

Data Sheet

USAID Mission:	Montenegro
Program Title:	Local Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	170-0132
Status:	New in FY 2006
Planned FY 2006 Obligation:	\$3,165,000 AEEB
Prior Year Unobligated:	\$0
Proposed FY 2007 Obligation:	\$0
Year of Initial Obligation:	2006
Estimated Year of Final Obligation:	2012

Summary: This objective focuses on activities that seek to improve the local economic environment that enables businesses to grow and to strengthen the capacity of businesses in key sectors to compete more effectively in local, regional, and world markets. It further seeks to assist municipal governments' efforts to provide and maintain basic public services and infrastructure, reducing constraints that impede investment and introducing incentives for investment and growth. Further, it will support activities directed at business and producer associations and firm-level productivity and efficiency.

Inputs, Outputs, Activities:

FY 2006 Program:

Expand and Improve Access To Economic and Social Infrastructure (\$489,750 AEEB). USAID will continue to promote development of and leverage funding for economic infrastructure projects through the Community Revitalization through Democratic Action - Economy (CRDA-E) activity in order to stimulate and support business development and investment. Activities will enhance successful infrastructure investments realized under the original CRDA project and the Coastal Development and Environment activity. The Good Local Governance (GLG) project will continue support for improved water company billing and revenue-collection, for benchmarking of municipal water company performance against international indicators and for completing targeted water utilities' business plans. Work in progress by USAID and the United States Trade and Development Agency (USTDA) should result in completion of a feasibility study for a revolving investment fund (RIF) to provide credits in the municipal water sector, with mobilization of a Development Credit Authority/Global Development Alliance to begin to design and build the RIF, and companion technical assistance to increase bankability of target municipal water utilities in key tourism locations in the Republic. Other possible donor funding mobilization is expected. Principal partners: International Relief and Development (IRD); The Urban Institute (UI); USTDA; DCA/GDA with New York State Environmental Facilities Corporation et al.

Improve Private Sector Competitiveness (\$1,769,250 AEEB). USAID will continue implementation of the CRDA-E project and the Private Sector Development and Competitiveness project. Activities will work with business associations, producer associations and private business partners to improve business strategies and products to expand access to the market. Activities will enhance firm and industry domestic/foreign export product development and promotion through improved quality standards and packaging, international certification, market research, marketing, branding, and customer service. Activities will also work with high-potential local firms to help them compete for investment. In addition to technical assistance and training, CRDA-E will provide strategic co-financing and co-development of business opportunities in the agriculture and tourism sectors through business and producer associations with emphasis on full-time equivalent job creation and income generation. Activities will support local business associations, business service providers and think-tanks to improve understanding of the requirements in a market economy and to upgrade skills. Activities seek to enhance critical input from the private sector to improve and institutionalize reforms in the business regulatory environment to remove barriers and improve competitiveness. Principal partners: International Relief and Development (IRD) and Booz-Allen-Hamilton (BAH).

Support Democratic Local Government and Decentralization (\$906,000 AEEB). USAID will support strengthening of municipal economic planning and development capacity through public-private Local Economic Development Councils, established under CRDA-E, emphasizing realization of high-potential municipal and regional-scale projects with opportunity for quick economic results. Efforts will also remove municipal barriers to business and institute incentives to attract investors. Principal partners: International Relief and Development (IRD) and The Urban Institute (UI).

FY 2007 Program:

Performance and Results: Montenegro is a small economy with a working population of approximately 140,000 of 620,000 people and whose gross domestic production is dependent on the fast growing tourism sector, primarily in the coastal region, and on agriculture. The Water and Waste Water activity made significant improvements to water supply in three principal tourism centers, reducing water interruptions by 34% in Budva, and 64% in the UNESCO-designated Kotor, and in Cetinje, the old historic capital and seat of the former Kingdom. In Budva, hydraulic and leakage repairs provided water for an additional 13,000 tourists while also completing an additional seven water supply projects valued at \$2.4 million in 5 coastal regional municipalities benefiting directly 29,380 residents including tourist related businesses. Finally, USAID delivered a sewage system maintenance truck and provided training on its use to Ulcinj, an ethnically Albanian municipality on the Albanian border to assist in maintenance of a 33,000 linear meter sewerage system while renovated waste water pumps allowed proper wastewater evacuation and reduced service interruption by 90% along the coastal region preventing waste spillage on beaches. Program supported community level economic development activities focused its funding investments in 204 projects in over 87 communities throughout the Republic. These projects largely focused on helping communities in developing jobs and income generation for the citizens living in these areas. Such projects included income generating projects such as coastal olive industry revitalization, craft production by unemployed women for the tourism industry, as well as some 61 micro grants and 5 hybrid loans for micro business starts or expansions targeting entrepreneurs from vulnerable households. In addition, a local government activity assisted in bringing better fiscal discipline and transparency with 81% of all municipalities in the Republic now using a fully implemented municipal treasury and budgeting system. Expected general results of the objective are: enhanced knowledge and skills of private entrepreneurs; improved access to and use of market information; improved understanding and compliance with international standards certification; proper use of modern technologies; increased access to credit; and enhanced private-sector capacity for advocacy on issues critical to business.

US Financing in Thousands of Dollars

Montenegro

170-0132 Local Economic Growth	AEEB
Through September 30, 2004	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2005	
Obligations	0
Expenditures	0
Through September 30, 2005	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2006 NOA	
Obligations	3,165
Total Planned Fiscal Year 2006	
Obligations	3,165
Proposed Fiscal Year 2007 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	3,165