



ISSP & CARA Report
October 1, 2002 – September 30, 2003

Prepared by:

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Center for Applied Research and Analysis (CARA)

Staff:

1. Vukotic Veselin, President
2. Ivanovic Petar, CEO
3. Ivana Nikac, Office manager
4. Boro Miranovic, Internal Auditor
5. Angela Kalezic, Accountant
6. Vladimir Kavacic, Program Director
7. Ana Buskovic, Research Manager, Statistician
8. Jelena Pavicevic, Researcher
9. Gordana Radojevic, Analyst
10. Boris Buskovic, Data and Publishing Manager
11. Vladimir Jacimovic, Data Base Manager

KRA Teams for CARA:

Program Development and Support

- ❑ Vladimir Kavacic, Team Leader
- ❑ Dragana Radevic, CEED
- ❑ Darko Konjevic, Montenegro Business Alliance
- ❑ Vladimir Jacimovic Ph.D.
- ❑ Misko Djuranovic, Faculty of Economics

Information resources and MONET support

- ❑ Boris Buskovic, Team Leader
- ❑ Ana Popovic, Ministry of Finance
- ❑ Ranko Raicevic, IS Elektroprivreda
- ❑ Dragana Ostojic, Central Bank
- ❑ Jadranka Kaludjerovic, ISSP
- ❑ Mico Djukanovic, IS Elektroprivreda

Research and Analysis

- ❑ Ana Buskovic, Team Leader
- ❑ Miroslav Prokopijevic, Faculty of Economics, Belgrade, advisor
- ❑ Gordana Radojevic, CARA
- ❑ Marina Radevic, CEED
- ❑ Zarko Vucinic, Ministry of Agriculture
- ❑ Nina Labovic, ISSP
- ❑ Danijela Grba, Central Bank
- ❑ Goranka Lazovic, Ministry of Tourism

CARA SUMMARY OF RESULTS ACHIEVED

I INSTITUTIONAL BUILDING

- The weekly staff meetings, weekly meetings of program managers of CARA, ISSP and CEED, and biweekly meetings with Veselin Vukotic, President and Petar Ivanovic, CEO were regularly held during the whole year. The internal communication and communication with other units of ERN was improved and become more regular. In addition activities on reporting, planning and control were standardized and were conducted on the regular basis.
- ISSP, CARA and CEED managers developed a system for improvement of communication among organizations and standardizations of project monitoring in purpose of more efficient use of resources on ERN level. Monthly chart and calendar of all projects, publications and media events were designed and will be used as one of the tools in communication.
- CARA staff participated on 19 seminars, conferences and roundtables. Four of these were organized abroad while seven events had international character. Among them very important and useful seminars were two one-day seminars, organized in Brussels and conference: "Dialog about future in West Balkan region", organized by leading German think- thank for East - European issues. First seminar was "Is Socialism Dead". That was related with (non) existing future of socialism in Europe. Second seminar was "How to Grow a Think Thank", related with organizational issues of think- thanks. Both seminars were organized by Stockholm Network (a working group of European market oriented think tanks). These two seminars were of the great importance, because many new contacts and connection were established.
- Result of this communication is CARA's membership at the Davidson Data Center and Network. The Davidson Data Center and Network (DDCN) is currently in the process of establishing a web-based data archive (locator and repository) on transition and emerging market economies.
- The CARA become member of the Freedom to Trade Network established and organized by International Policy Network.
- The improvement was made in the involvement of the CARA staff in different projects. As a result of all CARA activities and different attended events they significantly improved their research and economic knowledge.

II RESEARCH

- Trade sector analysis – finalized
- Agriculture sector analyses finalized. Roundtable "Sectorial analysis of agriculture" was held on July 27th.
- Tourism sector analysis finalized
- Banking sector analysis, first draft finalized
- Project Influence of the Protection measurements on production, prices and budget in Montenegro, for Food Security Program and Ministry of Agriculture, was finalized.
- The second draft of project Measurement of Economic Freedom in Montenegro, with incorporated some of external comments and suggestions, was finalized.
- Project Business Rating – Montenegro finalized in cooperation with CEED.

- Feasibility study “Brick factory in Spuz” was finished in cooperation with CEED.
- Project “Indicators for the Monitoring of Educational System in Primary Schools in Montenegro”, both phases, are finalized in cooperation with ISSP.
- Project “Gender Inequality” is completed in cooperation with CEED.
- Project Growth and development of Dynamic Small and Medium Sized Companies in Montenegro was finalized in cooperation with CEED.
- Project Business statistics, 1999, 2000 and 2001 was finalized in cooperation with CARA.
- Project Economic Policy for Montenegro for 2003. for the Central bank of Montenegro was finalized in cooperation with ISSP.
- Four issues of MBO, Montenegro Business Outlook, were finalized in cooperation with CEED.
- Agricultural sector analysis- Wine production in Montenegro –finalized
- Household Survey 5 was finalized in cooperation with ISSP.
- Household Survey 6 was finalized in cooperation with ISSP.
- Household Survey 7 was finalized in cooperation with ISSP.
- Household Survey 8 was finalized in cooperation with ISSP.
- Country Report for Montenegro was finalized in cooperation with CEED

III DATA BASE ESTABLISHMENT, MAINTENANCE AND DEVELOPMENT

- Databases were developed and updated regularly.
- Improvements for certain databases such as: pensions, budget, labor market etc. were made
- Database of all projects done by all members of ERN was created and updated regularly.

IV MONET

- CARA’s services in providing support for MONET remain the same as last year: lay out, design of tables and graphs, preparation of data and all kind of publishing support, as well as updating website.
- MONET 12, MONET 13 and MONET 14 were finalized during this year.
- Contact lists by sectors and institutions were regularly updated.
- New design for ISSP web site was made and web site was updated regularly.

V PUBLISHING, NEWSLETTER AND PROMOTION

- CARA’s services in providing support for HHS were preparation of layout. During this year layout for HHS 5, HHS 6, HHS7 and HHS 8 was finalized. In addition layout for the new HHS questionnaire was designed.
- Layout and design for the working paper “Pension reform” was completed.
- Layout for publication “Business statistics-2002” was finalized.
- Layout for publication “Living Standards and Poverty in Montenegro 2002” was finished.
- Layout for Country report for Montenegro was finished.
- Layout for the book System of National Accounts was finished.
- Layout for the materials and speeches from the ISSP Conference “Macroeconomic policies for viable microstates” started.

- More than 30 appearances on TV stations, in newspapers and in radio programs were realized by CARA staff. The statements were about different economic issues in Montenegro and activities of different institutions of ERN.



Staff:

1. Vukotic Veselin, President
2. Ivanovic Petar, CEO
3. Ivana Nikac, Office manager
4. Boro Miranovic, Internal Auditor
5. Angela Kalezic, Accountant
6. Kaludjerovic Jadranka, Program director
7. Danilo Sukovic, Senior Analyst
8. Maja Bacovic, Econometrician
9. Nina Labovic, Analyst
10. Milorad Katnic, Analyst
11. Ana (Delibasic) Krsmanovic, Senior Analyst
12. Tijana (Lekovic) Stankovic, Analyst
13. Maja Drakic, Research manager
14. Milica Vukotic, Researcher
15. Vesna Tomovic, Researcher
16. Jelena Jokanovic, Researcher
17. Vesna Tomovic, reseracher
18. Jelena Musikic, Researcher

KRA Teams for ISSP:

Pensions

- Tijana Lekovic, ISSP
- Ana Delibasic (added mid-Sept.'02)
- Djorjdje Kustudic, Secretariat for Labor and Social Affairs
- Ana Vlahovic, Pension Fund
- David Snelbecker, TSG
- Veselin Vukotic, Privatization Council / ISSP
- Petar Ivanovic, ISSP

Statistics

- Maja Bacovic, ISSP
- Predrag Boskovic, Economic Faculty, University of Montenegro
- Dragana Ostojic, Central Bank of Montenegro
- Mirjana Djuranovic, Statistical Office of Montenegro
- Ana Buskovic, CARA

Trade

- Petar Ivanovic, ISSP
- Mila Bajraktarevic, Ministry of Trade
- Slobodan Radovic Kruso, Montenegro Business Aliance / Private sector

- ❑ Vesna Vojinovic, Ministry of Trade
- ❑ Vladimir Kavacic, CARA
- ❑ Kadrija Kurpejovic, Ministry of Trade
- ❑ Kristina Dzudovic, Ministry of Trade

Energy and Regulation

- ❑ Milorad Katnic, ISSP (added mid-Sept '02)
- ❑ Boris Buskovic, CARA/Electric Power Company of Montenegro
- ❑ Danilo Sukovic, IDN Beograd
- ❑ Jelena Jokanovic, ISSP
- ❑ Dordjo Milic, Electric Power Company of Montenegro
- ❑ Slobodan Dakovic, Regulatory Agency
- ❑ Dlabac, Private sector
- ❑ Veselin Vukotic, ISSP
- ❑ Petar Ivanovic, ISSP

Capital Markets (on hold for now)

- ❑ Veselin Vukotic, ISSP/Privatization Council
- ❑ Zoran Djikanovic, Securities Commission
- ❑ Maja Drakic, ISSP
- ❑ Zeljko Brkovic, Central Bank of Montenegro
- ❑ Igor Kralj, Operational Group
- ❑ Drasko Veselinovic, Director of Ljubljana Stock Exchange, consulting group
- ❑ Miomir Mrak, Economic Faculty of Ljubljana

KRA Team for Preparing New Constitution and Negotiation with Serbia/ FRY

- ❑ Veselin Vukotic, ISSP
- ❑ Petar Ivanovic, ISSP
- ❑ Misko Ivanisevic, Minister of Finance
- ❑ Ljubisa Krgovic, Central Bank of Montenegro
- ❑ Slavica Milacic, Ministry of Foreign Affairs

ISSP SUMMARY OF RESULTS ACHIEVED

I INSTITUTIONAL DEVELOPMENT

- Internal communication improved. The weekly staff meetings, weekly meetings of program managers of CARA, ISSP and CEED, and biweekly meetings with Veselin Vukotic, President and Petar Ivanovic, CEO were regularly held during the whole year. The internal communication and communication with other units of ERN was improved and become more regular. In addition activities on reporting, planning and control were standardized and were conducted on the regular basis.
- The communication between ERN members was improved; tools for internal communication were designed jointly by ISSP, CARA and CEED managers and publications and communication team.
- The library was updated. Most of the new books came from Chesapeake Associates. Some of the books are from the British Council and certain number of books is purchased. The library now has more than 1100 books and publications.
- ISSP staff attended ten different events including seminars, conferences and training programs.
- During the year, December 2002-September 2003, Przemislav Wozniak, expert from Poland, CASE Institute has been working at the ISSP on MONET project. He had training and learn by doing daily consultations with MONET team.
- Adrian Rouse, worked at ISSP as Senior Adviser, for six months.
- Contacts were made with 8 subscription agents. These agencies will deliver ISSP publications to the wide audience.
- Initial contacts regarding different projects were made with 7 different institutions. The project proposals were submitted to all these institutions. First phase with Freedom House was realized.
- Cooperation with economic institutes from abroad established or strengthened: Balkan Network, Vienna Institute, ICER, Economic Faculty from Torino-Italy, Economic Institute Zagreb, etc.
- KRA teams established have been active during the year and maintained different activities.
- Visibility of ISSP increased.

II KRA TEAMS

Pension reform

- 15 meetings of KRA Pension reform were organized in order to work on Pension System Law.
- Pension System Law finalized and adopted by Montenegrin Parliament.
- Working paper "Pension Reform in Montenegro" finished, published in 200 copies and widely distributed.
- Two press conferences were organized in order to present the working paper "Pension Reform in Montenegro". One conference was organized in Podgorica one in Bijelo Polje.
- Public discussion was organized with Entrepreneurial Club, AISEC and ELSA on the Economic Faculty in Podgorica.

- New working paper The Reform of the First Pillar of the Pension System is in the process of finalization.
- Member of the KRA Pension reform participated in two-day seminar Pension Fund Governance in Ljubljana, Slovenia.
- KRA pension reform made a small research about the health services in Montenegro. The findings of the analysis were published in different publications such as MONET and HHS:
- Members of the KRA Pension reform participated in the preparation of the Economic Reform Agenda for Montenegrin Government.
- First version of the brochure on Pension System was finalized.
- Work Three –pillar pension system and capital market development, prepared by Tijana Lekovic, member of KRA pension reform was presented at the Economic Forum in Milocer.

