount of the request loan), bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of prudential legal entities, stocks of receivables and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MN JSC and decisions passed by competent bodies of IDF MN JSC.

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties;
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.
- ▶ Certificate issued by the relevant Ministry confirming that the company's activity falls within the field of ICT.
- ▶ All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.







## 1. PROGRAMME OBJECTIVE

The objective of the programme is to ensure support for the development of entrepreneurship in the field of art and culture. If there are entrepreneurial-minded individuals in art and culture, it is necessary to provide them with favourable loans so they could turn their knowledge and experience into business, thus ensuring their and other people's existence. Special attention needs to be paid to the development of artistic crafts, such as, for example: advertising, design, photography, artistic interventions, audio and visual production, as well as in other fields of art and culture.

## 2. LOAN PURPOSE

Loans are intended for investments in fixed assets - tangible assets (buildings, equipment and appliances, inventory...), intangible assets (service development, patents, licenses, copyrights, franchises...) and working capital.

IDF may finance up to 75,00 % of the total investment value.

The applicants for the loan can provide their own share in the amount of 25,00% of the total investment value within one year since the day of signing the loan agreement.

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

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs;
- ▶ Catering facilities exclusively serving drinks;
- ▶ Newspaper and other occasional edition publishing activities, activity of producing and airing radio and television programs, activities of newspaper agencies and services of marketing and public relations agencies;
- ▶ Acquisition of shares in other companies, stocks and other securities;
- ▶ Construction of residential and business units for sale;
- ▶ Completed investments intended for loan obligations refinancing;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

NOTE: For financing projects based on new products or services that may be treated as innovation, beneficiary must provide special, detailed business plan. For this type of products or services a corresponding certificate on registration of the product or service in subject with the competent body needs to be provided.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be business entities and entrepreneurs. End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears). If the applicant is an business entity, the business entity itself and

founders of business entity may not hold more than 20,00% of the share in another business entity, while in the case of entrepreneurs, the same must not hold share in another business entity of more than 20,00%.

Loan beneficiaries may not be companies with the share of legal entities in the ownership structure of more than 20,00%.

Loan application can be considered before the applicant registers its business entity, so that the decision on the loan is conditional, i.e, determine the time limit within which the applicant must register a business entity.

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through direct lending to the loan beneficiaries.

For all projects implemented through and with the guarantee of commercial banks requirements defined under separate credit lines apply.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

## 5. LOAN CONDITIONS

Loans approved under this credit line and financed by the European Investment Bank (EIB), will be approved at an interest rate from 0.50% to 0.70% lower compared to the interest defined hereinafter.

Lending conditions:

- ▶ Maximum amount up to € 100.000,00 for entrepreneurs up to € 30.000,00);
- ▶ Interest rate of 3,00% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

Special lending conditions:

For subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level, the interest rate amounts to 2,50% on an annual level with proportional interest calculation method.

FOR COMPANIES PROVIDING GUARANTEE OF ANOTHER BUSINESS ENTITY AND WHOSE LOAN APPLICATION IS ABOVE € 100.000,00 THERE ARE THE FOLLOWING REQUIREMENTS:

With the submitted guarantee of another business entity the amount over the set limits may be authorized in accordance with the guarantor's creditworthiness (except for trade sector), but not more than the maximum defined credit for the concerned activity (defined by the special credit line) and the following conditions:

- ▶ Interest rate of 4,50% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

INCENTIVE MEASURES: For entities implementing projects in Northern region municipalities or in under-developed municipalities in



Montenegro or entities that recruit 5 or more new employees under the project realization a special incentive measure of reduction of the interest rate by 0,50% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,0 %. Aforementioned incentives may only be used on one ground at the time.

In case of a direct loan arrangement that is fully or partially supported by a bank guarantee, cash collateral or State (municipality) guarantee, such loan arrangement or its proportional part shall not be considered as exposure of the end beneficiary.

## 6. FEES

Fee amount:

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,60% on the amount approved for projects implemented in other municipalities.

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property (the estimated value of the immovable property must be at least equal to the amount of the request loan), bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of prudential legal entities, stocks of receivables and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MN JSC and decisions passed by competent bodies of IDF MN JSC.

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

## 9. REQUIRED DOCUMENTS

Documents required for Applicants with a registered activity:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid statute of the Company;
- ▶ Approval for access to Central Bank Regulatory Credit Registry data (CBRCR), including founders and related parties;
- ▶ Original or certified copy of the form of the certified signatures of the persons authorized to represent (OP) and the valid card of the deposited signatures;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

For construction/expansion/reconstruction of business facility:

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit or (equivalent in accordance with The Law) or urban planning and technical conditions provided that a request for building permit is submitted (equivalent in accordance with The Law) , which must be submitted before signing the agreement;
- ▶ Priced bill of quantities and offers for execution of works.

For purchase of business premises:

- ▶ Real estate folio in which the real estate which is the subject of the sale is registered which is not older than 30 days;
- ▶ Preliminary agreement/agreement on purchase of real estate (certified by a competent notary);

As a rule, all documentation is submitted in Montenegrin language.

Required documentation for applicants who do not have a registered activity.





Before granting a loan:

- ▶ Loan application;
- ▶ Investment program in accordance with the methodology of IDF MN JSC.;
- ▶ Certificate of successful completion of training at the Directorate for Investments, development of small and medium enterprises and management of EU funds and / or with the Employment Agency of Montenegro;
- ▶ Confirmation of the Employment Agency of Montenegro that the applicant is on the register of unemployed persons of the institution;
- ▶ Approval for access to the data of the Regulatory Credit Registry of the Central Bank of Montenegro (RKR);
- ▶ Copy of ID card;
- ▶ Proposal of security instruments;
- ▶ Profit (copy or original) for the purchase of equipment and small inventory, calculations for the execution of construction works, pre-conditions for the purchase of real estate (IDF MNE JSC will not accept bids / pre-contracts issued by natural persons, except for the sale of real estate, offers / as well as internal invoices). The subject documentation cannot be older than 3 months from the date of submission of the loan application;
- ▶ Statement on the home community;

After approval of the loan:

- ▶ The decision on the end-user registration in the court register, or the registry of the competent municipal authority;
- ▶ A VAT registration decision if the end user is a VAT payer;
- ▶ Valid companies Statute;
- ▶ Approval for access to the Central Bank of Montenegro

Regulatory Credit Registry (CRR) data;

- ▶ Form of certified signatures of persons authorized to represent (OP) and a card of deposited signatures;
- ▶ Statement on affiliated persons ;

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





**MOŽEŠ I TI!**

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YOU CAN DO IT!

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## 1. PROGRAMME OBJECTIVE

Objective of this Programme is refinancing outstanding loan obligations for companies engaged in the following activities: production, tourism, hospitality, services, trade and agriculture. In this way, the end beneficiary is provided with favourable long-term loan facilities which enable long-term financial stability and balance.

