



Secretariat to
the Competitiveness
Council of Montenegro

ROADMAP

for Gender Responsive Investment Climate Reform in Montenegro in 2022



European Bank
for Reconstruction and Development



British Embassy
Podgorica



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Executive summary

This Roadmap for gender responsive investment climate provides analysis of the factors that influence on investment climate from a gender perspective and serves as a guideline for further gender responsive reforms of investment climate in Montenegro. It is developed for the purpose to inform policy makers, activists and interest groups how to support reforms that will improve environment for women's entrepreneurship.

The study presents the status of women in Montenegro, provides overview of the profile of women's entrepreneurship, discusses policy and legal framework for gender equality and women economic empowerment and in detail analysis the impact investment climate has on women owned and women led companies.

This Roadmap for gender responsive investment climate detects equal regime for women and men and specific women entrepreneurship policies and measures, but also identifies entry points for further engendering the policy and legal framework and improving financial mechanism for women owned/led businesses.

To this end, the Roadmap for gender responsive investment climate recommends:

- Firstly, additional efforts for establishing parity between women and men in business to be put and especially in developing business infrastructure that encourages women's entrepreneurship in accordance with their development needs.
- Secondly, introduction of gender equality objectives, use of gender responsive criteria or gender equality commitments by the investing companies, improved gender participation and gender approach in attraction, promotion and protection of investments by the Investment Agency of Montenegro.
- Thirdly, overall improvement of sex disaggregated data gathering, keeping and reporting so that gender analysis can be made and used as information base for both policy development and financial products offering for women in business.
- Fourthly, systematic inclusion of gender perspective in organization, offers and governance of the financial sector and businesses.

1. Introduction

The investment climate is determined by the openness of the economy and the companies to investment, the legal and regulatory systems that create environment for doing business, instruments for financing business operations including private options to access to finance as well as public finances for development of investments. To this end, the economic, financial and socio-political conditions in the country that influence decisions by institutions, banks, or individuals to invest in businesses are pertinent to the conducive environment for investments. In addition, customs, prevalent roles and stereotypes that influence on business behaviour, as well as corruption practices in one country make the business environment more favourable for investments or not. Considering that we live in society with pertinent gender roles and stereotypes that are institutionalized by the patriarchal system of family and community relations, the investment climate could not be gender neutral, but gender blind, responsive or transformative for more equal participation of women and men in business. Therefore, taking a gender perspective in the investment climate provides for the missed potential of women and broadens the economic impact of the policy interventions.

The Roadmap for Gender Respon-

sive Investment Climate provides analysis of the factors that influence on investment climate from a gender perspective and provides a guideline where to direct further reforms in order for the investment climate in Montenegro to become gender responsive.

1.1. What is this Roadmap?

This Roadmap is designed to help policymakers and advocates in Montenegro to learn about the different constraints investment climate has on men and women entrepreneurs, to reformulate policies and through reformative processes that are always multidisciplinary and include all relevant stakeholders to transform investment climate and make it more gender responsive. The Roadmap will help policymakers and advocates to identify new reforms and to drive future policy development processes toward engendering laws, policies and regulations with an expected result to support women's entrepreneurship in Montenegro.

The Roadmap provides overview of the status of women in Montenegro (chapter 2), the gender equality in law and policy and regulatory framework for women

economic empowerment in Montenegro (chapter 3). Further on, the Roadmap specifically looks at the gender impact of the investment climate for women-led businesses in Montenegro, based on the business assessment conducted by the Secretariat to the Competitiveness Council in Montenegro (chapter 4). Lastly, conclusions and recommendations for gender responsive investment policy reform are provided in chapter 5.

1.2. Who is it for?

Ministry of Economic Development and Tourism, which is implementing the Strategy for development of micro, small and medium enterprises, Strategy for development of women's entrepreneurship and Strategy for lifelong entrepreneurial learning, and therefore is a key policy actor responsible for gender mainstreaming of investment climate reforms. Specifically, the **Working group on Women Economic Empowerment** that was established by the Competitiveness Council and coordinated by the Ministry of Economic Development and Tourism, which advises on gender mainstreaming of support programs for women in business, will be beneficiary of the Roadmap.

Ministry of Human and Minority Rights and its **Department for Gender Equality** is the institutional mechanism that coordinates activ-

ities aimed at establishing gender equality and participates in the preparation and adoption of action plans for the establishment of gender equality at all levels; monitors the implementation of international documents and conventions; prepares Strategy of Gender Equality, Gender Action Plan and programs for its implementation and submits annual report to the Government about implementation of the Strategy and Gender Action Plan.

Competitiveness Council is governmental body that is key platform for public-private dialogue in Montenegro, consisting of representatives from ministries, government institutions and business associations that are relevant for development and implementation of policies with influence on the business environment and competitiveness. In the Council seven business associations are represented and for the first time, based on recommendation of the Secretariat, since 2021, additionally, two women business associations are taking active part in its work: Association of Business Women and the Union of Women Entrepreneurs. These two business associations are rotating their membership in the Council on annual basis.

Montenegrin Parliament and specifically the **Committee of Gender Equality**, as well as the **Women Parliamentarians Club** engaged in discussing many of the laws and

regulations which affect entrepreneurs, will also be beneficiaries. The Gender Equality Commission in the Montenegrin Parliament is a standing parliamentary body that reviews policies and laws from gender perspective and can be an active stakeholder in the process of gender sensitizing the investment climate reform, while the Women

Parliamentarians Club serves as mobilization body that builds consensus across the parties represented in the Parliament on gender equality relevant issues.

2. Status of women in Montenegro

2.1. What is this Roadmap?

Women are less active on labour market than men. In 2021, the activity rate gap between women and men is biggest in the age group 25-49, in which also the highest activity by age group is detected (81.0% for men and 69.0% for women), according to the latest Labour Force Survey (hereinafter: LFS)¹. The gender unemployment gap in turn is biggest in the age group from 15 to 24 years and it is 32.7% for women and 40.0% for men. The inactivity can be accounted to be the result

of the dominant gender roles in the Montenegrin society where women still carry the burden of childcare and limited offer of childcare services for babies and toddlers. **This is confirmed by the Gender Equality Index** which shows that 42.7% of women spend time taking care of children, elderly and relatives with disability in comparison to only 23.8% of men who do the same². In addition, 68% of women spend at least one hour per day on unpaid household work, which is the case for only 10.3% of men³. However, the gender roles do not seem to affect the unemployment rates as there is no gender gap in the age group 25-45 years when women are

¹ Women and men in Montenegro (2022), MONSTAT, available online: Zene i muskarci u CG web 26.12 FIN.pdf (monstat.org)

² Gender Equality Index Montenegro (2019), UNDP, available online: gender_equality_index_2019_report_final.pdf (europa.eu)

³ Ibid

in reproductive years (according to the LFS 2021 - the unemployment rate for this age group is 17,3% for men and 17,2% for women).

One quarter are self-employed, but 20% of all employed women are self-employed. In Montenegro, over the last five years approximately one quarter of employed persons are self-employed, while less than 20% of them are women. After a slight increase in 2020, total number of self-employed decreased in the first half of 2022.⁴

The gender employment gap increases with the age of the participants in the labour market. The lowest gender gap is among youngest population, while the highest is among oldest population, according to the LFS data. The multi-year data set also depicts that the Covid 19 crisis did not affect employment gender gap trends by age structure.

There is a segregation on the Montenegrin labour market, horizontal (existing gender gaps in employment per economic sectors of activity) and vertical (existing gender gaps in management positions between women and men). As the LFS shows, the majority of women are employed in following sectors: non-residential care and social work activities (89 %), education (83 %), other service activities (76 %), human health services and residential care and social work activities (74 % in each) and financial and insurance activities (70 %), whereas the majority men are employed in the sectors electricity, gas steam and air conditioning supply and mining and quarrying.



Source: MONSTAT, Labour Force Survey (LFS), 2021.

⁴ Monstat, Labour Force Survey (LFS), 2021

Table 1: Persons in employment by sectors of activity and sex, (2018-2021)

Economy sectors	Women participation			
	2018	2019	2020	2021
Non-residential care and social work activities	97%	94%	89%	89%
Education	82%	84%	83%	83%
Other service activities	66%	68%	74%	76%
Human health services	75%	75%	71%	74%
Residential care and social work activities	76%	77%	79%	74%
Financial and insurance activities	59%	68%	57%	70%
Activities of extra-territorial organizations and bodies	100%	67%	50%	69%
Wholesale and retail trade, repair of motor vehicles and motor cycles	66%	66%	66%	65%
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0%	33%	67%	60%
Arts, Entertainment and recreation	50%	53%	56%	58%
Real estate activities	45%	46%	45%	55%

Economy sectors	Women participation			
	2018	2019	2020	2021
Public administration and defense, compulsory social security	49%	53%	49%	55%
Accommodation and food service activities	55%	58%	54%	54%
Unknown	52%	57%	62%	54%
Professional, scientific and technical activities	58%	60%	58%	53%
Information and communication	55%	60%	53%	50%
Manufacturing	45%	45%	44%	40%
Administrative and support service activities	45%	48%	46%	39%
Agriculture, forestry and fishing	43%	40%	45%	33%
Transport and storage	30%	33%	27%	29%
Water supply, sewerage, waste management and remediation activities	20%	20%	25%	26%
Construction	25%	24%	17%	23%
Electricity ,Gas Steam and air conditioning supply	11%	30%	7%	18%
Mining and quarrying	7%	7%	18%	11%

Source: MONSTAT, Labour Force Survey (LFS), 2021.