Statistics

- Statistics KRA prepared book System of National Accounts. The book was published by ISSP.
- Statistics KRA participated in the preparation of the Economic Policy for Montenegro for 2003, done for the Central bank of Montenegro.
- This KRA was hugely involved in the preparation of the materials, calculations and arguments for the roundtable on harmonization between Montenegro and Serbia and conference “Economic policies for Viable Macro States.”
- Representatives of KRA were involved in the preparation of the Economic reform Agenda for Montenegrin Government.
- First version of the working paper Situation on the Montenegrin Labor Market was finished.
- Statistics KRA has been working on the projections of macroeconomic indicators for Montenegro until 2008.

Trade

- Working paper “Arguments for Montenegrin free trade” was finished, published and widely distributed.
- ISSP strongly lobbied Ministry, Government, Members of Parliament, and business people that have influence not to increase custom rates in the process of harmonization with Serbia.
- Sectorial analysis of trade updated.
- Working paper Balancing Montenegro’s Current Account was finished.

Energy

- Regional Energy Conference was held in December. More than 100 people from the region participated at the conference.
- More than 20 meetings of Energy and regulation KRA were held.
- KRA participated in the preparation of the Economic Reform Agenda for Montenegrin Government.
- First draft of working paper Energy Sector in Montenegro was finalized.
- Montenegrin Parliament adopted Energy Law.

Capital markets

- Three roundtables were organized.
- Working paper Procedures and Costs of Trade on Capital market in Montenegro was finished.
- More then 20 meetings of the KRA were organized.
- Data collection and analysis of the functioning of capital markets in Montenegro were done regular.
- Montenegrin

III MONET

1. Completed, printed and distributed three issues of MONET (11, 12, and 13). MONET 14 completed; not printed
2. For each issue of MONET press conferences were organized. On each press conference and after the excellent media coverage of MONET comments, analysis and data published.
3. Number of subscribers increased for about 30 new subscribers.
4. Database for MONET improved and completed. All databases are transferred to CARA.
5. Przemislaw Wozniak, expert from CASE Institute from Poland, spent 11 months working with MONET team on MONET:
6. Knowledge and skills of MONET team improved (new way of presentation of data and analysis, new software etc)

IV HOUSEHOLD SURVEY

1. Completed, printed and distributed three issues of HHS (5, 6, and 7). HHS 8 completed; not printed but finalized.
2. For each HHS press conference was organized. Media presentation of the Household Survey was very successful with fill media coverage.
3. New questionnaire was designed.
4. Network of pollsters and analysts further developed.
5. The areas that HHS covers developed and HHS report was improved with some additional chapters.
6. ISSP analysts received training (e-views software)
7. Cooperation with UNDP and MONSTAT established. Cooperation with World Bank further developed.

DETAILED REPORT CARA

1. INSTITUTIONAL BUILDING

October - December 2002.

- During this quarter each Friday morning at 8:30 staff meetings were organized in order to discuss previous week activities and make and discuss plans for the incoming working week.
- Each week program managers of CARA, CEED and ISSP had meetings during which they discussed further activities, projects, cooperation and staff issues.
- Five meetings of the managerial team were organized; all led by Professor Vukotic. Organizational and project issues were discussed as well as measurement of the strategic and long-term performances of the network.
- Program managers of the ISSP, CARA and CEED started work on establishing information system for improvement of communication among organizations and standardizations of project monitoring in purpose of more efficient use of recourses on ERN level.
- One member of the CARA staff (Jelena Pavicevic) spent three weeks in Milan. She was attending international course on database establishment and development. The knowledge that she got there will be very valuable for the development of the organization and improvement of the databases and what is especially important, development of reports that can be created based on database.
- One member of CARA staff (Gordana Radojevic) had a one-day training course in Statistical Office of Montenegro. The subject of the seminar was calculation of GDP.
- Two staff members (Ana Buskovic and Gordana Radojevic) participated in the roundtable "Discrimination of Women at the Labor Market in Montenegro" that was organized by CEED.
- One staff member (Jelena Pavicevic) participated in two days training seminar organized by United Nations. Training program was about writing the reports on the social situation in the country from the monitoring perspective.
- Intensive communication was established and developed with the William Davidson Institute. Result of this communication is CARA's membership at the Davidson Data Center and Network. The Davidson Data Center and Network (DDCN) is currently in the process of establishing a web-based data archive (locator and repository) on transition and emerging market economies. Through this project, the DDCN identifies, assembles, and disseminates data sets and their documentation on collected data from transition and emerging market economies.
- Meeting was organized with the representative of OECD, Ricardo Pinto, from the Investment, Finance and Enterprise Development Program. The purpose of the meeting was presentation of CARA and its mission, goals, projects and activities. In addition situation in the private sector in Montenegro was discussed with the focus on some specific economic sectors.
- Vladimir Kavacic and Ana Buskovic as CARA's representatives participated on conference "Working with the EU Single Market: Changing Trade Relations". The seminar was organized by British embassy in Ljubljana and Chamber of Commerce and Industry of Slovenia and it took place in Ljubljana from 19-20 November 2002. Main purpose of the seminar was to familiarize the Slovenian business community and

business representatives from SEE countries with the modalities and complexities of the EU's Single Market; and the challenges and opportunities this creates for both exporters and importers, including the effect on bilateral trading arrangements. In this connection experts provided an overview of the regional trading consequences resulting from Slovenia's presumed accession to EU membership in 2004.

- During the conference CARA staff members initialized contacts and agreed about main frame for potential cooperation with representatives of the following institutions: Chamber of the commerce and industry of Slovenia, Chamber of the commerce and industry of Albania, Chamber of the commerce and industry of Croatia, Chamber of the commerce and industry of Serbia, Chamber of the commerce and industry of Bosnia and Herzegovina, Chamber of the commerce and industry of Republika Srpska, British Embassy in Ljubljana, British council from Belgrade, Electronic Resources Group from Albania, Henry 2000- Hidrosanitare from Albania, Ministry of trade of Bosnia and Herzegovina.
- Gordana Radojevic participated on seminar: "SNA methodology" organized by Statistical Office of Montenegro". Main focus was reform of the official statistics according to international standards. Seminar was conducted in two 3- days sessions and will be continued in January 2003.
- Ana Buskovic and Vladimir Kavaric had presentations on international conference organized by Postgraduate studies: "Entrepreneurial economy". Vladimir Kavaric presented analytical framework for analyses of institutions in Montenegro, while Ana Buskovic introduced statistical research method based on specific kind of sample.
- Jelena Pavicevic and Ana Buskovic attended course: "Public choice and constitutional economy" led by professor Miroslav Prokopijevic. Faculty of economics organized course.
- Jelena Pavicevic and Ana Buskovic were participants on the seminar "Banking sector in Montenegro- related with EU standards", organized on Faculty of economics. Lecture was given by professor Mladjen Sljivancin
- CARA in cooperation with German consulting company - ILTIS GmbH organized test for certified trainers and consultants for SME sector. Test had international character and all participants who passed a test received internationally recognized MBT certificate. Test successfully completed 11 participants from Montenegro and 2 participants from Croatia.
- CARA continued with improvement of the Management information system in purpose of better internal communication. Main points were:
 - Standardization of the circulation of information;
 - Monitoring of weekly activities;
 - Monitoring of projects activities;
 - Individual involvement on certain projects;
 - Improvement of personal performances of staff members;
- Vladimir Kavaric, Boris Buskovic, Ana Buskovic, Vladimir Jacimovic, Gordana Radojevic and Jelena Pavicevic attended a seminar about EU run by ISSP. Trainer was Ana Delibasic.
- Annual meeting of the all ERN members was organized.

January - March 2003.

- Staff meetings were organized every Friday morning at 8:30. Current activities issues were discussed.

- Publication and communications KRA team had two meetings with Mr. Radoje Cerovic in order to organize PR course for the ERN.
- CARA staff members participated on corporate governance seminar organized in cooperation between Security commission of Montenegro, CEED and Pohl consulting. That was first part of the six-session seminar. At the end of the seminar, attendant that usefully complete all duties, are going to receive certificates.
- Regularly weekly meetings of the Program managers of CARA, CEED and ISSP were organized in purpose of coordination among ERN members and avoidance of parallel activities.
- Every week organized meetings with President and CEO of ERN. Purpose of those meetings was comparison of strategic plans and current activities.
- CARA staff members participated at the second session of the corporate governance seminar organized by Security commission of Montenegro, CEED and Pohl consulting.
- Petar Ivanovic, Jadranka Kaludjerovic, Dragana Radevic and Vladimir Kavacic participated at the two one-day seminars, organized in Brussels. First seminar was "Is Socialism Dead". That was related with (non) existing future of socialism in Europe. Second seminar was "How to Grow a Think Thank", related with organizational issues of think- thanks. Both seminars were organized by Stockholm Network (a working group of European market oriented think tanks). Participants of this seminar were representatives of the free market oriented think tanks, institutes and journals from Europe and USA as follows: Heritage Foundation, Hayek Institute, Ludwig von Misses Institute, Center for New Europe, The Economist, Gdansk Institute for Market Economies, International Policy Network, Fund for American Studies, World Magazine, New River media etc.
- Regularly weekly meetings continued among Program managers of ISSP, CEED and CARA, as well as meetings with President and CEO of the Economic Reform Network.
- Gordana Radojevic and Jelena Pavicevic participated in establishing of the "Brokers, dealers and investment managers associations".
- CARA staff members participated at roundtable: "Meetings of the brokers, dealers and investment managers", organized by Security Commission of the Montenegro.
- CARA staff members participated at roundtable: "Growth and Development of Dynamics Small and Medium Sized Company in Montenegro", organized by Fund for Development of Montenegro. Prime Minister, several ministers, directors of the governmental funds and private companies were present.
- CARA staff members participated at the third session of the corporate governance seminar organized by Security commission of Montenegro, CEED and Pohl consulting.
- CARA staff members participated on conference: "Dialog about future in West Balkan region", organized by leading German think- thank for East - European issues. Conference was held in Herceg- Novi 28-30.03.2003. Participants on the seminars were German governmental officials, representatives of German Ministry for Foreign Affairs, German think- thanks, as well as Montenegrin experts from NGO and governmental sector. Number of contacts was established with potential German partners. Results of the conference were a paper about Montenegrin reform and achievements. Main issues were harmonization, customs increase, fiscal reform, privatization and institutional building.

- Regularly weekly meetings continued among Program managers of ISSP, CEED and CARA, as well as meetings with President and CEO of the Economic Reform Network.
- Staff meetings were organized every Friday morning at 8:30. Current activities issues were discussed.
- Regularly weekly meetings of the Program managers of CARA, CEED and ISSP were organized as well as meetings among Jadranka Kaludjerovic, Adrian Rouse and Vladimir Kavacic.
- Meeting between ISSP/ CARA representatives and German consul in Podgorica was organized. CARA staff members participated in reception on German consulate.
- Representatives of the GTZ visited ISSP and CARA in order to obtain information about projects and potential cooperation.

April - June 2003.

- CARA staff members participated at roundtable: "Politics and freedom" which took place in Belgrade. roundtable was organized by Institute for Social Sciences, from Belgrade. CARA staff members presented a paper: "Economic freedom and supporting rules- transition dilemmas."
- CARA staff members participated in a conference; "Montenegrin companies - challenge on European way", organized by GoM and EAR. Prime Minister, several ministers, EU officials, directors of the governmental funds and private companies were present.
- CARA staff members participated in the fourth session of the corporate governance seminar organized by Security Commission of Montenegro, CEED and Pohl consulting.
- CARA staff members participated in a seminar: "E views". P. Wozniak from ISSP held lectures.
- Regularly weekly meetings among Program managers of ISSP, CEED and CARA were continued.
- Meetings among Program Directors of ERN were held, as well as meetings with President and CEO of ERN.
- Staff meetings were held every Friday morning at 8:30. Current activities and issues were discussed.

July – September 2003.

- CARA's team participated on Economic Forum in Milocer. The CARA representatives did not have the presentations, but they participated in the discussions. CARA publications and short information about the institution were presents and available on the promotion desk, on which all publications of ERN were presented and advertised.

2. RESEARCH

September - December 2002.

