



Unija poslodavaca  
Crne Gore

MONTENEGRIN EMPLOYERS FEDERATION

# COMMUNICATION ON ENGAGEMENT (COE) OF MONTENEGRIN EMPLOYERS' FEDERATION (MEF)



COE of MEF

Period covered: January 2020 - December 2021



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MONTENEGRIN EMPLOYERS FEDERATION

## COE OF MONTENEGRIN EMPLOYERS' FEDERATION (MEF)

*Period covered: January 1, 2020 – December 31, 2021*

### Statement of Continued Support

To our stakeholders:

I am pleased to confirm that Montenegrin Employers' Federation (MEF) reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. This is our Communication on Engagement with the United Nations Global Compact. We welcome feedback on its contents.

In this Communication of Engagement, we describe the actions that our organization has taken to support the UN Global Compact and its Principles as suggested for an organization like ours. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Mr. Predrag Mitrovic

President of MEF

## Content

About the Montenegrin Employers' Federation (MEF).....	3
Position of MEF.....	4
Description of Actions of MEF.....	6

## About the Montenegrin Employers' Federation (MEF)

**MEF Mission:** *MEF represents the interests of employers, improves business conditions and promotes responsible business practices, in order to create a modern, competitive and strong economy and a prosperous state of Montenegro.*

**MEF Vision:** *The leading employers' organization in the country, dedicated to building a business environment that is enabling for the development of sustainable companies and permanent, stable employment.*

**MEF Values:**

- *Independence*
- *Transparency*
- *Equal treatment of members*
- *Social responsibility*
- *Ethical, professional and lawful operations.*

*Montenegrin Employers' Federation (MEF) is an independent, non-governmental, non-political and not-for-profit organization based on voluntary membership. MEF was founded in 2002.*

*In 2005 MEF was granted the status of representativeness whereby it became an umbrella employers' organization in Montenegro representing as such an independent voice of business at national and international level. Having signed the National Tripartite Agreement in December 2006, MEF became a social partner – an official representative of employers in relation to Government and trade unions*

*MEF membership comprises entrepreneurs, SMEs, large economic systems, employers' associations at local and sector level as well as NGOs. MEF founded a Business Women Association of Montenegro and helped the foundation of other employers' associations at local and sector level. MEF has signed cooperation agreements with the umbrella employers' organizations from the region and wider as well as international institutions and organizations.*

*MEF is a member of International Organization of Employers (IOE) and Business Europe, it is one of the founders of Adriatic Region Employers Centre (AREC) and it is the first signatory of UN Global Compact in Montenegro. MEF closely cooperates with International Labour Organization (ILO) - it was founded with their support and acts in accordance with their conventions and recommendations.*

*MEF actively contributes to improvement of business climate and elimination of business barriers providing a wide variety of services to its members.*

## Position of MEF

**MEF has been a first signatory of the UN Global Compact initiative in Montenegro (2008).**

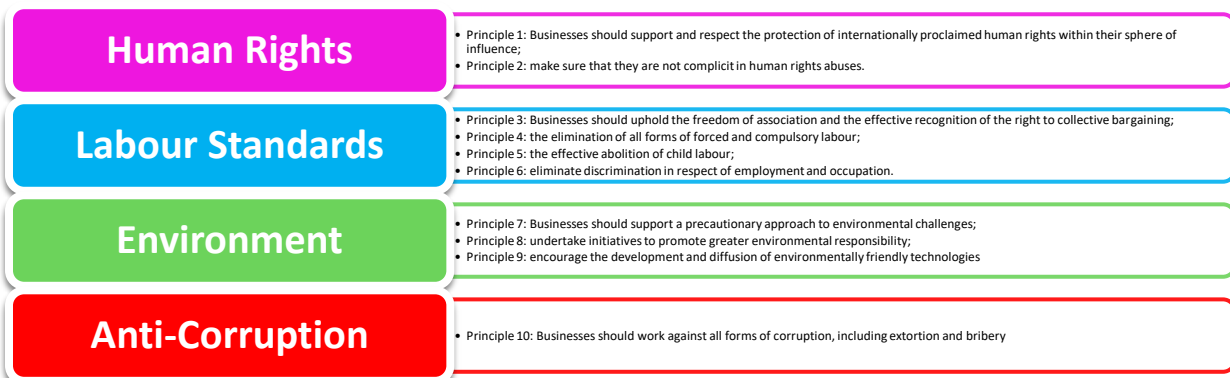
**MEF was one of the initiators and organizers** (together with the UNDP Office in Montenegro, the National Directorate for SME Development and the Centre for Development of NGOs) **of the Launching Conference of the Global Compact in Montenegro** in December 2010. In addition, since 2007, **MEF also actively promotes the concept of corporate social responsibility**, which is an inseparable part related to the ten principles of the Global Compact.

