



STRATEGY FOR THE DEVELOPMENT OF
POSTAL ACTIVITY IN MONTENEGRO
2024–2028

Podgorica, December 2023

STRATEGY FOR THE DEVELOPMENT OF POSTAL ACTIVITY IN MONTENEGRO 2024–2028

Strategy for the Development of Postal Activity in Montenegro 2024–2028 establishes strategic goals for the development and improvement of the postal activity, as well as the basic principles and guidelines for the implementation of the strategic goals for the development of the postal market, postal services, postal network and postal technology in Montenegro for the period 2024–2028.

MISSION

Encouraging a sustainable market for postal services in Montenegro in a digital environment.

VISION

Sustainable development of postal activity in a digital environment.

STRATEGIC GOAL

Ensure the sustainability of the universal postal service and the development of user-oriented commercial postal services in a competitive and digital environment.

OPERATIONAL GOALS

Ensuring an economically, environmentally and socially sustainable universal postal service in accordance with the needs of citizens¹ and society.

Improving the preconditions for the development of commercial services in the digital environment.

Improving the protection of interests of postal services users.

Encouraging the development of cross-border postal services and increasing global connectivity.

Encouraging sustainable business in the postal market, in terms of environmental protection, social responsibility and conscientious corporate management.

Supporting the implementation of comprehensive measures to ensure the security of shipments, protection against theft and protection against terrorism.

Encouraging the development of knowledge and skills of human resources of participants in the postal market.

¹ All expressions used in the masculine gender in this document are considered to apply without discrimination to women as well.

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LIST OF ABBREVIATIONS

B2C	<i>Business-to-Consumer</i>
CEP	<i>Courier, Express and Parcel Services</i>
EBIT	<i>Earnings Before Interest and Taxes</i>
EKIP	<i>Agency for Electronic Communications and Postal Services of Montenegro</i>
EC	<i>The European Commission</i>
EMS	<i>Express Mail Service</i>
ERGP	<i>European Regulatory Group for Post</i>
EU	<i>European Union</i>
PNU	<i>Postal network unit</i>
LPI	<i>Logistics Performance Index</i>
LPS	<i>Law on Postal Services</i>
MED	<i>Ministry of Economic Development</i>
MONSTAT	<i>Statistical Office of Montenegro</i>
NAC	<i>Net Avoided Cost</i>
Post Office	<i>Post of Montenegro</i>
PUDO	<i>Pick Up Drop Off</i>
SGEI	<i>Service of General Economic Interest</i>
SP	<i>Service Provider</i>
Strategy	<i>Strategy for the Development of Postal Activity in Montenegro 2024–2028</i>
TFEU	<i>Treaty on the Functioning of the European Union</i>
UNCTAD	<i>United Nations Conference on Trade and Development</i>
UPO	<i>Universal Postal Operator</i>
UPS	<i>Universal Postal Service</i>
UPU	<i>Universal Postal Union</i>
US	<i>Universal Service</i>
USO	<i>Universal Service Obligation</i>
USP	<i>Universal Service Provider</i>
UNFCCC	<i>United Nations Framework Convention on Climate Change</i>
WORLDBANK	<i>World Bank</i>
QSF	<i>Quality of Service Fund</i>

1. INTRODUCTION

Strategy for the Development of Postal Activity in Montenegro 2024–2028 (hereinafter the Strategy), establishes strategic goals for the development and improvement of the postal activity, as well as the basic principles and guidelines for the implementation of the strategic goals for the development of the postal market, postal services, postal network and postal technology in Montenegro for the period 2024–2028.

The Ministry of Economic Development initiated the development of a new strategy for the development of postal activity in Montenegro for the period 2024–2028 with the Action Plan. During the development of the Strategy, trends on the international market, as well as the health and economic crisis caused by the COVID-19 pandemic, were taken into account. The action plan defines key measures and activities, as well as their holders, scheduled deadlines and the financial framework for their implementation.

During the development of both the text of the Strategy and the Action Plan, care was taken to ensure that the specific activities and projects of other relevant ministries responsible for the development of the postal service are also presented in the Action Plan of this Strategy, as their specific and detailed implementation is the subject of the scope of work of the line ministries, with a tendency to avoid "overlapping" from the aspect of interdepartmental cooperation and taking care of cross-cutting documents.

For the implementation of the measures of the Action Plan, partnerships are foreseen at all levels, and above all at the level of the public and private sectors, because only through synergy, as well as comprehensive networking of a large number of stakeholders, can the postal service fully contribute to the economic prosperity of Montenegro.

The strategy was developed in accordance with the Methodology for Policy Development, Drafting and Monitoring of Strategic Planning Documents, Sector for coordination, compliance and monitoring of the implementation of strategic documents that determine public policies – Secretariat-General of the Government of Montenegro. Representatives of the Ministry of Economic Development, responsible for the field of postal services, the Agency for Electronic Communications and Postal Services, and Post of Montenegro, Podgorica participated in the preparation of the Strategy.

The rapid changes taking place in the postal services sector, both globally and nationally, create a need for continuous planning of the development of postal activity in Montenegro. Planning the development of postal activity defines the goals and activities that should be implemented in the period 2024–2028. When defining goals, we start from numerous internal and external factors that influence the postal activity in Montenegro. The development of the postal service in Montenegro can significantly affect the economic development of Montenegro, especially in the field of electronic services, delivery of shipments from electronic commerce and the sector of small and medium-sized enterprises.

In the previous period, the postal service in Montenegro recorded a significant increase in the volume of postal packages and express shipments. In this segment, certain activities are undertaken in terms of optimizing the network and services. However, the development of modern technologies, primarily electronic communications, internet and broadband access technologies, imposed the need for the future development of postal services to, in addition to redefining the obligation of universal postal service and optimizing the postal network of the universal postal operator, include decisions related to: electronic postal services, electronic commerce, digitalization, international business, user

expectations and satisfaction of their needs. Due to its availability and uniqueness, the postal network opens up new opportunities for meeting the needs of service users on the communication market, which makes the postal sector a significant factor in the general development in the conditions of the digital era for the development of services, especially electronic ones.

During the drafting of the Strategy for the Development of Postal Activity in Montenegro for the period 2024-2028 for the analysis of the state of the postal services market, we used the available data from: Ministry of Economic Development; Agency for Electronic Communications and Postal Services; Post of Montenegro, Podgorica; The Universal Postal Union, the European Commission - Directorate for the Internal Market (DG GROW), the European Regulatory Group for Post (ERGP) and other relevant sources.

The strategy deals with the following issues in separate chapters: Introduction; State Analysis in the Field of Postal Services in Montenegro; Identification of problems in the field of postal services in Montenegro; Strategic and Operational goals with accompanying success indicators; Key activities for the implementation of Operational Goals; Description of the activities of competent authorities and bodies for monitoring the implementation of the strategy; Method of reporting and evaluation; Action plan for a two-year period with cost estimates; Information for the public about the goals and expected results of the Strategy in accordance with the Communication Strategy of the Government of Montenegro.

The strategy does not have a significant impact on the environment and its segments (soil, air, water, flora and fauna), so it is not necessary to undertake a strategic environmental impact assessment. The probability, intensity, complexity, temporal and spatial dimension, cumulative and synergistic nature of the impact, and the risk to human life and the environment are insignificant.