- Draft Version of Trade Sector Analysis sent for final comments and suggestions to the CARA managerial team. Trade Sector Analysis was updated with new information and some analysis including chapter of harmonization custom tariffs effects on Montenegro were inserted.
- CARA staff prepared analysis about effects on Montenegro of harmonization customs tariffs within process of harmonization between Serbia and Montenegro. Analyses treated impacts of harmonization on following indicators: CPI (Consumer Price Index); PPI (Producers Price Index); GDP (Gross Domestic Product); export; import; trade balance; budget; Index of competitiveness.
- Draft version of the analysis Tourism in Montenegro was sent to relevant institutions and individuals for comments and suggestions. Suggestions were received. Main points of suggestions were that information base of the project is good and some analysis and forecast should be added. Work on this projects continued in that way.
- Second draft version of analysis Tourism in Montenegro finalized and sent to the CARA managerial team for reviewing.
- Draft version of the project Measurement of Economic Freedom in Montenegro was improved. The focus of this month work was on following sections: regulation, corruption and rule of law. After the improvement of the draft version it will be sent outside for comments and suggestions. Preliminary list of people that will receive draft version for comments was designed and sent to managers for reviewing.
- Comments on housing and assets and gender and inequality for the Household Survey 5 were finalized and sent for comments and suggestions. According to the received comments analysis were updated and finalized. By this CARA finished its obligations for the Household Survey 5.
- Cooperation with CEED on the project Business Rating-Montenegro. The database for Business Rating was checked and cleaned. After that final reviewing of the database was made. Based on the needs of CEED different reports (these include cross tables, statistics, graphs, econometric data) were made. This realizes obligations of CARA on the project Business Rating Montenegro.
- CARA finished projects Growth and Development of Dynamics Small and Medium Sized Company in Montenegro. Project realized in cooperation with Fund for Development of Montenegro and CEED. Situation in SME sector in Montenegro identified through following chapters: number of the small and medium sized companies in Montenegro; overview for the last 2 years; employment; revenue; activities; growth; competitiveness; human capital, structure of capital, phases of the growth and problems in different phases.
- Ana Buskovic, Gordana Radojevic and Jelena Pavicevic participated in designing and delivering of the questionnaires for Household Budget Survey 6.
- CARA's staff finished obligations for Household Budget Survey 6. CARA's part of the job were supervision of questionnaires, data entry, data processing and basic analyses as: housing, assets, other household income sources, subjective questions, characteristics of the members of the household, health, employment (main and the secondary job, people not working, social assistance and key findings) as well as translations.
- CARA finished obligations for the project Business statistics, developed in cooperation with CEED. Obligations were comparison of the 1999, 2000 and 2001

through the number of companies; ownership structure; sectors; number of employees; total revenue divided by regional structure.

- CARA started project Limitations and disturbances for the realization of concept of economic freedom in Montenegro. Purpose of the project is discovering hidden barriers, which make transaction costs higher and locative efficiency lower. So far, CARA prepared questionnaires for the discovering permits, licenses and bureaucratic procedures related with foreign and internal trade and establishing new business.
- For the project Barriers for doing business in Montenegro CARA team worked on preparations of final recommendation.
- Staff member of the CARA prepared tourism chapter for the CEED publication MBO (Montenegro Business Outlook) and started to work on Economic freedom chapter for the next issue.
- CARA were involved in project Economic policy of Montenegro in 2003. for Central Bank of Montenegro. Project was based on critics on current economic policy and it offers recommendations to policy- makers and government for 2003. Obligations of the CARA were analysis and recommendations for improvement of institutional framework for further increase of the economic freedom.
- CARA provided to CEED data for couple different projects related with new investment in tourist industry.

January - March 2003.

- CARA prepared recommendations for Government of Montenegro related with fiscal policy reform. CARA's recommendations were focused on tax policy (Corporate Income Low; VAT; Personal Income Low). Mainstream was liberalization of tax policy through decrease on tax rate and establishing friendly business environment.
 - CARA worked on Business Agenda - 2003. CARA's part of the job was estimation of economic achievement in 2002, expectations for 2003 and suggestions for the labor policy. Suggestions, estimations and recommendations were based on private sector perspectives.
 - CARA conducted a survey "Performances of fast growing small and medium sized companies in Montenegro". CARA's staff worked on designing of questionnaire; hiring a surveyors; processing and analyzing data. Sample was consisted by 80 private companies. Findings were related with activities; business environment estimation; source of capital; interest rates; projection of new working places etc.
 - Management of Household Budget Survey 6 decided to make structural improvements on project. CARA worked on an additional deeper analysis of basic findings, translation and supervision of inserted part.
 - Additional work was ordered for project Growth and Development of Dynamics Small and Medium Sized Company in Montenegro. CARA prepared comparison of SME sectors among Montenegro, other transition and western countries.
 - Started analysis Banking sector in Montenegro. Potential sources of information from CB and commercial banks are contacted. Following data obtained: credits; loans; deposits; banking reserves; structure of banking sector; legal framework etc.
- In purpose of improvement of analysis Agricultural sector in Montenegro, following information, related with governmental strategy, are obtained: Agriculture- strategy and difficulties; Working plan of the Ministry of Agriculture; Agro budget; Fishing- budget; Cattle growing - budget; Veterinary- budget; Beekeeping- budget.

- Meeting in Ministry of agriculture were organized in order to define information base, timing and common strategy through sectorial analysis. In meeting were present Milutin Simovic - Minister for agriculture in GOM; Milan Markovic - Deputy of Minister for Agriculture and Petar Ivanovic.
- CARA organized five meetings with representatives of the agricultural producers association in order to obtain information about development of agricultural sector from private sector perspective.
- Information base for sectorial analysis of agriculture is renewed. Information base was delivered to Ministry of agriculture in order to systemize information.
- For the project Growth and Development of Dynamics Small and Medium Sized Company in Montenegro additional analysis were made. Analysis was related with small and fast growing companies market and employment. Estimation of ambient; barriers; financial issues and profile of owners of business are also included.
- Survey about results in reform of education was finished. Survey was based on comparative analysis between situations in regular and experimental schools. Comparison was made also for different regions and municipalities within Montenegro.
- Work on "Banking sector in Montenegro" continued. Following structure of the project was suggested: (i) Central bank and Euro conversion; (ii) Legal framework - Banking law; Bankruptcy law; Liquidity law; (iii) Genesis of development of the banking sector;
(iv) Situation in banking sector in Montenegro - number of banks; licensed banks; part in GDP etc. (v) Banking sector regulation - capital; reserves; liquidity; regulation; reports; (vi) Financing of economy - sectors supported by banks; financing of government; loans conditions etc.
Project "Agricultural sector in Montenegro" was updated for following information related with governmental politics in agriculture for 2003: Agrobudget for 2003; Agriculture in Montenegro- strategy and difficulties; Working plan of Ministry for Agriculture.
- Meeting in Food Security Program was organized. Representatives of the CARA and FSP agreed that CARA are going to work on project: "Influences of the protection measurements on production, prices and budget in Montenegro". FSP and Ministry ordered project for Agriculture. Goals of the project were defined as well as timing.
- Project Growth and Development of Dynamics Small and Medium Sized Company in Montenegro were finished.
- Further improvement on project "Banking sector in Montenegro" was achieved. Following parts and date were inserted: analysis of bank in last two years; Central Bank, commercial banks and Euro conversions; general conditions of the banking sector; comparisons through the years; regulation of the banking sector.
- Following parts were inserted in project "Agricultural sector in Montenegro": support projects for the agricultural sector; financial statements of the agricultural companies; foreign competition in agricultural sector; production of the different kinds of the fruit and vegetables etc.
- CARA staff prepared chapters for the MBO and MONET.
- Following parts inserted in project "Tourism in Montenegro": Montenegro's success in attracting FDI; Montenegro tourism FDI experience; competitive potential of Montenegro's tourist product; targets for FDI in Montenegrin tourism sector.

April - June 2003.

- Project on the influences of the protection measurements on production, prices and budget in Montenegro, for the Food Security Programme and Ministry for Agriculture is in the process of preparation. Tasks for project on the impact of the protectionism on production, prices and budget in Montenegro are following:
 - Monitoring of retail prices of the agricultural products, for the period July 2002- March 2003;
 - Monitoring of the structure and value of the Consumer Basket;
 - Preparation of the indices for the agricultural products and other indicators of inflation;
 - Monitoring of the production of certain group of agricultural products in period July 2002- March 2003;
 - Analysis of the "contribution" of the protectionism to the budget.
- Project "Gender Inequality" is completed in cooperation with CEED. CARA's obligations were gender inequality issues related with job, wages, unemployment, education etc.
- Project "Transaction Costs in Montenegro" is prepared in cooperation with ISSP. CARA worked on transaction costs in agriculture, tourism, and real estate register, as well as on theoretical approach to the transaction costs.
- CARA staff prepared chapters for the MBO and MONET.
- Project "Indicators for the Monitoring of Educational System in Primary Schools in Montenegro" is finished in cooperation with ISSP.
- Feasibility studies "Brick factory in Spuz" started in cooperation with CEED. CARA's obligation is market research for the final products.
- All sectorial analysis (trade, tourism, agriculture and banking) updated with information for the first quarter of 2003.
- CARA's obligation for the Household Budget Survey 7 was completed. These were sections "Safety on Montenegrin Roads" and " Agriculture in Montenegro - Omitted Potential"

July - September 2003.

- Second part of project "Indicators for the Monitoring of Educational System in Primary Schools in Montenegro" is finished in cooperation with ISSP.
- Statistical analysis for the Ministry of Education of MoG, regarding the research done in Montenegrin kinder gardens, was finalized.
- Project on the influences of the protection measurements on production, prices and budget in Montenegro, for the Food Security Programme and Ministry for Agriculture is finalized.
- CARA staff prepared chapters for the new issue of MBO.
- Market research for feasibility studies "Brick factory in Spuz", realized in cooperation with CEED, was finished.
- Sectorial analyses of tourism, trade and banking sector were updated with the new data and comments.
- Chapters on tourism, agriculture, transport for project Country report for Montenegro, done by CEED, were prepared by CARA staff.

- In cooperation with CEED, due diligence for ERA, Slovenian trade company was realized.
- Roundtable , “Sectorial analysis of agriculture” was held on 27th July. On the roundtable final version of agriculture sectorial analysis was presented. The presentation was done by Petar Ivanovic, Vladimir Kavacic, Gordana Radojevic, Ana Buskovic and Jelena Pavicevic. Minister of Agriculture in GoM participated at the roundtable and the Vice President of the Privatization Council, besides them representatives of municipality and other institutions involved in this area were present, representatives of foreign organizations such as USAID, GTZ, Food Security Programm etc. In addition representatives of agriculture workers and associations of agriculture workers were present and participated at the discussion. All comments and discussions will be reviewed and after that incorporated in the analysis.
- CARA staff, Jelena Pavicevic and Gordana Radojevic, have been working on the data inputting for the Household survey #8 in cooperation with ISSP.
- CARA staff, Jelena Pavicevic and Gordana Radojevic, have been working on the inputting data in database for the project “Business environment” done by CEED.

3. DATA BASE ESTABLISHMENT, MAINTANCE AND DEVELOPMENT

September - December 2002.

- Database was completed for: (i) pensions and (ii) budget.
- Databases were updated for: (i) employment, (ii) salaries, (iii) production, (iv) current account, (v) pensions, (vi) budget, (vii) database of business cards, (viii) database of enterprises in Montenegro.
- Improvement of operating performance (including controlled access and protection of database) was done for following databases: (i) pensions and (ii) budget.
- Following sections were added to database (all of them represent macroeconomic forecast for 2003.):
 - Forecast of main macroeconomic indicators for Montenegro for 2003:
 - Real sector;
 - External sector;
 - Banking and monetary sector;
 - Components of GDP in current prices;
 - Balance of payments and inflation;
 - Fiscal policy
 - Budget income
 - Income taxes, VAT, personal income taxes, foreign aid and credits, international trade taxes
 - Budget expenditures
 - Subsidiaries, Salaries; Capital expenditures;
 - Monetary policy
 - Banking sector and its privatization, monetary aggregates and improvements of statistics, payment system, balance of payment, security market, and international financial institutions
 - Foreign trade policy
 - Improvement of business legal framework, entrepreneurship and private sector
 - Labor market

- Pensions system
- Education
- Poverty reduction strategy
- Reform of statistical system

January - March 2003.

- Work on restructuring of the database started in purpose of easier use.
- CARA staff members started to collect additional data from CEED, ISSP related with completed projects.
- Database was updated
- Database was re- arranged related with structure of Project Database. New projects from other ERM members are inserted in database.
- Following information were inserted in database: export/ import and prices of the agriculture products; number of the agricultural companies; number of employees; indicators of the banking sector.