MEF promotes and encourages the responsibility of enterprises in the area of their impact on society through the establishment of procedures for integrating social, ethical, environmental issues, human rights and consumer protection in its business activities. In this area numerous activities were performed in the previous period. As a membership-based institution and a social partner, MEF has very good relationships both with the private sector and the public and governmental institutions.

At the public level, MEF has an opportunity to act as a voice of business in creation of all business related regulations, strategies, action plans that create good business environment, and at the business level it has a mandate and obligation to promote fair business behavior, compliance with laws and best practices in order to enable sustainability of companies at all levels.

**MEF has an *Employers' Code of Ethics*** (since 2005) which binds all members to respect the principles of the UN Global Compact and the UN Millennium Development Goals.

### The 10 Principles of UN Global Compact



**Out of the 17 goals of the UN 2030 Agenda for Sustainable Development, the most relevant to the private sector is *SDG 8: Decent work and Economic growth***, as it calls for the promotion of sustainable and inclusive economic growth, full and productive employment and decent work for all.

SDG 8 is the main focus of the International Labour Organisation (ILO), but also for MEF and the business community a whole.

### Sustainable Development Agenda 2030



The Ten Principles of the UN Global Compact (in the areas of human rights, labour, environment and anti-corruption) derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's
- Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption.

## Description of Actions of MEF

### Preface

*Even before this crisis, the Montenegrin business community struggled with the problems of illiquidity, a large number of blocked companies and a pronounced grey economy, and with that burden it was pushed into a new problem in mid-March 2020, which resulted in a very worrying balance sheet. The situation in the Montenegrin economy shows that the problems recorded 2013 in [5 Business Killers](#) - strategic document of the Montenegrin Employers Federation (MEF), are still current. Namely, this document highlights five crucial business barriers in Montenegro (and provide main suggestions as to how to overcome them): 1) Inadequate regulatory framework; 2) Difficult access to financial resources; 3) High share of informal economy; 4) The existence of corruption at all levels and in all areas; A mismatch between education system and labour market needs. These barriers are not the exclusive product of the new coronavirus, but primarily a reflection of the long-standing state of the economy, which the COVID-19 crisis has further actualized, deepened and brought to the fore.*

*The COVID-19 pandemic hit the Montenegrin economy harder than the global recession of 2008. As an example in January 2008, there were 8,528 legal entities and entrepreneurs with frozen accounts in our country, while at the end of April 2021, these numbers were as high as 19,193.*

*From MEF perspective, the best solution to overcome these unprecedented challenges is for social partners and government come together with a shared goal of safeguarding enterprises, employment and the economy at large. MEF is convinced that strong and functional social dialogue is the key to effective and inclusive post-pandemic recovery.*

### Donation of protective equipment for medical personnel

During the Covid-19 crises, in cooperation with partners, MEF produced the missing protective equipment and donated more than 1,500 medical visors for health personnel.