When it comes to gender equality, the Strategy did not identify significant risks for its violation. A lower representation of women in management positions was determined, which is a key finding of the state of gender equality for the largest number of sectors in Montenegro, not only for the postal services sector. Accordingly, the proposed action plan envisages activities that will contribute to improving the position of women and increasing their representation in leadership and managerial positions in the field of postal activity.

1.1. Institutional, legislative and strategic framework

In the existing institutional system, the Ministry of Economic Development plays the leading role in defining development policies in the postal services. The legal basis for the preparation and adoption of the Strategy is contained in the Law on Postal Services ("Official Gazette of Montenegro", no. 057/11 of November 30, 2011, 055/16 of August 17, 2016, 055/18 of August 1, 2018), where it is prescribed that the Strategy for the Development of Postal Activity is adopted for a period of five years and that it contains: a state analysis of provision of postal services, as well as guidelines for the development of the postal service.

In order to further harmonize national and European legislation, as well as for further normative improvement of postal activity in Montenegro, work on the preparation of a new law or amendment of the existing law is planned in the Action Plan for 2024-2025.

The legal solutions defined by the Law on Spatial Planning and Building Construction, the Law on Nature Protection, the Law on Strategic Environmental Assessment and the Law on Environmental Impact

Assessment, with which the necessary degree of coherence is achieved, have a direct impact on the postal activity in Montenegro.

In order to raise the level of competitiveness of postal activity in Montenegro, and to keep up with modern technological trends, the need for constant improvement of the quality of postal services is set as an imperative. When it comes to achieving a high level of service quality, satisfactory results are accomplished with the implementation of quality standards (ISO, CEN), as international evidence of quality.

Quality management standards are especially important in the postal activity because the focus is on the user, who is becoming increasingly demanding, so adapting to changes in the international market creates opportunities and increases competitiveness. In this regard, the COVID-19 pandemic has increased the need for standardization even more. Standards promote orderliness and guarantee an organized approach to managing processes that meet the needs and requirements of service users, but also exceed their expectations.

In 2015, under the auspices of the United Nations, world leaders adopted the universal 2030 Agenda for Sustainable Development, which is based on 17 Sustainable Development Goals (SDGs), the fulfillment of which should result in the achievement of the ultimate goal, which is a better future for humanity. Bearing in mind the nature of the postal activity as a driver of economies around the world, and looking at the 17 mentioned UN goals, it is possible to conclude that the postal activity has the potential to contribute to achieving of all of them, directly or indirectly, depending on the type of goal.



Strategy for the Development of Postal Activity in Montenegro 2024–2028 with the Action Plan, as shown in the overview of the Strategic Framework, is correlated with strategic national and EU documents. The key recommendations for formulating the Strategy come from the process of creating a comprehensive development policy of Montenegro and harmonizing it with the strategic principles of the EU. They refer to the selection of measures, the implementation of which would effectively influence the increase in the competitiveness of Montenegro on the international postal market. The basic directions of postal activity development recognized in the Strategy, which relate to sustainable, inclusive, smart, green and safe postal activity, represent a strong bond with the umbrella international and national documents.

1.2. Compliance of the Strategy for the Development of Postal Activity in Montenegro 2024–2028 with a National and Sectoral Strategic Framework

Although the compliance with the European reference framework and the acquis of the European Union is important, during the development of the Strategy for the Development of Postal Activity in Montenegro 2024–2028, care was taken to ensure that the document was consistent with the content of national strategic and sectoral documents as well. The following is an overview of the documents where compliance is reflected.

Exposé of the Prime Minister-designate for the composition of the 44th Government of Montenegro

The strategic document is harmonized with one of the most important priorities of the Government in the 44th term, that is, digital transformation, and the Government of Montenegro committed itself to focus on the implementation of digital administration tailored to citizens, based on secure infrastructure and key systems for faster and easier use of electronic services. Adequate measures that will be aimed at improving capacities, raising the awareness of Montenegrin society about the importance and benefits of the digitalization process. Digitalization of services will actively work on providing all the necessary preconditions for the establishment of a functional digital system.

Medium-term work program of the Government 2022-2024 with annual work programs for 2022 and 2023

This program planned the adoption of the Strategy for the Development of the Postal Activity. In addition, strategic Operational Goal 2: Improving the preconditions for the development of commercial services in a digital environment and the key measures that have been defined, is connected with digital transformation, which is one of the six priorities of the Government of Montenegro, which aim to increase the availability of public services and public administration, economy, educational and the health system. The basis of the development of the digital society is the optimization of processes and services aimed at the needs of citizens, the economy and public administration. Operational Goal 2 will be monitored through three key measures:

1. Encouraging digitalization of business on the market of postal services;
2. Encouraging/introducing new technological solutions for receiving and delivering shipments;
3. Examination of the satisfaction and needs of users of commercial postal services.

The performance indicator of this Operational Goal is the Degree of satisfaction of users of the commercial postal service, the expected result of which, for 2025, is an average rating of user satisfaction > 3 (max 5), and for 2028 an average rating of user satisfaction > 3.5 (max 5).

As stated in the Government's annual programs, the focus is on the removal of existing and early recognition of future barriers to business, both for the Montenegrin economy and for foreign investors, with a special emphasis on strengthening the digital infrastructure, cyber ecosystem and the provision of electronic services to citizens and the economy. Through successfully digitalized processes in the public and private sector, competitiveness in the postal services market will certainly increase.

Program of Economic Reforms of Montenegro for the period 2023-2025

In the program of economic reforms, liberalization of regional trade according to CEFTA, should contribute to the reduction of obstacles and the deepening of regional cooperation in the field of trade

facilitation, trade in services, electronic trade, movement of highly qualified labor force, regional investments, etc. The Strategy in question places special emphasis on encouraging the development of cross-border postal services and increasing global connectivity, which will aim to encourage and strengthen cooperation through the exchange of experiences and best practices. Operational Goal 4 - Encouraging the development of cross-border postal services and increasing global connectivity will be organized through the following activities with associated measures: Implementation of the Regulation on cross-border parcel delivery, Cooperation with CEFTA members regarding cross-border parcel delivery - Encouraging and strengthening cooperation through the exchange of experiences; Cooperation with postal operators in the region; Confirmation of the Acts of the Universal Postal Union. The performance indicator of this Operational goal will be monitored through the expected volumes of cross-border shipments, which would increase by 5% by 2025 compared to 2023, that is, by 10% in 2028 compared to 2023.

National Strategy of Sustainable Development until 2030

The postal service is one of the drivers of economies around the world, and its development will contribute to the implementation of all seventeen sustainable development goals, directly or indirectly, depending on the type of goal. The proposed measures and activities of this Strategy contribute to the achievement of goals: 5, 7, 9 and 13. These goals include gender equality, affordable and clean energy, industry, innovation and infrastructure, as well as climate action. The development of the postal service should be based on the creation of policies and business practices, which will serve to achieve the stated goals, while raising the level of awareness of the population about the postal service and the importance of the UN Sustainable Development Goals. All national and international strategic documents are based on UN strategic development goals. The postal activity strategy in Operational Goal 5 envisages encouraging sustainable business in the postal market, in terms of environmental protection, social responsibility and conscientious corporate management. This goal includes 4 key measures: Carbon Footprint reporting methodology research; Researching the practice of systems for picking up and returning shipments (Pick Up Drop Off - PUDO system); Improving the position of women in the postal sector; Formation of a center for education and application for EU funds with the aim of developing the postal services market and strengthening the postal network of Montenegro. Monitoring the success of the achievement of this goal will be controlled through performance indicators that include the carbon footprint reporting methodology adopted until 2028; Report on sustainable ways of providing postal services by 50% of Montenegrin postal operators; Prepared documentation and provided conditions for the establishment of the Center for Education and Application for EU Funds until 2025, i.e., established Center for Education and Application for EU Funds until 2028.