April - June 2003.

- Database was updated with all information related with projects completed in April and May 2003.

July - September 2003.

- Database was updated with all information related with projects completed in April and May 2003
- Data base for Household Survey was updated with the Household Survey#8.
- New database was created for the results of the Business environment survey.

4. MONET SUPPORT

September - December 2002

- Draft version of layout and design for MONET 11 was updated due to the some changes in the structure of publication. New section regional comparison was added to the first part (statistical analysis). The new layout for this section was designed and added to the total layout of MONET, which caused some other changes in its structure.
- Final layout and design for MONET 11 were completed.
- Web site was updated with the new edition of MONET 11.
- Draft version of layout and design for MONET 12 was completed.
- Final layout and design for MONET 12 were completed.
- CARA staff works on improvement of the ISSP web- site. Main improvements will be related with structure and exploring performances of web- site.

January - March 2003.

- Local language draft version of layout and design for MONET 12 was completed.
- Final layout and design for local language version MONET 12 was completed.
- Lay out for the new price chapter in MONET is designed.
- Final layout and design for English language version MONET 13 was completed.

April - June 2003.

- Draft version of layout and design for MONET 13 was updated with some changes in publication structure.
- Final layout and design for MONET 13 was completed, for both English and Serbian versions.

July - September 2003.

- Layout for MONET 14 English version finalized. After additional checking by the ISSP MONET staffs the remarks are incorporated and final layout for MONET 14 was finished.
- Layout for MONET 14 on local language is in the process of preparation. The work on MONET 14, both languages, took longer time then usual because this issue has 180 pages, and present the biggest MONET ever did.
- Boris Buskovic and Vladimir Kavaric, had a meeting with MONET coordinator Jadranka Kaludjerovic in order to develop time schedule for preparation of layout for MONET 15.

5. PUBLISHING, NEWSLETTER AND PROMOTION

September - December 2002.

- Layout and design of the working paper “Pension Reform” was completed. The final layout of the working paper sent to printer.
- Layout and design of the Household Survey 5 were completed. The structure of this publication was changed which caused additional work on the layout. Everything was prepared for printing.
- CARA was involved in the layout and design of the new questionnaire for the Household Survey. The final layout is presented on 33 pages on the most efficient and simple way. It was sent for comments to some questionnaire designers and according to the received comments it presents excellent solution and is compatible to the questionnaire design standards.
- Started preparation of the press conference for Household Survey 6. All Montenegrin media are informed about the press conference and its date. Announcement of the press conference appeared in almost all media in Montenegro.
- Vladimir Kavacic gave statement to the Montenegro Broadcasting Company, about the membership of Montenegro in the Council of Europe. Montenegro is not adopted as a member of the Council and CARA’s representative; Vladimir Kavacic explained consequences of this on the Montenegro and its economic system.
- Monthly activity chart and calendar are designed and they will be used as one of the tools for better internal communication in ERN as for monitoring of the evaluation of the performance and clear presentation of staffs current activities and projects that they are working on. From the charts it would be able to realize where each member of the staff at the moment is and what its main activities and results are.
- Started preparation work on the newsletter. Three meetings of the Publication team were organized in order to define what would be the main purpose of this newsletter, target audience and main subjects that will be covered.
- Vladimir Kavacic presented for daily press "Vijesti" concept of economic freedom and it's importance for economic development
- Daily press "Publika" published CARA's findings about trade sector in Montenegro
- Ana Buskovic as representative of CARA gave several statements about basic findings of Household Budget Survey for Elmag TV, TV IN, MBC, TV Montena, I and II channel of national TV station.
- Daily newspapers Pobjeda, Dan, Vijesti and Publika published Ana Buskovic statements about basic findings of Household Budget Survey
- CARA's staff actively participated on roundtable: "Draft version of the enterprise takeover low"
- CARA's staff members Vladimir Kavacic, Vladimir Jacimovic, Ana Buskovic, Gordana Radojevic and Jelena Pavicevic participated on discussion on roundtable: "Investment funds".
- Boris Buskovic had a presentation on regional Energy conference. On conference participated experts from Montenegro, Serbia, Bosnia and Herzegovina, Slovenia, Albania, Croatia, Bulgaria, and Romania.
- CARA was participated (in cooperation with CEED) in organization of presentation of Business Rating- Montenegro. CARA finished all duties related with organizational issues (contacting media, invitations for all guests, equipment, delivery of publications

and presentations materials). On presentations were more than 300 entrepreneurs and representatives of private and social companies, 7 foreign consuls and number of governmental and non- governmental officials.

January - March 2003.

- Layout and design of the publication "Business statistics - 2002" was completed. The final layout of the publication was sent to printer.
- Publication "Business statistics - 2002" was printed. Publication is consisted by 144 tables regarding structure of economic sector, ownership; employment; size of companies; activities; equity; capital; assets; debts etc.
- Publication "Business statistics - 2002" was delivered to interested parties.
- Vladimir Kavarić gave a statement for the MBC TV about VAT low, its concept, importance and implementation.
- Vladimir Kavarić gave a statement for the Radio "Free Europe" about differences in fiscal policy between Serbia and Montenegro and importance of fiscal competition.
- Vladimir Kavarić commented for the Daily press "Vijesti" FRY (Serbia and Montenegro) results on Heritage foundation's Index of Economic Freedom.
- Ana Busković at the roundtable "Barriers to Doing Business in Montenegro" presented project findings related with market and employment.
- Vladimir Kavarić at the roundtable "Barriers to Doing Business in Montenegro" participated in panel related with business barriers from private sector perspectives.
- Ana Busković at the press conference Household Survey 6 presented data related with basic analysis.
- Ana Busković gave several statements for the following medias: MBC TV; TV ELMAG; TV IN; RTV CG; Daily press "Vijesti", "Pobjeda" and "Publika".
- Ana Busković, Gordana Radojević and Jelena Pavicević participated in discussion at the roundtable: "Harmonization of legislation related to capital market".
- Vladimir Kavarić commented for the Daily press "Vijesti" influence of the increase in oil prices on inflation. Effects of new fiscal law, customs tariffs increase on inflation are commented also.
- Activities on the publication "Statistical Yearbook 2002" started.
- Work on web site for the ISSP is continued.
- Work on further collection and preparation of text for ISSP site was continued.
- Vladimir Kavarić participated on discussion: "VAT in Montenegro" at Radio Antena M. Influence of the new fiscal law on inflation, "gray" economy, investments and employment were commented.
- Vladimir Kavarić, Ana Busković, Gordana Radojević and Jelena Pavicević participated in discussion at the roundtable: "Insolvency law", organized by MBA, CEED and FLAG. Purpose of the seminar was discussion about new insolvency law. Lecturer was Charles G. Case.
- Vladimir Kavarić took part in discussion on conference: "Dialog about future in West Balkan region". Main discussion points were harmonization with Serbia issues; customs increase influence, fiscal reform, privatization and institutional building.

April - June 2003.

- Layout for Household Survey#7 was finished.
- The new design of ISSP web site finalized. The new web site posted on the Internet.
- Vladimir Kavarić gave statement to the Montenegro Broadcasting Company, about the Action plan for harmonization between Serbia and Montenegro. Statement was based on the legitimacy of the proposed rules.
- Vladimir Kavarić gave statement to the II RTV channel about harmonization between Serbia and Montenegro and its business impacts.
- Vladimir Kavarić participated in discussion about customs tariffs harmonization on Mina Business News.
- Vladimir Kavarić gave two statements to the daily press "Vijesti" about VAT law and import quotas for agricultural products.
- Vladimir Kavarić gave statements to the Mina Business News and radio station Antena M, about first days of VAT implementation in Montenegro.
- Vladimir Kavarić commented for the daily press "Publika" on the project of restructuring biggest companies in Montenegro. Project is lead by EAR and GoM.
- Vladimir Kavarić commented for the daily press "Pobjeda" about the process of customs harmonization between Serbia and Montenegro.

July - September 2003.

- Layout for the publication "Living Standards and Poverty in Montenegro 2002" was finished.
- Layout for Household Survey#8 was finished.
- Layout for Country report done by CEED was finished.
- Layout for the book System of National Accounts was finished.
- ISSP web site was updated.
- Preparation of the layout for the materials and speeches from the ISSP Conference "Macroeconomics policies for viable microstates" is in the process.
- Vladimir Kavarić gave two statements to the daily press "Vijesti" about harmonization and liberalization.
- Vladimir Kavarić gave a statement for daily press "Politika" about economic freedom in Montenegro.
- Vladimir Kavarić gave a interview for "Monitor" weekly magazine about economic freedom, custom rates and harmonization.
- Vladimir Kavarić wrote a text, that was publish in daily paper "Vijesti" about economic freedom.
- Vladimir Kavarić gave a statement for daily news "Publika" about customs and harmonization with Serbia.

DETAILED REPORT ISSP

1. INSTITUTIONAL BUILDING

October - December 2002.

- Regularly meetings were organized on different levels (weekly staff meetings, weekly meetings of the CARA, ISSP and CEED program managers and once in two weeks meetings of the ERN program managers with Petar Ivanovic and Professor Veselin Vukotic).
- Meeting of ISSP staff in order to fulfill the Questioner for CERGE Institute from Prague. This will help in spreading out of the information about ISSP and its activities and will help in exchange of information between ISSP and similar institutions in the region.
- Monthly activity chart and calendar are designed and they will use as one of the tools for better internal communication in ERN. ISSP and CARA managers have been working on monthly activity chart-purpose is for all ISSP and CARA staff to know at any given time what projects are going on, who is involved, and what the timeframes are. Will be updated weekly.
- Started work on newsletter. Three meetings were organized in order to discuss the newsletter content and layout. The agreement was made on the members of the staff that will be involved in this activity.
- The result of the meeting of publications and communications team (all program directors and Jelena Bobicic), is a calendar through December 2003 that will show all the publications put out by the ERN members, and all associated events. It will be used to find opportunities for the organizations to work together, and also to avoid conflict (for example, HHS and MONET deadline on same day). Next step is to explore training opportunities for local staff.
- Four members of ISSP staff (Maja Bacovic, Maja Drakic, Ana Delibasic and Jelena Musikic) had a one-day training course in Statistical Office of Montenegro. The subject of the seminar was calculation of GDP.
- The calendar that presents all the publications and media events are further developed. The publications and communications team has been working on the exploring opportunities for training of local staff. The result is that there is some possibilities and chances but they will more precisely defined in the future.
- Four members of ISSP staff (Maja Bacovic, Maja Drakic, Ana Delibasic and Jelena Musikic) had one-day training course on GDP calculation. This was the second part of the training held during October. The seminar was organized by Statistical Office of Montenegro.
- One member of ISSP KRA Pension reform attended seminar on the Pension Fund Governance in Ljubljana. This was opportunity for presentation of the ISSP work, delivery of ISSP publications and establishing new contacts as it was opportunity for improvement of the ISSP staff knowledge about pension reform issue.
- The regular New Year's meeting of the members of ERN network was organized. These meetings are used in order to meet all ERN team in one place at the end of the year. Before the meeting all team received the paper from Professor Vukotic about the role and the philosophy of this network and our shared values.

- Books for the ISSP library sent by Chesapeake Associates came. The books are recorded in the library database and put into the library. The received books are all economic reviews, analyses and reports and cover all the areas that ISSP team is working on, that is why they are really valuable and will contribute to the increase of the ERN members knowledge and expertise.

January - March 2003.