Namely, the MEF and The Capital City Podgorica, in cooperation with three partners organizations and numerous volunteers, joined the initiative of providing the missing equipment for health workers of the Clinical Center of Montenegro and other health institutions from the territory of Podgorica.

They have put its 3D printing resources into the support of the health care system through their work at the Competence Center Podgorica, and made a significant contribution to the production of several hundred protective visors.



The visors were produced on five 3D printers that MEF provided within the cross-border EU project "competenceNET" which our employers organization implemented in Montenegro.

More information at the link: [MEF helps producing missing protective equipment for medical staff \(donated more than 1,500 visors\)](#)

*(note: the EU cross-border project "competenceNET" is implemented within INTERREG IPA CBC Croatia – Bosnia and Herzegovina – Montenegro 2014-2020).*

## MEF support to member companies during COVID-19

Doing business in the conditions caused by pandemic, the influence of NCB's (the National Coordination Body for communicable diseases) measures on business, problems and expectation of employers, as well as support measures adopted by the Government, were the focus of attention and actions of the MEF.

With the epidemic and introduction of the first measures by NCB to tackle the effects of the crisis, MEF intensified their daily communication with members and authorities in charge, with an aim to ensure support and complete information to companies about their duties and procedures coming out of (often unclear and imprecise) NCB measures. During this period, MEF was provided to its members advisory, legal and consultancy services – on a daily basis and without interruption.

### ❖ Solidarity with member companies

Through everyday communication with our members, MEF had information's that the situation is more than dramatic with great majority of companies meaning that the significant number of them will have to implement rationalization measures and decrease the costs of business operations.

Although our organization went through a very difficult financial situation due to the COVID-19 crisis, the MEF supported the operations of all member companies by releasing them from the obligation to pay membership fees for three months – March, April and May 2020.

With this act, MEF consciously gave up part of its income, showed solidarity and reclassified the position of its membership in the days of extreme business insecurity. Also, MEF has additionally confirmed that it is a socially responsible organization and a true protector of the interests of the Montenegrin business community.



## ❖ Human resources management

From March to September 2020 (and in the period after that), MEF General Secretariat submitted a number of letters and interventions to the Government, NCB, line ministries and other authorities in charge, pointing at the concrete needs, problems and expectations of employers - in general and sector-based. The intention of MEF was to facilitate and improve the position of employers and their companies as well as to support companies to retain employees and jobs.



Since the NCB's decisions and measures at the very beginning of the pandemic were very imprecise and unclear - in particular regarding their influence on labor relations (and the expected instructions by the line ministry missed out), the MEF created a document [Labor relations in the time of COVID-19: MEF answers to employers' questions](#).

This document was published on the MEF website on March 31, 2020, and was distributed by email to all MEF member companies. This document contains clarifications and answers to the most frequently asked questions of employers in the field of labor relations.

In this way, the MEF facilitated the actions of employers and helped them to, without legal consequences, apply the Government's measures and take

advantage of the opportunities that exist in the regulations for the field of labor relations.

## ❖ PowerUP program

The World Bank, under its *PowerUP: Capacity Building for Early Stage Firms in the Western Balkans* program launched in September 2020 a dedicated program for more than 200 companies funded by the European Union under the Western Balkans Enterprise Development & Innovation Facility (WB EDIF) and implemented with the support of the eminent consulting firm Deloitte.

MEF was a proud partner of the PowerUp program.

The PowerUP is a free of charge program designed for SMEs and start-ups who are looking for new ways to attract customers, adapt their business models, and who are potentially interested in the outside investment.



As a growth program for SMEs and startup companies from Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia, Albania and Kosovo, the PowerUP program was filled with theoretical and practical knowledge that gave all participants the opportunity to accelerate the growth of their business and strengthen their COVID-19 resilience through innovative business practices.