2.2. Education

The gender gap in education is small. While in primary education the boys outnumber girls, this trend is reverted in higher education where girls outnumber boys. In 2021, Master studies were completed by 398 students in total, of which 64.1% were women, and 35.9% were men. In the same year, PhD degrees were obtained by 14 persons, out of which 64.3% were women, and 35.7% were men.

Table 2:
Full-time students in primary, secondary schools and universities, in % by sex (2018-2022)

	2018 - 2019		2019 - 2020		2020 - 2021		2021 - 2022	
	Girls	Boys	Girls	Boys	Girls	Boys	Girls	Boys
Primary education	47.8	52.2	47.7	52.3	47.9	52.1	47.9	52.1
Secondary education	48.3	51.7	48.7	51.3	48.5	51.5	49.3	50.7
Higher Education	55.3	44.7	55.3	44.7	55.3	44.7	56.1	43.9

Source: MONSTAT, *Women and men in Montenegro, 2022*.

Gender gap in choices in field of study cannot be detected as MONSTAT does not publish sex disaggregated data of enrolled and graduated students per field of study. At the same time, this limits analyses of the impact of the choice of the field of study on the entry of women on the labour market and securing better and higher paying jobs.

2.3. Economy

Women are one third of the total registered sole proprietors or entrepreneurs (defined by Company Law as physical persons registered in economic activity⁵) in Montenegro. Their number increased during the Covid 19 period and stabilized (see Figure 2).

The share of women owning micro, small, medium sized enterprises in Montenegro is also smaller than that of men. In 2022, we observed a slight increase of 0.8% from the same time year before. However, the number of women owned companies has doubled compared to 2011, according to the Revenue and Customs Administration data.

Figure 2.
Number and share of women entrepreneurs, Montenegro 2018-2022

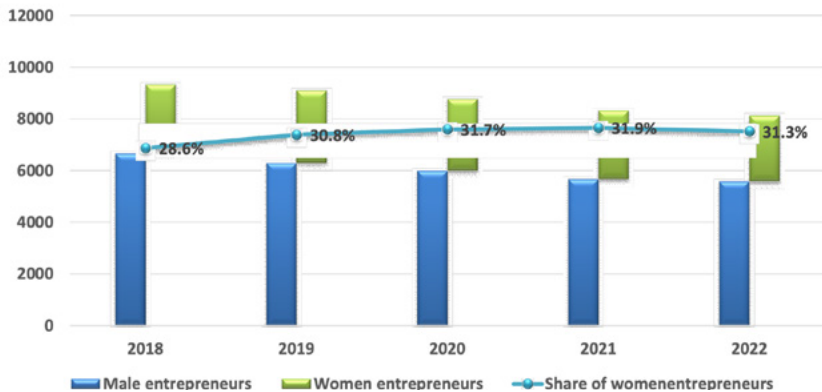
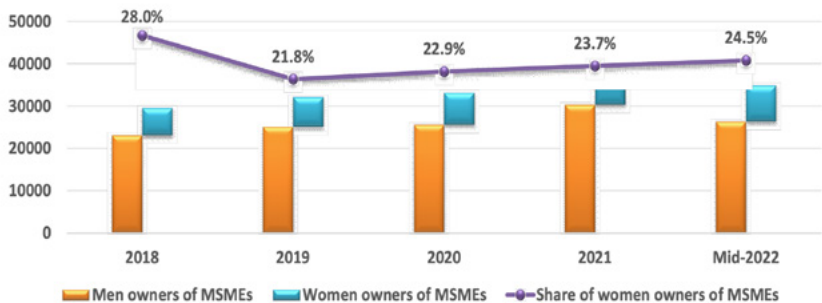


Figure 3:
Women and men owning MSME in Montenegro, in % (2018-2022)



Source: Revenue and Customs Administration of Montenegro, 2023

⁵ An entrepreneur is a natural person who is engaged in economic activity, and does not perform this activity for the account of another, Commercial Law (Official Gazette No. 65/2020, 146/21).

According to the Regional and Co-operation Council (hereinafter: RCC) study, women in Montenegro typically start businesses in the service sector: trade, crafts, intellectual services, etc. Their companies are small as 99.1 % of them employ less than 50 employees in 2022, while the number of the women owned medium sized (50 to 250 employees) and large companies (over 250 employees) is not significant. This is not the case with number of women managers that break the glass ceiling and manage large trade chains, banks, public utility companies and similar. However, there are no women owners, but these represent a small exception to the rule, which suggests that women run small and micro businesses. Less than two per cent of large firms and less than five per cent of medium-sized ones are

owned by women (compared to 9 and 12% in the broader region, respectively).⁶ The World Bank Enterprise survey from 2020 shows even bigger gap, as only 15% of women and 24% in firms have women in top management.⁷ The new women on boards directive of the EU will have impact on the increased participation of women in management positions in private and public companies following changes of the SME Law.⁸

BI Consulting from Montenegro⁹ has also conducted analysis using data from the Central Registry of Business Entities. The analysis challenges the data from the Revenue and Customs Administration, as it determines around 14% of women owned companies operate in Montenegro, while below 8% are man-

Table 3:
Share of women owned and women managed MSMEs, in % (2017-2021)

Year	Number of MSMEs in women's ownership	Number of MSMEs managed by women	% MSMEs in women's ownership	% MSMEs managed by women
2017	2,528	1,784	13.90%	9.81%
2018	2,815	1,962	13.25%	9.24%
2019	2,997	1,972	13.16%	8.66%
2020	3,609	2,141	13.68%	8.11%
2021	3,914	2,152	13.96%	7.67%

Source: *Top Women in Business*, BI Consulting, 2022

⁶ EBRD. 2022. Montenegro country diagnostic: Private investment challenges and opportunities

⁷ World Bank (2020) Enterprise Survey Report for Montenegro: Montenegro – Enterprise Survey 2019 (worldbank.org)

⁸ Directive (EU) 2022/2381 of the European parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures

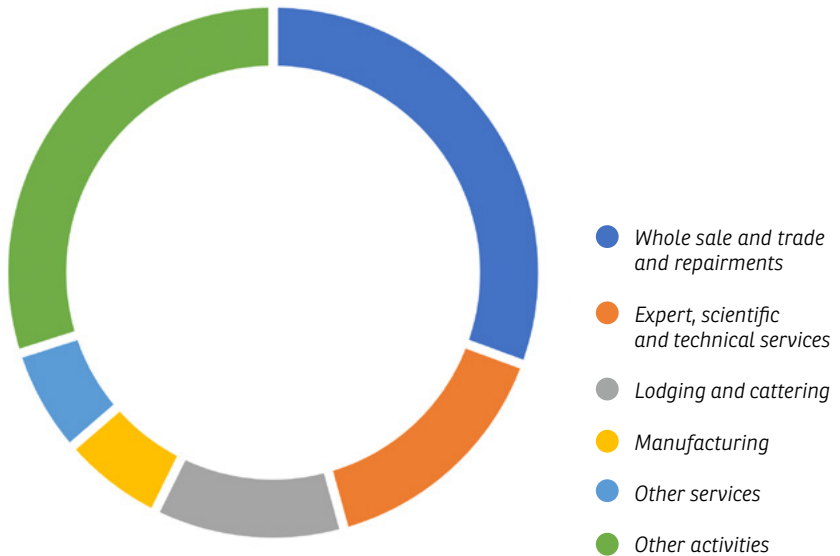
⁹ <http://www.binfo.me/>

aged by women, suggesting need of continuous work on women economic empowerment.

The BI Consulting analysis also provides an outlook of the structure of businesses owned and led by women per economic sectors. Namely, although in general in 2022 increase

of activity in wholesale and retail trade and repairs is observed in the country, women owned and led business mostly provide expert, scientific and technical services which means they contribute more to the knowledge economy, followed by the sector of lodging and hospitality.

Figure 4:
Structure of businesses owned and led by women, 2022



Source: Top Women in Business, BI Consulting, 2022

3. Legal and policy framework for women in business

3.1. Gender equality in laws

Montenegro is a CEDAW signatory party based on succession from Yugoslavia. The Constitution of Montenegro¹⁰, in the Chapter on Human Rights and Freedoms defines that the state assures equality between women and men and develops the policy on equal opportunities. Hence, the Law on Gender Equality¹¹ was adopted in July 2007 to further this commitment. Other laws, such as amended Labour Law¹², the Law on Prohibition of Discrimination¹³ and the Law on Protection against Domestic Violence¹⁴ complete the legal framework regulating gender equality issues. In general, all laws provision guarantee equal rights regime for women and men in Montenegro.

National Strategy for Sustainable Development of Montenegro until

2030¹⁵ was adopted in 2016 with the goal to integrate UN SDGs into Montenegro's development goals and has further set targets for gender equality being: to eliminate gender based discrimination and all forms of violence; at least 40% of women in political decision-making bodies at the national and local level; gender-equal participation in unpaid work; gender-equal share in unemployment; and strengthened national gender equality mechanism.