Strategy of Regional Development of Montenegro 2023-2027

According to the SWOT analysis of the regional development of Montenegro in terms of competitiveness and innovation, digitalization and economic transformation, the central region is recognized as a chance to apply new knowledge and technologies and develop e-commerce. The Strategy for the Development of Postal Activity will contribute to regional development, increased competitiveness, application of innovations, digitalization and economic transformation, through the application of new knowledge and technologies, as well as the development of e-commerce. The contribution is shown through the strategic goal - To ensure the sustainability of the universal postal

service and the development of commercial postal services oriented to users in a competitive and digital environment. In that part, Operational Goal 1 - Ensuring an economically, environmentally and socially sustainable universal postal service in accordance with the needs of citizens and society, was recognized, as well as the key measure 1.1. Reviewing the need to redefine the Universal Service Obligation. For the above-mentioned measure, the following activity is planned - Development of a Study on the sustainability of universal postal service obligations, for which a result indicator has been determined until the end of 2024 - Report on the need to redefine the obligation of universal postal service obligations and a Study on the sustainability of universal postal service obligations.

Digital Transformation Strategy 2022-2026 with the Action Plan 2022-2023

Compliance with this strategic document is particularly emphasized through Strategic Goal 1: Ensure the sustainability of universal postal service and the development of commercial postal services oriented to users in a competitive and digital environment, and through Operational Goal 2: Improving the preconditions for the development of commercial services in a digital environment. Through the defined measures, the digitalization of business on the postal services market will be encouraged, as well as the development and introduction of new technological solutions. The performance indicator of this Operational Goal is the degree of satisfaction of users of the commercial postal service, the expected result of which, for 2025, is an average rating of user satisfaction > 3 (max 5), and for 2028, an average rating of user satisfaction > 3.5 (max 5). It is concluded that digital transformation opens up new business opportunities for the development of the postal service in Montenegro.

National strategy for gender equality 2021-2025

National Strategy for Gender Equality 2021–2025 is a strategic document that intends to establish a better framework for achieving gender equality in Montenegro. In this strategy, the area of the postal sector is recognized through the following: Operational Goal 3: Increase the level of participation of women and persons of different sexual and gender identities in areas that enable access to resources and benefit from the use of resources, as well as through measure 3.2: Raise the level of prevention and protection from gender-based discrimination, sexual harassment, gender-based violence and multiple discrimination in the workplace. This measure includes activities related to the development of a model protocol for protection against gender-based discrimination and sexual harassment at the workplace, which would contain precise instructions for victims, as well as a procedure that is confidential and safe for the victim; adoption of proper acts that obligate state and local authorities to adopt protocols for protection against gender-based discrimination and sexual harassment at the workplace, when it comes to employees, as well as when it comes to citizens to whom that body provides services. It also defines the obligation of state and local authorities to submit a report on the number of cases once a year to the Ministry of Justice, Human and Minority Rights, as well as to the Protector of Human Rights and Freedoms.

Themes related to gender equality have been repeatedly recognized in the Strategy for the Development of the Postal Activity in Montenegro, and especially within Operational Goal 5: Encouraging sustainable business on the postal market in terms of environmental protection, social responsibility and conscientious corporate management, which has, among other things, defined Key measure 5.3. Improving the position of women in the postal sector. The main goal is to start the process of adopting gender equality plans by postal operators. The main goals of the gender equality plan are aimed at ensuring a work environment without discrimination based on gender, parenthood or balancing business, family and personal life; ensuring respect for the principles of equality between women and men and non-discrimination in relationships.

Additional emphasis will also be placed on the collection of data divided by gender and the development of quality gender statistics, all with the aim of defining policies and solutions that will increase the number of women in managerial positions.

Transport Development Strategy 2019 - 2035

The Transport Development Strategy of Montenegro 2019-2035 is based on strategic and specific goals, which set measures for interventions related to the improvement of the transport infrastructure, but also operational and organizational aspects of the functioning of the transport system, because only comprehensive interventions are a guarantee of efficiency and sustainability.

Bearing in mind that the implementation of the stated goals is achieved, among other things, through the reduction of carbon dioxide emissions, noise levels and the impact on the natural, historical and socio-economic environment, the Strategy for the Development of Postal Activity in Montenegro for the period 2024–2028, supports the above-mentioned strategy, i.e., through the measures and activities in the Action Plan, the introduction of the Carbon Footprint reporting methodology is foreseen. This practice can contribute to raising awareness of the importance of reducing carbon dioxide emissions, noise levels and the impact on the natural, historical and socio-economic environment, i.e. creating better conditions for the implementation of postal processes in accordance with the prescribed measures of preservation and protection of the environment.

Compliance with Program of Accession of Montenegro to the EU 2023 - 2024, as an umbrella strategic document

Through the Program of Accession of Montenegro to the European Union 2023-2025, Montenegro planned the adoption of the Strategy for the Development of Postal Activity in Montenegro for the period 2024–2028 for the IV quarter of 2023.

Bearing in mind that postal services are a sub-area of Chapter 3 - Right of establishment and freedom to provide services, and that there are no defined final benchmarks in this area, and that efforts are still being made to improve and develop the postal activity and align it with EU legislation, the Action Plan of the Strategy envisages encouraging the development of cross-border postal services and increasing global connectivity, in such a way as to carry out further harmonization, transposition and implementation of the Regulation on cross-border parcel delivery 2018/644, which is partially implemented in a secondary legislation. As for other EU legislation in this area, it has been implemented in domestic legislation, i.e., the European Commission, in its reports in the area of competence of postal activity, stated that the legislation is harmonized with the Directives on EU postal services, where Montenegro has made good progress during the years.

Gender Equality of the Strategic Document

In relation to the obligations provided for by the Law on Gender Equality, as well as the National Strategy for Gender Equality, during the preparation of this strategic document the gender equality of the postal sector was taken into account, starting from the preparatory phase, the formation of a gender-balanced work team, through the provision of gender-disaggregated data in the state analysis, then defining appropriate activities that will address identified gender inequalities, up to the introduction of gender-responsive budgeting, wherever possible.

Special attention was paid to establishing the gender balance of the work team that participated in the drafting of the document, wherever possible, given the structure of national experts in this field. Specifically, the internal working team of the Ministry consisted of one male and two female employees, and the working body consisted of nine members (two men and seven women). All the representatives of the institutions who were included in the work team, a total of one man and five women, responded to the call at the round table as part of the public discussion.