More details about the PowerUP program at the link: <http://www.deloitte.com/me/powerup>

### ❖ Mitigation the effects of the COVID-19 on the business and the sustainability of the companies

With the support of the International Labour Organization (ILO) – The Bureau for Employers' Activities (ACT/EMP), MEF published and made available to Montenegrin employers a series of publications aimed at supporting them to overcome the problems their businesses faced following the COVID-19 crisis:

- [An employers' guide on managing your workplace during COVID-19](#)
- [Business Continuity Planning for SME during COVID-19](#)
- [An employers' guide on working from home in response to COVID-19](#)
- [MEF statement on COVID-19 crisis and how we as a nation can collectively respond](#)

Also, with the support of the ILO, MEF published an animated video that provides guidance to SMEs on how to easily, in 6 steps, create a [Plan for maintaining business continuity in the conditions of COVID-19](#). The video was delivered to the MEF members (via email), posted on MEF YouTube channel and social networks Facebook, LinkedIn and Twitter.

MEF is aware that productive employment and dignified work are possible only in an environment that ensures the existence of sustainable enterprises.



That is why the focus of its efforts and overall activities is aimed at providing quality and continuous support to MEF member companies, but also to the entire business community in Montenegro.

## MEF position papers

### ❖ Research on the impact of the COVID-19 pandemic on enterprises

The Montenegrin Employers Federation (MEF) was the first organization that came out with data at a time when there was a complete lack of data on the impact of the COVID-19 crisis on enterprises in Montenegro. Namely, with support of ILO, MEF conducted two national surveys, which enabled us to collect the voice of business and support our recommendations with solid evidence.

#### First MEF survey

With technical support from the ILO and in partnership with the European Bank for Reconstruction and Development, MEF conducted a survey to assess the impact of the COVID-19 pandemic on the activity of enterprises in Montenegro. The first enterprise survey was conducted shortly after the outbreak of the crisis, in the period from April 10 to 30, 2020. A total of 430 enterprises responded to the survey.

The online survey was developed based on the ILO Enterprise survey tool: *Assessing the needs of enterprises resulting from COVID-19*. The sectorial analysis covers six sectors: hotels and tourism, restaurants, retail, services, crafts and transportation. The sectors were selected based on strategic importance, vulnerability to the crisis and representation in the sample.

As a result, in May 2020, MEF published its first Report: [Impact of the COVID-19 Pandemic on Enterprises in Montenegro: Challenges and Expectations](#). This report summarizes the key findings of the survey and proposes a number of recommendations based on most urgent needs of enterprises in Montenegro. All data are presented through three dimensions: by overall impact, enterprise size and sector. MEF developed three sets of policy recommendations based on the findings from the first enterprise survey that were used to influence the three packages of economic emergency measures adopted by the Government of Montenegro.

The outcomes of the MEF survey show that more than 40% of business entities in Montenegro were totally closed down in March and April, 35% of companies operated only partially while only 23% of businesses were fully operational (13% of which organized a remote work). Data show that the complete suspension of work was most present in the sector of crafts (83%), catering (72%), transport (70%) and hotel (62%), while every third business entity in the sector of trade and services stopped working. Although small business systems can adapt and transform faster and more easily in regular circumstances, entrepreneurs, micro and small enterprises are the most sensitive to negative effects of business environment. The MEF survey reveal that every second micro enterprise (making up 95% of registered companies and employing around 51.000 workers in Montenegro) was faced a complete shutdown.