- Regular weekly staff and managerial meetings (program managers of CARA, ISSP and CEED) were organized. Monthly meeting with Professor Vukotic and Petar Ivanovic with all program directors was organized during which current and future activities were discussed.
- Publications and communications team of ERN had two meetings with Mr. Radoje Cerovic, PR consultant. The result of these meetings was agreement about the PR course that ERN members will have. The course will cover areas such as communication with media, behavior in front of TV cameras, behavior during the radio interview.
- Petar Ivanovic, Maja Bacovic and Jadranka Kaludjerovic attended Corporate Governance seminar organized in cooperation between Securities Commission and Pohl Consulting and CEED. The seminar will be organized in five sessions. The first session, organized in January, was about the shareholders rights. The lecturer was Mr. Maurice Downey.
- Petar Ivanovic, Jadranka Kaludjerovic, Dragana Radevic and Vladimir Kavacic participated at the one day seminar "How to Grow a Think Tank", organized by Stockholm Network (a working group of European market oriented think tanks) in Brussels on February 7th. Participants of this seminar were representatives of the major think tanks, institutes and journals from Europe and USA. Among other present were representatives of Heritage Foundation, Hayek Institute, Ludwig von Mises Institute, Center for New Europe, The Economist, Gdansk Institute for Market Economies, International Policy network, Fund for American Studies, World Magazine, New River media etc.
- ERN staff, also, participated at the seminar that was "Is Socialism Dead" organized day before (6th February) by the same organizer (Stockholm Network). Speakers included Michael Novak former US Ambassador and Joshua Muravchik, author of the new book Heaven on Earth: the Rise and fall of Socialism, former minister of Poland, founder of Bangladesh Free think tank, representative of Fabian Society, Associate Editor of The Times etc. These two events were opportunity for ISSP to make many new contacts with other think tanks from Europe and other donors, and to present ISSP and its work.
- Regular weekly staff and managerial meetings (program managers of CARA, ISSP and CEED) were organized. Monthly meeting with Professor Vukotic and Petar Ivanovic with all program directors was organized during which current and future activities were discussed.
- Workshop was organized on seasonal adjustments and calculations. Lecturer was Przemek Wozniak. Workshop was organized on February 3rd and February 4th. Participants were ISSP researchers and some of CEED and CARA staff.
- Meeting with ISSP, CARA and CEED was organized to discuss workshops that can be organized in the future and held by Przemek Wozniak. The list of the potential workshops was prepared and will be discussed directly with Mr. Wozniak, after which realization of the seminars will start. The purpose of the seminars will be improvement of the knowledge and skills of ERN staff.

- Corporate Governance Seminar - workshop on shareholders rights, organized by Pohl Consulting and EAR, February 26th 2003, AtlasMont Bank. Jadranka Kaludjerovic, Maja Bacovic and Maja Drakic attended the seminar.
- Regular weekly staff and managerial meetings (program managers of CARA, ISSP and CEED) were organized. Monthly meeting with Professor Vukotic and Petar Ivanovic with all program directors was organized during which current and future activities were discussed.
- Regular weekly meetings of the managers Jadranka Kaludjerovic and Vladimir Kavacic with the Adrian Rouse, Senior Advisor, are introduced. The purpose of this meetings is to update each other about the following activities and to further discuss possibilities of promotion of ISSP activities, increment of the reading audience and network of partners.
- Contacts were made with new subscription agents for MONET and Household, that will deliver this publications to the wide audience:
 1. Eastview
 2. FIRST (US)
 3. PRENAX (US, west coast);
 4. EAGLE (Europe)
 5. Stockmann (Finland);
 6. Everett (UK)
 7. DA Direct (Australia + N Zealand);
- Initial contacts were made, regarding the work on different projects, with the following institutions:
 1. German Marshall Fund: Balkan Trust for Democracy
 2. Freedom House: Regional Networking Project
 3. USAID: Incorporating Values
 4. World Bank: TFESSD
 5. Hellenic Plan for Reconstruction of the Balkans
 6. CERGE
 7. ORT

For some of these project proposal have already been written and for some are in the process of writing.
- Corporate Governance Seminar - workshop on shareholders rights, organized by Pohl Consulting and EAR, AtlasMont Bank. Jadranka Kaludjerovic, Maja Bacovic and Maja Drakic attended the seminar.
- ISSP member Jelena Musikic, attended Project Management seminar organized by British Council. The seminar lasted five days during which different subjects in project management were discussed and practically presented.
- Meeting with the GTZ representative Elke Winter. ISSP mission and projects were presented and future possibilities of cooperation among two institutions discussed.
- Meeting with the representatives of Euro Info Centar, Mr. Ireneusz Kaminski. The purpose of this meeting was to establish contact between these two organizations and discuss possibilities of future cooperation.

April - June 2003.

- Regular weekly staff and managerial meetings (program managers of CARA, ISSP and CEED) were held. Regular monthly meetings with Professor Vukotic and Petar Ivanovic with all program directors continued to be held during which current and future activities were discussed.

- Regular weekly meetings of the managers Jadranka Kaludjerovic and Vladimir Kavacic and Dragana Radevic were conducted. The purpose of these meetings is to update each other about the following and future activities.
- Corporate Governance Seminars -monthly workshops on shareholders rights, organized by Pohl Consulting and EAR, AtlasMont Bank, Jadranka Kaludjerovic, Maja Bacovic and Maja Drakic attended the seminar.

July – September 2003.

- All ISSP staff participated on the Economic Forum in Milocer, for one to three days. The subject of the conference was “Postransition period” Profesor Vukotic, Petar Ivanovic, Jadranka Kaludjerovic, Milorad Katnic, Tijana Lekovic and Milica Vukotic presented their works on different economic issues. Profesor Vukotic and Milica Vukotic had presentations, while other ISSP representatives also presented their papers and participate in the discussions, but as participants in panel discussions. Other ISSP participants actively participated in the discussions. ISSP had its own desk for promotion, at which all publications were presented. Participants of the conference had opportunity to buy publications or to order them, while material about ISSP was delivered for free.
- Two members of ISSP staff, Nina Labovic and Milorad Katnic, attended a Summer School at the Faculty of Economics Ljubljana -Slovenia: “Take the best from East and West.”

Discussed topics :

- Presentation of the Faculty of Economics Ljubljana
- Slovenia - The Brief History
- Slovenian Way of Living
- Slovene Economy: Past, Present and Future Prospects
- EU and Trade Policy
- Introduction to Project Work -Enhance Competitiveness by Internationalization
- Workshops I – Project work Internationalisation strategies
- European development as seen from EU State Ambassador
- Presentation of the Institute for Southeast Europe
- Workshop II – Project work
- Economic and Business Intelligence (Data Mining)
- Multicultural management
- Negotiations
- Presentation and evaluation of projects

Companies and institutions visits:

- Official Opening of Ljubljana Summer School, Speaker: Professor Maks Tajnikar, Dean
 - Reception by the Ljubljana mayor, Mrs. Danica Simšic
 - Company visit: TRIMO Trebnje ,Putting Vision into Action
 - Company visit: TALUM Kidricevo, Corporate Recovery under Changed Ownership
 - Company visit: ISTRABENZ, Company Growth through Diversification
 - Company visit: RIKO, Developing Business and Social Responsibility
-
- Nina Labovic participated on seminar: Policy and Economics in South East Europe, held in Sarajevo, July 14-15
 - Petar Ivanovic and Jadranka Kaludjerovic worked on the yearly report for ISSP.

2. KRA TEAMS

2.1 PENSION REFORM

September – December 2002.

- ISSP representative of KRA Pension reform team had a meeting on 30th, September with Lena Zezulin (TSG) and Vladimir Pajovic (Barents Group) about ISSP pension reform document. The document will be made with purpose to be a part of public discussion on Pension Insurance Draft Law and advocate for Second Pillar introducing. ISSP responsibility is to prepare this paper.
- On 4th of October Lena Zezulin, Vladimir Pajovic and ISSP representatives (Petar Ivanovic, Michelle Stern and Tijana Lekovic) had a meeting about ISSP involvement and contribution in public discussion until November 1st. Major conclusions follows: ISSP paper will be distributed to all interested parties, Bearing point paper will be part of Pension Reform Documentation that will be used in public discussion events, two seminar for journalists in October, ISSP will prepare brochure about the pension reform.
- The Working paper “Pension reform in Montenegro” is finalized and reviewed by the ISSP management and printed in 200 copies.
- On 16th October the Press Conference was organized. The purpose of the conference was presentation of the working paper “Pension reform in Montenegro”. Petar Ivanovic made an introduction. Tijana Lekovic made the presentation and talked about situation in the pension system in Montenegro. The focus of the presentation was on the second pillar. The conference was held in ISSP with presence of about 20- journalists
- Meeting with Vladimir Pajovic, Jon Kolberg & Timothy Collins from Barents pension team to discuss strategy for distribution of working paper (200 copies printed), brochure, upcoming RT at end of month and other related issues. List of institutions to which Working Paper should be delivered was prepared and working paper was delivered. More than 100 institutions enterprises and individuals received this material.
- Press conference in Bijelo Polje was organized. Tijana Lekovic and Jadranka Kaludjerovic presented working paper on Pension Reform, 13 media people were present including two local TV stations. Tijana did two separate interviews, one for Vijesti and another for local radio station.
- First draft of the brochure on Pension System was finalized and send for reviewing to the ISSP managers.
- One member of KRA Pension reform, Tijana Lekovic, participated in the seminar Pension Fund Governance. Seminar was organized in Ljubljana, Slovenia, on 7th and 8th November 2002. Organizer of the seminar were in international network of Pensions regulators and supervisors, East West Management institute, USAID and OECD. The information provided at the seminar were steps further compared to stage that Montenegro achieved in the pension reform. The seminar consisted 25 presentations related to the topic made by representatives from USAID, UK, Mexico, CE Europe.
- Five meetings of the KRA pension reform and other parties engaged in pension reform were organized. Except the representatives of ISSP KRA pension reform, representatives of ISSP, USAID, Bearing Point, Ministry of Labor, Fund PIO and Pensioners Association participated. During the meetings critical issues, highlighted during the public discussions, were discussed. On the November 20th, World Bank representative Mr. Zoran Anusic participated in the meeting. He gave some crucial comments related to experiences from Croatia and other countries from the region that implemented pension reform.

- On November 20th meeting with Professor Vukotic, Vladimir Pajovic and Mr. Kolberg about fund PIO assets issues. The meeting was held at the Faculty of Economics.
- ISSP, together with the Entrepreneur club, AISEC and ELSA organized public discussion on Pension reform in Montenegro. The discussion was organized at the Faculty of Economics on 28th of October 2002. Tijana Lekovic had a speech on “Second pillar functioning” and made a pamphlet “Why is pension reform important for young people?” and distributed it to students. Other speakers were: Veselin Vukotic, Miodrag Ivovic, Jon Kolberg, Parick Wies, and Vladimir Pajovic. Participants of the discussion were students and professors of the Economic and Law Faculty.
- Second draft of the brochure on Pension System was further developed.
- KRA Pension Reform made a small questionnaire on health service in Montenegro and use of private health service. The questionnaire was designed, distributed and all data entered and analyzed by ISSP team. The aim of the survey is to find out what services are usually used by Montenegrins, private or state, in which areas private services are usually used and do citizens considered these services expensive and what they think about the quality of these services. Findings from this survey will be partially used for the comments for Household Survey and for the working paper that will in more details analyze mentioned issue.

January – March 2003.

- KRA Pension Reform had one meeting in order to discuss and review the analysis of the health services in Montenegro.
- Two meetings with the KRA Pension team order to discuss and implement some changes in the Pension law. Working group will meet again in month to consider final version before sending to parliament, The new first pillar law is planned to be implemented in January 1st 2002.
- Members of each ISSP policy group and members of the Bearing Point established twelve working groups which main task was to prepare the Economic Reform Agenda for Montenegrin Government. The Economic Reform Agenda is a four year plan which will MoG adopt for the comprehensive reform of the Montenegrin economy in order to achieve following goals: economic growth driven by the private sector, EU compatibility of legislation and processes, maximization of Montenegro’s potential in areas where it has advantages and protection of the environment. ERN has representatives in all teams established. ISSP had representatives in the following teams: macroeconomic statistics, financial sector, pension, energy, business law and regulation, privatization and post privatization, trade, local government. Each group established had several meetings in order to complete defined task.
- Members of all ISSP KRA were involved in the work on the Economic Reform Agenda for Montenegrin Government. The final document of the Agenda was finalized.
- All KRA team members from ISSP are involved in the project Transactional Costs in Montenegro, each in his/her area of work.

April – Jun 2003.

- Three meetings of the KRA Pension team. The purpose of these meetings was additional work on the Pension Law.
- All members of the KRA teams are members of the working groups established to work on the implementation of the Economic Reform Agenda, each in his/her scope of work:
 1. Nina Labovic- Introduction of the rational deposits insurance scheme

2. Jadranka Kaludjerovic-Reform of the financial system, Macroeconomics and Statistics
 3. Milorad Katnic- Macroeconomy and Statistics-public finances
 4. Tijana Lekovic-Pension reform
 5. Ana Delibasic- Business environment- labor market
 6. Maja Bacovic-Policies that influence interest rates in Montenegro, Macroeconomics and Statistics
 7. Maja Drakic-Regulation of money market
 8. Jelena Musikic-Introduction of SNA
- All KRA team members from ISSP are involved in the project Transactional Costs in Montenegro, each in his/her area of work expected to be published in the next quarter.