## 2. LOAN PURPOSE

The exclusive purpose of these loans is refinancing the existing loan obligations, which were initially approved at least 6 months before applying for refinancing, and based on the assessment of justifiability of refinancing.

Refinancing of existing bank debt will not be approved for loan beneficiaries who invested their funds in the following manner:

- ▶ Production and sale of military equipment or services;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Banking and insurance;
- ▶ Foreign exchange and/or securities trading;
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be business entities involved in the following activities: production, tourism, hospitality, services, trade and agriculture.

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

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through:

- ▶ Direct lending to the loan beneficiaries,
- ▶ - Exclusively for clients who meet the criteria of acceptable credit rating in accordance with the relevant internal acts of IDF MN JSC;
- ▶ - There can be no refinancing of loans which the client must repay to leasing companies, insurance companies, non-financial institutions and companies engaged in the purchase of claims ;
- ▶ Financing end beneficiaries of loans through commercial banks that have established business relation with IDF MN JSC.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

Based on the Loan Agreement between a commercial bank and IDF MN JSC, the commercial bank shall enter into agreement with the end beneficiary of the loan.

## 5. LOAN CONDITIONS

Loans approved under this credit line, will be financed from own credit potential.

A) Direct lending

- ▶ Maximum amount up to €3.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 4,00% annually with the proportional interest calculation method;
- ▶ Maximum term of 10 years (including grace period);
- ▶ Grace period up to 12 months.

**STIMULATIVE MEASURES FOR DIRECT CREDIT ARRANGEMENTS:**  
For projects implemented in the municipalities of the northern region and in municipalities below the average development level at the level of Montenegro, special incentives will be granted in the form of interest rate cuts by 0.50%. Also, the stimulation will also apply to loans that are approved with the guarantees of some of the commercial banks or with the guarantee of the State, in such a way that the initial interest rate will be reduced by 1.00%.

Full exposure to one client including all connected persons shall be defined by the internal acts of IDF MN JSC.

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

B) Lending through commercial banks

- ▶ Maximum amount up to €4.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ The interest rate shall amount to 4,50% annually (of which the bank belongs 3.00%, while IDF MN JSC in any case, keeps at least 1.5% with the possibility that the bank belongs to less than 3%);
- ▶ Maximum term of 10 years (including grace period);
- ▶ Grace period up to 12 months.

In case the subject of refinancing is a loan which the same bank had previously realised in cooperation with IDF, it is necessary that the first approval happened at least 3 years prior to the submission of the refinancing request, otherwise a fee in the amount of 1,00% of the loan value shall be charged for loans approved via banks.

Special lending conditions:

For subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level, the interest rate amounts to 4,00% on an annual level with proportional interest calculation method.

## 6. FEES

Direct loan arrangements shall be subject to the following fee:

- ▶ 0,50% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,70% on the amount approved for projects implemented in other municipalities.



Fees for loans realized through commercial bank IDF MN JSC shall not be charged, and the fee shall be agreed upon between the bank and the end beneficiary except in cases defined in the point above.

## 7. UTILIZATION OF LOAN

Loan beneficiaries are required to use the loan funds in accordance with this Programme and are required to provide IDF MN JSC evidence of closing of the loan that is the subject of refinancing while IDF MN JSC funds are transferred directly to institutions where credit obligations exist for the purpose of their refinancing.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of prudential legal entities, stocks of receivables, premiums, subsidies, grants and direct payments provided by the Ministry of Agriculture and Rural Development and other generally accepted instruments of security in the banking sector, in accordance with the present collateral policy and decisions passed by competent bodies of IDF MN JSC.

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

Bills of exchange and bank authorizations shall be accepted as collateral, whilst the bank retains the right to contractually arrange means of security with the end beneficiary.

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Projections of financial reports for the entire loan repayment period;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties;
- ▶ Form of certified signatures of persons authorised for representation (OP) and specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;

- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Copies of the Agreement on refinancing;
- ▶ Certificate on the state of credit borrowings that are refinanced.

All documents shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

Documents required for realization of the project through and with the guarantee of a commercial bank:

From commercial bank:

- ▶ Decision of the commercial bank's competent body;

From end beneficiary:

- ▶ • Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Balance Sheet and Income Statement for the past two years;
- ▶ Copies of the Agreement on refinancing;
- ▶ Certificate on the state of credit borrowings that are refinanced.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, to the utilization of funds in the amount of 15,000,000 € allocated for this purpose, until it's altered or terminated.





## 1. PROGRAMME OBJECTIVE

Having in mind the needs of the Montenegrin economy for permanent working capital, IDF MN JSC shall continue in 2018 its activities regarding credit line for permanent working capital financing.

## 2. LOAN PURPOSE

Permanent working capital encompasses funds required for financing current obligations arising from regular business activities of the end loan beneficiary, pertaining to raw material and material, inventories, other production costs, accounts receivable.

In accordance with the above, loan funds may be used for:

- ▶ purchase of raw material, production material, intermediate products, inventory;
- ▶ Overheads.

Loan funds may not be used for:

- ▶ Repayment of existing loans (except in the part of the funds obtained through the refund of the investment);
- ▶ Strictly financial activities (i.e. purchase of securities);
- ▶ Lending to buyers or other natural persons and legal entities;
- ▶ Procurement of fixed assets.

Financial support shall not be approved for the following purposes:

- ▶ Production and sale of military equipment or services;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Banking and insurance;
- ▶ Foreign exchange and/or securities trading;
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be companies and entrepreneurs and all forms of organizing established by the Law on Business Entities, as well as subjects engaged in business activities governed by the rules of their corresponding area of activity (artisans, agricultural producers, PHI etc.). Through this credit line, IDF MN JSC shall finance projects of end users who make their profit in one of the following fields:

- ▶ Production;
- ▶ Wood processing;
- ▶ Agriculture and food production;
- ▶ Tourism and hospitality;
- ▶ Services;
- ▶ Trade;

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

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through:

- ▶ Direct lending to the loan beneficiaries,
- ▶ Financing end beneficiaries of loans through commercial banks that have established business relation with IDF MN JSC.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

Based on the Loan Agreement between a commercial bank and IDF MN JSC, the commercial bank shall enter into agreement with the end beneficiary of the loan.

## 5. LOAN CONDITIONS

Loans approved under this credit line and financed by the European Investment Bank (EIB), will be approved at an interest rate from 0.50% to 0.70% lower compared to the interest defined hereinafter.

A) Direct lending

- ▶ Maximum amount of up to €3.000.000,00, except in cases when the means of security is a bank guarantee, the credit amount may be up to €1.500.000,00 (for entrepreneurs and agricultural producers up to €30.000,00);
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 4,50% annually with the proportional interest calculation method;
- ▶ Maximum term of 6 years (including grace period);
- ▶ Grace period up to 1 years.

INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS:

For entities which are registered in Northern region municipalities or in under-developed municipalities in Montenegro or entities that, from the moment of realization of the funds, employ 3 or more new persons a special incentive measure of reduction of the interest rate by 0,50% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,00%. Aforementioned incentives may only be used on one ground at the time.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ or have provided confirmation that they duly settle their tax obligations by meeting the criteria to be found on the „white list“ of the competent state body, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC).

Active direct beneficiaries of this type of IDF MN JSC's loans may apply again for additional funds, bearing however in mind that the overall exposure on the basis of the loan to one client (including all related persons) is in accordance with his balance indicators.

Full exposure to one client including all connected persons shall be defined by the internal acts of IDF.

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

B) Lending through commercial banks:

- ▶ Maximum amount up to €3.000.000,00;



- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 5,00% annually (out of which 3,00% belongs to the bank while IDF MNE JSC in any case, keeps at least 1.5% with the possibility that the bank belongs to less than 3%);
- ▶ Maximum term of 6 years (including grace period);
- ▶ Grace period up to 1 years.

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

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided a certificate to properly settle their tax obligations by meeting the criteria to appear on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC). This incentive measure applies to direct loan arrangements and through banks.

## 6. FEES

Direct loan arrangements shall be subject to the following fee:

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,40% on the amount approved for projects implemented in other municipalities.

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

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 6 months.

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

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

IDF MN JSC shall check whether the loan is used for the stated purpose, and the approved funds cannot be used for paying obligations to natural persons, related persons, nor paying internal invoices.

IDF MN JSC shall execute approved direct loans by transferring funds to the User's account on a one-time basis.

The transfer of funds under loan arrangements through and with the guarantee of commercial banks shall, as a general rule, shall be a one-time exercise.

In case of extending loans to final beneficiaries through commercial banks, commercial banks are obliged to establish and maintain documents and keep records that provide for a prompt and efficient control of dedicated usage of loans, as well as for defining other conditions for utilization of loan funds in accordance with legal requirements. IDF MN JSC retains the possibility of exercising control over dedicated usage of loan funds in direct contact with the end beneficiary.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro guarantees of prudential legal entities, stocks of receivables, premiums, subsidies, grants and direct payments provided by the Ministry of Agriculture and Rural Development and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MN JSC and decisions passed by competent bodies of IDF MN JSC.

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

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Projections of financial reports for the loan repayment period;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties ;
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices, preliminary agreements (photocopy or original) on procurement of raw materials, intermediate products, inventory and payment of monthly bills (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in







subject may not be dated more than three months from the date of the submission of the Loan Application.

All documents shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

Documents required for realization of the project through and with the guarantee of a commercial bank:

- ▶ Projections of financial reports for the loan repayment period;
- ▶ Decision of the bank's competent body;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Balance Sheet and Income Statement for the past two years;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Pro-forma invoices, preliminary agreements (photocopy or original) on procurement of raw materials, intermediate products, inventory and payment of monthly bills (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements

issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

- ▶ Statement on related parties.

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





**BELIEVE IN SUCCESS.  
USE THE OPPORTUNITY.**



## 1. PROGRAMME OBJECTIVE

Bearing in mind the need of the Montenegrin economy for short-term funds, IDF MN JSC shall again in 2018x enable access to financing with short-term credit lines for financing the clients' short-term needs. Extensive investment activity of commercial entities in the past period had often caused time discrepancy between assets and their sources. Apart from factoring as the key financial instrument which is based on the purchase of claims or obligations, classic short-term credit lines will be offered as well. These funds are above all intended for overcoming delays in short-term business activities. The implementation of this credit line will be an attempt to reduce the impact of the previously mentioned problems on business activities.

## 2. LOAN PURPOSE

Short-term credit lines for financing clients' short-term needs which arise during regular business activities of end loan beneficiaries, and are related to the need for financing current liquidity, working capital, raw materials, materials, financing stocks of goods, other production expenses, preparation of production/products for export, preparation of facilities or improving accommodation capacities for the tourist season, paying suppliers and other short-term obligations.

Short-term credit lines can informally be categorised as:

- ▶ short-term loans for working capital;
- ▶ short-term loans for seasonal activities;
- ▶ short-term loans for financing export preparation;
- ▶ short-term loans for contracted tender sales;
- ▶ short-term revolving and deposit loan.

In accordance with the above, short-term loan funds may be used for:

- ▶ purchase of raw material, production material, intermediate products, inventory;
- ▶ for overhead expenses, financing marketing expenses;
- ▶ product branding, IT presentations, website development;
- ▶ procurements for the purpose of tourist season preparation;
- ▶ or the preparation of export business.

Loans are intended for entrepreneurs and companies in the field of tourism, funds can be used to develop, adapt, equip the facility for the provision of tourism-related service, i.e. for the preparation of motels and hotels.

Loan funds may not be used for:

- ▶ Repayment of existing loans;
- ▶ Strictly financial activities (i.e. purchase of securities);
- ▶ Lending to buyers or other natural persons and legal entities;
- ▶ Procurement of fixed assets.
- ▶ Financial support shall not be approved for the following purposes:
- ▶ Production and sale of military equipment or services;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: games of chance, tobacco;
- ▶ Banking and insurance;
- ▶ Foreign exchange and/or securities trading;
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be companies and entrepreneurs and all forms of organizing established by the Law on Business Entities, as well as subjects engaged in business activities governed by the rules of their corresponding area of activity (artisans, agricultural producers, PHI etc.). Through this credit line, IDF MN JSC shall finance projects of end users who make their profit in one of the following fields:

- ▶ Production;
- ▶ Wood processing;
- ▶ Agriculture and food production;
- ▶ Tourism and hospitality;
- ▶ Services;
- ▶ Trade.

End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears). Right to a loan is not a guaranteed right and IDF MN JSC shall enact a decision on each Loan Application.

## 4. LENDING METHOD

IDF MN JSC implements this Programme through:

- ▶ Direct lending to the loan beneficiaries,

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

## 5. LOAN CONDITIONS

Direct lending:

- ▶ Maximum amount up to €1.000.000,00 (for entrepreneurs and agricultural producers up to €50.000,00), except in cases when a bank guarantee is the means of security, when the loan amount may be €2.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 5,00% annually with the proportional interest calculation method;
- ▶ Maximum term of 1 years (including grace period);
- ▶ Repayment monthly, quarterly, or, in case of a commercial bank guarantee, one-time.
- ▶ Grace period up to 3 months.

**INCENTIVE MEASURES:** For entities implementing projects in Northern region municipalities or in under-developed municipalities in Montenegro a special incentive measure of reduction of the interest rate by 0,50% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,00%. Aforementioned incentives may only be used on one ground at the time.

Active beneficiaries of this type of IDF MN JSC's loans may apply again for additional funds, bearing however in mind that the overall exposure on the basis of the loan to one client with related persons is in accordance with his balance indicators.