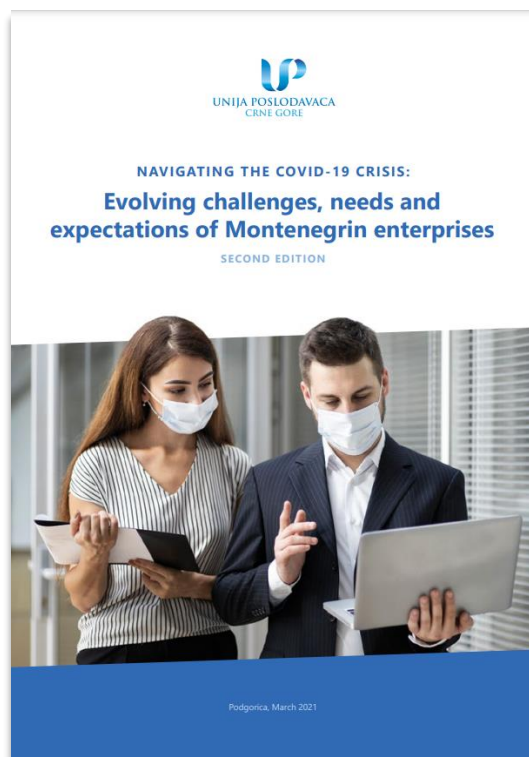
#### Second MEF survey

With the technical support of the ILO, the MEF conducted a second enterprise survey to track business challenges and needs resulting from the protracted COVID-19 crisis. Carried out

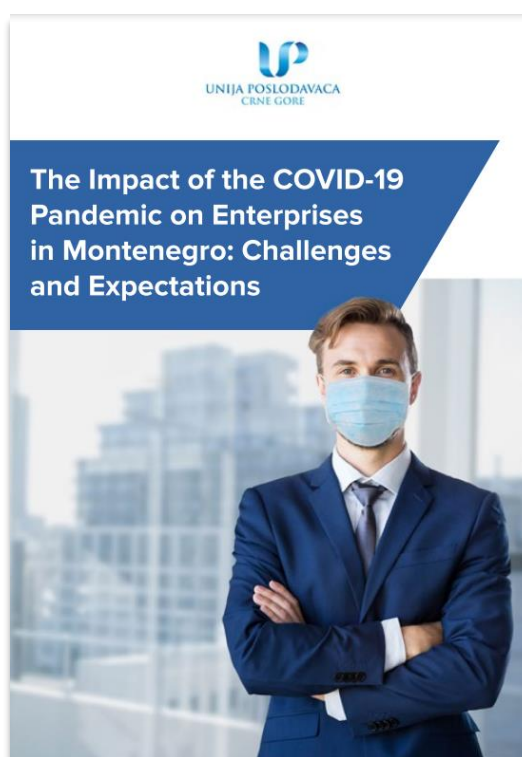
online between October and November 2020, the survey report provides the views of 312 enterprises that completed the survey. In addition, several in-depth interviews were conducted in December 2020, in order to give the analysis more depth and shed light on some survey results and patterns. The online survey was developed by MEF based on the ILO Enterprise Survey Tool: Assessing the needs of enterprises resulting from COVID-19.

A new survey of the MEF, conducted with the technical support of the ILO, was published in the Report [Navigating the COVID-19 crisis: Evolving challenges, needs and expectations of Montenegrin enterprises](#). The inputs collected through the survey and interviews were particularly useful in defining the new (fourth) set of recommendations adopted by the MEF in December 2020.

It is important to point out that some of those MEF's proposed support measures for enterprises have been incorporated in the latest COVID-19 response package adopted by the Government of Montenegro at the end of January 2021.



Second MEF survey (October-December 2020)



First MEF survey (April 10 to 30, 2020)

### ❖ MEF Strategic documents submitted to the Government

Recognizing the critical moment and the potential danger to which Montenegrin companies could be exposed under the influence of the Covid-19 crisis, MEF produced four strategic documents during 2020 and submitted them to the Government of Montenegro, and the National Coordination Body for communicable diseases:

