



GUIDELINES

INFORMATION AND COMMUNICATION TECHNOLOGIES SECTOR IN MONTENEGRO

2025



Montenegrin
Investment
Agency

Table of Contents

Montenegro at a Glance	4
Business environment in Montenegro	6
Foreign investments overview	7
ICT sector overview	9
AI Innovators and top-tier entrepreneurs in Montenegro	12
Advancing the Digital Agenda in Montenegro	15
Telecommunications	16
Information technology	17
ICT foreign companies with headquarters around the globe and offices in Montenegro	18
Legislation and national ICT strategic direction	20
Smart Specialization Strategy of Montenegro 2019-2024	20
Digital Transformation Strategy of Montenegro 2022-2026	21
Cyber Security Strategy of Montenegro 2022-2026	22
Law on Electronic Document	23
Incentives for investments in ICT sector	24
Who can be the beneficiary of incentive measures?	26
Program for investments in the ICT sector supported by the Investment and Development Fund of Montenegro	26
Telecommunication infrastructure	27
5G - a new generation network	27
Operators in Montenegro ready for 5G digital transformation	28
Taking it to the next level	28
Montenegro`s fastest growing industries and sectors	29
FinTech	29
E-commerce	30
Cyber security	30
Tourism	31
E-gaming	32
Outsourcing	32
Successful investments in the ICT sector in Montenegro	33
4iG Plc. acquired Telenor Montenegro	33
EPAM Systems has moved part of its business to Montenegro	33
Artec 3D - new IT hub on Adriatic coast	34
Infinum - rapid expansion	34
Quantox - successful regional expansion	34
Gaming potential - G5 Games opens an office in Montenegro	35
Business associations	35
Chamber of Economy of Montenegro	35
Montenegrin Foreign Investors Council	36
American Chamber of Commerce (AmCham)	36
Association of Montenegrin Managers	36
Montenegrin Employers Federation	37
ICT Cortex	37
The Science and Technology Park of Montenegro	38
Tehnopolis - Innovation and Entrepreneurship Center	38
Startup communities	38
Digital nomads in Montenegro	40
Montenegro officially opened its doors to digital nomads	40
Advantages of Montenegro as a destination for digital nomads	41
Coworking and Co-living spaces	42
Summary	44

Montenegro at a Glance

Since gaining independence in 2006, as well as the start of accession negotiations for membership in the European Union (EU) in 2012, Montenegro has become increasingly attractive to foreign investors. Montenegro is a fast growing and economically strong country in the Western Balkans, with monetary and macroeconomic stability, a liberal economic regime for foreign countries and significant potential for further economic development.

Population	Employed population	GDP in current prices (millions, euros)	Share of ICT in GDP (%)
633,158	246,449	6,624	10%

Sources: Statistical Office of Montenegro (Monstat), January 2024,

Government of Montenegro, Program of economic reforms of Montenegro 2024 - 2026.

Montenegro's position in international rankings, membership in NATO and the World Trade Organization ranks Montenegro among safe countries where international business standards are applied.

Given its progress in the negotiations on EU accession, along with the continuous improvement of the business climate and a competitive business environment with significant potential in the energy, agriculture, tourism and ICT sectors, Montenegro is positioned as one of the most important investment destinations in the Balkans and Southeast Europe. A major factor in Montenegro's large inflow of Foreign Direct Investments (FDI) is its favorable tax policy; entities operating in Montenegro are subject to progressive corporate income tax (CIT). The applicable tax rate depends on the realized profit of taxpayers, and the tax rate varies from 9% to 15%. Montenegrin corporate income tax rates are among the lowest in the region and around Europe.

Despite strong global economic and geopolitical uncertainties, the Montenegrin economy showed stable and positive macroeconomic trends during 2023. Relevant international institutions predict the economy of Montenegro in 2024. will remain its course from the previous period having in mind the fact that the political and institutional environment is more consistent now after assembling the Government in October of 2023, led by Prime Minister, Milojko Spajic.

The perspectives of Montenegrin economic growth in the medium term are supported by priorities towards the fulfillment of the EU agenda in the process of accession of Montenegro. In this sense, the new initiative of the European Union called - **The New Growth Plan** for the Western Balkans is particularly important in accelerating the process of enlargement and economic growth. The initiative is dedicated to strengthening the economic integration of the countries of the region with the EU single market,

speeding up key reforms and increasing the available financial assistance within the Instrument for Reforms and Growth, based on the fulfillment of the planned reform measures. The incentive of additional withdrawal of significant funds based on this instrument can contribute to the growth of the economy in the medium term and faster convergence towards the development average of the EU member states.

Economic growth in the first three quarters of 2023 accelerated compared to the previous year and amounted to 6.6% in real terms, with the largest contribution being made by the export of goods and services (impact of 8.4 percentage points) and personal household consumption (4,9 pp). The recovery of investment activity is also particularly significant, whereby investments in fixed capital added 0.9 percentage points to economic growth in the first three quarters.

In December 2023, according to Monstat records, 246,449 people were employed, which is approximately 8.54% higher compared to December 2022. In the ICT sector in December 2023 11,263 people were employed. Highest number of employed people (48,222) is in the wholesale and retail trade sector.

Montenegro: Macroeconomic projections 2023-2026 - Basic scenario

633,158

Nominal Gross Domestic Product (million, EUR)	4955,1	5924,0	6624,3	7034,0	7424,5	7782,6
GDP growth rate (%)	18,4	19,6	11,8	6,2	5,6	4,8
Inflation (average)	2,4	13,0	9,0	5,0	3,4	2,5

Source: Government of Montenegro, Program of economic reforms of Montenegro 2024 - 2026.

In 2023, Montenegro grew faster than the regional average, while, according to estimates by international organizations, the growth of the Montenegrin economy will slow down in 2024, so the European Commission predicts growth at 2.7%, while the IMF and the World Bank expect 3.7% or 3.2%.

In line with the country's strategic direction and aspirations to join the European Union, Montenegro recognizes the need to innovate, build capacities, strengthen knowledge and skills needed for digital transformation. Innovations in general, and ICT innovations in particular, are new focus centers for Montenegro.

Business environment in Montenegro

Economic growth during 2022 and 2023 was stronger than expected, despite global economic and geopolitical uncertainties. Changes in tax policy and an increase in minimum and average wages starting in 2022, further growth of wages in the public sector in 2023, an increase in disposable income through transfers, employment and lending, as well as a large influx of non-residents in the past two years, determined the economic trends in Montenegro.

Favorable economic trends in Montenegro in 2023 were contributed by the large influx of non-residents to Montenegro, with strong effects on private consumption, tourism, the real estate sector, banking parameters and employment. Economic growth in 2023 is strongly determined by the growth of tourism revenues, which, according to preliminary data from the Central Bank of Montenegro, amounted to 1.36 billion euros for the nine months of 2023 and are 48.6% higher than in the same period of the previous year, but also 33.9% compared to the pre-crisis period (year 2019).

Inflation is on a downward trend. The banking system is stable and highly liquid. Activity growth was registered in forestry, industry and tourism. The net inflow of foreign direct investments is significantly lower compared to the previous year.

The greatest potential for creating more sustainable growth is recognized in the sectors of agriculture, energy, tourism, and moving towards a green, circular economy requires significant digitalization, pointing to the importance of the ICT sector in facilitating these changes. Despite its size and a small population, Montenegro is a country with a high potential for growth in the ICT industry.

Businesses are increasingly focused on creating efficient solutions in order to optimize operational costs, and companies are working to a large extent on changing their business model in order to turn more towards a 'green' economy, 'smart' and sustainable business and digital transformation.

Global events and geopolitical changes have affected numerous migrations in both demographic and economic terms. So far, it has been shown that these migrations have a favorable effect on the business environment in Montenegro, as a significant number of companies from Turkey, Ukraine, Belarus and Russia have founded or re-located their business headquarters to Montenegro.

One of the negative aspects comes from the end of 2023. when some low cost airline companies discontinued a couple of their destinations to and from Montenegro. WizzAir and RyanAir announced that connections will be temporarily deactivated but expect their return in the next period but there is no precise plan when it can be expected. Montenegro lost its direct air connectivity with Vienna, Rome, Barcelona, Brussels and Zagreb.

Nevertheless, the country still has good options for air traffic with direct connections with Belgrade, Istanbul, Budapest, Berlin, London, Paris, Copenhagen, Milan, Krakow, Warsaw, Dortmund and more.

Foreign investments overview

Montenegro, **has taken significant steps towards the development of the entire economy**: The creation of a strong ICT sector, the acceleration of digital transformation, the stimulation of the investment climate through a favorable tax policy, providing of numerous incentives for investors, startups and the entire economy, and the introduction of legislation to attract digital nomads and foreign IT experts, so that they may stay and work in Montenegro, injecting capital into the economy and growing local IT capacity.

Foreign companies in Montenegro enjoy the same treatment as domestic companies, and foreign investors are allowed to invest in any industry and freely transfer financial resources, property, and other assets, including profits and dividends.