In order to contribute to the implementation of the goals and measures defined by the National Strategy for Gender Equality and achieve compatibility with the aforementioned document, the Strategy for the Development of the Postal Activity in Montenegro has defined appropriate activities and measures aimed at encouraging gender equality in the postal service, among which is the introduction of incentive measures for the purpose of eliminating gender inequalities, for members of the less represented population, as well as encouraging the participation of women in governing bodies. The performance indicator of this measure in the Strategy will be monitored through the implementation of activity 5.3.1. - Initiation of the procedure for adopting gender equality plans. The expected result for 2025 is that the Plan has been adopted by 50% of postal operators, or for 2028, that the Plan has been adopted by 80% of postal operators.

1.3. Compliance with the European reference framework

By adopting laws and secondary legislation that regulate the postal services sector, in the previous period, Montenegro fully harmonized its regulations in the field of postal activity with EU legislation. Program of accession of Montenegro to the European Union 2022-2023 determines the obligations defined by the strategic and legislative framework.

Chapter 3 - Right of establishment and freedom to provide services consists of three sub-areas, specifically: Right of establishment and freedom to provide services, Mutual recognition of professional qualifications for the pursuit of regulated professions and Postal services. In the field of postal services, the regulatory framework is almost harmonized with the EU acquis, taking into account that harmonization with Regulation (EU) 2018/644 on cross-border parcel delivery is yet to come. The objective of the European Commission is to create a common market for postal services and ensure the quality of the services provided, gradually opening the sector to market competition. According to the Report of the European Commission on Montenegro from October 2023, within Chapter 3 - The right of establishment and the freedom to provide services, in the section on postal services, it was pointed out that on April 13, 2023, the Government adopted the Report on the Implementation of the Action Plan for the Implementation of the Strategy for the Development of Postal Activity in Montenegro 2019-2023, for 2022, and adopted the Action Plan for the implementation of the Strategy for the Development of Postal Activity in Montenegro 2019-2023, for 2023.

2. STATE ANALYSIS IN THE FIELD OF POSTAL SERVICES

In the state analysis in the field of postal services, the legislative and regulatory frameworks at the international and national level were considered. The analysis includes assessment of compliance with existing EU regulations and monitoring of changes in the regulatory environment that may affect business and postal activity in Montenegro. The state analysis in the field of postal services is based on specific data and research, with the aim of providing an insight into the current state of postal activity in Montenegro and includes key aspects and factors that influence the further growth and development of sustainable postal services in the digital environment. The growth of e-commerce significantly influenced the movement of the volume of postal services. The state analysis included an analysis of the maturity of the postal services market in Montenegro with the aim of predicting the number of letter shipments and the number of packages in the future period. The market for postal services has been liberalized, but in addition to internal competition between postal operators, there is also competition from providers of logistics services, courier services, e-services and digital platforms. The analysis of competition and the state of application of new technologies in postal processes helped in understanding market participation and defining guidelines for the development of postal activity in a digital environment. Special attention is paid to the analysis of the sustainability of postal services, with three aspects: environmental, social and economic sustainability, as well as the role of the post office in promoting the national, cultural, historical and natural heritage of Montenegro.

2.1. LEGISLATIVE AND REGULATORY FRAMEWORK

Over the past decade, there had been significant structural and systemic changes in the postal and courier services sector, both in European countries and in Montenegro. Montenegro acquired the status of a candidate for EU membership on December 17, 2010, thereby committing to implement EU legislation into the national legislation during the negotiation period.

2.1.1. International Legal Framework

The European Commission has encouraged the transformation of the postal and courier services market by creating a competitive environment. The development of the postal services market in the countries of the European Union is regulated by the European Commission's Postal Services Directive, which was amended twice in the past period, with the aim of harmonizing the market for postal services:

- Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service (First Postal Directive),
- Directive 2002/39/EC of the European Parliament and of the Council of 10 June 2002 amending Directive 97/67/EC with regard to the further opening to competition of Community postal services (Second Postal Directive),

- Directive 2008/6/EC of the European Parliament and of the Council of 20 February 2008 amending Directive 97/67/EC with regard to the full accomplishment of the internal market of Community postal services (Third Postal Directive).

Montenegro has fully implemented all three postal directives with the Law on Postal Services (“Official Gazette of Montenegro”, No. 057/11 of 30 November 2011, 055/16 of 17 August 2016, 055/18 of 1 August 2018), which was confirmed by the European Commission in its report for 2021 in part of Chapter 3. Full compliance with the EU acquis will be achieved through the implementation of the Regulation on cross-border parcel delivery 2018/644,² which is partially implemented in secondary legislation.

2.1.2. National Legal Framework

The basic regulation in the area of the postal services market in Montenegro is the Law on Postal Services (LPS), adopted at the end of 2011, with its amendments from 2016 and 2018. The LPS regulates the conditions and manner of performing universal and other postal services, as well as other issues of importance for the performance of postal services. The LPS defines the competences of the Agency as an independent regulatory body on the market of postal services, especially in the part that relates to: issuing and revoking licenses, issuing extracts from the register of postal operators, establishing the criteria for determining the prices of the universal postal service, verifying the calculation of the net cost of universal postal services, monitoring the state and development of the postal services market, taking measures to ensure competitiveness on the market, professional supervision of the work of postal operators, deciding on user complaints, international cooperation with the bodies of the Universal Postal Union and the European Union, as well as with the competent regulatory authorities for the area of regulation of postal services.

The LPS established that the powers in the field of postal services rest with the Government of Montenegro, the ministry responsible for the field of postal activity and the Agency for Electronic Communications and Postal Services (EKIP). Adoption of secondary legislations, i.e., rulebooks, is the responsibility of the Ministry of Economic Development (MED) and EKIP as the national regulatory body.

MED adopted the following rulebooks:

- *RULEBOOK ON PROVISION OF POSTAL SERVICES* (“Official Gazette of Montenegro”, No. 045/17 of 12 July 2017) – This rulebook determines the detailed conditions and manner of providing postal services, criteria for the provision of postal services, deadlines for the transport and delivery of postal items, dimensions and method of packing postal items, as well as the density of access points of the postal network of the universal postal operator, the method of dealing with postal items that are prohibited to be sent because they contain prohibited substances and objects, the method of opening and inspecting postal items and dealing with undeliverable postal items, postal trademarks, as well as other issues related to the performance of postal services;
- *RULEBOOK ON THE MANNER OF ISSUING AND USING POSTAGE STAMPS* (“Official Gazette of Montenegro”, No. 060/13 of 27 December 2013);
- *RULEBOOK ON AMENDMENTS TO THE RULEBOOK ON THE NOMENCLATURE OF POSTAL SERVICES* (“Official Gazette of Montenegro”, No. 137/22 of 12 December 2022);

² Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 2022 Communication on EU Enlargement policy, Brussels, 12. 10. 2022. SWD (2022) 335 final.