- [The Proposal of Measures by the MEF Management Board](#) from March 17, 2020 – (structured around four pillars (institutional, financial, tax and labour relationships), which were only partly reflected in the Government support measures, namely deferral of tax and loan payments and favorable loans available through an Investment Development Fund. MEF found the government package as ‘insufficient’ and indicated the need to further supplement and adjust it to current circumstances);
- [The Renewed \(second\) Proposal of Measures by the MEF Management Board](#) from April 2, 2020 – (the MEF proposed, among other things, wage subsidies for companies affected by state-imposed restrictions; reducing the amount of and postponing the deadlines for payroll tax payments; amending the Law on VAT; further reduction of interest rates on existing loans; tax relief for companies in the HORECA sector);
- [The Renewed \(third\) Proposal of Measures by the MEF Management Board](#) from May 27, 2020 – (the proposed measures are grouped in four sections: financial and credit support, taxes and parafiscality; labour relations and labour market; and other measures. The MEF document was included on the agenda of the [10<sup>th</sup> session of the National Competitiveness Council](#), chaired by the Prime Minister of Montenegro. The Renewed (third) Proposal of Measures by the MEF Board was created, inter alia, on the basis of the results of the 1st MEF survey on the impact of COVID-19 on companies, which was also presented at the Council session);
- [The Renewed \(fourth\) Proposal of Measures by the MEF](#) from December 16, 2020.



4. Proposal of MEF measures (December 2020)



3. Proposal of MEF measures (May 2020)

Finally, in the **MEF position paper** from November 2020, entitled [Ko\(vid\) je zaustavio biznis?](#) (Who(covid) stopped the business?), we listed certain recommendations for supporting the business community, and presented information and official data that show a very difficult economic situation and problems that are crucial for the survival of the MSME of businesses (99.6%) in Montenegro.

### ❖ Participation in the session of the Gender Equality Committee of the Parliament

MEF representative participated in the 45th session of the Gender Equality Committee of the Parliament of Montenegro, held on June 22, 2020, on the „Gender aspects of measures undertaken during the COVID-19 pandemic“. At the meeting, the Gender Equality Committee held a consultative hearing of Minister of Labour and Social Welfare, State Secretary at the Ministry of Interior and Director General for Investment, Development of SMEs and EU Funds Management at the Ministry of Economy.

During the session, the MEF representative presented the activities carried out by the MEF during the COVID-19 pandemic, and asked questions to the Minister of Labor and Social Welfare and the Director General of the Directorate in the Ministry of Economy.



### ❖ Research on the impact of COVID-19 on the business of female entrepreneurs

At the 13th session of the Women's Parliament held on March 8, 2021, the MEF representative presented part of the data from the MEF research conducted with the support of the ILO, on the topic of the impact of COVID-19 on the business of women entrepreneurs in Montenegro. Online research was conducted in the period October-November, while in-depth interviews were conducted in December 2020.

Data collected by MEF show that the sustainability of women-owned businesses is very worrying. That's why we reiterate that the health and economic crisis should be solved simultaneously, and never separately. In the case of economic support measures, the speed of their adoption and implementation is especially important, but also focusing on those who

have been particularly affected by the COVID-19 crisis and its consequences, which certainly includes women entrepreneurs. Some of the data that show the state of female entrepreneurship during the pandemic are available in the [publication on the MEF website](#).

## Other MEF activities

**Insisting on a socially responsible approach during the pandemic** – Throughout the whole crisis, the MEF has constantly insisted and urged on the Government and relevant institutions to solve the problem of preserving public health in parallel to the problem of preserving the economy – to avoid serious consequences reflected in shut down of a large number of enterprises and generation of new unemployment thus creating an enormous budget deficit. Also, the MEF has constantly (publicly) called on the Government and trade unions to join a common and socially responsible approach in these tough times.

*“The burden of the crisis must be shared and borne in only one way – by joining forces, through social dialogue. Otherwise, it would be difficult to cope with the economic and financial collapse that also threatens economically much stronger countries than ours. The stability of the system requires dialogue, a common approach and agreement between key partners - the government, trade unions and employers”,* stated in one of the MEF press releases published by Montenegrin media.