Since 2006, Montenegro`s total FDI inflows reached more than 13 billion euros

Despite the global pandemic that has affected numerous economies, Montenegro has managed to maintain its reputation as a **very attractive destination for reliable profitable investments**. While the world is facing many challenges, Montenegro manages to maintain an increasing inflow of FDI and the number of foreign investors who are opening companies in Montenegro is consistently growing.

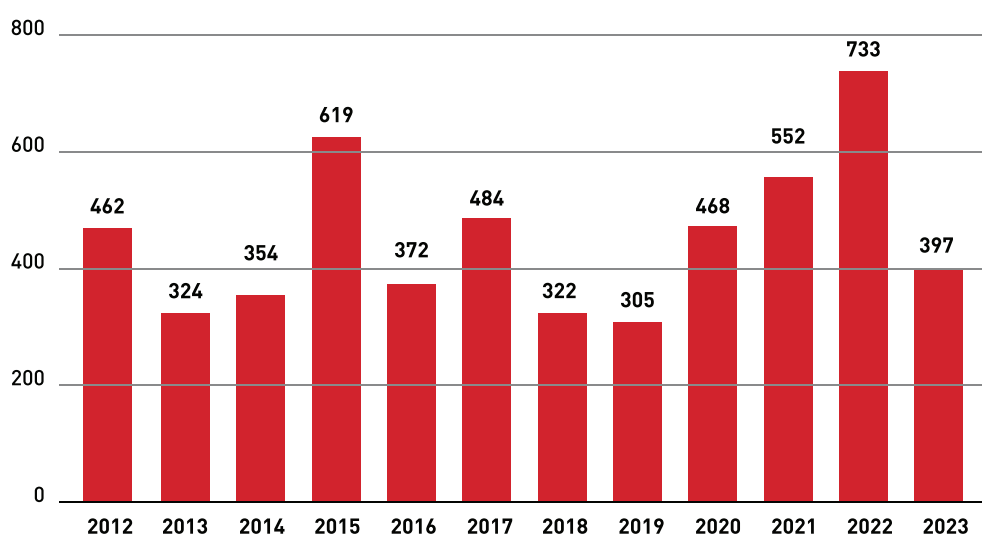
According to the Central Bank of Montenegro, the total inflow of foreign direct investments (FDI) in Montenegro, from 2012 to November 2023, reached almost 8.85 billion euros.

Development for 2023. was slightly different - data shows that in the period January - November 2023, the net inflow of foreign direct investments amounted to 396.86 million euros, which is 46.43% less compared to the same period in 2022. The total inflow of foreign direct investments amounted to 785.04 million euros (a decrease of 25.34%), which is the result of a decrease in investments based on intercompany debt and investments in companies and banks, as well as on the basis of the withdrawal of investments from abroad.

Gross inflow FDI (in millions €), for the period 2012 - 2023

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
634	479	498	757	687	659	858	778	663	898	1150	785

Net inflow of FDI (in millions EUR), period 2012-2023



685 branches of foreign companies in Montenegro made a turnover of over two billion euros

In 2022, there were a total of 685 branches of foreign companies in Montenegro, which had more than two billion euros in turnover, according to Monstat data. Most foreign branches are owned by citizens of Serbia, 162. In 2022, they achieved a turnover of around 557,8 million euros, reports Forbes Montenegro.

After Serbia, citizens of Turkey have the most branches, 58. Companies owned by them achieved a turnover of 69,8 million euros in 2022.

There were 29 branches from Bosnia and Herzegovina with a turnover of around 65 million euros, 28 from Slovenia (242,2 million euros), and 20 from Croatia with a total turnover in 2022 of around 128,26 million.

Monstat explained that foreign branch statistics describe the activity of business entities that are residents of the reporting country - Montenegro, and are under the control of foreign business entities (legal entities and/or individuals).

ICT sector overview

The ICT sector and its importance for Montenegro is ever increasing. Montenegrin ICT sector has a significant influence on the economic environment and development of society. It has become an increasingly important tool for development, providing access to information for science, technology, and innovation, encouraging and enhancing regional and international collaboration and knowledge exchange.

The ICT sector in Montenegro is one of the fastest-growing, with 10% of share in GDP, while the whole ICT industry has the potential to become a strategic branch for the country's development. In 2012, the total revenue of the sector accounted for nearly 4% of the GDP, while in 2022, it reached 10% of the total GDP.

Many global players from the ICT sector are present on the Montenegrin market, such as: **One Crna Gora** (now owned by the Hungarian telecoms and IT group 4iG, formerly Telenor), **Crnogorski Telekom** (member of Deutsche Telekom Group), **Telemach Crna Gora** (owned by United Group), **Siemens, Ericsson, Huawei, S&T, New Frontier Group** (Saga), as well as important regional players, such as **ComTrade** and **m:tel** (part of Telekom Srbija Group).

In May 2023, **ICT Cortex** (ICT Cluster for information technologies, innovation, education, design and technology development in Montenegro.) released ICT analysis, in collaboration with **CEED Consulting**, which revealed a significant increase in the number of companies, financial revenues, and community interest.

Information and Communication Technology (ICT) companies in Montenegro, employing over six thousand people, achieved 602.43 million euros in revenues for the 2022, with a net profit of 72.82 million euros. The Gross Domestic Product (GDP) of Montenegro for the year 2022. was just under six billion euros, making the ICT sector account for a tenth of the country's GDP in terms of revenue.

The analysis covered 1,049 companies in the sector for the year 2022, with a comprehensive consideration of the period from 2019 to 2022. Net earnings also saw significant growth, increasing by 102% compared to 2019. Notable companies contributing to this growth included **M-tel, Crnogorski Telekom, One, Kodio, Comtrade** and **Coinis**.

The analysis focused on 725 IT companies operating in local and international markets, with the majority engaged in computer programming and IT consulting. There has been a remarkable increase in the number of companies, with a 46% increase compared to 2021 and a staggering 109% increase compared to 2019. The IT services and products sector showed the most progress in terms of rev-

enue, net results, and employee numbers. Total revenues in the IT services and products sector increased by 45% compared to 2021, while net results increased by 87%, and both figures increased by 450% compared to 2019. The number of employees in the sector also followed the growth in revenue, with a 61% increase compared to the previous year and a 161% increase compared to four years ago.

Companies in the IT services and products sector have made the most progress in the past four years when considering parameters such as total revenue, net results, and the number of employees. Total revenues increased by 45 percent compared to 2021, net results increased by 87 percent, and compared to 2019, the same parameter increased by an impressive 450 percent.

The number of employees adequately follows the revenue growth, as indicated by the fact that over 3,400 workers have been employed in the IT products and services sector, which is 61 percent more than the previous year and a remarkable 161 percent increase compared to four years ago. When looking at the specific specialization, the largest number of companies are engaged in computer programming and IT consulting activities. Some of the companies that achieved the best results are **Epam Systems Montenegro, Domen, Data Design, Čikom, and Logate.**

Montenegrin Smart Specialization Strategy 2019-2024 and Digital Transformation Strategy 2022-2026 recognize and map ICT as a strategic priority with strong economic potential.

However, there is large potential for improvement in this area through the cooperation of the public and private sector with academia, investment in ICT staff and by attracting prominent ICT companies to invest in Montenegro.

Information and communication industry with 11,000 employees had an average salary of 1,039 euros in December. The high average salary was achieved thanks to higher salaries in telecommunications companies, mobile and cable operators, and not in the media.

As in the rest of the region of Southeast Europe, work in ICT in Montenegro is attractive due to the significantly higher average salary compared to salaries in other industries throughout the country. In December 2023, the average gross salary in the ICT sector was 1,039 euros, compared to the national average of 814 euros.

Compared to more developed European countries, due to its size and small population, Montenegro still has a small number of ICT experts and huge potential to expand in this area. In 2023, there were around 11,000 employees in the ICT sector, which represents approx. 4.5% of the total employed population. ICT is in 4th place on all industries list in Montenegro, comparing the number of employees and average salary. However, due to its lifestyle and working climate, Montenegro attracts experts from the region, but it also makes attracting engineers to relocate to our country much easier.

Digital transformation and further development of the ICT sector is a necessary prerequisite for the further development of Montenegro in all areas of society and the backbone of economic growth. By adopting numerous strategic documents and improving laws and by-laws, which are aligned with the EU Digital Agenda and the EU Digital Compass 2030, as well as implementing the activities recognized in the Digital Transformation Strategy of Montenegro 2022-2026, the state strives to not only improve capacities and capabilities for digital transformation, but also to strengthen the digital awareness of Montenegrin society and the digital competitiveness of the ICT sector.

The Montenegrin ICT sector, both in terms of total income and the number of people employed, is mostly dominated by the subsector of telecommunications and the subsector of information technologies: computer programming, web and app development, information services, consulting, and other related activities.