- *RULEBOOK ON THE AMOUNT OF ONE-TIME ANNUAL FEES FOR THE PROVISION OF POSTAL SERVICES.*

In accordance with the LPS, EKIP adopted the following acts:

- *RULEBOOK ON THE PROCEDURE AND CRITERIA FOR THE SELECTION OF A UNIVERSAL POSTAL OPERATOR* ("Official Gazette of Montenegro", No. 17/17, of 17 March 2017) – this regulation prescribes the procedure and criteria for the selection of a universal postal operator through a public call;
- *RULEBOOK ON DETAILED CONDITIONS FOR THE PROVISION OF UNIVERSAL POSTAL SERVICE* ("Official Gazette of Montenegro", no. 029/17, of 5 May 2017, 114/20, of 30 November 2020) – This regulation prescribes the minimum conditions that should be fulfilled by the postal operator for the performance of the universal postal service in terms of: capacity of the postal network, density of access points, technical conditions for the performance of the universal postal service, requirements regarding the expertise of staff and the number of employees, as well as other issues related to the functional performance of the universal postal service;
- *RULEBOOK ON THE METHOD OF ACCOUNTING AND CALCULATION OF THE NET COST OF THE UNIVERSAL POSTAL OPERATOR* ("Official Gazette of Montenegro", No. 037/17, of 14 June 2017, 008/19 of 6 February 2019, 075/20, of 26 July 2020, 045/23, of 26. April 2023) – This regulation prescribes the method of keeping accounting, accounting records and cost accounting, the method of preparing regulatory reports and other information that the operator of universal postal services is obliged to submit to the Agency for Electronic Communications and Postal Services, as well as instructions for the method of calculating the net costs of the universal postal operator;
- *RULEBOOK ON THE CRITERIA FOR DETERMINING THE PRICES OF THE UNIVERSAL POSTAL SERVICE* ("Official Gazette of Montenegro", No. 019/12, of 6 April 2012) – This regulation prescribes the criteria for determining the prices of the universal postal service;
- *RULEBOOK ON THE TYPE AND METHOD OF SUBMITTING DATA BY POSTAL OPERATORS* ("Official Gazette of Montenegro", No. 019/12, of 6 April 2012, 146/22, of 28 December 2022) – This regulation determines the types of data that operators of postal services are obliged to submit to the Agency for Electronic Communications and Postal Services, as well as the manner of their submission and publication.

Post of Montenegro (hereinafter: Post Office) as the operator of the universal service that it performs in the entire territory of Montenegro on the basis of a special license issued by EKIP after a public call procedure, adopts the following acts within its competences:

- Rulebook on Postage Stamps and Insured Items;
- Rulebook on the Organization of the Postal Network of the Post of Montenegro;
- Rulebook on the Manner, Conditions and Price of Access to the Postal Network of the Post of Montenegro and Other Postal Operators;
- Program for the Implementation of Measures for the Prevention of Money Laundering and Terrorist Financing;
- General Terms and Conditions for the Provision of Commercial Postal Services of the Post of Montenegro;
- General Terms and Conditions for the Provision of the Universal Postal Service of the Post of Montenegro;
- Rulebook on the Collection and Processing of Statistical Data on Postal Services and Gross Work at the Post of Montenegro.
- Postal Services Pricelist.

Other postal operators adopt:

- General Terms and Conditions for the Provision of Postal Services and

- Postal Services Pricelist.

2.1.3. The Process of Liberalization of the Postal Services Market and the Regulatory Framework

The liberalization of the postal market encourages the development and increase of market efficiency, through the gradual application of regulations on market competition. The regulations governing the liberalization of the postal market in Montenegro in the international framework concern EU regulations, as well as national regulations. Montenegro acquired the status of a candidate for EU membership on December 17, 2010. EU accession negotiations with Montenegro began on June 29, 2012.

National legislation is harmonized with EU directives, and the market of postal services is liberalized. The application of market competition indicates the establishment of a mechanism for creating equal conditions for all market participants. The features of the liberalization of the postal services market in Montenegro are that the liberalization took place on January 1, 2013, in accordance with the strategic and legal framework that regulates the market of postal services in the European Union and which consists of three postal directives: Directive 97/67 /EC, Directive 2002/39/EC and Directive 2008/6/EC.

Figure 1 shows the compliance of national legislation with EU directives.

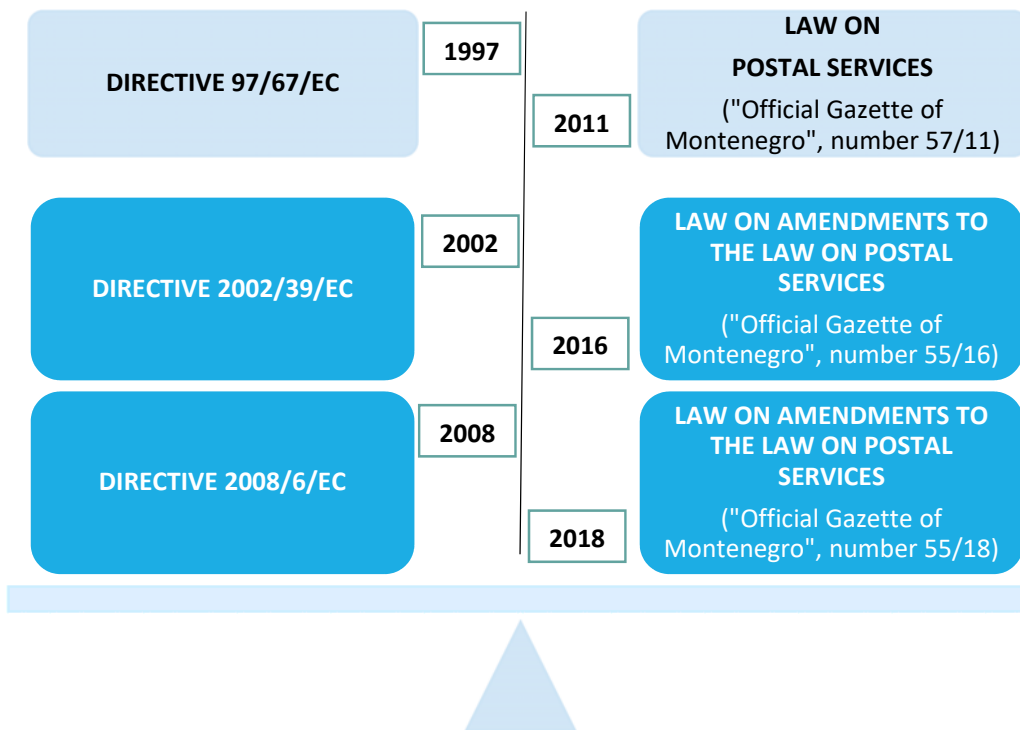


FIGURE 1: COMPLIANCE OF NATIONAL LEGISLATION WITH THE POSTAL DIRECTIVES

Postal directives are guidelines for the members of the European Union in terms of the set norms determined by the directives. They are not directly applicable, but to a certain extent the legislator can and must determine the details of the implementation of the directive through implementation in existing legal provisions, which thereby become harmonized with the objectives of the directive in question. The LPS is fully compliant with the three postal directives (Table 1), which was confirmed by the European Commission in its report for 2021 in part of Chapter 3.