Full exposure to one client including all connected persons shall be defined by the internal acts of IDF.

In case of a direct loan arrangement that is fully or partially supported by a bank guarantee, cash collateral or State (municipality) guarantee,



such loan arrangement or its proportional part shall not be considered as exposure of the end beneficiary.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided confirmation that they duly settle their tax obligations by meeting the criteria to be found on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC).

## 6. FEES

Direct loan arrangements shall be subject to the following fee:

- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,40% on the amount approved for projects implemented in other municipalities.

## 7. UTILIZATION OF LOAN

Deadline for taking-utilising the loan is up to 2 months, since the day of the approval of the loan.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved loans by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of prudential legal entities, stocks of receivables, premiums, subsidies, grants and direct payments provided by the Ministry of Agriculture and Rural Development and other generally accepted instruments of security in the banking sector, in accordance with the IDF acts and decisions passed by competent bodies of IDF MN JSC.

Since this is a short-term loan, nothing more than a bill of exchange as means of security may not be necessary.

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

In case of loans guaranteed by commercial banks, bills of exchange

and bank authorizations shall be accepted as collateral, whilst the bank retains the right to contractually arrange means of security with the end beneficiary.

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Projections of financial reports for the loan repayment period;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties ;
- ▶ Original or certified copy of the form of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
- ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices, preliminary agreements (photocopy or original) on procurement of raw materials, intermediate products, inventory and payment of monthly bills (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

All documents shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





## 1. PROGRAMME OBJECTIVE

Factoring financial service is designed primarily for business entities determined to strengthen their liquidity via creditworthy buyers and high quality products and services. This Programme is aimed at providing for conditions for enhancing liquidity of Montenegrin companies and entrepreneurs.

## 2. SUBJECT OF FACTORING

The subject of factoring hereunder may be receivables existing under or arising from client's delivered or contracted goods, rendition of services to the debtor and other accounts receivable underlined by an unambiguous financial liability of the debtor. The receivables in subject may be assigned to the factor up to the defined limit of assigning/financing, during the validity of the Factoring Agreement.

Financial support provided through factoring shall not be approved for the following purposes:

- ▶ Production and sale of military equipment or services;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat (e.g. games of chance);
- ▶ Banking and insurance;
- ▶ Foreign exchange and/or securities trading;
- ▶ Immoral and illegal activities.

## 3. BENEFICIARIES OF FACTORING

Loan beneficiaries may be entrepreneurs and companies in all forms of organizing established by the Law on Business Entities, as well as subjects engaged in business activities governed by the rules of their corresponding area of activity (artisans, agricultural producers, private health care units etc.). Factoring beneficiaries may use this financial service for domestic or international factoring. The client must provide appropriate supporting documents for all ceded receivables, as evidence of receivables existence.

Debtor in a factoring agreement may be business entities registered under the Law on Business Entities, the state and its representatives, as well as companies registered in accordance with domicile regulations.

IDF MN JSC may refuse assuming the account receivable provided that there is:

- ▶ Reasonable doubt in existence or possibility of assigning of such receivable;
- ▶ Deficiency or deficiencies that are preventing or could prevent or hamper collection;
- ▶ Suspected illiquidity of buyers under receivables subject to assigning;
- ▶ Suspicion in validity of means of security and guarantees provided by the client.

## 4. FACTORING MODELS

In 2017 activities will be assumed on further development of factoring without recourse and supplier factoring. Should it be found acceptable from the risk standpoint, IDF MN JSC shall also provide contracted, silent (concealed) and international factoring. IDF MN JSC can sign an annual or single receivables buy off agreement with a client.

## 5. CONDITIONS OF RECEIVABLES/OBLIGATIONS BUY OFF

Based on the framework conditions and models set forth in the Annual Work Plan for 2017 and based on the General Conditions of Factoring Affairs of IDF MN JSC, factoring financing shall be provided under the following terms:

RB	Type of receivable	% receivables assigned	Receivables term	Fees	Interest (p.a.)
1.	State - debtor	Up to 100%	Up to 365 days	0,35 %	3.50%
2.	Producers - client	Up to 90 %	Up to 150 days	0,35 %	3.50%
3.	Others	Up to 90 %	Up to 120 days	0,35 %	4.25%
4.	Silent (concealed) factoring	Up to 80%	Up to 90 days	0,40 %	4.25%
5.	Contracted factoring	Up to 80%	Up to 365 days	0,40%	4.25%
6.	Supplier	Up to 100%	Up to 120 days	0,40 %	4.25%
7.	factoring	Up to 100%	Up to 120 days	0,35 %	3.50%
8.	Supplier paying producers Seasonal factoring	Up to 100%	Up to 210 days	0,40%	3.50%

- ▶ Factoring fee is calculated and paid for each individual accounts receivable assigned. The interest presented is on an annual level, whilst the calculation is applied to the amount disbursed to the client or supplier for corresponding number of days (of using IDF MN JSC funds from assigned receivables) ;
- ▶ The priority in financing receivables buy off shall be given to the agreements on arrangements including domestic merchandise, export of domestic products and services and buy off of receivables of companies/entrepreneurs from their arrangements with the State of Montenegro;
- ▶ All potentially solid receivables may be subject to factoring;
- ▶ Limits – pursuant to decisions of the IDF MN JSC Board of Directors and the financial potential of companies/entrepreneurs whose receivables are subject to factoring.

When speaking of the factoring model without recourse, in which the participants, as debtors, are state companies or other state representatives, prior to the implementation of the arrangement a confirmation needs to be previously provided stating that such claims were planned in the budgetary funds if such an obligation exists.

Incentive interest rate for export companies shall be decreased by 0.50 % from the prescribed.

Seasonal factoring is approved by May of the current year with a one-



month grace period and a weekly repayment for the period July, August and September.

Should the need arise, a client shall be charged with a fee for obtaining evidence on client creditworthiness as per the valid fee list of the firm from which the creditworthiness evidence was obtained.

In order to execute factoring arrangement, a client is obliged to provide the factor with evidence on debtor's consent for assignment of account receivable, except in case of silent-concealed factoring arrangements. For contracted factoring, the consent of the Contracting parties is necessary regarding the amount of the monthly tranches and payment dynamics.

Both client and factor consent is also to be provided authorizing factor to transfer accounts receivable assumed from the client under the factoring agreement to a third party as a subsequent factor (successive factor) or in a form of any prospective type of transferring receivables.

## 6. MEANS OF SECURITY

When an annual factoring arrangement is contracted, IDF MN JSC shall accept adequate means of security depending on client's creditworthiness, debtor and the limit approved, and in accordance with the collateral policy of IDF MN JSC.