AI Innovators and top-tier entrepreneurs in Montenegro

Bradley Horowitz, a seasoned professional in the industry of IT and AI, with an illustrious biography commencing with his education at MIT, has played pivotal roles in companies that spearhead the industry, including Flickr, Yahoo!, and most recently Google, where he was VP Product. The start of Bradley's visit to Montenegro in 2022 was the meeting with the Prime Minister (at that time), **dr Dritan Abazović**, to discuss the investment climate in Montenegro, potential opportunities for his personal engagement with the Government, and how he could best lend his expertise with the interest of benefiting Montenegro.

A key event of Bradley's visit in 2022 was the conference "Openly with Mr. Bradley Horowitz" hosted by ICT Cortex, a cluster of the most important ICT companies in Montenegro, in collaboration with Henley & Partners. The conference took the form of an open discussion, where Bradley first provided participants with an overview of his professional background, and then gave an open space to participants to raise topics concerning the development of the ICT business sphere in Montenegro, to which he could provide an outside perspective and suggest steps toward resolution.



Jeffrey Huber, a Harvard alumnus, is among the great true pioneers of the vastly broad field of artificial intelligence, where options are nearly unlimited. Jeffrey has dedicated over 20 years of his career to discovering new routes and advancing all avenues that AI can open. His efforts are perhaps most familiar and close to the public once they become aware that he has, during his years acting as VP at Google, guided the initial conceptualisation and subsequent improvement of Google Maps, Google X, Google Ads, and more Google products that form an integral part of nearly everyone's daily lives.



Photo credits, Henley and Partners: Meeting with President of Montenegro, Jakov Milatović

Both Bradley and Jeffrey have recently visited Montenegro with their families for trips that combined an agenda of professional meetings with an opportunity to explore and experience the unique beauty of Montenegro and have repeatedly confirmed their resolve to return to Montenegro.

Jeffrey Huber, with his wife **Angel Vossough**, and his brother-in-law, **Arsalan Vossough**, both active entrepreneurs in the AI sphere of Silicon Valley, have met **President of Montenegro, Mr. Jakov Milatović**, at Cetinje, the Old Royal Capital of Montenegro, where they have introduced the activities of the AI innovators and how these may be useful in the context of Montenegro, especially within Government institutions to foster more efficient operations and processes. This visit to Montenegro was organized by the **University of Montenegro** and powered by **Henley and Partners**, global leader in residence and citizenship by investment with more than 40 active offices worldwide.



Photo credits: University of Montenegro: "Artificial Intelligence - between myth and reality" event with Jeff Huber

Advancing the Digital Agenda in Montenegro

During the 54th annual meeting of the World Economic Forum in Davos in January 2024, **Prime Minister of Montenegro, Milojko Spajić**, met with Microsoft President Brad Smith and discussed the importance of digitalization and the need for stronger collaboration to achieve further development and growth.

The Prime Minister briefed Microsoft's President on the government's plans in the field of digitalization and emphasized that adopting the highest standards to build resilience against hybrid threats will remain a priority task.

It was assessed during the conversation that Microsoft will be a key partner for the government on this journey, ensuring positive outcomes in this crucial area for Montenegro's continued development.



Photo credits: Government of Montenegro; Prime Minister of Montenegro, Milojko Spajić, with President of Microsoft, Brad Smith at Davos Annual Meeting, January 2024.

Telecommunications

Currently in Montenegro, according to the data of Agency for Electronic Communications and Postal Services, **35 companies are registered in EC operators register**, three of which are mobile operators: One Crna Gora, Crnogorski Telekom and m:tel. During 2023, fixed telephony services in Montenegro were provided by four operators: Crnogorski Telekom, m:tel, Telemach Montenegro and One Montenegro (only for business customers). The telecommunications sector in Montenegro is 100% privately owned.

Companies in the telecommunications sector through the years have traditionally continued to generate impressive revenues. However, these revenues do not show significant fluctuations like those observed in the IT sector. In 2022, the total revenue of Montenegrin companies engaged in telecommunications activities amounted to 266 million euros, which is nearly six percent higher than in 2019. Out of 266 million euros, 216 million euros come from three main telecommunication players: **One Crna Gora, Crnogorski Telekom** and **M:tel**. Those operators achieved the best results in this field.

Net results also did not experience significant growth, with an increase of less than 2 percent compared to 2021 and a decrease of nearly 17 percent compared to four years ago, indicating that the overall profit in this sector was significantly higher in 2019 than it is today.

Total income (millions, €)	2015	2016	2017	2018	2019	2020	2021	2022
One Crna Gora	69,421	65,844	60,565	59,694	54,485	45,356	52,431	55,632
m:tel	41,661	52,149	67,792	71,048	78,048	74,743	78,602	81,373
Crnogorski Telekom	98,951	92,107	85,817	85,074	80,728	73,836	75,597	79,347

Information technology

Information technologies are a huge opportunity for the development of Montenegro, in addition to the highly developed market of electronic communications. Montenegrin IT companies mostly deal with web design, web and mobile application development, and digital and affiliate marketing. In the last few years, the gaming industry is starting to develop more and more, so there are already several startups in Montenegro that have focused their business entirely on creating e-games. Montenegro has recognized the importance of development based on knowledge and innovations, innovative entrepreneurship and significant importance of the startup community. Innovative entrepreneurship, as a generator of sustainable economic development, is fully supported by numerous supporting measures and tax incentives, for investing and implementing innovative activities, both for foreign and domestic investors. The strengthening of the ICT sector in Montenegro is accompanied by the accelerated growth of the income of IT companies that are already operating in our country.

Top 20 leading IT companies, ranked by total income in 2022

COMPANY	TOTAL INCOME (€)	PROFIT (€)E	MPLOYEES	AVERAGE PAY (€)	NET WAGE COSTS (€)
Data Design	10,555,362	61,675	21	1,047	289,072
Coinis	10,133,121	1,751,462	73	1,011	885,234
Domen	8,247,404	2,556,921	8	2,785	267,391
Čikom	6,986,488	1,154,026	67	1,026	824,796
Core IT	5,173,390	1,253,450	26	1,284	400,584
Logate	2,051,895	429,796	52	1,115	696,034
Bild Studio	1,996,262	7,315	78	1,274	1,192,858
Poslovna inteligencija	1,437,505	454,483	30	1,516	545,839
Synergy Suite	1,420,000	145,707	53	1,280	814,199
Amplitudo	1,407,479	3,984	70	911	764,897

COMPANY	TOTAL INCOME (€)	PROFIT (€)E	MPLOYEES	AVERAGE PAY (€)	NET WAGE COSTS (€)
Datum Solutions	1,203,309	-110,584	32	2,223	853,784
International Bridge	1,203,309	67,186	44	1,071	565,497
Codeus	1,203,309	125,994	18	1,838	397,061
Vega IT Omega	1,203,309	192,211	22	1,218	321,582
Infinum	1,203,309	66,000	14	2,043	343,253
Quantox Technology	1,203,309	-17,184	12	2,262	325,567
Fleka	505,678	115,370	16	1,097	155,354
Winsoft	454,383	26,671	7	1,441	121,043
Alicorn	398,730	71,704	16	902	173,094
Uhura Solutions	317,215	70,024	11	453	120,770

ICT foreign companies with headquarters around the globe and offices in Montenegro

In Montenegro, there are more than 15 thousand companies owned by foreigners, of which more than 7% are companies operating in the field of ICT. The ICT industry in Montenegro is growing strongly, which is especially visible in the last 2 years.

Some of the leading IT companies, with headquarters in New York, London, Frankfurt, Dubai, Stockholm, subsidiaries and offices around the world, operating in the field of computer programming, development of enterprise IT solutions, web and mobile apps, social and mobile games and implementation of cutting-edge technology solutions for business transformation, **had opened offices, subsidiaries and research and development centers in Montenegro.**

COMPANY	FOUNDED	HEADQUARTERS	OFFICE IN MONTENEGRO	WORLDWIDE OFFICES & PRESENCE	EMPLOYEES	EMPLOYEES
Artec3D	2007	Luxembourg	Bar	California, USA Shanghai, China	201-500	100+
Belka Games	2010	Limassol, Cyprus	Budva	Tbilisi, Georgia Vilnius, Lithuania Krakow, Poland Kiev, Ukraine Dubai, UAE	201-500	100+
ByteMinds	2021	Budva	Budva	Wetherby, England Kostanay, Kazakhstan	51-200	20+
Customertimes	2007	New York	Podgorica	London, UK Paris, France Toronto, Canada Frankfurt, Germany Kyiv, Ukraine Poznan, Poland Riga, Latvia Almaty, Kazakhstan	1,001-5,000	150+
Epam Systems	1993	Newtown, Pennsylvania	Herceg Novi	6 continents, present in more than 50 countries	60.000+	300+
First Line Software	2009	Cambridge, USA	Budva	USA, Netherlands, Czech Republic, Germany, UK, Australia, Sweden, Poland	501-1,000	250+
G5 Games	2001	Stockholm, Sweden	Podgorica	USA, Malta, Ukraine, Cyprus, Armenia, Georgia, Kazakhstan	501-1,000	50+
Haulmont Technology	2008	London, UKP	Podgorica	/	501-1,000	20+
Infinum	2005	New York, USA	Podgorica	London, UK, Ljubljana, Slovenia Zagreb & Varazdin, Croatia Skopje, North Macedonia	201-500	15+
Tecom Group	1992	Melbourne, Florida, USA	R&D center in Podgorica	USA	51-200	10+

Legislation and national ICT strategic direction

In a relatively short period of time, Montenegro has successfully reached some of the highest standards in defining legal and strategic frameworks in the ICT field. Since regaining independence, state authorities have continuously worked to improve the environment for foreign investments. Accordingly, the entire Montenegrin legislation concerning foreign investments, primarily those with a focus on ICT, is fully harmonized with EU regulations.