The National Strategy for Gender Equality of Montenegro 2021-2025¹⁶ with the Action Plan 2021-2022 has three main pillars one striving to improve gendered policy making and budgeting; other directed towards improve the implementation of the existing normative framework regarding gender equality policy and protection against gender-based discrimination, as well as to improve education, culture, and media policies in order to reduce the

¹⁰ Official Gazette 1/2007, 38/13

¹¹ Official Gazette 1/2007, 38/13

¹² Official Gazette of Montenegro 74/19, 8/21, 59/21, 68/21, 145/21

¹³ Official Gazette of Montenegro 46/10, 40/11, 18/14, 42/17

¹⁴ Official Gazette of Montenegro 46/10, 40/11

¹⁵ National Strategy for Sustainable Development by 2030 (NSSD). | UNEP Law and Environment Assistance Platform

¹⁶ Nacionalna strategija rodne ravnopravnosti 2021-2025. godine sa Akcionim planom 2021-2022. godine (www.gov.me)

level of stereotypes and prejudices towards women and persons of different gender identities.

The institutional framework comprises of number of bodies. The **Committee for Gender Equality (CGE)** of the Parliament of Montenegro was established 11 July 2001, which in accordance with its competences, discusses proposals for laws, other regulations and general acts which refer to the establishment of the principle of gender equality, particularly in the area of the right of the child, family relations, employment, entrepreneurship, decision-making processes, education, health care, social policy and information; it takes part in the preparation, development and harmonization of laws and other acts with the standards of the EU legislation and programs; promotes signing of international documents dealing with this issue and monitors their application; cooperates with adequate working bodies of other parliaments and NGOs in this field.

The Ministry for Human and Minority Rights recommends the introduction of positive measures in those fields of social life where obvious unequal representation of women and men or specific disadvantage of the person belonging to one sex exists. The **Gender Equality Department (GED)** is an integral part of the Ministry for Human and Minority Rights, and has the responsibility to promote gender equality and gender

mainstreaming. Focal points for gender equality, in accordance with the Law on Gender Equality - all public institutions at the national and local level, exercising public authority are obliged to appoint a person who will be coordinator of activities related to gender equality. These coordinators should monitor the implementation of Action Plan for Gender Equality within their institutions. Finally, the Constitution of Montenegro defines the **Protector of Human Rights and Freedoms** as an independent and autonomous authority that takes measures to protect human rights and freedoms.

3.2. Policies for women economic empowerment

The SMEs in Montenegro are defined with the Law on Accounting¹⁷. It regulates micro, small, medium and big enterprises, conforming to the EU standard definition of SMEs by employee size but diverge on the other criteria concerning annual income and assets. The Law was adopted in 2021 and amended in 2022, but the classification of SMEs, as defined by Article 6 of the law, has remained unchanged, missing an opportunity to define women enterprises.

However, in this regard the country has made progress as the International Working Agreement on Defi-

¹⁷ (Official Gazette of Montenegro 45/21, 152/22)

nitions of Women Enterprises – IWA 34 developed by the International Organization for Standardization were transposed into the Montenegrin system of standardization.¹⁸ To support practical implementation, Secretariat to the Competitiveness Council has operationalized it by producing guidelines and a questionnaire that supports businesses to assess themselves and categorize as women enterprise if they fulfil the criteria. It is expected that the common definitions can guide and support work at the national and local levels, especially in allocating funding more equally to women and men in business.

Montenegro is one of the two countries in the region and a truly rare case worldwide to have developed and implemented a specific policy document that is directed towards development of Women Entrepreneurship – a Strategy for the Development of Women's Entrepreneurship of Montenegro 2021 – 2024.¹⁹ The document presents the overarching government policy for women economic empowerment, entrepreneurial activity and upscaling and developing women's business. As an umbrella document, the Strategy is aiming at strengthening position of women in business, by responding to the identified challenges

and providing support for the economic empowerment of women by strengthening their entrepreneurial potential and creating a business environment favourable for starting and developing women's businesses.²⁰ The Strategy has four specific objectives: (i) to create favourable business environment for the development of female entrepreneurship; (ii) to improve access to finance; (iii) to provide for necessary knowledge and skills; and (iv) to promote, network and advocate for the interests of women entrepreneurs.

To this end, the Strategy for Development of Women's Entrepreneurship is in line with the National Strategy for Gender Equality (2021-2025), which highlights the importance of increasing the number of women entrepreneurs while emphasizing the need to address wider social and economic barriers to gender equality. Despite the Covid-19 crisis period, the implementation pace of the Strategy is dynamic as the reports on realization of the Action plan for 2021 and 2022 are showing high percentage of realization. The policy evaluation determines that existing regulations are significantly being improved in accordance with the needs of the development of businesses owned by female entrepreneurs, while improvement of

¹⁸ OECD, "SME Policy Index: Western Balkans and Turkey 2022", 2022.

¹⁹ Ministry of Economic Development Montenegro, 2021. Strategy for the development of female entrepreneurship in Montenegro 2021-2024. Available at: <https://www.gov.me/cyr/dokumenta/0a95b4be-c3f4-4f9b-8c36-964d9684c885>

²⁰ RCC, Women's entrepreneurship in the Western Balkans: stocktaking on constraints and good practices, 2023.

MONTENEGRO ACHIEVEMENTS IN POLICY IMPLEMENTATION REGARDING FEMALE ENTREPRENEURSHIP

According to the 2022 OECD Report "SME Policy Index: Western Balkans and Turkey 2022", Montenegro took the first position for the Sub-dimension 1.1: Entrepreneurial learning within the first dimension "Entrepreneurial learning and women's entrepreneurship" of the Report.

On the other side, for the Sub-dimension 1.2: Women's entrepreneurship, Montenegro took the second position (after Turkey). This is the result of the successful implementation of the activities defined by the Action Plan for 2021 within the Strategy for the Development of Women's Entrepreneurship in Montenegro 2021-2024. In this sub-dimension in particular should be singled out the thematic block: Planning and design in which Montenegro achieved the best result – even compared to all other countries, by achieving a score of 5.00 at the end of 2021, which is significantly more than score planned for the end of 2022 (4.50). This indicates that the improvement of policies and cooperation between the public and private sectors in the field of female entrepreneurship has yielded significant results, i.e. that all key stakeholders involved in the policy of developing female entrepreneurship in Montenegro are fully contributing to the implementation of the measures and activities foreseen in the Strategy development of female entrepreneurship (2021-2024).

Source: RCC Women's entrepreneurship in the Western Balkans: stocktaking on constraints and good practices, 2023.

business infrastructure that encourages the development of women's entrepreneurship and its adaptation to the needs of women entrepreneurs remained at the same level as in 2019, since the same number of female entrepreneurs use business infrastructure (business incubators, hubs, counselling and mentoring services, etc.)²¹

The gender specific policy on women's entrepreneurship has overshadowed gender mainstreaming efforts in other relevant policies, i.e. SME policy, Industry policy, Policy for Crafts, Clustering Policy, etc. For example, the Program for Development and Promotion of Crafts 2022²², the Program for Manufacture Industry Development 2022²³, etc do not include gender aspect. This

²¹ OECD, Montenegro progress to Small Business Act, 2022. available online: Montenegro: Economy Profile | SME Policy Index: Western Balkans and Turkey 2022 : Assessing the Implementation of the Small Business Act for Europe | OECD iLibrary (oecd-ilibrary.org)

²² Available at: <https://www.gov.me/dokumenta/8fae1868-9454-4328-a640-e6ef33e8a557>

²³ Available at: <https://www.gov.me/dokumenta/54e4c46f-0a6a-41a7-a862-14b0ac4d49c2>

means that gender mainstreaming, as a systematic integration of a gender perspective into the needs assessment, design, implementation, monitoring and evaluation of Montenegrin government policies, strategies and programs on inclusive and sustainable economic development is absent. What is more, gender analysis is missing in all the aforementioned documents. Without generating information necessary to identify the gender biases that affect women in the multiple roles they play in society and the economy – as wage workers, producers, and traders or entrepreneurs - and to tailor development interventions in such a way that any unintended negative effect is mitigated or avoided, and that the existing gaps can be addressed to the extent possible; formulate and set priorities for economic development, the objectives for women economic empowerment will not be achieved. Unfortunately, there is no detailed gender analysis in the aforementioned programs and strategies implemented in Montenegro.

The Economic Reform Program of Montenegro 2022-2024²⁴ defines that increasing employment, particularly of women and young people, and tackling long-term unemployment is the first out of three main structural challenges for improving competitiveness of the Montenegrin economy. Under the first priority of the ERP a reform

measure for introducing new work schemes and work-life balance is planned by revising the Labour Law and aligning it with the EU Directive on Balancing work and life and improving provisions concerning teleworking and homeworking. Another relevant measure is number 10 regulating improving access to financing for MSMEs by creating a Credit-Guarantee Fund, by adopting the Law on the Credit-Guarantee Fund and opening a window for women which will increase participation in terms of number of enterprises owned by women in total number of enterprises in Montenegro to 25% in 2024.