Directive 2008/6/EC deals with the issue of open market and special rights in Article 7, which prohibits granting of exclusive or special rights for the establishment (provision) of postal services. In other words, the traditionally existing monopoly on the postal services market in the EU is abolished (which was implemented in the EU countries on January 1, 2013, as well as in Montenegro). Exclusive or special right in the context of the postal services market refers to the presence of a monopoly, that is, a reserved area that was traditionally present on the postal market, where the public operator (national provider of postal services) had the exclusive right to provide (part of) postal services. Considering that the universal service is a Service of General Economic Interest, Directive 2008/6/EC, Article 7 (paragraphs 2, 3 and 4) leaves the possibility for member countries to adopt certain models of financing universal services:

- Ensuring a universal service in accordance with the rules of public procurement (which refers to the provisions of Directive 2014/25/EU of the European Parliament and the Council of February 26, 2014 on the procurement of entities operating in the water, energy and transport and postal services sector and repealing Directive 2004/17/EC);
- When the universal service obligation represents an unfair financial burden for the universal service provider, the member state can claim financing models such as: reimbursement of costs from public funds and/or reimbursement of costs from the service provider (compensation fund).

At the time of the opening of the market, the LPS of Montenegro predicted the existence of a compensation fund as a model of financing of universal service, however, it turned out to be non-operational (significant administrative obligations and costs, and a relatively small percentage for payment) and today the net cost of universal service, which represents an unfair financial burden is financed mostly from the budget. In accordance with the Third Postal Directive, the net cost of universal service obligations is any cost necessary for the performance of universal service provision and related to it, and is calculated as the difference between the net cost for a universal postal operator operating with universal service obligations and the net cost of the same postal service provider that operates without universal service obligation.

The analysis of the current situation on the Montenegrin market has determined that the net cost of the universal postal service for 2021 has not been verified, which may represent a problem of the economic viability of the USO and the competitiveness of the UPO on the postal market. With the drop in the amount of letter shipments, and comparing it with the practice of the universal service provider in the EU, it is evident that the obligation to perform the universal service represents a significant burden on the UPO.

TABLE 1: HARMONIZATION OF REGULATIONS IN MONTENEGRO

Directive	Basic recommendations	Harmonization of regulation
Directive 96/67/EC	Providing US	Fully harmonized
	Criteria for determining a set of reserved services for US providers and conditions governing the provision of non-reserved services	Fully harmonized
	Determination of quality standards for the US	Fully harmonized
	Determination of technical standards	Fully harmonized
	Establishment of independent regulatory bodies	Fully harmonized

Directive 2002/39/EC	Since 2003: letters under 100 g	Fully harmonized
	Since 2006: letters under 50 g	Fully harmonized
	Determines the minimum US range	Fully harmonized
	Recommends a compensation fund	Fully harmonized
	Prescribes applications and issuance of licenses	Fully harmonized
	Defines the quality of postal services	Fully harmonized
	Contains provisions regarding pricing and separate accounting	Fully harmonized
	Defines the tasks of the regulatory body	Fully harmonized
Directive 2008/06/EC	Providing US	Fully harmonized
	US financing under conditions that guarantee sustainability	Fully harmonized
	US price transparency policy	Fully harmonized
	Establishment of quality standards for the provision of US and the formation of a system that would be compliant with these standards	Fully harmonized
	Harmonization of technical standards	Fully harmonized

In addition to the above, acts, regulations and recommendations of the Universal Postal Union, which Montenegro as a member country is obliged to ratify and apply, are applied in international postal traffic, in most of the Post Office.

2.1.4. Protection of User Rights

Orientation towards the user implies putting the end services user (recipient) in focus. The measures that can be applied in fulfilling this goal are examining the opinions/attitudes of service users, conducting surveys on user satisfaction, ensuring availability, prices, etc.

The protection of users from unwanted effects is especially important in the context of the development and strengthening of e-commerce. By monitoring trends, it is proposed, within the regulatory framework, to identify mechanisms that would ensure the adoption of measures in the delivery segment, in order to protect users from unwanted effects, especially in market conditions where a further increase in the number of packages is expected, i.e., a growth in the share of e-commerce.

Additionally, one of the user protection mechanisms refers to the supervision of licenses in order to ensure that all providers who have licenses to provide services in the field of postal services justify their stability on the market, as well as the possibility of EKIP's influence on the relationship between providers and service users.

2.1.5. Application of Rules on Market Competition and State Aid in the Postal Sector

Considering that the market of postal services in Montenegro is liberalized, the rules related to market competition are applied to it. The application of market competition means the establishment of mechanisms for creating equal conditions for all companies/participants in the market, which ultimately affect the development of the economy as a whole. Developing innovation, offering quality

services, equal conditions for everyone, and affordable prices strengthen the competitiveness of all market participants.

At the national level, the legislative framework in the field of market competition is regulated by the Law on Protection of Competition, “Official Gazette of Montenegro”, no. 44/2012, 13/2018 and 145/2021.

The fundamental legal provisions of the EU in the area of market competition protection are given by the Treaty on the Functioning of the European Union (TFEU)³, especially Articles 101, 102, 103, 104, 105, 106, which are further expanded by numerous legal instruments. The European market competition policy places special emphasis on: antitrust policy and the fight against cartels, preventing the exploitation of the market power of dominant companies in any sector or European country, strict supervision of proposed mergers, supervision of state aid to sectors and companies, which may distort market competition. In the field of postal services, the EC issued an opinion on market competition in the Communication Notice of the Commission on the application of the rules on market competition to the postal sector and on the evaluation of certain state measures related to postal services (98/C 39/02). This document provides guidelines and interpretations of certain provisions of the TFEU (consolidated text, 1992) according to which the EC intends to apply the rules.

According to the LPS, Article 65, item 18, the duty of the national regulatory body is, among other things, to “monitor the state and development of the postal services market and undertake measures to ensure competitiveness in the postal services market”.

Compliance with the rules on the protection of market competition contained in the provisions of the TFEU is crucial for the creation of a single EU internal market and is the obligation of all member states. The mentioned rules refer to the behavior of all companies on that market (Articles 101-109 TFEU), including those companies to which member states have granted exclusive and special rights, i.e., entrusted them with the performance of services of general economic interest (SGEI). However, in accordance with Article 106, paragraph 2, of the TFEU rules on the protection of market competition apply to companies that perform services of general economic interest only to the extent that the application of those rules does not prevent the legal or factual performance of the tasks for which these companies are assigned certain rights. Specifically, in order to ensure the availability and access of public services to all citizens in the EU according to acceptable conditions in terms of price and quality, member states can entrust the performance of these services to certain companies, state-owned or privately owned. At the same time, member states rarely do not participate in the financing of these services, while most often their competent bodies ensure certain financial compensation to the company or companies entrusted with the performance of these services⁴. The Law on the Protection of Competition of Montenegro regulates the rules of control and monitoring of state aid compliance and other issues of importance for the protection of competition and the control of state aid.

³ TFEU – Treaty on the Functioning of the European Union - the entire text of the Treaty on the Functioning of the European Union <https://eur-lex.europa.eu/legal-content/HR/TXT/?uri=CELEX:12016ME/TXT>

⁴ Announcement of the Commission on the application of the rules of the European Union on state aid to compensation awarded for the provision of services of general economic interest 2012/C 8/02 Decision of the Commission of December 20, 2011 on the application of Article 106, paragraph 2 of the Treaty on the Functioning of the European Union regarding state aid in the form of compensation for the provision of public services granted to certain companies entrusted with the performance of services of general economic interest (registered under document number C (2011) (9380) (Text relevant to the EEA) (2012/21/EU

2.2. ANALYSIS OF THE POSTAL SERVICES MARKET

2.2.1. European Market of Postal Services

The postal services sector generated around EUR 110 billion in revenue in 2021 (0.8% of total GDP) and employed around 1.5 million workers (0.7% of total employment) in the EU-27 member states. Market liberalization, rapid growth of e-commerce and increasing e-substitution result in a new structure of shipments delivered by UPOs, and the development of a specific environment in which innovative business models compete with traditional ones. These trends create new opportunities for operators in the postal service markets, but they also create challenges – not only for operators, but also for regulators and other policy makers.

