

CASE STUDY: CLUSTERS IN THE YEAR OF ELECTION

I: INTRODUCTION:

In 2016, the year of election, the Government of Montenegro expanded its support to the implementation of the Program for Cluster Development,¹ so the state aid that essentially provides new jobs, the first time could be awarded NGOs and not only to companies.

Public invitation and the decision to grant assistance to clusters were implemented immediately prior to the announcement of the parliamentary elections in Montenegro,² so that the first payments were made during the election period.

The first time that Government of Montenegro launched the award programs for clusters in was in September 2012, on the eve of the parliamentary elections that year.³ What is particularly significant is the fact that the clusters are allocated subsidies for agriculture as well, although the Law on State Aid Control does not apply to agriculture.

II: MORE FAVORABLE CONDITIONS FOR STATE AID IN 2016:

Available funds for the implementation of the program of cluster development in 2016 amounted to €50,000,⁴ which is just as much as in 2014⁵ and 2015.⁶ However, the conditions for participation in the program in the election year 2016 are much more favorable than in the previous years.

The right to participate, along with entrepreneurs and small and medium-sized businesses, was granted for the first time to non-governmental organizations,⁷ although the Law on State Aid Control⁸ and the Law on Regional Development⁹ had not provided any allocation of state aid to non-governmental organizations.

In addition, in the period from 2012 to 2015, the Ministry of Economy, as the institution in charge of distribution of state aid through the clusters, authorized the aid in the areas of agricultural production and processing, wood processing and other manufacturing activities. However, in 2016, the government added tourism and hospitality in the list of priorities for the development of clusters.

¹ Strategy for Sustainable Economic Growth in Montenegro through the Introduction of Clusters defines a cluster as a sectoral and geographical concentration of companies and/or individual producers who produce a distinctive range of goods or services and are face similar threats and opportunities,

<http://www.mek.gov.me/organizacija/razvoj/strategija>

² Parliamentary elections in Montenegro were called on 11 July 2016 and held on 16 October 2016.

³ Parliamentary elections were held on 14 October 2012.

⁴ Law on 2016 Budget of Montenegro („Official Gazette“ 79/2015),

<http://www.sluzbenilist.me/SluzbeniListDetalji.aspx?tag={4F875A5B-930D-4BB6-AD4C-CAEA54D13D32}>

⁵ Law on 2014 Budget of Montenegro („Official Gazette“ 61/2013),

<http://www.sluzbenilist.me/SluzbeniListDetalji.aspx?tag={522FD425-4C04-40BE-B68A-12ACBD5CAE37}>

⁶ Law on 2015 Budget of Montenegro („Official Gazette“ 59/2014),

<http://www.sluzbenilist.me/SluzbeniListDetalji.aspx?tag={49A10502-B5BF-4697-80F3-9FDDFF8D42DD1}>

⁷ Incentive Program for Cluster Development in Montenegro for 2016, March 2016,

<http://www.mek.gov.me/vijesti/160391/Javni-poziv-za-ucesce-u-Programu-podsticanja-razvoja-klastera-u-Crnoj-Gori-za-2016-godinu.html>

⁸ Law on State Aid Control, Official Gazette of Montenegro 74/09 and 57/11; link:

http://www.kkdp.gov.me/biblioteka/nacionalni_zakonodavni_okvir

⁹ Law on Regional Development of Montenegro, Official Gazette of Montenegro 20/11, 26/11 and 20/15.

Furthermore, in the election year, it was necessary for the authorized person of a cluster to submit a written declaration that the cluster was not in difficulty in accordance with the rules governing the state aid, and that the authorized person was not convicted of a criminal offense prosecuted ex officio. In previous years, a company was obliged to submit evidence that there had been no losses in the previous financial year, while the evidence of a possible conviction for a criminal offense of the authorized person had had to be issued by the competent authority.

Program of cluster development 2012-2015	Program of cluster development 2016
Clusters of entrepreneurs, micro, small and medium-sized enterprises can participate in the program	Clusters of entrepreneurs, micro, small and medium-sized enterprises, organized as a company or a non-governmental organization, can participate in the program
Companies must not have business losses in the last financial year	Written statement of the authorized person in the cluster that the cluster is not in difficulty in accordance with the state aid rules
Priority areas: agricultural production and processing, wood processing and other manufacturing activities	Priority areas: agricultural production and processing, wood processing and other manufacturing activities, tourism and hospitality
Confirmation of the Commercial Court that the persons in the cluster have not been convicted of a criminal offense committed while performing professional activities	Written statement of the authorized person in the cluster that the person has not been convicted of a criminal offense prosecuted ex officio
State aid is granted for the purchase of production equipment	State aid is granted for the cost of investments in material and immaterial property and operating costs

Table 1: Difference between cluster development programs of 2016 and earlier years

III: FIRST PUBLIC CALL IN 2016:

In early 2016, the Ministry of Economy issued a public call for registration of clusters,¹⁰ to which, a total of 16 clusters, with the main activities in the fields of wood processing, food production and tourism responded by mid-March 2016. The ministry informed the other potential clusters that the possibility of registration was still open.¹¹

In late April 2016, the first public call for participation in the incentive program cluster development for that year¹² was published. It was valid for 30 days and the application deadline was until 26 May of the same year. The value of subsidies for approved projects amounted to a maximum of €10,000 per project.

By scheduling the public call for the period when the announcement of parliamentary elections was expected, it was enabled that the first payments were made in the election

¹⁰ Information from the website of the Ministry of Economy dated 18 January 2016;

<http://www.mek.gov.me/vijesti/156808/Javni-poziv-za-evidentiranje-klastera-u-Crnoj-Gori.html>

¹¹ Information from the website of the Ministry of Economy dated 21 February 2016;

<http://www.mek.gov.me/vijesti/157955/Saopstenje-U-Crnoj-Gori-evidentirano-15-klastera.html>

¹² Public call for participation in the Incentive Program for Cluster Development in Montenegro for 2016, 25 April 2016; <http://www.mek.gov.me/vijesti/160391/Javni-poziv-za-ucescu-u-Programu-podsticanja-razvoja-klastera-u-Crnoj-Gori-za-2016-godinu.html>

period: Thus, the data from the statements of account of the Ministry of Economy¹³ show that six clusters received a total of €11,700 on 28 July 2016, which is during the election campaign.

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¹³ Link: <http://www.mek.gov.me/biblioteka/dokument?pagerIndex=3>