²⁴ Economic Reform Program, available online: Montenegro Economic Reform Programme 2022-2024 (www.gov.me)

4. Impact of investment climate on gender equality

Montenegro is a service-based, upper-middle-income economy with per capita gross domestic product (GDP) by purchasing power parity in stood at USD 18,259 in 2020.²⁵ Montenegro depends on capital inflow to support its economy and particularly relies on its tourism industry, which contributes far more to GDP and employment in Montenegro than in the other economies in Western Balkans (32% of GDP compared to 14.9% Western Balkan average and 9.5% EU average).²⁶

There are several international studies comparing the business environment of countries. The Doing Business Report of the World Bank²⁷ which was discontinued in 2020, has last ranked the country 50th with score of 73.8 points. The Economic Freedom Index of the Heritage Foundation²⁸ ranks Montenegro's economic freedom 80th freest in the 2021 Index with score of 63.4. This is an increase of 1.9 due to better financial health performance. On the

latest 2019 Global Competitiveness Report of World Economic Forum, Montenegro scored 60.8 percentage points and was ranked 73rd among 140 economies.²⁹ The International Corruption Index of Transparency International in 2022 Corruption Perceptions Index (CPI) ranks Montenegro 77th out of a total of 176 ranked economies.³⁰

The country's investment policy is not governed by a single law but rather by multiple laws: the Foreign Investment Law; Law on Public Private Partnerships; the Company Law; the Bankruptcy Law; the Law on Pledge as Mean of Security Claims; the Accounting Law; the Law on Payment Transactions; the Foreign Trade Law; the Customs Law; the Law on Free Zones; the Labour Law; Law on Capital Market; the Concession Law, and the set of laws regulating tax policy. The main investments in Montenegro are foreign direct investments, considering that privatization has not yet been com-

²⁵ World Bank, World Investment Report 2022. Available online: World Investment Report 2022: International tax reforms and sustainable investment (unctad.org)

²⁶ OECD, "SME Policy Index: Western Balkans and Turkey 2022", 2022.

²⁷ Doing Business Report Montenegro 2020. MNE.pdf (worldbank.org)

²⁸ Economic Freedom Index 2021_IndexofEconomicFreedom-Montenegro.pdf (heritage.org)

²⁹ GCR 2019 20191008.pdf (weforum.org)

³⁰ Transparency International, Corruption Perceptions Index, 2022. Available online: <https://www.transparency.org/en/cpi/2021/index/mne>.

Table 4: Foreign Direct Investments in Montenegro 2019-2021

Foreign Direct Investments	2019	2020	2021
FDI Stock (million USD)	5,411	5,697	6,361
Number of Greenfield Investments	10	5	3
Value of Greenfield Investments (million USD)	582	872	99

Source: UNCTAD, 2022.

pleted and the country's small diaspora (Montenegro has the smallest immigration index in the Western Balkans). As the table 4 shows, the number of green field investments and their value decreased in the Covid19 and post recovery period but did not have an impact on the FDI stock which has increased.

The investment policy is driven by two main legislative documents: the Foreign Investment Law and the Law on Public Private Partnerships and is managed by the Montenegrin Invest-

ment Agency (MIA), which facilitates investment entry and establishment as well as promotion and protection of investment as it has been merged with the Montenegrin Investment Promotion Agency (MIPA) and the Secretariat for Development Projects. MIA works in partnership with the Privatization and Capital Investment Council, primarily focusing on the tourism, energy, technology, and agricultural sectors.

The incentives available in Montenegro include:³¹

TAXES

Favorable tax regime with the lowest corporate tax rate in the region at nine percent
 Personal income tax exemption for employee salary that is no higher than the average salary in the country.

Income tax exemption for legal entities operating in underdeveloped municipalities for the first 8 years, whereby the amount of the tax exemption cannot exceed 200.000 EUR.
 VAT exemption for supply products in energy, medicine and construction that have 5 stars

REGISTRATION AND BANKRUPTCY

Registration procedures have been simplified and registration for one member llc with Montenegrin founder can be done online

Bankruptcy laws have been streamlined to make it easier to liquidate a company

Accounting standards are aligned with international norms

Custom regulations have been simplified

PROPERTY

Private ownership is protected by the Constitution and includes equal treatment of foreigners

Expropriation of property can only occur for a "compelling public purpose" and compensation must be made at fair market value

³¹ Ministry of Economic Development and Tourism, Montenegro Investment Incentives: montenegro-investment-incentives-inventory.pdf

None of the regulations and programs implemented in Montenegro include gender equality objectives or require for the incentive supported companies to have gender equality commitments, so that in that way their investments would have impact on gender equality and women's empowerment. In addition, what was not explored is improving women's participation in the development of investment policy and in management of the investment attraction, promotion and protection. The investment policy of Montene-

gro does not promote gender inclusive linkages of the investing companies with the local economy, such as to facilitate the fair participation of women across their activities that promote linkages between investors and the domestic economy. To analyse the source of the gender gaps in investment policy implementation, and consequently develop evidence-based policies that strengthen the investment climate, these institutions need to develop and advocate for gender-inclusive monitoring and evaluation mechanisms.

Figure 5 - Summary of measures that can be taken by Investment Agency of Montenegro

AREA OF WORK	SELECTED EXAMPLES
Investment attraction	<ul style="list-style-type: none"> ▶ Conduct an analysis on how gender equality impacts FDI determinants and maybe incorporated into the country's value proposition. ▶ Ensure that image-building activities reflect any national commitments to gender equality and women's empowerment. ▶ Consider the impact of women when prioritizing investment leads.
Entry and establishment	<ul style="list-style-type: none"> ▶ Ensure that information provided to investors about the local investment climate is gender-inclusive. ▶ Facilitate equal access for men and women to capacity-building, certifications and supplier development programmes. ▶ Identify, propose and facilitate opportunities for MNE operations to have a greater impact on gender equality and women's empowerment.
Expansion and transformation	<ul style="list-style-type: none"> ▶ Offer services to established foreign companies to increase their impact on gender equality and women's empowerment. ▶ Facilitate the insertion of women in re-skilling or expansion projects. ▶ Define criteria to evaluate the impact of re-investment projects on gender equality and women's empowerment.
Policy advocacy	<ul style="list-style-type: none"> ▶ Include recommendations to address the gender gap in target investment sectors as part of policy advocacy activities. ▶ Engage in partnerships or programmes which aim to strengthen data and understanding of gender gap across sectors and at the national level. ▶ Report on specific needs and challenges faced by women in the economy.

Source: UNCTAD "Mainstreaming gender equality in investment promotion", 2022

4.1. Starting a business

In the Company Law there is an equal regime between women and men in starting a business in Montenegro. Every company needs to be registered in the Central Registry of Business Entities. So far, online registration is enabled for limited liability companies with Montenegrin citizens as founders, but complete online registration is expected to be enabled in the upcoming period. SCC coordinated Working group which submitted new (first time in Montenegro) Draft Law on Registration of Business and Other Entities. The aim of the Law is to simplify and unify registration procedure, increase data transparency in the Register, as well as create precondition for updated and correct database and complete online registration and connection with other registries (once Montenegro becomes part of EU).

Through changes of the Single Registration Application (which will part of the Law on Registration, and now is within bylaw regarding registration), the category sex was introduced for registering the owners and managers of the newly registered companies. This will eventually impact on capacity of the Central registry of Business En-

tities of Montenegro to sex disaggregate data of the companies that operate in the country. However, for the time being, this is possible only for the newly registered companies. The authorities should look at the example of UK where all company data are updated in the register when the annual financial statement is submitted. This will allow for fast and complete data set of all active company's data to be sex disaggregated, making the analysis of women entrepreneurship trends much easier, including access to finance of women owned and women led companies. Considering that you can establish a company with only 1 euro starting capital, the disadvantages of women in terms of accessing resources, assets and capital is not a barrier for launching an entrepreneurial idea.

For women at the point of starting their business idea there is EUR 3.5 million from IPA funds, support offered by the Employment Agency of Montenegro (hereinafter: EAM). The project enjoyed a relatively high uptake, with a total number of beneficiaries rising from 93 in 2019 to 215 in 2020 and 159 in 2021.³² According to RCC, the EAM awarded 159 grants for self-employment, of which 107 were to women (67.3 %) in the amount of 792,845 euro in three rounds that lasted 18 months: Janu-

³² OECD, "SME Policy Index: Western Balkans and Turkey 2022", 2022

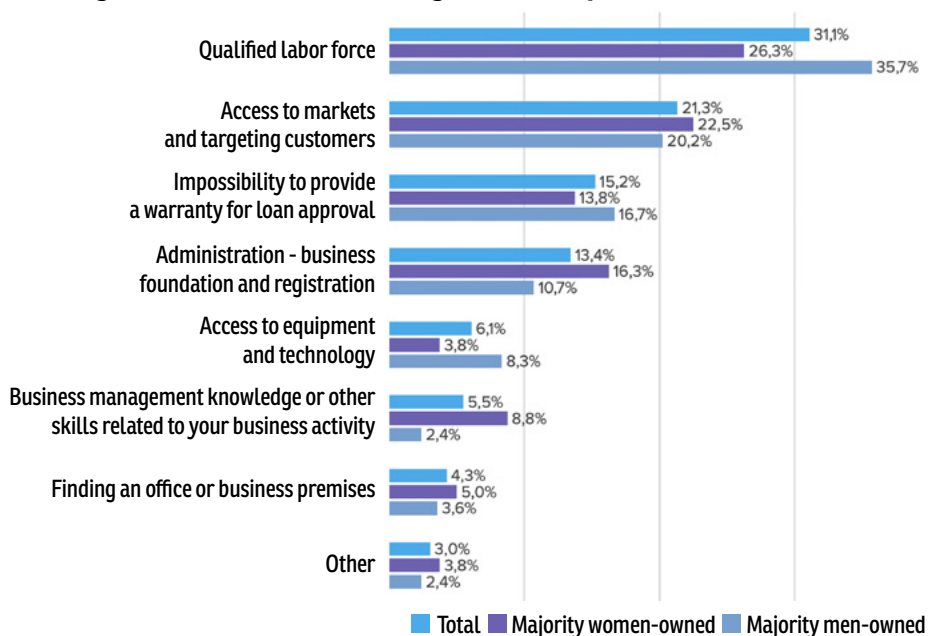
³³ RCC, Women's entrepreneurship in the Western Balkans: stocktaking on constraints and good practices, 2023.