## 7. REQUIRED DOCUMENTS

In addition to the documents providing evidence on the existence of an accounts receivable, the documentation basis (required documents) for a factoring arrangement comprises of:

- ▶ Request for client financing,
- ▶ A set of templates for annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers), (or other reports presenting the operations, assets and liabilities of institutions not subject to compiling annual financial statements) of client and debtor for the last two business years. Should more than four months of the current year have elapsed, an overview of all the above mentioned reports also needs to be provided;
- ▶ If the client (owner or legal entity) has related legal persons, documents referred to under item two need to be delivered for those persons as well;

- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Statute of the Company;
- ▶ Client's signature specimen;
- ▶ Client's analytical records on the stated debtor for a one year period (if there is a history of cooperation);
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), for the client and debtor and the owners of the above (when talking speaking of factoring without recourse only from debtors, for concealed-silent factoring only from clients);
- ▶ Bank certificate that the debtor's account is not blocked (except for concealed-silent factoring);
- ▶ PEP questionnaire with a photocopy of the client's CEO ID card;
- ▶ for Contracted factoring, the authorisation of the client and debtor regarding the value of the tranche and payment currency is necessary.

For companies debtors from abroad, the client is obliged to provide the documentation available, in accordance with the laws of that state.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 8. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 9. PROGRAMME VALIDITY

This Programme shall be valid until 31 December 2017, until it's altered or terminated.





## 1. PROGRAMME OBJECTIVE

Bearing in mind that foreign trade and sale of domestic products/services abroad is especially important for the overall economic development, this Programme is precisely aimed at supporting foreign-trade-oriented projects.

Loans are intended exclusively for preparing the export of goods and related payments, while the export of services is excluded, except for the export of construction, transport, software and consultancy services, along with the cases when the export of services is directly connected to the export of goods (installation etc.).

## 2. LOAN PURPOSE

Loans are intended for supporting export-oriented products and services. Likewise, loan facilities will be provided for preparing the products or services intended for sale on foreign markets.

The exporters may use the loan facilities for financing needs for working capital, purchase of goods (raw materials, equipment, etc.), works and services necessary for the performance of export-related works.

Financial support shall not be approved for the following purposes:

- ▶ Export of raw materials;
- ▶ Mediation in foreign trade (re-export);
- ▶ Production and sale of military equipment;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be companies and entrepreneurs in all forms of organizing established by the Law on Business Entities.

End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears). Right to a loan is not a guaranteed right and IDF MN JSC shall enact a decision on each Loan Application.

## 4. LENDING METHOD

IDF MN JSC implements this Programme through:

- ▶ Direct lending to the loan beneficiaries,
- ▶ Financing end beneficiaries of loans through commercial banks that have established business relation with IDF MN JSC.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

Based on the Loan Agreement between a commercial bank and IDF MN JSC, the commercial bank shall enter into agreement with the end beneficiary of the loan.

## 5. LOAN CONDITIONS

Loans approved under this credit line and financed by the European Investment Bank (EIB), will be approved at an interest rate from 0.50% to 0.70% lower compared to the interest defined hereinafter.

A) Direct lending

- ▶ Maximum amount up to €3.000.000,00 (the amount of the loan cannot be higher than 100% of the value of the export agreements);
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 3,50% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period); While determining the repayment deadlines, attention will be paid to the set schedule of payments under export agreements
- ▶ Grace period up to 4 years.

INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS:

For entities implementing projects in Northern region municipalities or in under-developed municipalities in Montenegro or entities that recruit 5 or more new employees under the project realization a special incentive measure of reduction of the interest rate by 0,50% shall be approved.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided confirmation that they duly settle their tax obligations by meeting the criteria to be found on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC).

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

Full exposure to one client including all connected persons shall be defined by the internal acts of IDF.

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

B) Lending through commercial banks

- ▶ Maximum amount up to €5.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 5,00% annually (out of which 3,00% belongs to the bank while IDF MNE JSC in any case, keeps at least 1.5% with the possibility that the bank belongs to less than 3%);
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

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

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

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided confirmation that they duly settle their tax obligations by meeting the criteria to be found on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body



which will be submitted to the IDF MN JSC). This incentive measure applies to direct loan arrangements and through banks.

## 6. FEES

Direct loan arrangements shall be subject to the following fee:

- ▶ 0,3% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,4% on the amount approved for projects implemented in other municipalities.

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

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

The transfer of funds under loan arrangements through and with the guarantee of commercial banks shall, as a general rule, shall be a one-time exercise.

In case of extending loans to final beneficiaries through commercial banks, commercial banks are obliged to establish and maintain documents and keep records that provide for a prompt and efficient control of dedicated usage of loans, as well as for defining other conditions for utilization of loan funds in accordance with legal requirements. IDF MN JSC retains the possibility of exercising control over dedicated usage of loan funds in direct contact with the end beneficiary.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables, premiums, subsidies, grants and direct payments provided by the Ministry of Agriculture and Rural Development and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MNE JSC and decisions passed by competent bodies of IDF MN JSC.

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

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
  - ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
  - ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
  - ▶ Certificate on VAT registration, if the end user is subject to the VAT;
  - ▶ Valid Statute of the Company;
  - ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank (RKR), including founders and related parties ;
  - ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
  - ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
  - ▶ Certificate of registration in the customs register;
  - ▶ Invoices/pro-forma invoices/agreements with foreign buyer/supplier;
  - ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
  - ▶ Audit report for loan beneficiaries that are subject to statutory audits under the law;
  - ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
  - ▶ Proposal of the collateral;
  - ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.
- For construction/expansion/reconstruction of business facility
- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
  - ▶ Building permit (equivalent in accordance with The Law) or urban planning and technical conditions provided that a request for building permit (equivalent in accordance with The Law) is submitted, which must be submitted before signing the agreement;
  - ▶ Priced bill of quantities and offers for execution of works.







For purchase of business premises

- ▶ Real estate folio in which the real estate which is the subject of the sale is registered which is not older than 30 days;
- ▶ Preliminary agreement/agreement on purchase of real estate (certified by a notary);

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

Documents required for realization of the project through and with the guarantee of a commercial bank:

- ▶ Investment programme in line with bank regulations;
- ▶ Decision of the bank's competent body;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Certificate of registration in the customs register;
- ▶ Balance Sheet and Income Statement for the past two years;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF

MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

- ▶ Statement on related parties.

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31/12/2018, until it's altered or terminated.





**LOANS**  
**FOR PROSPEROUS FUTURE**





## 1. PROGRAMME OBJECTIVE

The objective of this programme is to provide financial support to green field, brown field and other investments with the aim of encouraging new employment, increasing capacity and improving competitiveness.

Green field investments imply investments in the establishment of an entirely new business, that did not exist before on the targeted market or market area. Direct investments through new construction of factories, plants, works, business units or subsidiaries, start from buying the construction land, with or without the accompanying municipal and road infrastructure.

Green direct investments (green field) are implemented on land without accompanying infrastructure, and brown direct investments (brown field) start on land bought with accompanying infrastructure (usually this implies abandoned military facilities, barracks, empty unused halls, warehouses) which the investor then restores back to their previous state.