In the period from 2017 to 2022, two opposite trends were recorded on the EU postal services market. The replacement of letter shipments with electronic alternatives continues to reduce the volume of letter shipments. In the period from 2017 to 2021, the volume of letter shipments decreased by an average of 6.1% per year, compared to 4.3% per year from 2013 to 2017. The situation looks quite different with regard to parcel delivery. The increase in e-commerce, highlighted by the COVID-19 pandemic, has further fueled competition in the Courier, Express and Parcel Services market. Between 2017 and 2021, the volume of packages in domestic traffic increased by 14.6% per year, compared to an annual increase of 6.4% in the period from 2013 to 2017. The decline in the volume of letter shipments is a burden to postal operators which increase the prices of services from the UPS domain and reduce costs, e.g. by closing postal units and reducing the frequency of delivery. The increase in package volume, mainly driven by the further strengthening of the e-commerce sector during the COVID-19 pandemic, has increased the importance of the delivery sector for new operators.

Booming e-commerce volumes increased the environmental footprint of the EU postal sector between 2017 and 2021. While CO₂ emissions from the internal traffic of letter shipments and parcel delivery in the EU were relatively constant between 2013 and 2016, since 2017 total emissions have increased by an average of 12% per year. This increase is not just the result of more packages being delivered. This is also due to the fact that the CO₂ impact per package started to rise in 2018, after a decline in previous years.

During the period from 2017 to 2021, the total revenue of registered postal and delivery operators in Europe increased by 21%, i.e., from 100 to 121 billion euros.⁵ Taking into account the different service categories, letter shipments revenues are slowly declining, but still play an important role in operator revenues, accounting for approximately 32% of the total share of letter and parcel revenues in 2021. The revenues of all registered operators in parcel and express services are growing at a rate sufficient to compensate for the decline in letter shipments revenues. The share of revenue from parcel and express services thus increased from 56% in 2017 to 68% in 2021.⁶ The data indicate that, despite different levels and trends in different countries, incomes have increased in all countries. The average increase in income of 26 European countries between 2017 and 2021 was 21.7%.⁷ Figure 2 shows the percentage structure of revenues in Europe for letter and parcel services.

⁵ European Commission, Main developments in the postal sector (2017–2021). Volume 1, Main report, Copenhagen Economics, 2022. Without Denmark, Finland, Iceland, Ireland, Liechtenstein, Norway and Romania.

⁶ Ibid.

⁷ Ibid.

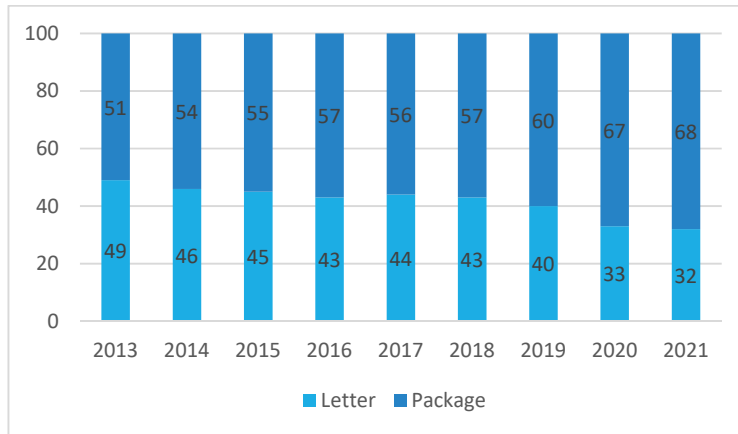


FIGURE 2: REVENUE STRUCTURE (LETTERS/PACKAGE) IN EUROPE (IN %)
(Source: Copenhagen Economics)

The changing behavior of the demand in the letter shipments market is associated with a negative impact on USP's profitability. The average EBIT (Earnings Before Interest and Taxes) of UPOs in the 20 surveyed countries gradually declined by about 11% per year between 2017 and 2020. The average EBIT margin⁸ was 4.4% in 2013, while it decreased to 3.7% in 2017, and further decreased to 2.6% in 2020. The downward trend also accelerated during the period 2017–2021, which is shown in Figure 3.⁹

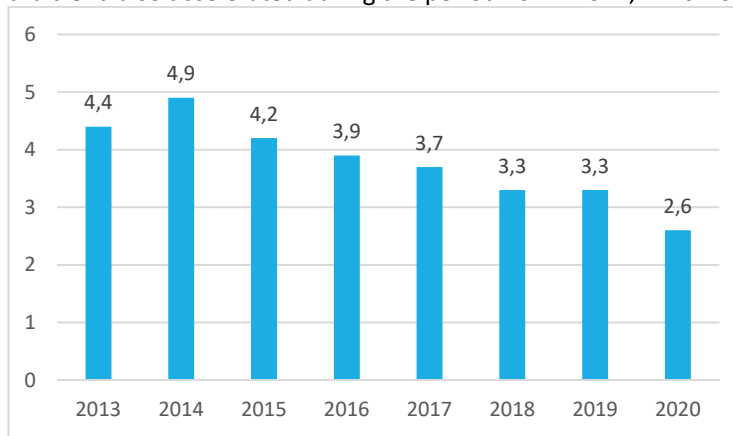


FIGURE 3: AVERAGE EBIT OF UPO'S OPERATIONS IN EUROPE (IN %)
(Source: Copenhagen Economics)

Despite the initial estimates from 2020, at the beginning of the COVID-19 pandemic, the UPO annual reports available show that operators in whole or in large part had a profitable year in 2020, which also applies to the postal segment (letters and parcels together). As many as seven out of ten operators increased their profitability in 2021 compared to 2019 before the pandemic, which can be seen in Figure 4.¹⁰

⁸ EBIT margin is a financial indicator that measures the profitability of a company based on earnings before taxes and interest. It is calculated by dividing EBIT by sales or net income.

⁹ Ibid.

¹⁰ Ibid.