ary 2020 – September 2021.³³ Supplementing these financial support, the Investment and Development Fund (hereinafter: IDF) organizes information sessions on starting a business (e.g. how to prepare a business plan, design an investment strategy, and register a business) and developing entrepreneurship skills and innovation strategies together with motivational trainings that aim to empower youth and women entrepreneurs in particular.³⁴

The procedure and administrative hurdles are considered as obstacle

for starting a business for 16,3% women owned businesses and that is the case for 13.8% men owned businesses. For men owned business, biggest obstacle when launching a business is finding employees (35.7% of the surveyed companies in the EBRD Business Assessment has singled out this, as opposed to 26.3% of women owned companies), while the women owned companies seem to face more challenges finding markets and buyers than men at the beginning of their business idea implementation.

Figure 6: Barriers when starting a business, per sex of the owner



Source: EBRD Business Assessment

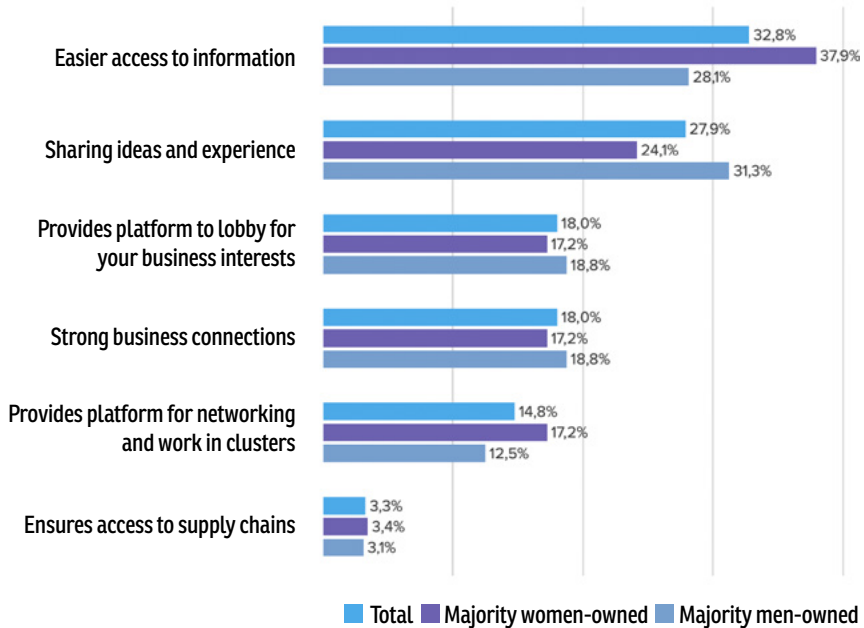
³⁴ IDF, Work Report for 2019, Investment and Development Fund, 2020. https://www.irfcg.me/images/documents/DokumentaDesniMeni/Dokumenta_2020/izvjestaji/Izvje%C5%A1ta-j_o_radu_2019.pdf.

To this end, it is of utmost importance to provide guidance for women entrepreneurs for procedures related to starting a business and for accessing markets and buyers. The Chamber of Commerce of Montenegro has a Council for Women entrepreneurship which can develop such service, as well as the two women business associations.

The EBRD Business Assessment has shown that women owned companies prefer receiving information through the business chambers and other business associations

and consider them an avenue for eased access to information (37,9% as opposed to 28,1% men owned companies). Strengthening these associations would improve access to women owned businesses to market information as the Business Assessment survey shows that one of the main reasons why they are members of such organizations is the networking opportunities they offer as well as the clustering approach (17,2% women owned companies as opposed to 12,5% men owned companies).

Figure 7:
Benefits from being member of a chamber/ business association



Source: EBRD Business Assessment

4.2. Taxes

The Law on Personal Income Tax³⁵, as well as the Rulebook on Flat-rate Taxation of Self-Employed Income³⁶ define the methods and forms of registration and operation of flat-rate taxpayers. A lump sum is an independent entrepreneur who pays income tax in equal monthly amounts, depending on the activity he performs. A flat-rate taxpayer can be any entrepreneur whose total turnover in the previous year did not exceed 18 000 euro or, if is starting business for the first time, whose planned turnover in the current year will not exceed 18 000 euro. Both women and men are treated equally in terms of taxation.

Based on the Strategy for Women entrepreneurship (Strategic Goal 1), there is room to consider creating more favourable taxation policies for women, meaning: building an environment favourable for the sustainable development of women entrepreneurship, i.e. within the Operational Goal 1.1: To improve the policy of women entrepreneurship in accordance with the needs of business development owned by women entrepreneurs, which states: "Within OG 1.1, in the coming period, special attention will be focused on the realization of state activities that should be focused on improving the overall regulatory framework, simplifying complicated administrative procedures and creating a more efficient

TAX POLICY AND GENDER EQUALITY

The OECD report Tax Policy and Gender Equality : A Stocktake of Country Approaches finds that gender equality is an important consideration in tax policy design, and that about half of the case study countries have already implemented specific tax reforms to improve gender equity, most commonly in the taxation of personal income.

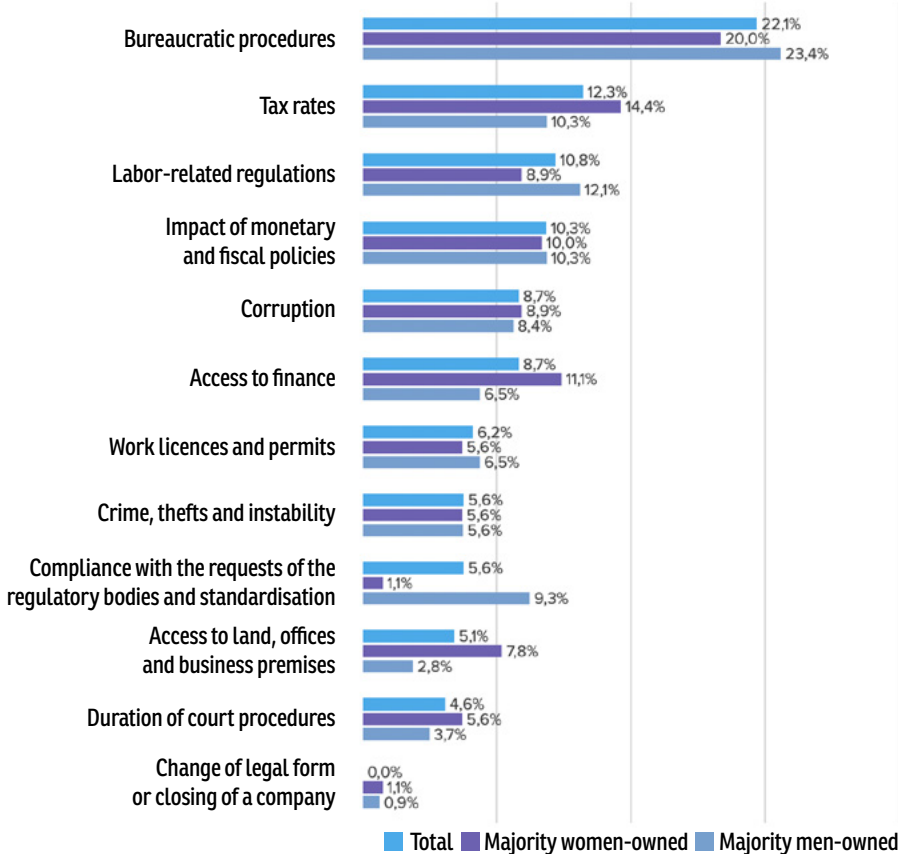
public sector as a basis for providing quality services to the economic sector, including women entrepreneurs. Reliable, predictable, clear and stimulating legal framework and conduct of public administration that provides services for men and women to do business ensuring transparent and simple performance of economic activity, is particularly important for women entrepreneurs. It is especially important to introduce tax breaks for women entrepreneurs in the first years of business."

The EBRD Business Assessment survey also depicts a gap between companies in women ownership with that in men's ownership in respect to the taxes. Namely, taxes are barrier to doing business for 14,4% of women owned companies as opposed to 10,3%.