## 2. LOAN PURPOSE

Loans are intended for investments in fixed assets - tangible assets (buildings, equipment of facilities...) and working capital.

Loans are intended for local and foreign investors.

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

Loan amount dedicated to investing in working capital may be up to 20,00% of the total loan amount.

Financial support shall not be approved for the following purposes:

- ▶ Parts of investments intended for meeting personal needs,
- ▶ Production and sale of military equipment;
- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat: gambling, tobacco, alcoholic beverages (except wine and fruit brandies);
- ▶ Immoral and illegal activities.

## 3. LOAN BENEFICIARIES

Loan beneficiaries may be companies and entrepreneurs in all forms of organizing established by the Law on Business Entities engaged in the fields of:

- ▶ Production;
- ▶ Wood processing;
- ▶ Agriculture and food production;
- ▶ Tourism and hospitality;
- ▶ Services;
- ▶ Trade;

End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears). End beneficiaries can exclusively be business entities which plan to provide, through the investments, jobs for 10 or more persons.

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

## 4. LENDING METHOD

IDF MN JSC implements this Programme through:

- ▶ Direct lending to the loan beneficiaries,
- ▶ Financing end beneficiaries of loans through commercial banks that have established business relation with IDF MN JSC.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

Based on the Loan Agreement between a commercial bank and IDF MN JSC, the commercial bank shall enter into agreement with the end beneficiary of the loan.

## 5. LOAN CONDITIONS

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

A) Direct lending

- ▶ Maximum amount up to € 4.000.000,00 (for entrepreneurs up to € 100.000,00);
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 4,00% annually with the proportional interest calculation method;
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS:

For entities implementing projects in Northern region municipalities or in under-developed municipalities in Montenegro a special incentive measure of reduction of the interest rate by 0,50% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,00%. Aforementioned incentives may only be used on one ground at the time.

Current direct beneficiaries of IDF MN JSC loan may re-apply for additional funds provided that total IDF debt under direct loan arrangements with a single client matches its balance sheet ratios. Full exposure to one client including all connected persons shall be defined by the internal acts of IDF.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided confirmation that they duly settle their tax obligations by meeting the criteria to be found on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC).

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

B) Lending through commercial banks

- ▶ Maximum amount up to €6.000.000,00;
- ▶ Minimum amount of € 10.000,00;



- ▶ Interest rate of 5,00 % annually (out of which 3,00% belongs to the bank whilst IDF retains at least 1,5% with possibility that the bank belongs less then 3%);
- ▶ Maximum term of 12 years (including grace period);
- ▶ Grace period up to 4 years.

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

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

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided confirmation that they duly settle their tax obligations by meeting the criteria to be found on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC).

## 6. FEES

ect loan arrangements shall be subject to the following fee:

- ▶ 0,40% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ 0,50% on the amount approved for projects implemented in other municipalities.

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

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds.

IDF MN JSC shall execute approved direct loans whose purpose is investing in fixed assets (and inventory), by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

The transfer of funds under loan arrangements through and with the guarantee of commercial banks shall, as a general rule, shall be a one-time

exercise.

In case of extending loans to final beneficiaries through commercial banks, commercial banks are obliged to establish and maintain documents and keep records that provide for a prompt and efficient control of dedicated usage of loans, as well as for defining other conditions for utilization of loan funds in accordance with legal requirements. IDF MN JSC retains the possibility of exercising control over dedicated usage of loan funds in direct contact with the end beneficiary.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro guarantees of credit rating legal entities, stocks of receivables and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MN JSC and decisions passed by and competent bodies of IDF MN JSC.

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

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application;
- ▶ Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Valid Statute of the Company;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties ;
- ▶ Original or certified copy of the form signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ A set of annual financial statements (Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year, exception being the clients that are not subject to mandatory compilation of financial statements;
- ▶ Audit report for loan beneficiaries that are subject to statutory





audits under the law;

- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

For construction/expansion/reconstruction of business facility

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with the Law) or urban planning and technical conditions provided that a request for building permit is submitted (equivalent in accordance with The Law) , which must be submitted before signing the agreement;
- ▶ Priced bill of quantities and offers for execution of works.
- ▶ All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

Documents required for realization of the project through and with the guarantee of a commercial bank:

- ▶ Investment programme in line with bank regulations;
- ▶ Decision of the bank's competent body;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority;
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Balance Sheet and Income Statement for the past two years;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate

as evidence of the number of employees;

- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements on purchase of real estate (IDF MN JSC shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties or internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.
- ▶ Statement on related parties.
- ▶ All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





**LOANS**  
**FOR A PLEASANT FUTURE**



### 1. PROGRAMME OBJECTIVE

Objective of this Programme is implementation of investment projects in the area of infrastructure (roads, water supply, waste water treatment etc.) at local and state level, which are in function of utilization of the economic potentials and creation of conditions for business development, as well as financing projects of a local, regional and national importance. Projects to be financed from the credit line should contribute to sustainable development, validation of natural resources and stimulation of business development.

### 2. LOAN PURPOSE

Loans are designed for investment in road infrastructure projects, water supply and other petty infrastructure projects validating economic potentials (business zones, primary production zones etc.).

Loans are intended for new investments in fixed assets: land, buildings, equipment and appliances, etc.

Each project will be assessed individually, from the economic, financial and technical acceptability, as well as from the development policy standpoint, i.e. creating conditions for business development.

Obtained building permit is a precondition for realization of loans for projects under this credit line.

Financial support shall not be approved for the following purposes:

- ▶ Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- ▶ Any of the activities perceived as illicit or environmental and/or human health threat;
- ▶ Completed investments intended for loan obligations refinancing;
- ▶ Immoral and illegal activities.

### 3. LOAN BENEFICIARIES

Beneficiaries of these loans may be municipalities, Capital City, Old Royal Capital, companies established / majority-owned by local self-governments, commercial enterprises and other legal entities.

End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears). Right to a loan is not a guaranteed right and IDF MN JSC shall enact a decision on each Loan Application

### 4. LENDING METHOD

IDF MN JSC implements this Programme through:

- ▶ Direct lending to the loan beneficiaries,
- ▶ Financing end beneficiaries of loans through commercial banks that have established business relation with IDF MN JSC.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

Based on the Loan Agreement between a commercial bank and IDF MN JSC, the commercial bank shall enter into agreement with the end beneficiary of the loan.

### 5. LOAN CONDITIONS

Loans approved under this credit line and financed by the European Investment Bank (EIB), will be approved at an interest rate from 0.5 % to 0.7% lower compared to the interest defined hereinafter.

A) Direct lending

- ▶ IDF may directly finance up to 70% of the total investment value.
- ▶ Maximum amount up to €3.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 4.0% annually with the proportional interest calculation method;
- ▶ Maximum term of 15 years (including grace period);
- ▶ Grace period up to 5 years.

**INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS:** For entities implementing projects in Northern region municipalities or in under-developed municipalities in Montenegro a special incentive measure of reduction of the interest rate by 0,50% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee or with the State's guarantee, in a way that the initial interest rate will be decreased by 1,00%.

Active direct beneficiaries of this type of IDF MN JSC's loans may apply again for additional loan funds, bearing however in mind that the overall exposure on the basis of the loan to one client is in accordance with his balance indicators, and the maximum exposure to one client including all related persons shall be defined by the internal acts of the IDF.

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

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided a certificate to properly settle their tax obligations by meeting the criteria to appear on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC).

B) Lending through commercial banks

- ▶ IDF may directly finance up to 70% of the total investment value.
- ▶ Maximum amount up to €5.000.000,00;
- ▶ Minimum amount of € 10.000,00;
- ▶ Interest rate of 5,00% annually (out of which 3,00 % belongs to the bank while IDF MNE JSC in any case, keeps at least 1.5% with the possibility that the bank belongs to less than 3%);
- ▶ Maximum term of 15 years (including grace period);
- ▶ Grace period up to 5 years.

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

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

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided a certificate to properly settle their tax obligations



by meeting the criteria to appear on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC). This incentive measure applies to direct loan arrangements and through banks.

## 6. FEES

- A. For direct loans
- ▶ 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
  - ▶ 0,40% on the amount approved for projects implemented in other municipalities.
- a) for loans realized through commercial banks  
Fees for loans realized through bank IDF MN JSC shall not be charged, and the fee shall be agreed upon between the bank and the end beneficiary.

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.  
Final utilization period shall be established on the case-by-case basis for each individual loan arrangement dependent on the real needs and the dynamics of investing.  
Loan beneficiaries shall be obliged to a dedicated usage of loan funds in accordance with this programme and agreement signed between IDF MN JSC and end beneficiary.  
IDF MN JSC shall perform control of the dedicated usage of loan funds.  
IDF MN JSC shall execute approved direct loans by transferring funds to:

- ▶ The supplier's account or service/works provider or
- ▶ Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

The transfer of funds under loan arrangements through and with the guarantee of commercial banks shall, as a general rule, shall be a one-time exercise.

In case of extending loans to final beneficiaries through commercial banks, commercial banks are obliged to establish and maintain documents and keep records that provide for a prompt and efficient control of dedicated usage of loans, as well as for defining other conditions for utilization of loan funds in accordance with legal requirements. IDF MN JSC retains the possibility of exercising control over dedicated usage of loan funds in direct contact with the end beneficiary.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-

governments' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MN JSC and decisions passed by competent bodies of IDF MN JSC.

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

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

## 9. REQUIRED DOCUMENTS

Documents required for realization of the project through direct loan arrangement:

- ▶ Loan Application (IDF MN JSC official form);
- ▶ Extract from the Central Registry of the Commercial Court for business entities;
- ▶ Planned budget for the current year and budget execution for the prior year: Balance Sheet, Income Statement, annual account balance, analytical breakdown of buyers and suppliers (for public and private companies) Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year;
- ▶ Investment project;
- ▶ Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- ▶ Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties when speaking of business entities;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Proposal of the collateral;
- ▶ Approval of loan applicant's competent bodies (in case of local self-governments and public companies).
- ▶ Preliminary agreements and pro-forma invoices (photocopy or original) on procurement of equipment, preliminary invoices for construction works (IDF shall not accept offers/preliminary agreements/pro-forma invoices issued by natural persons (exception being purchase of real estate), and by related parties (exception being local self-governments and public companies) nor internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

For construction/expansion/reconstruction of business facility

- ▶ Real estate folio for the real estate where the concerned investments is realized not older than 30 days;
- ▶ Building permit (equivalent in accordance with the Law) or







urban planning and technical conditions provided that a request for building permit (equivalent in accordance with the Law) is submitted, which must be submitted before signing the agreement;

- ▶ Priced bill of quantities and offers for execution of works.

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

Documents required for realization of the project through and with the guarantee of a commercial bank:

- ▶ Investment programme in line with bank regulations;
- ▶ Decision of the bank's competent body;
- ▶ Decision on registration of the end beneficiary in the court registry i.e. registry of the competent municipal authority (in case of a commercial company);
- ▶ Certificate on VAT registration, if the end user is subject to the VAT;
- ▶ Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- ▶ Balance Sheet, Income Statement, for the last two years (in case of a business entity – public company);
- ▶ Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
- ▶ Pro-forma invoices (photocopy or original) on procurement of equipment and inventory, preliminary invoices for construction works, preliminary agreements/agreements on purchase of real estate (IDF MN AS shall not accept offers/preliminary agreements issued by natural persons, exception being purchase of real

estate, offers/preliminary agreements issued by related parties (exception being local self-governments and public companies) nor internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

- ▶ Statement on related parties.

All documents, as a general rule, shall be submitted in Montenegrin language.

Executive office of the IDF MN JSC retains the right to request additional documents.

## 10. OTHER PROVISIONS

Additional rules applicable to this Loan Programme, which are not mentioned in this document, are defined in special acts passed by competent bodies of IDF MN JSC.

## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





**WE VALUE YOUR FINANCES**



### 1. PROGRAMME OBJECTIVE

Objective of this Programme is realization of investment project intended for:

- Landfill recovery, supporting avoiding and reduction of waste production, waste management, waste processing and exploiting valuable waste features (recycling, mini-thermal power plants etc.),
- Stimulating cleaner production, i.e. avoiding and reduction of waste production and emissions in production process,
- Implementation of national energy programs;
- Supporting usage of renewable sources of energy (sun, hydro energy, biomass etc.),
- And other projects aimed at protecting environment, achieving energy efficiency and introduce renewable sources of energy.

### 2. LOAN PURPOSE

Loans are intended for investments in land, buildings, equipment and appliances.

The amount of loan intended for investment in working capital may be up to 30% of the total loan amount, exclusively at commercial companies as loan beneficiaries.

Each project will be individually assessed from the standpoint of environmental protection, energy efficacy and utilization of renewable sources of energy.

Financial support shall not be approved for the following purposes:

- Participation in projects violating internationally recognized employee rights, including safety at work, rules and procedures in Montenegro;
- Any of the activities perceived as illicit or environmental and/or human health threat;
- Completed investments intended for loan obligations refinancing;
- Immoral and illegal activities.

### 3. LOAN BENEFICIARIES

Beneficiaries of these loans may be municipalities, Capital City, Old Royal Capital, companies established / majority-owned by local self-governments, public enterprises/ and other legal entities.

End beneficiaries of these loan arrangements may be entities that have obtained a confirmation from the Tax Administration on their tax arrears). Right to a loan is not a guaranteed right and IDF MN JSC shall enact a decision on each Loan Application.