Smart Specialization Strategy of Montenegro 2019-2024

The impetus for commitment to innovation came in June 2019, when Montenegro adopted the Smart Specialization Strategy, becoming the first country to do so outside of the EU.

The main goal of this document is to modernize and increase the competitiveness of the Montenegrin economy through a focus on four priority areas :

- **Energy and sustainable environment;**
- **Sustainable and health tourism;**
- **Sustainable agriculture and the food value chain;**
- **Information and communication technologies.**

Special emphasis in the Strategy is in particular on the last area, in proportion to the growth tendency of the sector in previous years. Strategy predicts laying the foundations for the development of information and communication technologies, services - with focus on services in education, healthcare, public administration, as well as in private industry. Montenegrin higher education institutions already have programs that train ICT personnel in the field of software engineering, and this strategic document confirms the need for further diversification of the education areas in ICT related fields.

The strategy envisages strengthening the digital economy, with an initial focus on:

- **Telecommunications**
- **Software engineering**

Potential of other ICT areas was recognized as well, especially those one which global growth trend shows that they can find fertile ground in Montenegro as well, namely new generation communication technologies (5G, NFV, SDN...), IoT, virtual and altered reality, FinTech, blockchain and cryptocurrencies, 'Big Data', cloud services, video games, 'smart city' technology, machine learning and artificial intelligence, cyber security, and 'green' technologies.

In addition to this strategic document, three more key strategic documents were adopted in 2021, which define continued development of the ICT sector:

- Digital Transformation Strategy of Montenegro 2022-2026;
- Cyber Security Strategy of Montenegro 2022-2026;
- Program for attracting digital nomads in Montenegro until 2025.

Digital Transformation Strategy of Montenegro 2022-2026

Digital Transformation Strategy of Montenegro represents a development framework that defines the prerequisites and initiatives necessary for the adaptation of the state and its services to an increasingly dynamic digital environment, in the most efficient way possible. The document is fully aligned with the European strategy in the same field – Europe’s Digital Decade: digital targets for 2030.

Digital strategy defines two strategic goals, with specific operational goals:

Improvement of capacities and capabilities for the digital transformation of Montenegro	<ul style="list-style-type: none">• Efficient and effective coordination and monitoring of digital transformation;• Improving availability, interoperability and data management;• Increased data coverage and modernization of electronic communication infrastructure;• Digital literacy and digital skills development and improvement.
Strengthening of digital competition, awareness, and mindset	<ul style="list-style-type: none">• Raising the awareness of citizens and companies about the importance of digital development (this implies that by 2026, 95% of companies and 65% of citizens consider themselves mostly or completely familiar with electronic services);• Improving the quality, quantity and use of e-services;• ICT sector further development (this implies that by 2026, the number of ICT companies in the country will reach 1,230 compared to the current 970 (2021)).

Cyber Security Strategy of Montenegro 2022-2026

Cyber security strategy envisages the direction of Montenegro towards raising the level of cyber security at the national level and aims to improve effective mechanisms for responding to cyber incidents and response to cybercrime.

Through Cyber strategy a series of goals have been defined, with focus on the improvement of overall human, legislative, operational, as well as technical capacities to respond to cyber challenges and protect citizens, the economy and public administration in Montenegro from all negative aspects of cyber crime.

The Law on Innovative Activity and Law on Incentive Measures for Research and Innovation Development

Montenegro is committed to strengthen its ICT sector, boost innovation, development and investments in the IT area, which is also shown by the adoption of the Law on Innovation Activity and Law on Incentive Measures for Research and Innovation Development. Through these two acts, numerous changes come into force that have enormous importance and bring concrete benefits for the ICT community. At the same time, they represent the **first set of laws which, with the by-laws, set the legal framework for the future progress of this industry.**

This is one of the ways Montenegro concretely encourages the development of the ICT field and inflow of foreign investments aimed to drive innovative activities.

In addition to this, the laws created a prerequisite for the establishment of two key bodies for innovative activities: **The Council for Innovation and Smart Specialisation and The Innovation Fund of Montenegro.**

The Council for Innovation and Smart Specialisation is founded in order to manage innovative activities by encouraging cooperation between the economy, local and public administration bodies, as well as other relevant subjects.

The Innovation Fund of Montenegro was founded in 2021, with the aim of monitoring and implementing innovation policies and contributing to more efficient cooperation between the academic community and the private sector, as well as incite the private sector to a greater degree of innovation. The Innovation Fund is a national umbrella institution for implementation of measures and innovation policies designed for micro, small and medium entrepreneurship, as well as for the transfer of technologies from research and development institutions.

For those companies or institutions which perform activities classified as innovative, thereby generating the economic development of Montenegro, these laws and accompanying by-laws introduced certain incentive measures for the development of innovative activities in Montenegro, which, among other things, include the exemption or reduction or reliefs of:

- individual income tax and surtax,
- company income tax,
- contributions for mandatory social insurance,
- use of state-owned land and/or real estate,
- fee for communal equipment of construction land;

Law on Electronic Document

The new **Law on Electronic Document** entered into force in December 2022 , and its adoption created additional frameworks for improving the business environment for numerous domestic and foreign companies operating in Montenegro.

This law aims to increase the use of electronic documents and digital signature, as well as the digitalization of the entire process that includes documentation. What is most important, the Law on electronic documents will contribute to the acceleration of digital transformation, the affirmation of the use of electronic documents, digital signatures, electronic seals in public administration and the economy, but also to bring savings due to the reduction in the use of paper documents.

The law harmonized with the Law on Electronic Identification and Electronic Signature, and it opened the door to the wider use of electronic documents in legal processes, judicial, administrative, and other procedures. For sure, it will give impetus to the use of electronic services for the general benefit of all citizens and legal entities in Montenegro



Incentives for investments in ICT sector

Incentive measure	Description
Corporate income tax	<p>Article 23 of the Law on Incentive Measures for Research and Innovation Development establishes the possibility of reducing corporate income tax by 100% for funds invested in shares or actions of startups and spinoffs, donations to scientific research institutions or subjects of innovation infrastructure, as well as scientific research infrastructure, as well as funds invested in the Innovation Fund or other funds in Montenegro that invest in innovation activities.</p> <p>To exercise this right, the ownership share of a legal entity in subjects of innovation activities may not cumulatively exceed 49%, and it must be registered in the Register of Innovation Activities.</p>
Personal income tax and surtax	<p>The Law on Incentive Measures for Research and Innovation Development recognizes exemption for personal income tax and surtax, namely:</p> <ul style="list-style-type: none"> • 100% for startups and spin offs for a period of up to five years from the day of establishment; • 80% for individuals who perform innovative activity for the needs of foreign legal entities and individuals (freelancers); • reduction in the amount of invested funds (up to EUR 20,000 at the annual level), for individuals who are self-employed and invest funds in 'innovation entities' registered in the Registry of Innovation Activity.

Incentive measure	Description
Contributions for mandatory social security insurance	<ul style="list-style-type: none"> • Startups and spin offs are exempt from paying contributions for mandatory social security, which are borne by the employer for a period of three years from the date of the decision on the status of beneficiaries of these measures. • Individuals who work in scientific research institutions or perform innovative activities, either full-time or through project engagement, are not obliged to contribute to the payment of mandatory social security insurance at the expense of the employer and the employee, for the amount of compensation for the specific project, during its duration (but no more than period of three years). • Individuals employed in scientific research institutions or institutions that carry out innovative activities or are engaged in this type of project (while not exercising the right to social insurance with another legal entity) are exempt from paying contributions for mandatory social security insurance at the expense of the employer during the duration of the project (maximum three years per project). • For freelancers (those individuals who perform innovative activity for foreign legal entities), inventors and innovators who earn income based on innovative activity, contributions for mandatory social security insurance are reduced by 80% of the calculated contributions during the period of using incentive measures.
Use of state-owned land and/or real estate	Legal entities and individuals who acquire the status of beneficiaries of incentive measures from this area have the right to use state-owned real estate and/or land without paying compensation or below-market rates
Real estate tax	If the real estate is registered as business premises, by a legal entity that is the subject of innovative activity, then one of the measures to which that entity is entitled is a reduction of taxes on that real estate. The tax is reduced by 50% for the duration of the status of beneficiary of incentive measures.
Fees for communal equipment of construction land	If a legal entity that meets the condition and is classified as a subject of innovative activity, uses more than 75% of the business facility for the implementation of innovative projects and programs, it has the right to a reduction of the fee for communal equipment of construction land by 50%.