July – September 2003.

- Writing a paper for Economic Forum in Milocer about Three-pillar pension system and capital market development through pension reform. The paper was presented at the Forum.
- Montenegrin Parliament adopted the Pension Law, which Pension KRA team has been working on, in September.
- Meeting with Adrian Rose and Jadranka Kaludjerovic about topic of the Paper and deadlines. The topic of the paper is The Reform of the First Pillar of the Pension Reform System in Montenegro. The data collection for this paper Fund PIO and Barents office was conducted.
- Completed a final version and sent to Professor Vukotic, Petar Ivanovic, Vladimir Pajovic and Ana Vlahovic for comments and suggestions. The paper was sent for preparation of layout after which it will be sent for printing.

2.2 STATISTICS

September – December 2002.

- Statistics KRA continued work on the development of GDP quarterly estimation and analyzed data on electricity production and consumption in order to use production approach in GDP calculation.

January – March 2003.

Statistical KRA, led by Maja Bacovic has been working on the System of National Accounts.

April – June 2003.

- Statistical KRA, led by Maja Bacovic finalized work on the System of National Accounts. Their work was published in the book System of National Accounts.
- A roundtable on harmonization between Montenegro and Serbia was organized jointly with Ministry of Economic Relations and European Integration and SCEEP (Policy and Legal Advice Center) from Belgrade. ISSP staff prepared analyses of the harmonization

and its impact to different economic areas and variables. The results of the analysis were presented at the roundtable.

- Work throughout the quarter on preparation of the regional conference held in June. The subject of the conference was “Economic Policies for Viable Micro States”. About 170 people participated at the conference from 16 countries including Albania, Kosovo, Macedonia, Bulgaria, Romania, Serbia, Bosnia, Hungary, Lithuania, Estonia, Germany, US, Great Britain, Switzerland and France. There were three sessions with three sessions for each on trade policy, tax policy and sustainable economic policies for small countries. The former Prime Minister of Estonia, Mart Laar, was the keynote speaker. There was a press conference following the formal meeting, which resulted in coverage on every Montenegrin TV station, several regional TV stations, all Montenegrin newspapers, several regional newspapers from countries in the region, Voice of America and some Montenegrin radio stations. In conjunction with the conference, several additional events were held, including dinner for the speakers and other guests with the Prime Minister; a meeting with the speakers with the Deputy Prime Minister, the Ministers of Economy, Transportation and Tourism, and the directors of the Employment Fund, The Agency for SME Development and the Secretariat for Development; and a lecture by some of the speakers at the University for postgraduate studies of entrepreneurial economy.

July – September 2003.

- First version of the working paper Situation on the Montenegrin labor Market was finished.
- First version of projections of macroeconomic aggregates for Montenegro until 2008 are finalized.

2.3 TRADE

September – December 2002.

- First draft of working paper “Arguments for the Montenegrin free trade” was finalized.
- Trade KRA team has been working on the working paper on trade harmonization analyzing effects of the customs rate harmonization on the Montenegrin economy. By the harmonization average custom rates in Montenegro would be increased which will have many effects on the whole economy.
- Trade KRA finalized working paper on trade harmonization.

January – March 2003.

- Trade KRA worked on the development of the paper on trade harmonization. Nina Labovic, member of the Trade KRA and ISSP researcher, traveled to Broadrevo, place on border to Serbia, in order to check customs procedures in trade with Serbia and frequency of traffic. The report from this visit will be incorporated in the working paper.
- The Trade KRA has been working on the finalization of the Trade Sector Analysis. The Trade Sector Analysis is completed and sent for the layout preparation. Work on the design of the covering page also started.

April – June 2003.

- The Trade KRA has been working on the finalization of the Trade Sector Analysis. The Trade Sector Analysis is completed and sent for the layout preparation. Work on the design of the covering page also started.

July – September 2003.

- Meeting with Adrian Rose and Jadranka Kaludjerovic about topic of the Paper and deadlines. The topic of the paper is Balancing Montenegro's Current Account. One page structure of the papers has been written and approved by Jadranka Kaludjerovic and Adrian Rose. The one page concept paper was sent to Andrew Vonegut for comments and suggestions.
- First version of working paper Balancing Montenegro's Current Account was finalized and sent to several experts, people engaged in this area, for comments and suggestions.
- Final version of working paper Balancing Montenegro's Current Account was finished, comments from external experts discussed and incorporated. The paper was sent for preparation of layout after which it will be sent for printing.

2.4. ENERGY AND REGULATION

October – December 2002.

- Started preparation for the regional Energy Conference. Three meetings of the Energy KRA team were organized in order to discuss certain organizational issues for the incoming conference. Started preparation of the material that will be presented on the conference (research, collection of data, documents etc.)
- One meeting of the representatives of Energy KRA team with Matt Nerzig, and his assistant, Barents, was organized. The purpose of the meeting was discussion about the Regional Energy Conference.
- Six meetings of the Energy KRA were organized in order to discuss organization of the regional Energy Conference.
- Four meetings of the Energy KRA were organized in order to discuss organization of the regional Energy Conference.
- Preparation of the regional Energy Conference that ISSP will jointly organize with USAID continued. Energy conference was arranged for 26th of November. Work on the preparation of the Conference was very intensive during this month. ISSP team made contacts with the participants in the region, informed them about the conference, and arranged their presentations and trips. The same obligations ISSP had regarding the participants from Montenegro. In addition ISSP organized the preparation of the space for conference and prepared all necessary conditions for it and prepared all materials that will be delivered on the conference. Ten meetings were organized with the ISSP team that is working on the organization of the meeting. Additional ten meetings were organized with the USAID representatives in order to discuss certain activities. When all the activities were almost finalized (all participants confirmed their participation, send the materials, the agenda was set, space was organized) the date of the Conference was changed for December 5th.
- After the change of the Conference date, ISSP had following activities regarding this issue: to inform all participants (more then 100 people) from country and abroad that conference is postponed, to negotiate again with the people who had presentations on the Conference, to set the new agenda, based on the new contacts to make new list of

participants, to collect new materials, to prepare new materials for the conference, to reserve space and other equipment for the changed date, to inform all media about the conference, to arrange the trips of the participants).

- Preparation of the roundtable on Investment funds.
- Intensive work on the final preparation for the Energy Conference. The group who is working on the Energy Conference organized five meetings.
- Separate meetings were organized with each participant who will have presentation in the defined three sessions, which in total is 11 meetings. The purpose of these meetings was to first of all welcome participants and to discuss with them their presentations, the way of presentation and other interesting issue that could be tackled during these presentations.
- Regional conference Electricity in Montenegro and SouthEastern Europe – best practice and lessons learned was organized in Hotel Crna Gora on December 5th, 2002.

The conference was organized in three sessions. Moderator of the first sessions “Legal and Regulatory” was Professor Veselin Vukotic, while other participants were Mr. Radu Regman (Advisor to the President of Electricity and regulatory Author, Romania), Tomaz Lah (regulatory Agency for Energy, Slovenia), Ph.D. Danilo Sukovic (Director of the Institute of Social Science, Serbia). Second session “Tariffs” was moderated by Peter Cordukes (KPMG), and participants were Mr. Boro Bjelobrk (Director of Development Department, Electricity Company of Bosnia), Gorazd Skubin (Director of Power Market Operator, Slovenia), Mr. Damjan Stanek (Power Market Operator Slovenia), Mr. Boris Buskovic (Electricity Company of Montenegro and ISSP) and Mr. Gjergji Simaku (policy advisor, Former Chairman of National Agency of Energy, Albania). The third session was about corporate restructuring and was moderated by Mr. Petar Ivanovic. Participants in this session were Kresimir Bakic (Expert on Restructuring, Former Transition Director, Slovenia), Mr. Bostjan Bandelj (Slovenian Power Plant), Ph.D. Zdenko Tonkovic (Director of Institute for Electricity and Energy, Croatia) and Mr. Branko Kotri (Transmission Director of electricity Company of Montenegro). After each session floor was open for questions and individual discussions. After second session press conference on which all moderators and presenters in the sessions participated. At the beginning of the conference working materials with all presentations was delivered to all participants. More than 100 people participated at the conference

- All discussions from the Energy conference were audio recorded and will be printed in the form of publication and widely distributed. Work on the realization of this goal already started.

January – March 2003.

- KRA team participated in the work on Economic Reform Agenda for Montenegrin Government.
- 6 meetings were organized among members of KRA in order to discuss the new Energy Law and situation in the Montenegrin energy sector

April – June 2003.

- 5 meetings of the KRA team were organized to discuss situation in the energy sector in Montenegro
- KRA team participated in the preparation of Country report for Montenegro, project relayed by CEED. KRA team has been working on the energy issues.
- 3 meetings of KRA team were organized with Alksander Golas, representative of Stone and Webster Consultants in order to clarify some data and information about situation in the energy sector and to collect some data for Country report

- New Energy Law was adopted by Montenegrin Parliament.

July – September 2003.

- First version of working paper Energy sector in Montenegro is finalized

2.5 CAPITAL MARKETS

September – December 2002.

- First draft of working paper “Procedure and Cost of Trade on Capital Market in Montenegro” was finalized. It was sent to the relevant people for comments.
- Two meetings of the Capital Market KRA team were organized during which KRA have been working on the draft version of the Company Takeover Law. All members of the KRA team were present. The result was finalization of the draft law that will be discussed during the next month in the public debate that ISSP will organize.
- Three meetings of the Capital market KRA were organized in order to discuss issue related to the roundtable on Investment Funds. The purpose of these meetings was creation of the list of participants, formulation of the presentations and specific issues that have to be covered and discussion about the organizational things.
- Three meetings of the Capital market KRA were organized in order to finalize the Draft version of enterprise Takeover Law.
- Four meetings of the KRA Capital market were organized in order to discuss activities relevant for the organization and preparation of the materials for the roundtable on Draft of Enterprises Takeover Law.
- Second draft of the working paper “Procedures and Cost of Trade on capital market in Montenegro” was developed. Most of the received comments were incorporated in this version.
- Roundtable discussion on Draft of the Enterprise Takeover Law was organized in Hotel Crna Gora in Podgorica. More than 100 representatives from different Montenegrin institutions were present (Government Institutions, Privatization Funds, Securities Commission, eight Montenegrin Banks, private entrepreneurs etc.). Representatives of all media were present and discussions were quoted in the media during the next few days. All discussions were audio recorder and printed in the ISSP roundtable edition. This was then widely distributed to all participants in the roundtable discussion, Government bodies, media and other parties that could have some interest in this issue.
- Roundtable on Investment Funds was organized on 6th of December. The aim of this roundtable was to present the role of the Investment Funds and to emphasize the questions that are important for their work and initiate debate how these questions should be resolved and defined by the law. One of the presentations was focused on the EU regulation regarding Investment Funds and participants had opportunity to see how this issue is regulated in EU countries and other countries in the region. Milorad Katnic, Maja Drakic, and Nadja Marovic made presentations and Milorad Katnic, in addition moderated the discussing. More than 60 participants were present on the roundtable discussion. Representatives from 10 different media (TV, radio and newspapers) were present on the conference.
- Discussion from the roundtable, according to the ISSP practice, were audio recorded and published in the roundtable edition and widely distributed to all participant and other parties that are interested in this subject. This material as any other paper from this edition, will be further used ad tool for advocacy.

January – March 2003.

- Capital market KRA had five meetings during January. The aim of these meetings was to analyze the Montenegrin laws that cover securities issue and define in which areas they are not harmonized. The analysis covered following laws: Enterprise Law, Tax Law, Central Bank Law, Banking Law, Banking Bankruptcy law, Budget Law, Insolvency Law and Restitution Law. The findings of the analysis will be presented in the roundtable discussion that will be organized in February.
- Capital Market KRA has been preparing the roundtable “Harmonization of Legislation Related to Capital Market”. Three meetings were held with members of Capital Market KRA. The materials that will be presented at the roundtable were discussed and reviewed. Some organizational issues were discussed, too.
- Roundtable “Harmonization of Legislation Related to Capital Market” was organized on February 14th. Petar Ivanovic, Milorad Katnic, Maja Drakic and Nadja Marovic had presentations on the roundtable. Participants were people from different Montenegrin institutions such as Security Commission, Commercial Court, stock exchanges, brokerage houses, Central bank, different commercial banks, Economic and Law Faculty. Representatives of Parents and USAID were invited. The discussion was very intensive during, many issues were opened and commented. This roundtable initiated debate about the law harmonization, which will be continued through other ISSP activities. According to the ISSP usual practice, discussions will be printed in the Roundtable edition and widely distributed to all participants, institutions and business community. Representatives of four TV stations, four daily papers and three radios were present.