### 4. LENDING METHOD

IDF MN JSC implements this Programme through:

- Direct lending to the loan beneficiaries,
- Financing end beneficiaries of loans through commercial banks that have established business relation with IDF MN JSC.

Loan Applications that are not supported with mandatory defined documents shall not be taken into consideration.

Based on the Loan Agreement between a commercial bank and IDF MN JSC, the commercial bank shall enter into agreement with the end beneficiary of the loan.

### 5. LOAN CONDITIONS

Loans approved under this credit line and financed by the European Investment Bank (EIB), will be approved at an interest rate from 0.5 % to 0.7% lower compared to the interest defined hereinafter.

A) Direct lending

- IDF may directly finance up to 70% of the total investment value.
- Maximum amount up to €3.000.000,00;
- Minimum amount of € 10.000,00;
- Interest rate of 4 % annually with the proportional interest calculation method;
- Maximum term of 15 years (including grace period);
- Grace period up to 5 years.

INCENTIVE MEASURES FOR DIRECT LOAN ARRANGEMENTS: For entities implementing projects in Northern region municipalities or in under-developed cities (Cetinje, Niksic and Ulcinj) a special incentive measure of reduction of the interest rate by 0,50% shall be approved. Additionally, incentives shall pertain to loans approved with a commercial bank's guarantee, in a way that the initial interest rate will be decreased by 1,00%.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided confirmation that they duly settle their tax obligations by meeting the criteria to be found on the „white list“, in the form of reduced interest rates by 0.50% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC).

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

B) Lending through commercial banks

- IDF may directly finance up to 70% of the total investment value.
- Maximum amount up to €5.000.000,00;
- Minimum amount of € 10.000,00;
- Interest rate of 5,00% annually (out of which 3% belongs to the bank while IDF MNE JSC in any case, keeps at least 1.5% with the possibility that the bank belongs to less than 3%);
- Maximum term of 15 years (including grace period);
- Grace period up to 5 years.

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

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



supported with the loan proceeds of the IDF MN JSC.

Special incentives will be approved to business entities that regularly settle their tax liabilities, i.e. are on the „white list“ of the competent state body or have provided confirmation that they duly settle their tax obligations by meeting the criteria to be found on the „white list“, in the form of reduced interest rates by 0.5% (it is necessary to provide confirmation of the state body or an official document of the state body which will be submitted to the IDF MN JSC). This incentive measure applies to direct loan arrangements and through banks.

## 6. FEES

a) For direct loans

- ▶ • 0,30% on the approved amount for subjects implementing projects in northern municipalities of Montenegro and in municipalities with a below-average development level;
- ▶ • 0,40% on the amount approved for projects implemented in other municipalities.

b) Lending through commercial banks

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

## 7. UTILIZATION OF LOAN

Loan utilization period is up to 24 months.

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

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

IDF MN JSC shall perform control of the dedicated usage of loan funds. IDF MN JSC shall execute approved direct loans by transferring funds to:

- ▶ • The supplier's account or service/works provider or
- ▶ • Loan beneficiary account, in single or in tranches - in phases.

Transfer of funds directly to the Loan Beneficiary's account in tranches – in phases, means that, as a general rule, the subsequent transfer of funds will not take place until the Beneficiary justifies dedicated usage of prior realized funds under the approved loan (fund per already transferred tranches).

Exceptionally, in case of refunds of the paid investments, the transfer of funds to the loan beneficiary's account may be performed as a single payment, in accordance with the present rulebook of IDF MN JSC.

The transfer of funds under loan arrangements through and with the guarantee of commercial banks shall, as a general rule, shall be a one-time exercise.

In case of extending loans to final beneficiaries through commercial banks, commercial banks are obliged to establish and maintain documents and keep records that provide for a prompt and efficient control of dedicated usage of loans, as well as for defining other conditions for utilization of loan funds in accordance with legal requirements. IDF MN JSC retains the possibility of exercising control over dedicated usage of loan funds in direct contact with the end beneficiary.

## 8. MEANS OF SECURITY

As means of security, IDF MN JSC shall accept bills of exchange, mortgages over immovable property, bank guarantees, local self-governments' guarantees, guarantees of the Government of Montenegro, guarantees of credit rating legal entities, stocks of receivables and other generally accepted instruments of security in the banking sector, in accordance with the Acts of IDF MNE JSC and decisions passed by competent bodies of IDF MN JSC.

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

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- Extract from the Central Registry of the Commercial Court for business entities;
- Planned budget for the current year and budget execution for the prior year: Balance Sheet, Income Statement, annual account balance, analytical breakdown of buyers and suppliers (for public and private companies) Balance Sheet, Income Statement, annual account balance (Trial balance), analytical breakdown of buyers and suppliers) – for the past two years, as well as the interim aforementioned reports for the current year;
- Investment programme in accordance with the methodology of IDF MN JSC, or an investment programme of an acceptable content;
- Original or certified copy of certified signatures of persons authorised for representation (OP) and valid specimen signature card;
- Authorization for retrieving data from the Regulatory Loan Registry of the Central Bank of Montenegro (RKR), including founders and related parties when speaking of business entities;
- Tax Administration certificate on settled taxes and contributions not older than 30 days; Respective form for the last month of settlement of taxes and social contributions for employees, verified by the Tax Administration as evidence of the number of employees; Proposal of the offered instruments of security (integral part of loan application), in case of a mortgage enclose also an ownership list/real estate folio;
- Approval of loan applicant's competent bodies (in case of local self-governments and public companies).
- Preliminary agreements and pro-forma invoices (photocopy or original) on procurement of equipment, preliminary invoices for construction works (IDF MNJSC shall not accept offers/preliminary agreements/pro-forma invoices issued by natural persons (exception being purchase of real estate), and by related parties (exception being local self-governments and public companies) nor internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

For construction/expansion/reconstruction of business facility

- Real estate folio for the real estate where the concerned





investments is realized not older than 30 days;

- Building permit (equivalent in accordance with the Law) or urban planning and technical conditions provided that a request for building permit (equivalent in accordance with the Law) is submitted, which must be submitted before signing the agreement;
- Priced bill of quantities and offers for execution of works.

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- Certificate on VAT registration, if the end user is subject to the VAT;
- Tax Administration certificate on settled taxes and contributions – not older than 30 days;
- Balance Sheet, Income Statement, for the last two years (in case of a business entity – public company);
- Official form for reporting on settlement of monthly taxes and social contributions for employees, verified by the Tax Directorate as evidence of the number of employees;
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by natural persons, exception being purchase of real estate, offers/preliminary agreements issued by related parties (exception being local self-governments and public companies) nor internal invoices). The documents in subject may not be dated more than three months from the date of the submission of the Loan Application.

- Statement on related parties.

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## 11. CREDIT LINE VALIDITY

This Credit Line shall be valid until 31 December 2018, until it's altered or terminated.





Investment and Development  
Fund of Montenegro JSC







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Fund of Montenegro JSC**

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