Who can be the beneficiary of incentive measures?

According to the requirements recognized by Law, there are several categories and conditions that foreign and domestic legal entities, or individuals engaged in innovative activities, investing in innovative activities or infrastructure, should fulfill in order to exercise the right to one of the incentive measures. General requirements for legal entities are:

1. it is registered with the Central Registry of Commercial Entities of Montenegro;
2. has a scientific research or innovation program or project worth at least EUR 25,000, pertaining to an innovation novel on the domestic or international market,
3. it has no tax debt;
4. there is no bankruptcy or liquidation proceedings initiated against the applicant
5. it is not a founder or co-founder of a scientific research institution or an innovation entity or its related party which has already received incentives.
6. has an innovative program approved by the state administration body responsible for this area.
7. Investment of EUR 5,000 or more in an innovative or scientific research project registered within the Registry of Scientific Research Projects and/or the Registry of Innovative Activities.

Requirement for individuals:

1. Registered with the Central Registry of Commercial Entities of Montenegro;
2. Has no tax debt towards Montenegro;
3. Individual is not a founder or co-founder of a scientific research institution or an innovation entity or its related party which has already received incentives
4. must either hold intellectual property rights on an innovation project or have a contract for the provision of intellectual services on an innovative project, on the basis of which they generate income.
5. Investment of EUR 2,500 or more in an innovative or scientific research project entered in the Registry of Scientific Research Projects and/or the Registry of Innovative Activities.

Program for investments in the ICT sector supported by the Investment and Development Fund of Montenegro

Additional incentive for ICT investments represents a lending program for new and existing legal entities, for projects aimed at improving ICT infrastructure, development of services and products, as well as all business models based on information technologies.

The lending program is a type of support by which the state, through the Investment and Development Fund, helps and finances up to 70% of the value of the total investment (this includes the financing of earnings under employment contracts of employees who are indirectly or directly involved in product development).

Beneficiaries of this program can be both existing and new companies and entrepreneurs, with the emphasis on ICT investment. If the beneficiary of the loan is a startup, that company and its founders cannot have more than 20% participation in the ownership of another company, and in the case of an entrepreneur, he or she may not participate in the ownership of another company with more than 20%.

Telecommunication infrastructure

The basic prerequisite for the development of ICT services is a secure, modern and innovative telecommunications infrastructure. According to the national telecommunications regulator (EKIP), **Montenegro can be compared to the most developed countries in Europe in terms of percentage of the population covered by a mobile network.**

Latest measurements are showing that, GSM signal covers between 98% and 99% of the country's population, while the coverage of UMTS and LTE networks is between 97% and 98%. In the segment of mobile technologies, operators in the country offer their services based on available speeds, and there are no restrictions on their use, and they depend solely on the real conditions at the micro location.

Bearing in mind that a huge percentage of the population is covered by fourth generation (LTE) networks, we can say that speeds of up to 120 Mbps are available to users.

Montenegro is among the top countries when it comes to the penetration of mobile users, and providers in this country serve more than twice as many customers compared to total population (the mobile penetration rate in Montenegro edged up to 233.77% in October 2023). According to the national telecommunications regulator (EKIP), there are more than 1.4 million mobile phone users in Montenegro.

When it comes to the expansion of broadband internet services at a fixed location, Montenegro can be proud of a very wide network based on optical access (FTTH/FTTB) where operators on the market offer their services with capacities up to 1 Gbps flow.

According to EKIP data, the total **number of broadband connections** at the end of October 2023 was more than 200,000, while the number of users who accessed the Internet via the optical network (FTTx) reached 97,364.

5G - a new generation network

In order to meet the future development of smart solutions in a best way, which include smart cities, autonomous driving, connected devices and everything that is globally perceived as IoT (Internet of Things), **Montenegro successfully completed the spectrum auction for the pioneering bands needed for the development of 5G mobile networks in December 2022.**

Montenegro's major operators Crnogorski Telekom, One Crna Gora and M:tel have all acquired

5G-ready spectrum in the 700MHz and 3.6GHz bands. As reported by Ekip, the three operators bid a combined EUR 8.836 million to obtain the spectrum and now they are ready for the expansion of the 5th generation mobile network.

A successfully completed auction is very important from at least two aspects. On the investment side, all three mobile operators are owned by foreign companies, while from the technological and development aspect, it is significant that **Montenegro will be among the first countries in the region to have a developed 5G network**, which can serve as an excellent platform for services development and testing for various IT companies, that can be reapplied and re-used worldwide.

Operators in Montenegro ready for 5G digital transformation

From the 5G spectrum auction until today there was a huge movement from the operators side towards implementing a network of new age. By the end of 2023, two operators have offered services based on the fifth generation network and their reach in signal coverage was also impressive having in mind that development started from license gaining in Q1 2023.

Crnogorski Telekom and **One Crna Gora** have commercially offered 5G data connectivity, while **M:tel** announced it for next period.

In June 2023, The National Agency for Telecommunications (Ekip) published research results where 92,7% of the population declared that they have a smartphone, 48,1% of them have a 5G device and 67,9% of them used a 5G network.

In terms of coverage obligations, the three operators will be required to activate 5G networks in every municipality of the country by the end of 2024, provide coverage to at least 50% of the country's population by end-2026, and extend their 5G footprint to all populated places, highways and main roads by end-2030.

Taking it to the next level

In many countries worldwide, fifth generation networks are a prerequisite for the development of smart solutions and the efficient use of the benefits that this brings. 5G - connects people, things, data, applications, transport systems and cities in smart networked communication environments. 5G enables higher data transfer speeds, less delay in long-distance transmission, which is now at

the level of physical and optical infrastructures, as well as the possibility of connecting a much larger number of devices compared to previous mobile network technologies.

The availability and possibility of using this type of technology makes Montenegro one of the more advanced markets, taking into consideration that in the region only Croatia and North Macedonia have enabled the use of 5G. In Serbia, Kosovo and Bosnia and Herzegovina, there are still no announcements when the auction of the appropriate spectrum could take place, so the operators are not in a position to start developing 5G networks, while in Albania a similar process has been announced for the end of 2023, but still it is not conducted.

So far, a large number of countries, as well as a huge number of business verticals, have recognized the benefits of digitization based on today's fast mobile networks.

Development of smart cities is one of the most frequently mentioned opportunities within 5G networks usage. These networks enable the connection of up to a million devices on one square kilometer. As an example, this would make it possible for many stations for shipping waste to be connected to the Internet and independently "report" the state of their capacities, street lighting to be remotely controlled depending on the current visibility, citizens' needs and other conditions, and for high quality video surveillance to be provided in real time all simultaneously over the same 5G network.

Self-driving vehicles also represent great potential when it comes to the development of services, and companies such as Google, Samsung, BMW, Volvo, O2, Tesla and many others have already recognized their interest in the 5G area.

Montenegro`s fastest growing industries and sectors

In the past period, certain industries showed significant results and great potential for future growth and development. Well-developed electronic communication infrastructure, incentive measures, innovative activities and startup environment places some of the industries among those where investments could be very profitable.

FinTech

Digitalization and technological innovations enable increased efficiency and simplify access to the financial services market, which is also strategically important for Montenegro and its future growth and development. The Central Bank of Montenegro (CBCG) is fully supporting further development of the FinTech sector in Montenegro, through numerous initiatives, hackathons and conferences aimed at promoting cooperation between fintech companies and banks

In addition to this, the Central Bank established CBCG FinTech Hub - Regulatory Innovation Center, as a platform for dialogue with the FinTech sector and where the FinTech sector will be able to present its innovations.

According to the previous research of entities in the banking sector of Montenegro that already participate in some way in the FinTech ecosystem, 18 companies were identified. Additionally, only 20% of clients use some type of digital service provided by banks and these companies, which represents significant growth potential.

In July 2021, Montenegro began to create state authorities that will deal specifically with this area and make policies that will lead to the improvement of this sector. Thus, the Directorates for Blockchain and Cryptocurrencies, as well as the Directorate for Financial System and Financial Technologies (FinTech) were established in the Ministry of Finance. Additionally, in 2022 the same ministry has started work on the preparation of the Law on Blockchain Technology and Crypto Assets, which is in the working phase and has been submitted for further consideration.

The Central Bank adopted a proposal for the changes and amendments to the Law on Payment Transactions, as an additional step in creating the preconditions for innovative financial flows, to harmonize it with the PSD2 directive and fully adjust the provision of payment services as in the member states of the European Union. The law changes will enable the payment initiation service and the service of providing information about the payment account.