³⁵ ("Official Gazette", no. 065/01, 012/02, 037/04, 029/05, 078/06 004/07, br. 086/09, 073/10, 040/11, 014/12, 006/13, 062/13, 060/14, 079/15, 083/16, 067/19, 059/21, 146/21, 152/22)

³⁶ ("Official Gazette", no. 003/05, 080/08, 018/12, 012/14, 018/14, 025/16, 008/22)

Figure 8: Barriers to doing business women / men owned companies



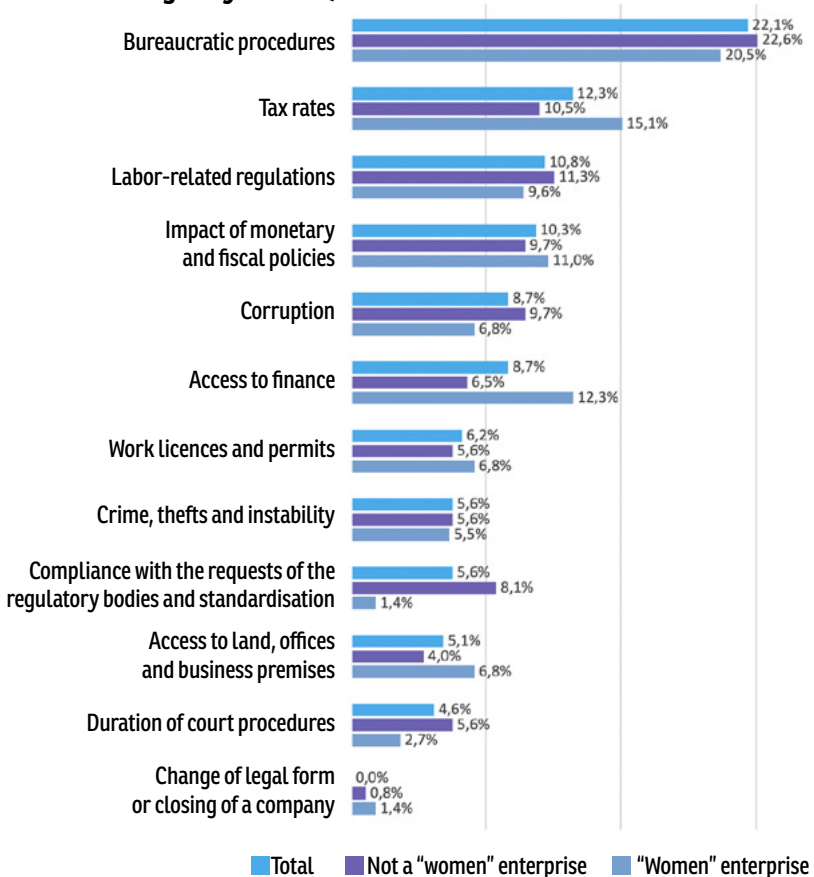
Source: EBRD Business Assessment

At the moment, it is difficult to design gender-based tax exemptions or incentives as sex-disaggregated data on earnings is not published regularly, and detailed sex disaggregated data on consumption is not gathered. Thus, access to gender-differentiated data for policy analysis need to be improved so that these can be used as basis for designing specific tax reforms that improve gender equity. In particular, it is worthwhile exploring gender bias in the taxation of capital

income and capital gains, notably in wealth and inheritance taxes, considering that the country has lowest rank in domain of money on the EIGE Gender Equality Index. In addition, the EU recommends that Montenegro equip its tax administration with the necessary IT systems, processes, and staff for the interoperability and interconnection of its IT systems in order to facilitate the interchange of digital taxation data with other EU Member States.³⁷

³⁷ EC, Progress Report Montenegro, 2022. https://neighbourhood-enlargement.ec.europa.eu/system/files/2016-12/ipa_2014_032022_1_me_tax.pdf

Figure 9: Barriers to doing business in women enterprises (owned and managed by women)



Source: EBRD Business Assessment

4.3. Access to finance

The SME Policy Index 2022 observes an improving score for Montenegro in terms of facilitating SMEs' access to financing (from 3.49 in 2019 to 3.63 in 2022)³⁸, owing in particular to strengthened banking regulation and the promotion of financial

literacy. However, as access to finance remains critical for economic growth and inclusive development, the availability and affordability of credit for all companies especially for the small that need to grow and upscale their business operations and invest to gain efficiency and productivity. The OECD SME Policy Index 2022 however depicts that

³⁸ OECD, "SME Policy Index: Western Balkans and Turkey 2022", 2022

availability and affordability typically strongly correlates with company size, meaning that the smaller the company, the more difficult it is to access funding.³⁹ Considering that the women owned companies are also mostly micro and small companies by structure this analogy will suggest that they would have bigger problems accessing financing.

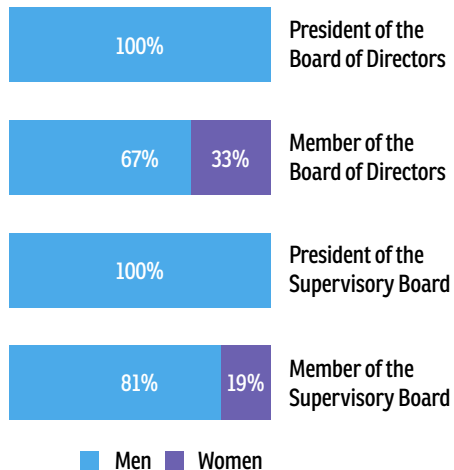
This is seconded by the EBRD Business Assessment which suggests that biggest gap between women owned and men owned companies is in the accessing finance. This is barrier for 12,3% of women companies (owned and managed by women) as opposed to 6,5% men owned and managed companies.

The business case for financing women owned/women led companies very much depends on the availability of data. In Montenegro, the Central Bank collects data on access to finance. Unfortunately, at the moment the International Monetary Fund (hereinafter: IMF) Access to Financial Data Survey does provide data on SMEs deposits and as borrowers at all, including sex disaggregated data on SMEs is not available. Opposite from other countries in the region, the IMF Access to Financial Data Survey does not have sex disaggregated data on individuals as borrowers as well. This means that the data gathering and keeping as well as reporting to

the Central Bank system needs to be upgraded to include sex disaggregated data so that gender analysis of the SMEs market can be conducted and determine if the women's companies are underserved sector.

Gender equality in financial system of Montenegro is also of a need of attention and support for improvement. Namely the financial system consists of financial institutions, financial market and financial infrastructure and is "bank-centric", but the management of the commercial banks is dominantly male except for the members of board of directors and supervisory board where we have some women represented but they are not at par with men.

Figure 10: Presidents and Board members of Commercial Banks, by sex

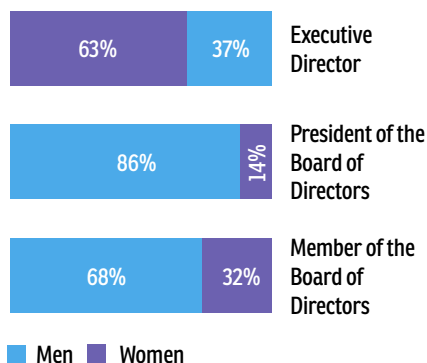


Source: BI Consulting, 2022

³⁹ Ibid

This is not the case with microfinance institutions where the participation of women in decision making is much better as observed from Figure 11. However, one should assess not just the organization, but also the offering of financial products and the governance of all financial institutions, both commercial banks and microfinance institutions, as participation in management does not always provide for gender mainstreaming of their operations.

Figure 11: Executive Directors and Board members microfinance institutions, by sex



Source: BI Consulting, 2022

In Montenegro, the IDF continues to play a crucial role in providing subsidized access to finance for women in business within special lines:

- Program for the improvement of female entrepreneurship⁴⁰
- Micro loans to support women in business.⁴¹

However, RCC study⁴² reports that the funding schemes approval process takes long time, sometimes over 6 months, which is unacceptable for seasonal work in tourism and agriculture; and the requirement for collateral limits the accessibility considering that small number of women own land and assets that can be used as collateral.

To this end, the plans to establish a state Credit Guarantee Fund to help alleviate continued high-level risk perceptions by lenders, especially with regard to smaller enterprises, triggered by a lack of reliable sources to assess their creditworthiness⁴³, are very relevant. However, it should be explored that window for women's enterprises and youth led enterprises is open in the Credit Guarantee Fund as is the case with the similar institution in neighbouring Kosovo.

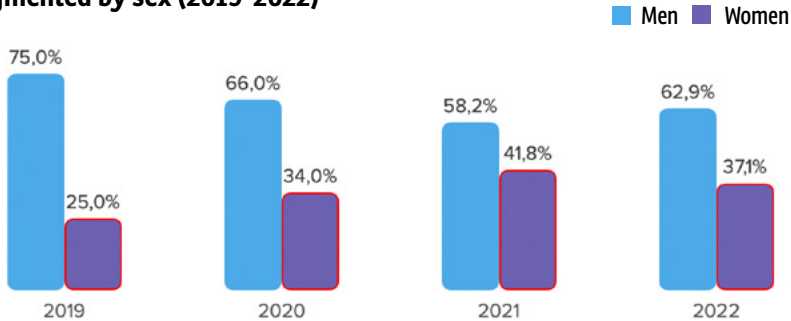
⁴⁰ <https://www.irfcg.me/me/2015-01-13-12-14-58/program-unaprijedenja-zenskog-pre-duzetnistva.html>

⁴¹ <https://www.irfcg.me/me/2015-01-13-12-14-58/mikrokrediti-za-podrsku-zenama-u-biznisu.html>

⁴² RCC, Women's entrepreneurship in the Western Balkans: stocktaking on constraints and good practices, 2023

⁴³ OECD, "SME Policy Index: Western Balkans and Turkey 2022", 2022

Figure 12: Share of women and men in the total approved applications segmented by sex (2019-2022)



Source: SCC visualization on the data base of Ministry of Economic Development and Tourism

The Program for Improving Competitiveness of the Economy of the Ministry of Economic Development and Tourism is next most comprehensive financial and non-financial support provided to MSMEs. Considering that the criteria is gender responsive, the program allows for better access to finances of Women SMEs for investments, digital transformation of their business, to transit from linear to circular economy model, to introduce international business standards, strengthen internationalization, as well as support beginners in business.