April -June 2003.

- 5 meetings of KRA were organized in order to discuss the situation on the capital market in Montenegro.
- The representatives of KRA participated in the preparation of Economic Reform Agenda for Montenegrin Government.
- KRA team was involved in the preparation of Country Report for Montenegro, project done by CEED.

July – September 2003.

- Representatives of KRA participated in the preparation of sub legislation related to the capital market in Montenegro.
- 2 meetings of capital market team were held in order to discuss changes and situation at the capital market in Montenegro and legislation related to this issue.
- The Montenegrin parliament adopted Law on elect signature.

3. MONTENEGRO ECONOMIC TRENDS – MONET

Background information

Recognizing the need for better reporting on economic matters, ISSP developed Montenegro Economic Trends (MONET) in 1999. Published jointly with the Center for European Policy Studies (CEPS), the bi-monthly publication focuses on trends in the economy and provides critical analytical perspectives. It is the first publication in Montenegro providing data based on standard international methodology. MONET's contents include:

Part One: statistical data on production, employment and wages, prices, budget, money and banks, foreign trade and enterprises

Part Two: in-depth analysis of current important issues in Montenegro.

Through careful reporting in MONET, the ISSP regularly influences dialogue in crucial policy reform areas. It is used by donors, the government, the opposition, Parliament, academics and other organizations to measure how the economy is performing, and will also be an invaluable tool for foreign investors as they start to take an interest in Montenegro.

This year MONET was done with CEPS and was financially supported by EU, Agency for reconstruction.

September - December 2002.

- Work on the final draft of MONET 11 (English and Serbian version) was intensive during October.
- English version of MONET 11 was edited.
- MONET 11 sent to the graphic designer in order to make the layout for printing.
- After the preparation of layout ISSP staff worked on the final reviewing of MONET 11. The usual time that ISSP staffs spend on this was shorter because of the delay in the editing process.
- The final MONET 11 delivered to printer.
- Meeting with all staff was organized in order to discuss the topics that will be analyzed in the next issue. On this meeting the preliminary time schedule for MONET 12 preparation was defined.
- Vladimir Najman (CEPS) visited Institute. He participated on the meeting on which future plans for MONET 12 were defined. He was mainly working with Nina Labovic on the creating a new methodology for quarterly estimation of GDP in Montenegro.
- Started preparation of the press conference that will be organized at the beginning of November. The purpose of the press conference is presentation of the new issue of MONET, MONET 11. ISSP cooperates with CARA on delivering the information to the media and contacting the media in order to confirm their presence. ISSP staff that work on MONET had been working on preparation of their presentations. Special meeting of all ISSP participants was organized in order to clarify duties and presentations of each participant.
- Collection of the data for the second part of MONET 12, analysis, started.
- Press conference was organized for the presentation of MONET 11. Participants on the press conference were Petar Ivanovic, Jadranka Kaludjerovic, Ana Delibasic, Milorad Katnic, Nina Labovic i Tijana Lekovic. General findings from MONET 11 were presented

as the mission and the role of ISSP. Representatives Three TV stations four daily papers and five radio stations were present at the press conference. The MONET 11 information was quoted in this media for several times.

- Collection of the data for MONET 12 first part continued. Twelve meetings with the representatives of different institutions as Ministry of Finance, Ministry of Trade, Central Bank, Tax Administration Office, Securities Commission and Statistical Office.
- Collection of the data for the second part of MONET 12, analyses, continued and contacts with the authors that will contribute to this section of MONET were done.
- First draft of MONET 12 finalized.
- Meeting during which the draft version was discussed among the MONET ISSP team was organized. In the meeting future activities and deadlines were reviewed.
- Second draft of MONET 12 finalized.
- Second draft of MONET sent out for comments.
- Received comments were reviewed on the joint meeting of ISSP MONET team and accepted ones were incorporated in MONET.
- Third version of MONET 12 finished and sent out for editing.
- Editor's suggestions incorporated in the MONET 12. All articles after that sent to authors for final reviewing and corrections.
- MONET 12 sent to CARA for preparation of layout.
- Layout of MONET 12 received from CARA and reviewed again.
- Started translation of MONET 12.
- Final version of MONET 12 sent out to Daniel Gross, Professor Vukotic, Petar Ivanovic and Vladimir Najman for "green light".
- Received comments incorporated in MONET.
- MONET 12 sent for printing.
- Meeting of the ISSP MONET team was organized in order to prepare the press conference and discuss the issues that will be presented.
- On December 30th 2002. Press conference was organized. The purpose of press conference was presentation of MONET 12 and new macroeconomic indicators. Jadranka Kaludjerovic, Nina Labovic, Tijana Lekovic, Ana Krsmanovic and Milorad Katnic made presentations. Representatives from four daily newspapers, four TV stations including state TV, two weekly papers and three radio stations were present on the press conference.
- First version of MONET 12 on local language was finalized.
- Ph. D. Przymek Wozniak, expert from the CASE from Poland, who will work as a part of MONET team started to work at the ISSP. Meeting of ISSP team was organized in order to meet the new colleague and present the roles and general work of each team member.

January – March 2003.

- MONET team has been working on the second version of MONET on local language.
- Final checking of MONET # 12 on local language.
- Vladimir Najman, CEPS, was in ISSP for four days in order to work with MONET team on the improvement of the MONET.
- MONET # 12 on local sent to CARA for preparation of layout.
- Layout of MONET # 12 received from CARA and reviewed again.

- MONET # 12 on local language prepared for printing and sent to the printing office.
- MONET team had meeting on which subjects that will be covered in the next issue were discussed. Time schedule for MONET # 13 was defined. It was agreed that Prizimek Wozniak would organize two workshops about seasonal adjustments and calculations during the next month.
- All authors for the articles in the second part of MONET were contacted and the timetable and the essence of the issue were discussed with each of them.
- Started data collection for MONET # 13.
 - A data collection was continued for MONET 13.
 - Special focus was put on price data. The price database was extended by the data on cost of living (consumer basket) on the monthly level for period 2000-2002. After transfer of the data into excel files, database was sorted and cleaned. After cleaning final reviewing of the data in database was done and calculation started. The calculations were used as a base of analysis and comments that will be published in the Prices and Inflation Chapter. This chapter will be completely changed in the MONET 13, including tables, graphs and perspective of analyzing inflation. The prices chapter will be much improved.
 - MONET team tried to gather the data on capital market and based on them calculates stock exchange index for Montenegro. Meeting with the director of NexMontenegro stock exchange was organized to discuss this issue. MONET team did not succeed to get the data. However the NexMontenegro stock exchange calculated the index and published it.
 - Comment on budget for the MONET 13 will be improved and budget would be presented according to the IMF methodology.
 - First versions of all analysis for the first part of MONET 13 were finalized.
 - Work was continued on the comments for the second part of MONET 13. Comments that will be published in MONET 13 are:
 1. Inflation in 2002
 2. Economic freedom
 3. Reforms in Montenegro
 4. Minimum wage and its influence on the Montenegrin economy
 5. Barriers for doing business in Montenegro
 - A data collection was continued for MONET 13 and analysis of the data started.
 - Analysis in all chapters that are presented in MONET are improved, new calculations and the way of presentation are included.
 - First version of MONET 13 completed and edited.
 - Started work on the second version, some new corrections and improvements have been made.
 - Started translation of MONET 13.
 - Two meetings of the MONET team were held in order to discuss activities on this project and seminars that will be organized.
 - Meeting with MONET team and Vladimir Najman in order to conclude the results of working on draft version of MONET 13 (March 4th, 2003)
 - Meeting with ISSP managing team (Petar Ivanovic and Jadranka Kaludjerovic) and CEPS representatives (Vladimir Najman and Przemek Wozniak) in order to discuss about cooperation between ISSP and CEPS and administrative issues and to write the report from this meeting (March 6th, 2003).

April – June 2003.

- Data analysis for MONET 13 finalized, improvements and new way of presentation included
- MONET 13 finalized and prepared for printing.
- MONET 13 in local language finalized and prepared for printing
- Press conference of MONET 13 was organized on May 13, 2003. At the press conference Jadranka Kaludjerovic, Milorad Katnic, Nina Labovic, Tijana Lekovic, Ana Delibasic and Prezemyslaw Wozniak participated. Journalists from all Montenegrin TVs and daily papers were present. In total 35 minutes of TV program, 30 minutes of radio program and reports in all daily newspapers in Montenegro (for details please see the media report).
- Initial meeting on MONET 14 for the staff was held. During the meeting following issues were discussed:
 - Improvement of the statistical analysis in part I
 - Extension of the data series presented in part I
 - Way of presentation of data, tables and graphs
 - Analysis for part II
- Started data collection for MONET 14.

July – September 2003.

- Data analysis for MONET 14 finalized. Some additional improvements in specific chapters were made.
- All articles for the second part were prepared.
- MONET 14 sent to editor. After editors checking, ISSP staff again checked all changes that editors made to be sure that the core meaning is not misinterpreted.
- After final checking of the MONET, it was sent for layout preparation. After the preparation of layout the MONET 14 was again finally reviewed by ISSP staff.
- Started translation of MONET 14.
- Press conference of MONET 13 was organized on August 1, 2003. At the press conference Jadranka Kaludjerovic, Milorad Katnic, Nina Labovic, Tijana Lekovic, Ana Delibasic participated. Journalists from all Montenegrin TVs and daily papers were present. In total 25 minutes of TV program, 35 minutes of radio program and reports in all daily newspapers in Montenegro (for details please see the media report).
- Work on MONET 15 started. Initial meeting with all ISSP staff that work on MONET was organized in order to discuss what improvements will be done in this issue and what articles can be included in the second part. The new change will be that after the finalization of each chapter person that work on another chapter will check and review it. Then both persons will have discussion about the chapter. This change was introduced in order to additionally educate each member of MONET team about each segment of the economy. On this way each person that work on the MONET will have the overall picture about the Montenegrin economy and will be able to understand better the relation that exists in it.

4. HOUSEHOLD SURVEY REPORT

Background information

The Household Survey is a methodology to collect, collate and analyze basic income and expenditure data from representative households in Montenegro. The basic idea behind having such a survey is to provide reliable, unbiased data to policymakers to streamline the process of proposing effective social programs.

The main goal of the Household Survey Series is to gather data about relevant characteristics of the households in Montenegro based on internationally recognized methodology. The survey aims to provide benchmark data and analysis, which not only provides basic information, but also provides information to help monitor changes and effectiveness of policies. Thus the goal of the survey is to provide information about the basic characteristics of Montenegrin households - their size, composition and age measures, and demographic information.

This year, from Household survey#5, cooperation with World Bank started. The Household survey#8 was done in cooperation with UNDP. The Household survey was extended by survey of refugees, Roma population and IDP's in Montenegro.

September –December 2001.

- Comments from the reviewing process inserted into the final draft of Household survey.
- Fifth issue of Household survey finalized and sent for printing.
- Questionnaire for the Household Survey sent to all Montenegrin Ministries for comments and suggestions. Consultations about the questionnaire were organized with the representatives of different domestic and foreign organizations (USAID, Barents, EU, Statistical Office, different NGO's). Suggestions and comments discussed and inserted into the questionnaire.
- Representative of World Bank, Kathleen Beegle, economist in the Research Department, was one week at the ISSP working with the project manager Dragana Radevic on questionnaire, interviewing process, data collection and analysis.
- The final questionnaire was designed, based on the suggestions received and discussions with the WB representative. Questionnaire has now 33 pages and is very detailed and extensive.
- Training program for interviewers was organized. The training program lasted 3 days. Ms. Kathleen Beegle, WB representative, was trainer during one day of the training program.
- Project coordinator, Dragana Radevic, participated at Poverty Reduction Forum. Forum was organized in Baden and lasted 6 days starting with October 28th. The issue of poverty reduction is one of the focus issues in Montenegro at the moment and ISSP through its work on the Household survey will be involved in this issue. In addition, Household Survey presents the only relevant source of information on which projections, analysis and estimations for the poverty reduction strategy can be done.
- Fifth Household survey delivered on more than 400 addresses.
- Started collection of data for Sixth Household Survey. Interviewers are on the field.