E-commerce

The latest MasterCard research, conducted in the region by Mastercard in order to determine the habits and needs of payment card users, showed interesting results when it comes to Montenegro. The share of the total use of payment cards in online shopping in 2022 was 69%. Of the total number, 34% make online payments several times a year, while 11% do it at least once a week. All this points to the exceptional growth potential of online buying and the expansion of e-commerce business in Montenegro.

Clothes, shoes, jewelry (39%), household goods (35%), paying monthly bills (26%) and sports equipment (20%) are the most used industries, recognized by the previously mentioned research.

Cyber security

With the rapid development of technology and the increasing reliance on the benefits it provides, many business processes and activities from everyday life increasingly depend on the availability and quality of information systems and the networks they are connected to.

The number of cyber-attacks in the region, Montenegro included, is constantly increasing and additional investments and education are needed to protect the public and private sectors. Investments in the cyber security sector and the development of services that provide users secured communication are key.

Well-developed infrastructure and fast growing ICT sector in Montenegro provide potential investors the opportunity to test their solutions in a simple and economically efficient way and work on innovations in this field.

On a global level, the trend is that the Cybersecurity market is set to grow from its current market value of more than \$120 billion to over \$300 billion by 2024, according to a new research report by Global Market Insights.

Tourism

Revenues from tourism in Montenegro make up almost a quarter of the GDP, which shows how much the entire economy in this country relies on tourism. And while there are a large number of entities operating in tourism, tourism is an ever-expanding industry in Montenegro, especially since the new tourism trends are shaping the travel and hospitality industry.

Development of digital, innovative solutions and new technologies in tourism is one of the strategic goals, recognized in Montenegro Tourism Development Strategy 2022-2025.

Digitalization and innovations in Montenegrin tourism will be more focused on supporting tourism service providers, encouraging the development and promotion of tourism in a sustainable and inclusive way, encouraging tourism experiences, quality content with a focus on cultural heritage and above all the authenticity of the destination. These ambitions create lot of potential for all ICT companies and investors for further development and growth,

In addition to the development of smart IT solutions, Montenegro is very interesting to investors from the aspect of its touristic nature and diverse offering when it comes to resorts. Porto Montenegro, Portonovi, Luštica Bay, Dukley Gardens have put their names on nautical maps in the right places in the last few years, and the plan is to expand the number of such exclusive resorts even more in the upcoming period. These destinations base their business and general offerings to their clients precisely on efficient and sustainable management, as well as on the sale of advanced products of the latest generations.

E-gaming

Montenegro is rapidly becoming a gaming destination, which is confirmed by numerous events in this fast-growing area. That's how the e-footballers of "Budućnosti" managed to achieve enviable results in world and local competitions, among other things, to win the League of Divisions, the Champions League of the Old Continent.

In September 2022, Montenegro hosted the European Championship in e-football - eFootball PES for the first time. This competition gathered participants from over 36 countries and further promoted the country's potential as a gaming destination.

In the same year, the first eFest was organized, international festival of science, technology, gaming and music program, which brought together numerous scientists, gamers, innovators and representatives of the academic community.

Nevertheless, the development of gaming in Montenegro is still gaining momentum. The first video game development studio, 3Hills, was founded in 2021, and one of the first Montenegrin games for mobile phones "Starblind" is launched at the end 2021.

Zuno, a studio for the development of educational and video games (created by Alicorn), will soon be opened, and the Swedish company G5 Games, which develops mobile games, is opening its representative office in Montenegro.

All of this highlights the potential Montenegro has in the development of the esports ecosystem and the opportunities which are rising for potential investors.

Outsourcing

Over the past few years, Montenegro has managed to retain some quality and professional staff in the field of programming, primarily thanks to successful companies that mostly came from the investment domain.

Previously, ICT-qualified staff predominantly sought employment in the telecommunications sector, from where many Montenegrin citizens continued to live and work in some of the countries where the parent groups of operators are present - primarily Deutsche Telekom and Telenor Group.

With the changed spectrum of opportunities, Montenegro now employs more than 2,000 people in the software development sector and for now companies have predominantly focused on digital and affiliate marketing, software development for mobile platforms iOS and Android as well as web design.

Successful investments in the ICT sector in Montenegro

Montenegro's offering a favorable environment for foreign investments in the ICT field, which is also proved by numerous examples of foreign companies and groups that have expanded their operations through acquisitions of existing companies in Montenegro or by opening their own business units and subsidiaries.

As a result of global events, some companies have even completely transferred their business or part of their business to Montenegro.

We share with you only a few of the many successful examples of foreign investments in this sector in Montenegro.

4iG Plc. acquired Telenor Montenegro

In December 2021, ICT Group **4iG**, a leading company on the Hungarian ICT market with over 25 years of experience in the field of innovative technologies and over 1,900 employees, formally became the 100% owner of One Crna Gora (previously Telenor Montenegro), after this acquisition was formally approved by the Montenegrin competition authority.

This marked an important step for the 4iG group, with ambition for further expansion in the Western Balkans region, which was later confirmed through several more telecommunications acquisitions in Hungary and Albania. Although the details of the transaction amount have not been communicated to the public, it is considered this was one of the potentially largest investments in the ICT sector in Montenegro in the last few years, as well as a strong indicator of the potential the market has in this area.

EPAM Systems has moved part of its business to Montenegro

EPAM Systems, as one of the leading global providers of software development and digital services development, with over 60,000 employees, has operations in over 50 countries. With 30 years of experience in areas such as telecommunications, software development, finance, insurance, medicine, automotive, manufacturing, travel and hospitality, the company has a broad ICT expertise and product range.

Due to global events, the company has moved part of its operations to Montenegro, with a plan to

expand its presence in the coming period. Representatives of the company emphasized in the conversation with state officials that the goal of the EPAM Systems company is to expand its capacities in Montenegro, as well as to create conditions for accelerated development of the IT industry on the domestic market.

Currently, the company has moved its 200 employees from Ukraine to its representative office in Montenegro.

Artec 3D - new IT hub on Adriatic coast

In the middle of 2022, another ICT investment has arrived in Montenegro, this time from Western Europe. International company, based in Luxembourg, **Artec 3D** is a world-renowned developer and manufacturer of professional 3D scanners and software.

The new Montenegro office is an addition to the company's current locations in the United States, Luxembourg, and China, as well as its network of global authorized resellers. With its new location in Southern Europe, Artec 3D is looking to expand its high-caliber teams with new specialists in programming, research & development, and marketing.

In addition to relocating 50 employees and 200 members of their families to Montenegro, the company also announced an expansion plan for another 100 employees, as well as additional investments aimed at building an IT cluster on the Adriatic coast. The company's plan is to have over 300 employees located in Montenegro by 2023, as well as to create an ecosystem favorable for new investments in ICT and startups.

Infinum - rapid expansion

Infinum is a global company that has been developing digital products since 2005, with offices in Croatia, the United States of America, Great Britain and Slovenia. In 2021, they opened their first office in Podgorica as well.

A team of 15 people was established in Montenegro, and according to the latest information, the company's plan is to expand to over 60 employees in Podgorica with an additional investment in upcoming years of over three million euros in the employment and salaries of highly educated personnel.

Quantox - successful regional expansion

Quantox Technology, founded in Čačak, is one of the pioneers of IT decentralization in Serbia. From its beginnings with only a few offices in that country, Quantox today employs over 500 professionals working in seven European countries. In addition to Serbia, the company has offices in Ukraine, Germany, Romania, Macedonia and Bosnia and Herzegovina.

Opening of the office in Podgorica at the end of 2021 is one of the last additions to the successful expansion and regional collaboration.

Gaming potential - G5 Games opens an office in Montenegro

The Swedish company **G5 Games**, mobile game developer and publisher, recognized the potential that the market offers, so at the end of 2022 they opened its branch office in Montenegro. During the process of starting business in Montenegro, this international gaming leader re-located over 50 employees and their family members to Montenegro.

Business associations

In Montenegro are active a large number of business associations, which gather representatives of companies, investors, and entrepreneurs in one place in order to share knowledge and best practices in activities that are of key interest to their business.

These associations play a key role in creating business opportunities through networking events, educational activities, but also through the improvement of regulatory frameworks in their business verticals.

Chamber of Economy of Montenegro

Chamber of Economy of Montenegro is an independent business and professional organization whose main goal is to represent and realize the interests of its members for the purpose of raising competitiveness, improving the business environment, as well as encouraging economic activity based on a free and open market.

Functioning as a link between the private and public sector, Chamber provides information and training services to its members to strengthen their position in the market, by means of continuous updates on the standards and legal regulations of the EU and the WTO, staff and management training for a more efficient transfer to business operation in compliance with EU rules and standards

The Chamber is an institutional partner of the Government of Montenegro, it cooperates with the Parliament of Montenegro, state administration and local self-government bodies.