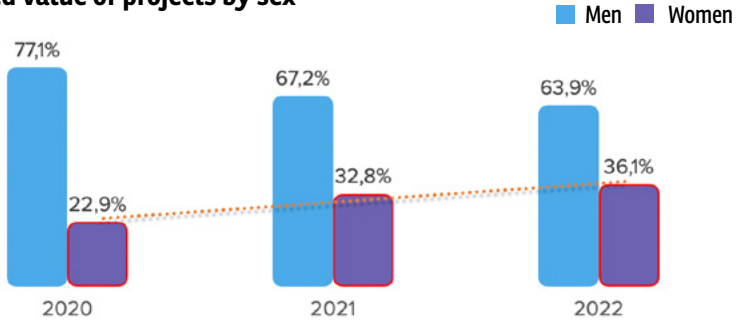
The SCC gender analysis of the realization of the Competitiveness Program shows that the support for companies that are majority owned by women is growing, as in 2019, of the total number of approved applications, 25% were women, and the percentage grew over the next two years, to 34% in 2020 and reached 42% in 2021, while in 2022 it was 37%. This means that gender-tar-

geted measures for female entrepreneurship enable better access to finance.

Also, throughout the years the scope of support for women-owned businesses is growing. Namely, in 2020 women achieved a share of 23% in the total approved funds from the Program for Improving the Competitiveness of the Economy and already in 2021, that percentage increased and they achieved a share of 33% of the total approved funds from the Program for 2021. In 2022, a renewed increase in the share of the total approved funds was evident and it amounted to 36%.

Still, the Secretariat to the Competitiveness Council observed a trend in the period 2019-2021, where women owned companies apply for non-financial support in greater numbers (71% of the group of approved applications) than men owned companies, but following a recommenda-

Figure 13: Share of women and men owned /led companies in the total approved value of projects by sex



Source: SCC visualization on the data base of Ministry of Economic Development and Tourism

tion provided to the Working group on Women Economic Empowerment this trend dropped to 45% in 2022.

Another trend observed was that the women apply for less funds than men, but also reverting of this trend is happening in the last two years. In 2020, 23% of the total approved funds were allocated to companies owned by women. In 2021, that trend increases to 33%, while in 2022, that percentage was 36%. The Competitiveness Program shows that when gender specific approach is applied there are results. In 2022, 131 applications were accepted for the offered types of support, which is an increase of 56% compared to 2021, and the value of the allocated financial support in 2022 increased for 98% compares to 2021.

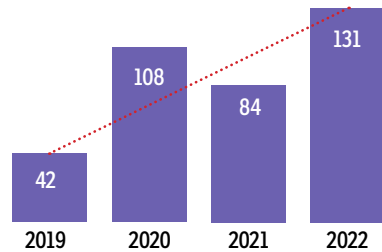
Another source of funding specifically designed for women entrepre-

Source:

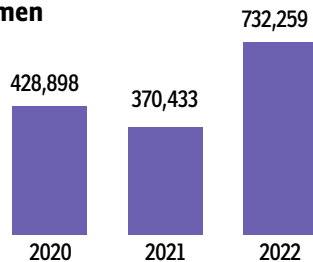
SCC visualization on the data base of Ministry of Economic Development and Tourism

Figure 14: Number of applications and support value to women owned businesses (2020-2022)

Number of accepted application forms to support companies dominantly owned by women



Amount of financial support for companies dominantly owned by women



neurs is the grant scheme provided by 12 municipalities that allocated 291,000.00 euro that was used for support of 131 businesses in value of 270,832.00 euro.⁴⁴

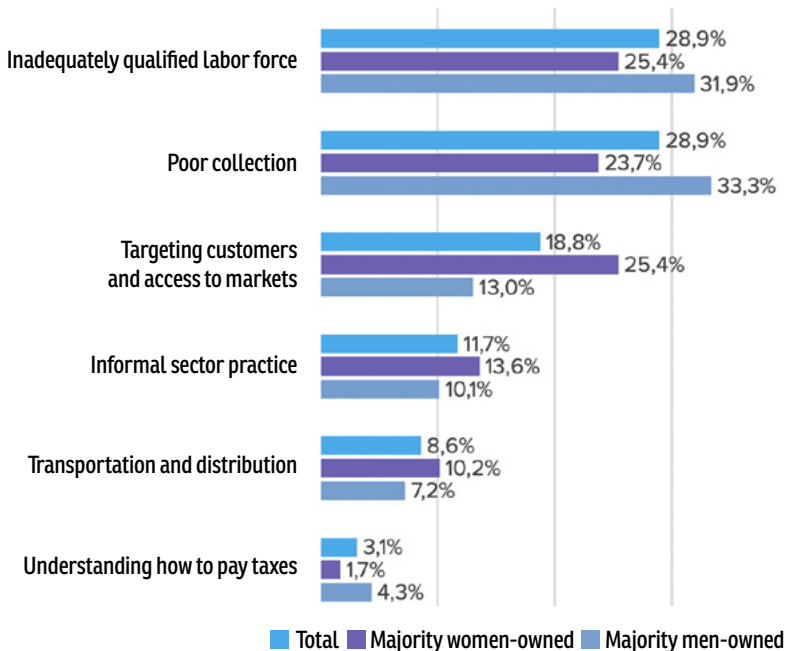
Other financing options such as venture capital, psychometric tests, cash flow-based lending, and digital footprints and securing loans with other than collateral (e.g., invoice financing, revenue-based financing, capital leasing, asset-based finance, digital collateral that uses lockout technology, micro-equity, and mutuality), as well as other alternative financing options remain limited. Since traditional financing institu-

tions continue to require heavy collateral and credit histories, microfinance remains most attractive for women entrepreneurs. The OECD SME Policy Index evaluates that microfinance including has somewhat increased in recent years, but take-up of leasing and factoring, despite legal reforms, remains subdued.⁴⁵

4.4. Access to markets

Montenegro has made significant progress in opening its economy to international trade and has implemented various reforms to attract foreign investment. The country is

Figure 15: Barriers to doing business per sex of the owner



⁴⁴ Ibid

⁴⁵ Ibid

Source: EBRD Business Assessment

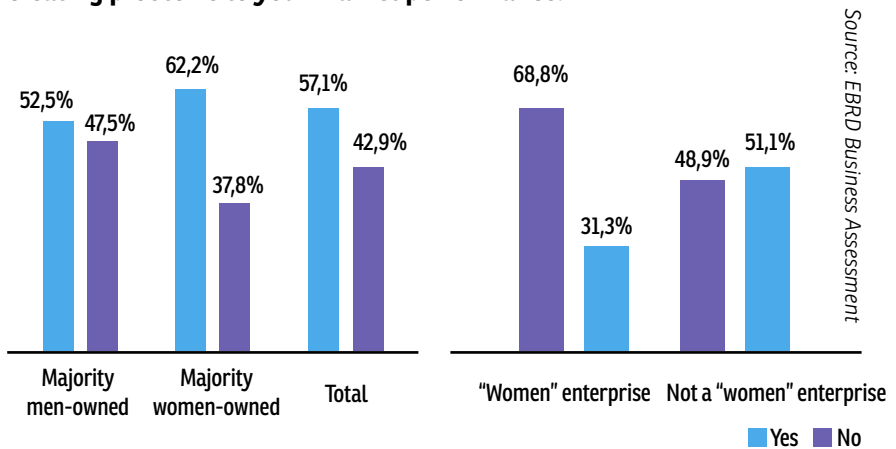
a member of the World Trade Organization (WTO) and has free trade agreements (FTAs) with several countries, including the European Free Trade Association (EFTA) and the Central European Free Trade Agreement (CEFTA). These agreements provide duty-free access to certain goods and services.

The EBRD Business Assessment Survey has detected that although the country is very much prepared for convergence the women owned/led companies face more challenges in accessing markets and finding buyers (25,4% as opposed to 13% men owned companies). Furthermore, over half (57.1%) of the companies stated that their business depends on parts or materials that are part of global supply chains and that the crises in Ukraine and the Covid 19 crises prior to that disrupted the supply

chains and created certain difficulties for their market performance. This percentage is higher among companies owned by women (62.2%) than among those owned by men (52.5%). It is also higher in the businesses that are owned and managed by women that we call "women's" businesses (68.8% compared to 48.9% in non-"women's").

However, progress is observed regarding data collection on SMEs' participation in public procurement, which is expected to be expanded following the establishment of an e-procurement system. The Directorate for Public Procurement Policies in Ministry of Finance can also sex disaggregate the data by owner and manager of the companies that are registered in their data base. At the same time, change in the Law on Public Procurement regulating gender perspective in procurement

Figure 16: Is your business dependent on global supply chain and is that creating problems to your market performance?



process came into force in January 2023, but operationalization is lacking. In the same time data on SME greening, is lacking and could be further improved.