- Pollsters have been working on the data collection on the field for the Sixth Household Survey for three weeks.
- During that period supervisors have been visiting different town in order to monitor pollsters work on the field.
- After finalization of the data collections all questionnaires were sent to Podgorica to the ISSP when they were sorted and checked.
- Supervisors then checked in the phone interview each fifth questionnaire. After this process it was concluded that 5% of the questionnaires are not completed properly.
- Pollsters started preparation for the new collection of the data, additional 5% of questionnaires that have to be done.
- Meeting of the managerial team of ISSP was organized in order to discuss certain issues regarding the future activated on Household Survey that will be realized until the end of the year 2002.
- Pollsters have been working on the data collection for additional 5% of the questionnaires.
- Supervisors were on the field monitoring the collection of the data for the additional questionnaires after which they checked each fifth survey by phone interview.
- Data entering for the Sixth Household Survey started.
- Meeting with the ISSP Household team was organized in order to discuss future activities on the survey, comments that will be written and authors that will write them and to define the topic that will be in the focus of this issue. It was decided that this issue focus would be PRSP strategy.
- Meeting with the NGO's that are involved in PRSP strategy in Montenegro was organized in order to present them the Household survey and the topics of the sixth issue. During the meeting the role of the NGO's in the PRSP process was discussed and how that should be presented in the Sixth Household Survey.
- Contacts were made with the UN organizations that are involved in the PRSP project (UN Office for Human Rights, UNDP, UNICEF) and in the following communication their role in the PRSP process and the way of its presentation in the Household Survey was discussed. The results of the intensive communication are several comments that will be published in the Sixth Household Survey regarding PRSP strategy.
- Meetings with the representatives of Ministry of Labor and Social Welfare and Ministry of Environment and Urban Planning were organized in order to discuss their contributions to Sixth Household Survey. The comments that these Ministries will work on together with Household team would be about environment and social issues.
- The contacts that were made in Baden on the Poverty Reduction Forum were used and people from the region were contacted. The purpose of this was presentation of the PRSP strategy in the region. Representatives from Albania, Macedonian, Bosnia and Herzegovina and Serbia were contacted and asked to comment the current situation in their countries, lessons learned and future plans regarding PRSP.
- After finalization of the data entering the database cleaning was done.
- Database cleaning was done after which final checking and the reviewing of the database was done and analyzes of the data started.

January – March 2002.

- Analysis of the Sixth Household Survey was done.

- All comments and articles for the Sixth Household Survey were collected. Poverty issue was in the focus of this Household Survey. The basic analysis included the analysis of the poverty, while the comments included in the second part referred to:
 1. Poverty Reduction Strategy
 2. Poverty Reduction Strategy in Montenegro
 3. Participation of the Civil Sector in the Poverty Reduction Strategy in Montenegro
 4. Comment of the UN Agency on the Poverty Reduction Strategy
 5. Approach to the Poverty Reduction from the Perspective of Human Rights-OHCHR Recommendations
 6. Environment Protection-need or luxury
 7. Poverty Reduction Strategy in Serbia
 8. Review of the Albanian National Strategy of the Social and Economic Development
 9. Process of Creation of the Development Strategy in Bosnia and Herzegovina
 10. Macedonian Poverty Reduction Strategy

- In this issue additional section was introduced. The title of the section is food for brain. In this part two texts were presented:
 1. Inequality in wealth and income – Ludwig Von Mises
 2. Creation of trade businesses for people in poverty-Nicholas Stern , World Bank

- During this month Household team has been intensively working on translation of all analysis, comments and texts for Sixth Issue. All translated articles were edited. Layouts for both versions (English and Montenegrin) were finalized. Household sent to printing office.
- Started preparation of press conference that will be held in February.
- Government of Montenegro is currently working on the Poverty Reduction. ISSP is involved in this process as party that will do poverty assessment based on the Household Survey. Household Survey is the best source of this data in Montenegro and World Bank approved these data as a reliable source of information. For the poverty assessment ISSP will use Household Survey No.4, No.5 and No.6
- Ms. Kathleen Beegle, spent one week in ISSP working with project coordinator Dragana Radevic on Household Survey and poverty assessment issues. Because the sample, based on which Household survey is done, does not include Roma people, and they present very vulnerable part of population, the special research about poverty among this population will be organized. Ms. Beegle and Ms. Radevic visited one Roma settlement in order to talk with people and collect all necessary information for the research. Three additional meetings were organized with different institutions and organizations that are connected with the Roma issues. Based on this work Mr. Beegle and Mr. Radevic finished terms of references for this research.
- The contract of European Commission Food Security Program Office expired, there where no more funds for financing the Household Survey available. However, all agencies operating in Montenegro found it valuable and justified its continuation. Activities on providing further funds for financing Household Survey started through contacting different donor agencies (such are UNDP and World Bank). Several meetings hold with representatives of these institutions.

- Meanwhile, data collected through so far conducted surveys were used for further analysis. On the first place, outline for detailed paper on poverty profile in Montenegro was prepared. This paper will be written by ISSP and World Bank staff collaboration.
- Project Coordinator Ms. Dragana Radevic stayed two weeks in Washington working with World Bank experts Mrs. Kathleen Beegle and Mr. Ruslan Yemtsov.
- During her visit to Washington, Project Coordinator Ms. Dragana Radevic attended course “Poverty Measurement and Analysis” delivered by leading World Bank experts in this field. The course was attended by IMF and EBRD representatives. New contact were established during the course and participants made familiar with ISSP’s mission and activities.
- Based on the data collected from previous surveys, Household Survey Report #7 is prepared. Some of the new topics covered by this issue will include: rent, tax laws – implication on household budget, agriculture – copying mechanism for improving living standard, trade liberalization, household savings, customs, Roma and IDPs, etc.
- Data from Household Survey were used in estimating the impact of the tariff rates increase on household budget. Report will presented on roundtable about custom harmonization between Serbia and Montenegro.
- Media coverage: during March, different media and economic journalists used data from Household Survey for writing their articles and preparing reports. One of the most interesting was published by weekly newspaper “monitor” and refers to health service providers’ in Montenegro.

April – June 2002.

- Based on the data collected from previous surveys, Household Survey Report #7 is prepared. Some of the new topics in this issue will include: rent, the effect of the tax laws on household budget, part time supplemental agricultural employment to improve living standards, trade liberalization, household savings and customs.
- The refugees and IDP’s were not included in this HHS report, due to the impossibility of the design of a high quality sample. Several meetings were organized with the representatives of UNDP in order to resolve this issue and to include these two groups in the survey in the future. The discussions are still in progress until the final solution is found.
- Data from Household Survey 5 and 6 were used in estimating the impact of the VAT on prices, consumer basket and household budget. Findings from this analysis were used for live TV show in which Ms. Jadranka Kaludjerovic participated. The subject of TV show was VAT introduction in Montenegro, and Ms. Kaludjerovic was one of three guests in the studio.
- A study, “Living Standards and Poverty in Montenegro 2002”, was prepared based on the findings from the HHSurveys during the year 2002. Coordinator of the HHS Ms. Dragana Radevic and Mrs. Kathleen Beegle from the World Bank jointly worked on this study. The study would be printed as a separate paper.
- Several meetings were organized with the representatives of CESID-Roma and MONSTAT regarding delivering the local training for the MONSTAT (Montenegrin Statistical Office) statisticians in conducting the Household Survey. The objectives of this local training are as follows:
- ISSP will make members of task force aware of all the phases of the Household Budget Survey (HBS)

- ISSP will train and allow the task members to participate in the following: questionnaire design, sample elaboration and extraction, field organization, training of interviewers, data collection, data entry, data control, data corrections, design and production of output tables and calculation of indicators, data analysis, dissemination of the results;
- ISSP will help MONSTAT reform its use of sample-based surveys methodology.
- The project proposal for continued funding of HHS was prepared. According to the project proposal HHS would include, *inter alia*, environmental issues. This is important because environmental issues, critical for the future development of Montenegro, have never before been included in the household survey.

July - September 2002.

- On the tender announced by UNDP for conducting a survey on Roma population, refugees and IDP's, ISSP project proposal was chosen. Activities of ISSP in this project includes:
 - identification of a sampling strategy.
 - revision of existing household questionnaire.
 - training of the pollsters..
 - household data collection.
 - Report on Living Standards among Roma and IDPs.
- Identification of a sampling strategy and sampling was done in July. This work encompassed two activities. First was a mapping of options for sampling the population. As a base, the IDP and refugee lists available in the UNHCR were used. These lists were updated in 2002 for the last time and contain the names of the households' members and the addresses of the households. However, this list did not include Montenegrin Roma (about 20,000 in Montenegro). Sampling for this population was more difficult and required liaisons with non-government organizations working with these populations. The second task was identifying distribution of the target sample size of about 700 households across Montenegrin Roma, IDPs (including Roma from Kosovo) and refugees in order to obtain reliable statistics.
- Revision of existing household questionnaire was also done in July. The existing household questionnaire was developed with input from the LSMS team at the World Bank. Focus group was organized in order to get comments from different experts on the questionnaire. Representatives of UNICEF; UNDP, UHCR, statistical office and local Roma agencies participated in the focus group. Representatives of World bank also gave comments and suggestions. Their suggestions and recommendations were discussed and then incorporated in the final version of the household questionnaire.
- Training of the pollsters was done in July. Already experienced ISSP pollsters participated at the training. Because of the ethnical differences and in order to get the confidence of Roma people, collaborating Roma NGOs network assigned Roma representatives to serve as pollsters. Very challenging training for selected Roma pollsters was organized.
- In August data collection was conducted. In the same month data processing was finalized and first major analysis were done.
- In September the ISSP prepared the first progress report and submitted it to the UNDP: The report was sent to the representatives of the UNDP in Belgrade, representatives of the World Bank and other external experts for suggestions and comments. Their comments are then incorporated in the report and the final version of the report is finalized. It was sent to printing office.

- The preparation of the presentation of the report started. The presentation will be organized on October 20th, as a part of the UN Poverty day. This report is of huge importance, because this is the first report on the poverty of marginalized groups. It present the important complement to all activities that ISSP undertook until now in cooperation with World Bank. The findings of this research will be input for the final version of the national Poverty Reduction Strategy Paper (PRSP).
- A presentation of a study, “Living Standards and Poverty in Montenegro 2002”, was held on 16th July. Coordinator of the HHS Ms. Dragana Radevic and representatives of WB, Mrs. Kathleen Beegle and Mr. Ruslan Yemtsov made the presentation. The presentation was organized for the Montenegrin government and high official attended the presentation.
- A study “Living Standards and Poverty in Montenegro 2002”, was printed on both languages (English and local) and was widely distributed. This study provides an overview of the profile of poverty and living standards in Montenegro using the most recent and best data. It highlights that is important to evaluate the potential impact of economic reform on the poorest in Montenegro. By presenting an array of important results, this study serves as platform for important discussion in Montenegro on poverty reduction strategies and efforts to monitor progress in their implementation.
- According to the agreement with MONSTAT all activities were conducted during July and September. The training did not take place in august because, the MONSTAT employees were on vacation. However, work on the Roma research was used as a sample in the training program. MONSTAT trainees had “learning by doing” training in all survey phases as follows:
 - Survey planning
 - Decision about the sampling frame
 - Selection of a sample from a frame
 - Sampling design; sample size
 - Construction of questionnaire; test of questionnaire
 - Preparation of the field work
 - Training of interviewers
 - Data collection
 - Supervisory work
 - Data entry program development
 - Testing of Data entry program
 - Data input and processing (editing, imputation, etc.)
 - Tabulation and analysis
 - Use of Household Survey data
 - Writing a report – descriptive statistics
 - Preparing the comments – data interpretation and key Survey findings
 - Dissemination of the results (organizing the press conferences, preparing the presentation of the results, tracking media coverage)
 - Budgeting of all phases

The training program will be finished on 20th October. The MONSTAT was interested in in additional training in SPSS software by which the cooperation between MONSTAT and ISSP will be continued.

- The project proposal for continued funding of HHS was accepted. According to the project proposal HHS would include, *inter alia*, environmental issues. Because this is the new area, not be included in the HHS until now, the focus group on questionnaire design will be organized. The preparations of the focus group already started. The survey will start on 1st December, because of the Montenegrin census.

3. ADDITIONAL PROJECTS

- Economic policy for 2003, for Central bank of Montenegro, finished in December 2002
- Transaction costs in Montenegro, first version drafted in June 2003
- Macroeconomic indicators for 2002 for Montenegro, first version finished in June 2002
- Economic policy for 2004, for Central bank of Montenegro, started in September 2003
- Transition report for Montenegro, started in September 2002