Web: <https://komora.me/>

Montenegrin Foreign Investors Council

Montenegrin Foreign Investors Council (MFIC), was founded in 2009 by some of the leading companies at that time (Crnogorski Telekom, NLB banka, Montenegro Stars Hotel Group, KAP and Daido metal) as a non-governmental and non-profit organization whose aim is to improve the business climate in the country, promote foreign investments, as well as the promotion of the best global business practices.

For years, the Council of Foreign Investors of Montenegro has been publishing a White Book, which is a publication with the most important business parameters in the country and a cross-section of the environment that can be expected by companies that decide to expand their business to this part of the Balkans. **Since 2019, the ICT sector has received the highest rating, which, as they say, has an indisputable impact on economic changes and the general development of society.**

Web: <https://www.mfic.me/>

American Chamber of Commerce (AmCham)

AmCham has been in Montenegro since 2008 and has created a strong network of business entities with the aim of accelerating development processes in the country.

The American Chamber of Commerce works to promote good corporate practices and the highest standards in business, and regularly organizes events and activities to improve communication between key decision makers in the business community.

Web: <http://www.amcham.me/>

Association of Montenegrin Managers

Association **AMM** has been working for years to promote the managerial profession and raise awareness of the importance of leadership skills and knowledge in order to consequently improve the busi-

ness environment in Montenegro.

Web: <http://amm.co.me/>

Montenegrin Employers Federation

Montenegrin Employers Federation (MEF) is an independent, non-governmental, non-political and not-for-profit organization based on voluntary membership. MEF actively contributes to improvement of business climate and elimination of business barriers providing a wide variety of services to its members.

Along with representing the interests of employers in tripartite working groups and bodies at national level that work on the development of legislation, strategies and action plans, MEF services include provision of legal advices in the areas relevant for enterprise operations, economic studies and analyses, production of publications, implementation of EU funded projects, and networking activities at national and international level.

Web: <https://www.poslodavci.org/>

ICT Cortex

ICT Cortex - the association/cluster for information technology, innovation, education, design and technological development was founded with the mission to improve competitiveness of the Montenegrin ICT sector, through R&D, cooperation with different stakeholders and public-private partnerships.

The association was founded in 2021 by 11 ICT companies: Alicorn, Amplitudo, Bild Studio, Codeus, Codingo, Coinis, Data Design, Dev Club, Fleka, Logate and Oykos Development. Today, they have 32 ICT companies as members of the cluster.

Through synergy, they create new business opportunities and contribute to digital transformation at international level, but also promote Montenegro as a significant country for IT investments.

Web: <https://ictcortex.me/>

The Science and Technology Park of Montenegro

The Science and Technology Park of Montenegro was founded in partnership between the Government of Montenegro and the University of Montenegro with a vision to become a key place where innovative and creative individuals and projects will meet, with intensive cooperation of the most important stakeholders of the entrepreneurial process of science and business.

The Science and Technology Park of Montenegro aims to become a generator of innovation processes in Montenegro, by supporting creative, innovative and fast-growing companies. The construction of the NTP was started in 2020, and the completion of construction is expected soon.

Web: <https://ntpark.me/>

Tehnopolis - Innovation and Entrepreneurship Center

Innovation and Entrepreneurship Center (IEC) Tehnopolis is the most important center for the development of startup companies and entrepreneurship in Montenegro. As one of the key actors in the creation and reshaping of the Montenegrin innovation ecosystem, Tehnopolis provides a range of infrastructure and support measures that enable the opening of new companies and the development of business based on new, innovative ideas and technologies. The founder and owner (100%) of Tehnopolis is the Government of Montenegro.

Web: <https://www.tehnopolis.me/online/mne/home/>

Startup communities

The culture around startup opportunities has been developed in Montenegro for years, and significant room for additional improvements can be seen in the centralization of capacities, knowledge and contacts that have been achieved so far by individuals and organizations engaged in the development of smart solutions. So far, several communities have managed to achieve extremely visible results.

Digital Den is a startup accelerator and startup program designed to help new startups achieve success. We help founders solve problems typically associated with creating a startup by providing technological support, funding, mentoring, and training.

In partnership with the United States Embassy in Montenegro, Digital Den established the Montene-

grin Tech and Startup Bridge (MTSB), the first pipeline of its kind to bring Montenegrin startups to the United States.

Web: <https://digitalden.me/>

Digitalizuj.Me is a digital community trying to help citizens of Montenegro to understand and realize exciting new opportunities for social change and business in the digital environment.

Since 2011, Digitalizuj.me has organized more than 50 free lectures, through its Speakers Series, which features inspirational, informative and passionate speakers who share their ideas on topics which include leadership, social innovation, urban development, social media, start-ups, environmental monitoring and protection and at the same time has achieved cooperation with important institutions and companies such as: the Office of the United Nations Development Program in Montenegro (UNDP), East West Management Institute, Coca Cola Hellenic, Crnogorski Telekom, One Crna Gora and many others.

Web: <https://digitalizuj.me/>

Startup Grind Montenegro - the global startup community, present worldwide since 2010, has recently been operating in Montenegro as well. Startup Grind is the world's largest community of start-ups, founders, innovators, and creators.

Through flagship conferences, local events, startup membership, online gathering they bring like-minded yet diverse individuals together to connect, learn, teach, help, build, and belong.

Web: <https://www.startupgrind.com/montenegro/>

DevClub is the largest informal community of IT experts in Montenegro, which gathers more than 500 IT professionals, with the aim of joint work on the development and digital transformation of Montenegro, networking and collaboration, but also work on improving conditions for IT experts through the exchange of experiences and knowledge.

Web: <https://zurnal.devclub.me/>

In Montenegro, the IT community is striving to be united around the mission to create a sustainable environment for the development of innovative projects in Montenegro and to participate in the promotion of Montenegro on the world stage of high technologies as a comfortable and intensively developing country.

Some of the innovative non-profit projects and recurring events are created by the community for the community, such as Montenegro IT Meetup (<https://montenegroit.github.io/meetup/>), that gathers

all IT experts and companies in Montenegro, and Startup Factory Montenegro (<https://startupfactory.super.site/>), first open-source startup incubation framework in Montenegro. It's a community-driven initiative which is expanding further to be able to apply methodology on any scale of IT projects and in any country.

Digital nomads in Montenegro

Global changes, a growing number of companies are announcing long-term plans to enable remote work to a much greater degree, well-developed communication technologies enable the emergence of this digital lifestyle that is characterized by high mobility, self-efficacy, location-independent resource-sharing, and minimalism. As remote work becomes a normal part of life, people crave new adventures in new locations around the globe.

In general, digital nomads are typically considered to be highly skilled, and digitally savvy, with many working in fields such as computer programming and IT, web design, creative fields, engineering, finance and digital and traditional marketing. As per latest data, there are currently over 35 million digital nomads worldwide as of 2022. This is expected to grow significantly over the next few years as people switch to remote work more and more.

Montenegro officially opened its doors to digital nomads

Following the successful examples of European countries, such as Croatia, Spain, and Portugal, Montenegro has shown strong political will and willingness to, through numerous changes in the normative framework and the adoption of the first national Program for Attracting Digital Nomads in Montenegro until 2025, **regulates the status of digital nomads and positions Montenegro as an extremely attractive destination** for the stay and work of numerous IT experts, photographers, bloggers, marketing professionals and all those for whom the nature of work and remote work for international companies allows them to live and stay anywhere in the world.

The Government of Montenegro and the Ministry of Public Administration, Digital Society and Media recognized the importance of regulating the status of digital nomads and promotion of Montenegro in this area, and **in December 2021 the national Program for Attracting Digital Nomads in Montenegro until 2025 with an Action Plan for 2022 was adopted.**

The implementation of this program and the accompanying action plan improves the normative framework and creates conditions for the stay of digital nomads, but also improves the overall digital and tourist environment. Montenegro, in addition to numerous other developed European destina-

tions, is recognized as an attractive destination for digital nomads, which significantly encourages economic activity in the country.

In 2022, the Parliament of Montenegro adopted the Amendments to the Law on Foreigners, and relevant Ministries passed accompanying regulations, which officially created the conditions for regulating the status of digital nomads and issuing the first permits for temporary residence in 2022. Amendments to the Law on Foreigners allow digital nomads to enter Montenegro on the basis of a long-term visa (visa D), after which they can apply for a temporary residence permit for up to two years, with the possibility of an extension.

Advantages of Montenegro as a destination for digital nomads

Montenegro is an attractive destination for work and life of digital nomads, and what makes our country a globally attractive destination for digital nomads is the beautiful nature and "wild beauty" that Montenegro abounds in, regulated legal status, relatively low cost of living compared to other countries, good infrastructure, airline connections with the rest of the world, accessible and fast internet, as well as favorable tax rates and incentives.