The EBRD Business Assessment Survey detected that more than half of the surveyed - 57.1% have participated in public procurement, but among the companies that are majority owned by women, this percentage is lower and amounts to 51.4%. The companies that are owned and managed by a woman - "women's" companies also have lower participation rates in public procurement than companies that are owned and managed by men (46.9%)

The operationalization of the gender perspective in public procurement is expected to provide better access to the public procurement as a market for women owned/led companies in Montenegro.

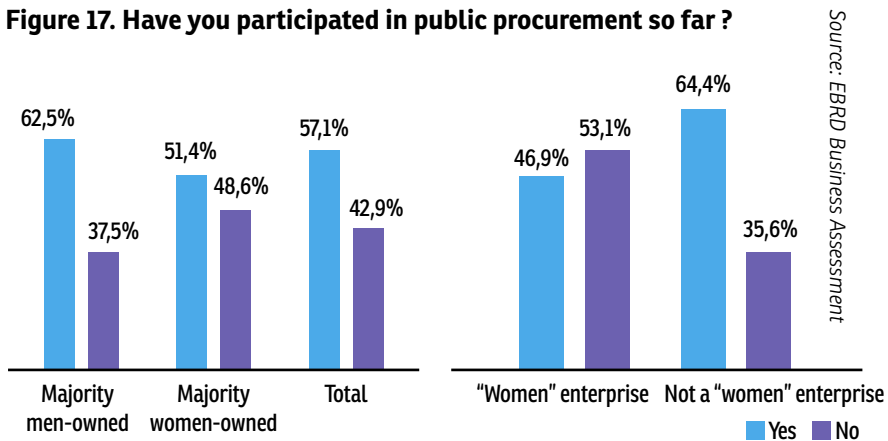
The Institute for Standardization of Montenegro is responsible for

developing and promoting national standards. The Institute has adopted a number of international standards, including ISO 9001 (quality management), ISO 14001 (environmental management), and ISO 27001 (information security management). It has also translated IWA 34 on women entrepreneurship in Montenegrin standardization system. The recognition of the definition by different sources of funding, institutions or markets will have a great impact on women economic empowerment.

4.5. Financial literacy and inclusion

Montenegro participated in a regional financial literacy assessment, conducted in line with the OECD methodology. The report⁴⁶ shows that the financial literacy score, which measures basic financial skills, behaviours, and attitudes of individuals on average is only

Figure 17. Have you participated in public procurement so far ?



12.7 out of a maximum of 21, representing less than 61% of the total score globally. This indicates a basic level of understanding of financial concepts and the application of prudent financial practices around the world. The average score across participating OECD member countries was slightly higher at 13.0, or 62% of the maximum. Hong Kong, China achieved the highest score of 14.8 (71% of the maximum), while Italy had the lowest score of 11.1 (53% of the maximum). The majority of economies (15) scored between 12 and 14. Results of the OECD survey on the financial literacy of adults in Southeast Europe shows that overall levels of financial literacy vary in individual countries, and the average result achieved for the region (i.e. seven countries participating in the technical assistance project) is 57%. This is lower than the global results of the survey. Montenegro scored with an average score of 55%, took sixth place in the group of seven countries from South East Europe⁴⁶. Subsequently, the Government established a National Committee for Financial Education Development, and the Central Bank in Cooperation with the Government adopted a National program for financial education.⁴⁸

Considering that financial inclusion is becoming the main priority in developing countries, increasing financial inclusion of individuals plays an important role in reduction of poverty and achieving inclusive economic growth.⁴⁹ Greater access to financial services for both individuals and firms may help reduce income inequality and accelerate economic growth. Using data from the World Bank's Global Findex database, the study finds that financial inclusion levels in the Western Balkans are similar across several indicators, including the percentage of the population with a formal account, savings at financial institutions, and borrowing from financial institutions. The research also reveals that while financial inclusion in the Western Balkans is slightly higher than in other developing regions. But the countries of the region still lack national financial inclusion strategies to reach the levels seen in more developed nations.

Montenegro has been part of the Global Findex data base in 2014 and 2017, but in the last cycle of research in 2021 did not participate thus comparative data are not available.

⁴⁶ Measuring Financial Inclusion in Western Balkan Countries – A Comparative Survey - (PDF) Measuring Financial Inclusion in Western Balkan Countries – A Comparative Survey

⁴⁷ OECD/INFE 2020 International Survey of Adult Financial Literacy <https://www.oecd.org/financial/education/launchoftheoecdinfeGLOBALfinancialliteracysurveyreport.htm>

⁴⁸ National program for development of financial education development 2023-2027 https://www.cbcbg.me/slike_i_fajlovi/fajlovi/fajlovi_o_nama/drustvena_odgovornost/finansijska_educacija/program_razvoja_finansijske_educacije_2023-2027.pdf

⁴⁹ Measuring Financial Inclusion in Western Balkan Countries – A Comparative Survey - (PDF) Measuring Financial Inclusion in Western Balkan Countries – A Comparative Survey

Conclusions and recommendations

Women and men have different roles and thus different needs. When women start a business, they face different challenges compared to men in the same situation because of structural factors that put women in a more disadvantaged situation. For example, the lack of ownership which affects their access to finance, horizontal and vertical segregation of the labour market, which corners women in particular sectors of the economy (i.e. trade and services), stereotypes preventing women from taking managing roles in companies, lower expectations to be bread winners which affects the payment levels, expectations to take care of children and the household which leaves them with less time to do business and etc. The legal regime in Montenegro is treating women and men equally. This means that the legal framework does not recognize the specific factors from above that put women in a more disadvantaged situation when doing business than men.

Therefore, the Secretariat to the Competitiveness Council developed this Roadmap for Gender Responsive Investment Climate to provide analysis of the factors that influence on investment climate from a gender perspective and serve as

a guideline for further gender responsive reforms of investment climate in Montenegro. This is in line with the mission of the Secretariat which is to promote public-private dialogue, open competitiveness and the creation of preconditions for enabling business environment in Montenegro and equal opportunities for all members of society. In this direction the Roadmap for Gender Responsive Investment Climate is in synched with the gender mission of SCC focusing on activities that have an impact on increased parity between women and men in business.

Why is this needed? Because, one quarter are self-employed, of which only 20% are self-employed women. Women are only one third of the total registered sole proprietors or entrepreneurs and the share of women owning micro, small, medium sized enterprises in Montenegro is also smaller than that of men. So, efforts for establishing parity between women and men in business is needed. Sectoral segregation is also observed for where women owned and men owned companies conduct economic activities. For example, women in Montenegro typically start businesses in the service sector: trade, crafts, intellectual

services, etc.

Montenegro has a specific policy document that is directed towards development of Women Entrepreneurship – a Strategy for the Development of Women's Entrepreneurship of Montenegro 2021 – 2024. The policies and regulations for women economic empowerment are significantly being improved, but business infrastructure that encourages the development of women's entrepreneurship in accordance with the needs of the development of businesses owned by female entrepreneurs is still lacking.

Engendering the Montenegro's investment policy

The investment policy of Montenegro is elaborate, based on attraction of foreign direct investments using different tools. However, the governing regulations and programs that facilitate the investments do not include gender equality objectives, use gender responsive criteria or require for the incentive supported companies to have gender equality commitments. The Investment Agency of Montenegro should consider more strategically women's participation in the development of investment policy and in management of the investment attraction, promotion and protection. What is more, the investment pol-

icy of Montenegro should promote gender inclusive linkages of the investing companies with the local economy, and specifically develop linkages between investors and the women owned/led companies from the domestic economy.

Improving sex disaggregated data gathering and analysis

The registration of companies is not entirely digitalized and online, sex disaggregated data is available only for the newly registered companies, and thus gender analysis of trends in women entrepreneurship cannot be done. It is therefore recommended to update the register when the annual financial statement is submitted for all companies.

At the same time, sex-disaggregated data on earnings is not published regularly, and detailed sex disaggregated data on consumption is not gathered which makes it difficult to design gender-based tax exemptions or incentives. Thus, access to gender-differentiated data for policy analysis need to be improved so that these can be used as basis for designing specific tax reforms that improve gender equity.

Finally, the IMF Access to Financial Data Survey does not provide sex

disaggregated data on individuals or SMEs deposits and loans. This suggests that the Central Bank of Montenegro as regulator does not require sex disaggregated data. As this is the main body that collects data on access to finance gender analysis to develop business case for improved access to finance of women in business is impossible to be made in Montenegro. Therefore, data gathering and keeping as well as reporting to the Central Bank system needs to be upgraded to include sex disaggregated data so that gender analysis of the SMEs market can be conducted and determine if the women's companies are underserved sector.

offered by the municipalities, while gender criteria are used in the Competitiveness Program implemented by the Ministry of Economic Development and Tourism and the Agency for Employment. Hence, the capacity and awareness for developing gender responsive financial products are further needed. Considering that the EU has introduced an ESG requirement for all companies that export to their market, improving gender equality in governance of the companies and the standards and criteria the financial sector is using will be needed in the coming period extensively. That will also impact on better access to new markets of Montenegrin companies.

Gender diversity in financial sector



The Montenegrin financial system is "bank-centric", but the organization of the sector is male dominated as the management of the commercial banks is dominantly male except for the members of board of directors and supervisory board where we have some women represented. To this end improvement of participation of women in management positions in financial sector is recommended. There is no systematic inclusion of gender perspective in offering of the financial sector. The products of the IDF are gender specific, the EBRD Women in business program and the financial support



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