From March to September 2020, but also in the period until the end of 2021, MEF General Secretariat submitted many letters and interventions to the Government, NCB, line ministries and other authorities in charge, pointing at the concrete needs, problems and expectations of employers in general and sector-based, all to support and improve the position of employers and their companies as well as to keep the workplaces.

During the COVID-19 crisis, there were no significant exclusions from MEF membership. On the contrary. The number of MEF members did not decrease significantly, while on the other hand, thanks to the strong support and assistance that was continuously provided to employers during the crisis, MEF gained new members and thus further strengthened its position.

**MEF formed the Board for Digital Transformation** – In accordance with the decision of the Board of Directors of the Union of Employers of Montenegro (UPCG), the UPCG Committee for Digital Transformation was formed, whose focus is on activities aimed at accelerating the processes that lead to the development of the digital economy and the development of the innovative economy by supporting and promoting digital business and the development of the innovative economy Montenegro as a digital society.

The Board for Digital Transformation has a president and vice-president, as well as 16 members. In the coming period, the board will work on expanding its membership so that other companies that have already expressed interest in it will also be included in its work.

With the planned activities, the Board for Digital Transformation will provide support to the business community to respond to the challenges posed by technological innovations

(including automation and digitization), including the development of IT awareness, knowledge and skills that can facilitate the application of advanced ICT solutions in all sectors of the economy, and thus encourage further development of entrepreneurship and digital society in Montenegro.

**International conference of women entrepreneurs** – The MEF representative was a panelist at the 4th International Conference "Challenges of Women's Entrepreneurship 2021" which was held in Rogaška Slatina - Slovenia (online), organized by the Network Entrepreneurship Incubator from Slovenia. She gave a presentation as part of the first panel, which opened the discussion on the topic: What did the pandemic teach us and what impact did it leave on entrepreneurship?

The conference enabled entrepreneurs and businesswomen from Slovenia, Croatia, Montenegro, Serbia and North Macedonia to exchange experiences, advice and opinions about the "new Covid reality", as well as their position and prospects for further business development.

**Support for the development of the green economy** – The MEF representative was a participant in the two-day regional conference "Development of the Green Economy", which was held in July 2021, in Podgorica, organized by FORS Montenegro. The event was organized as part of the "GEAR - Green Economy for Advanced Region" project, financed by the European Union as part of the Civil Society and Media Support Program for 2016-2017.

During her presentation, the UPCG representative presented part of the data from an earlier MEF survey on the green economy and green jobs (the first of its kind in Montenegro), which was implemented with the support of the ILO. She pointed out that the focus of future work should be on the digital agenda and the green economy, especially since the potential of Montenegro is recognized both in the energy sector and green energy, i.e. solar, wind and biomass, as well as through activities that encourage the circular economy, recycling and waste management, organic and urban agriculture, as well as green public procurement.

**Webinars on international standards** – In the course of 2021, MEF organized and/or supported the organization of several online webinars aimed at introducing companies to international standards, the advantages of their introduction and methods of implementation, as well as the possibilities of increasing the competitiveness of economic entities and their position on the market through compliance with standardization requirements.

We highlight two webinars: first organized in cooperation with the company Mobes Monte from Podgorica (the details of the Public Call of the Ministry of Economic Development for the Program for the Improvement of the Competitiveness of the Economy for the year 2021 were explained, with an emphasis on the necessary steps in the application process for the Program line for the introduction of international standards); second the second webinar held on the topic "MEST ISO 37001:2018, Management systems against bribery - Requirements with instructions for use" (the webinar was organized by the Institute for Standardization of Montenegro - ISME, with the Technical Committee ISME/TK 007: Social responsibility, on the occasion of marking the international days of the fight against corruption). The lecturer



explained to the representatives of MEF member companies that this standard provides instructions for the establishment, application, maintenance, review and improvement of the anti-bribery management system, and that it can help them introduce measures that prevent the possibility of bribery and reduce the associated risks.

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