Advantages which Montenegro offers to digital nomads:

- A Mediterranean country that abounds in **natural beauty and an exceptionally good climate**;
- Good traffic and airline connections with the rest of the world;
- **Low cost of living** compared to other parts of Europe, North America, Australia and other countries;
- Digital nomads, as individuals, are **exempt from paying personal income tax**:
 - if they generate income by working for an employer who does not perform activities and is not registered as a legal entity in Montenegro
 - and if their earnings are higher than three official average gross earnings, officially reported in the previous year in Montenegro ;
- **Temporary residence permit for digital nomads for up to 2 years**, with the possibility of extension;
- **Exceptionally developed telecommunication infrastructure**;
- **A developed network of coworking and 'co-living' spaces**;
- **Exceptional diversity in a very small geographical area**, close to the sea coast and mountains;
- **The real estate market is very affordable**, and offers good value for money for waterfront properties compared to other parts of Europe.

Coworking and Co-living spaces

For the growing number of foreign IT experts, programmers, freelancers, bloggers, writers and digital nomads who live and work in Montenegro, a developed network of coworking and “co-living” spaces present in all parts of the country is extremely important. These spaces are of great importance for the development of innovative and startup culture, the promotion of Montenegro as a destination, the work of freelancers and digital nomads, the overall connection of the local and foreign ICT community, but also the overall digital development.

Coworking spaces bring together a very specific type of people, entrepreneurs, creatives and freelancers who have chosen a stimulating business environment, which provides them with the opportunity to network, and yet gives them enough freedom and space that they need.

Many coworking and co-living spaces are in commercial and private ownership, while some of them are opened and supported by public institutions and international organizations in Montenegro, such as the European delegation and UNDP.

NEST, a coworking space in Podgorica, offers multifunctional space - both for individual work and for the organization of various types of events, holding meetings, accommodation or company registration at NEST's address. By supporting numerous ICT activities, the NEST coworking space additionally helps the development of the ICT community and startups, and meeting rooms and a conference room that can accommodate up to 60 people are just some of the contents that this space provides to all its visitors.

Work Hub Montenegro, a coworking space in Podgorica, gathers startups, freelancers, entrepreneurs, organizations and companies that need innovative space. Work Hub services include private offices, private desks, 'co sharing' desks, virtual offices and meeting rooms, and in addition to these types of space, high speed internet, reception, kitchen and office supplies are also provided.

Mtel Digitalna Fabrika, a coworking space in Podgorica, is open to talented and creative individuals and teams from the field of IT, modern technologies and entrepreneurship. An ideal space for people with ideas who are ready to start their own technology business and freelancers who are looking for an inspiring and motivating space in which they can create.

Code Hub, a coworking space in Nikšić, within the Technopolis Innovation and Entrepreneurship Center, is intended for entrepreneurs, freelancers, digital nomads, students and all individuals who need a pleasant business space.

Digital innovation hub (DIH), is a coworking space in Kotor that represents a common workspace for digital nomads, local entrepreneurs and representatives of non-governmental organizations. The space is equipped with modern IT technology and office furniture and is completely free to use until 2024. The digital innovation hub was created within the framework of the EU project “Development of digital innovation centers”, which the Municipality of Kotor implements with partner cities Gradiška, Daruvar and Lipik through the cross-border cooperation program of Montenegro, Croatia and Bosnia and Herzegovina.

The Creative Hub is the first space of its kind in Pljevlja, opened as a resource center to support the formation and spread of a culture of innovative technologies and sustainable solutions. The space is designed to become an environment for young people to study the possibilities of using innovative technologies in various fields, acquire skills and knowledge, and serve as a platform for communication with citizens, private and public sectors. The project is financed and supported by UNDP in Montenegro and the Municipality of Pljevlja.

Kolektiv Novi, the first coworking space in Herceg Novi, is intended for freelancers, small businesses, business people “passing through”, NGOs and is a modernly adapted space for all lovers of working and staying at the sea.

Kotor Nest is a co-living space in Kotor, adapted for all digital nomads and those who work “remotely”, in the heart of the ancient Old Town of Kotor.

The network of coworking and co-living spaces is rapidly developing and has great potential for development, which will greatly contribute to the additional promotion of Montenegro as a tourist and ICT destination.

Summary

Montenegro, one of the youngest countries in Europe, has taken significant steps towards the development of the entire economy, the creation of a strong ICT sector, the acceleration of digital transformation, the strengthening of the investment climate through a favorable tax policy, numerous reliefs for investors, startups and the entire economy, as well as significant progress in creating an environment for digital nomads and foreign IT experts. Montenegro, a melting pot of Mediterranean and Balkans is an attractive business destination and has great potential for foreign investments which is witnessed by the large influx of foreign direct investments year after year, as well as numerous investors who come from all over the world. Among them are the countries of the European Union, the United States of America, Great Britain, Turkey, Egypt, Ukraine, Russia, Belarus, Israel, Argentina, Uruguay and numerous others.

Foreign companies in Montenegro enjoy the same treatment as domestic companies, and foreign investors are allowed to invest in any industry and freely transfer financial resources, property, and other goods, including profits and dividends.

The tax system of Montenegro is modern, flexible and consistent, and this is also the case when it comes to foreign citizens. Individual and corporate income is taxed according to progressive scale. Yet, tax rates are pretty low and range from 9 to 15%. Tax system, as well as numerous other tax reliefs and incentive measures for investments, especially in startups and innovation activities, are just some of the inducements for opening a company in Montenegro.

The ICT sector is among the key sectors for the economic development of Montenegro, in addition to more traditional industries such as tourism, energy and agriculture. ICT sector has enormous potential for growth and development, which is also shown by the high level of demand for information society services from the public sector, education, the economic sector and healthcare, as well as the readiness of the sector itself to respond to the ever-increasing challenges that come in line with modern technological trends and global events.

Montenegro has successfully reached some of the highest standards as it pertains to legal and strategic frameworks in the ICT field and has harmonized strategic documents and normative framework with the regulatory framework of the European Union and the EU Digital Agenda. This provides investors with a predictable and stable investment environment. The strategic direction of a digitally transformed and developed Montenegro is aligned with European and national strategies in this area, guided by strategic and operational goals, as well as activities specifically defined in strategic documents such as: Digital Decade of Europe: digital goals for 2030, Smart Specialization Strategy 2019-2024, Digital Transformation Strategy of Montenegro 2022-2026 and Cyber Security Strategy of Montenegro 2022-2026.

Montenegro has recognized the importance of development based on knowledge and innovation, and the special role of the startup community, which is supported by the adoption of the Law on Innovative Activity and the Law on Incentive Measures for the Research and Innovation Development, as well as the implementation of numerous programs and incentive measures for performing innovative activities and tax benefits, both for foreign and domestic investors.

It is expected that investments in the ICT sector will grow and that this industry will take an even greater share in the GDP structure in the coming years. A well-developed telecommunications sector, with three international players, has continued to roll out 5G technology. In addition to the telecommunications sector, which is continuously developing and innovating, the great potential of development and investment is the field of information technology, software and hardware, cyber security and data protection, digital education, but also industries such as E-gaming and FinTech have been recognized.

Information technologies are a huge opportunity for the development of Montenegro. Additionally, as at the world level, the potential of other areas whose global growth trend shows that they can find fertile ground in Montenegro as well, namely new generation communication technologies (5G, NFV, SDN..), IoT, virtual reality, FinTech, blockchain and cryptocurrencies, 'Big Data', cloud services, video games, 'smart city' technology, machine learning and artificial intelligence, cyber security, as well as 'green' technologies.

Montenegro offers a favorable environment for foreign investments in the ICT field, which is also witnessed by numerous examples of foreign companies and groups that have expanded their operations through acquisitions of existing companies in Montenegro or by opening their own business units and subsidiaries. As a result of global events, numerous companies have opened new subsidiaries in Montenegro, and a large number of them have completely relocated or part of their operations to Montenegro.

Montenegro and telecommunications operators invest heavily in infrastructure to ensure easy access to high-speed Internet, which is especially important for attracting digital nomads, so following the examples of more developed countries, Montenegro also opened the door to digital nomads and all those who work remotely allows them to live anywhere in the world.

The numerous advantages of our country, tax incentives, the adoption of the national Program for attracting digital nomads in Montenegro until 2025, and amendments to the Law on Foreigners, as well as the regulation of the status of digital nomads place our country on the map of globally attractive destinations for digital nomads.

Great progress has been made in the previous period, and the ICT sector has great potential for fur-

ther growth, development and investments. The ICT sector can and must grow faster in order to be able to better respond to all the global challenges and accelerate digital transformation for the benefit of all citizens and the entire economy.

With united forces, investments and incentives, we can make the ICT sector a development opportunity for Montenegro on its path to EU accession.

Published by



Montenegrin
Investment
Agency

Kralja Nikole 27, 81000 Podgorica, Montenegro
mia.gov.me, mia@mia.gov.me

in cooperation with



Vasa Raičkovića 2a, 81000 Podgorica, Montenegro
www.iclmontenegro.me, office@iclmontenegro.me