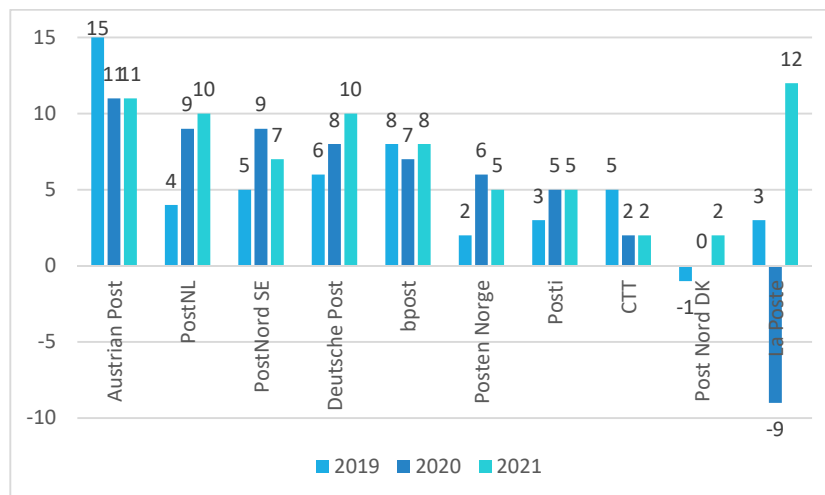


FIGURE 4: UPO'S PROFIT FROM THE LETTERS AND PARCELS SEGMENTS (EBIT MARGIN IN %)
(Source: Copenhagen Economics)

The structure of employment in the postal sector is most affected by developments in the competitive environment, technology, e-commerce, and the COVID-19 pandemic also had a major impact. In 2021, the total postal and courier sector, including operators of universal and commercial services, employed about one and a half million people across the EU member states, with the assumption that the actual number is much higher because part of the workers is not assigned to the postal industry, and therefore they are not recognized in national statistics. While total employment in all industrial sectors at the European level grew by around 1.7% on average from 2017 to 2021, employment in the postal and courier sector grew at a slightly slower rate of 1.5%.

2.2.2. Analysis of the postal services market in Montenegro

The postal services sector is of great importance for the economy of Montenegro for several reasons:

- The postal sector enables communication and exchange of information between people, organizations and institutions. Regardless of the development of electronic services, traditional letter services are especially important for official correspondence, business transactions and personal communication in Montenegro;
- The total number of employees at the end of 2022 is 1138, which is an increase of 41.7% compared to 2018;¹¹
- The total revenues that the postal service achieved in 2021 amounted to about EUR 17.73 million, which is about 0.36% of the total GDP;
- The liberalization of the postal market, the growth of e-commerce and competition, directs UPO and other service providers towards the customer and innovation, which affects the entire economy;
- The postal services sector affects the market of communications, advertising and transport in a positive correlation - the growth and development of the market of postal and courier services affects the growth and development of all three mentioned markets;

¹¹ According to MONSTAT data, in 2022 there were a total of 223,744 employees, of which 12,811 were in the transport and storage sector.

- The development of postal services is closely related to the financial services provided by UPO and other postal operators. In Montenegro, UPO provides financial services (payment transaction, bill collection and referral services). These services are especially important for people who do not have access to a bank account or live in rural areas.

The Post Office operates as the only UPO that has the right and obligation to provide universal postal services in domestic and international postal traffic based on a special license. Apart from the Post Office, there are also other operators providing commercial postal services on the Montenegrin market (Table 2). The number of postal operators in Montenegro in 2022 is 212.5% higher than in 2019, which is significantly higher than the average values for the EU, while in some countries in the immediate vicinity (Serbia, Bulgaria) the percentage increase in the number of operators is smaller.

TABLE 2: NUMBER OF POSTAL OPERATORS IN MONTENEGRO (2018–2023)

Activity for which the operator is registered	2018	2019	2020	2021	2022	2023
Universal postal service	1	1	1	1	1	1
Commercial postal services	7	7	10	30	24	23
TOTAL	8	8	11	31	25	24

(Source: EKIP)

During 2023, there were 24 operators providing commercial postal services (Table 3).

TABLE 3: OPERATORS THAT OPERATED IN MONTENEGRO DURING 2022

No.	OPERATORS IN MONTENEGRO
1	Post of Montenegro Podgorica;
2	Kingscliffe Distribution Montenegro (DHL) d. o. o. Podgorica;
3	Montenomaks Control & Logistics d. o. o. Danilovgrad;
4	Express One Montenegro d. o. o. Podgorica;
5	Express Courier (UPS) d. o. o. Bar;
6	Tim Kop d. o. o. Podgorica;
7	NTC Logistics d. o. o. Nikšić;
8	Alo Kurir Expres d. o. o. Plav;
9	Fast Express d. o. o. Danilovgrad;
10	Purić Trade d. o. o. Podgorica;
11	Arde Com Pljevlja;
12	Exclusive Mobile d. o. o. Podgorica;
13	Go Express – Braća Kastratović d. o. o. Podgorica;
14	Post Express d. o. o. Bar;
15	Lancer d. o. o. Kolašin;
16	Halo dostava d. o. o. Podgorica;
17	Post Express Padrino d. o. o. Tivat;
18	Pro Express d. o. o. Podgorica;
19	Rabbit Courier Express d. o. o. Podgorica;
20	Royal Express d. o. o. Podgorica;
21	Žvaka d. o. o. Podgorica;
22	TT Phoenix d. o. o. Budva;
23	Naš Express d. o. o. Podgorica;
24	Italikom d. o. o. Podgorica;
25	MG Express d. o. o. Podgorica

(Source: EKIP)

The total number of employees in the postal activity increased by 45.52% in 2022 compared to 2019. Of that number, 83.57% are employed in the Post of Montenegro. Table 4 shows the number of employees of postal operators in Montenegro.

TABLE 4: NUMBER OF EMPLOYEES IN THE POSTAL ACTIVITY

POSTAL OPERATORS	2018	2019	2020	2021	2022
Post of Montenegro	669	644	909	936	951
Other operators	134	138	147	212	187
TOTAL	803	782	1056	1148	1138

(Source: EKIP and the Post)

2.1.1.1. *Gender equality in the market of postal services in Montenegro*

UN Sustainable Development Goal 5 aims to achieve gender equality and empower all women and girls by 2030. To achieve this goal, urgent action is needed to eliminate the root causes of discrimination that still limit women's rights in the private and public spheres. Empowering women and promoting gender equality is of great importance for faster achievement of the defined sustainable development goals. Abolition of all forms of discrimination against women and girls is not only a basic human right, but has a multiple impact on other areas of development.

Although there is no specific data on the number of women and men working in the global postal sector, one look at the management structures of public operators is enough to see that they are still dominated by men. However, the industry has come a long way over the years to achieve better gender equality, and the situation varies from country to country.

According to a survey by the Universal Postal Union, although there has been progress in achieving workforce equality in the postal and logistics industry, these positions are still considered traditionally male, which deprives the sector of the talent and creativity of potential female employees and managers. According to the Gartner-AWESOME Women in Supply Chain 2021 Survey¹², women made up 41% of the supply chain workforce in North America and only 15% are in management positions, compared to 29% in senior management across all industries (Catalyst , 2020). According to the data submitted by the postal operators of Montenegro, the ratio of men and women is in accordance with the aforementioned research. The number of women is slightly lower than the number of men, due to the fact that in this area the jobs of postmen, drivers and manual workers are traditionally considered men's jobs, unlike jobs at the counter, administration, cleaning, etc. which are traditionally considered women's jobs. According to the structure of employees in the Post of Montenegro on December 31, 2022, men and women are equally represented (50.2% of men and 49.8% of women). However, a smaller number of women are present in managerial and leadership positions.

The role of Post Office is dominant in relation to other postal operators with a market share of 96.59% of the total number of services in domestic traffic, which is shown in Figure 5.

¹² Women make up 41% of the supply chain workforce in 2021, up from 39% in 2020, according to a recent study by Gartner, Inc. All levels of management recorded an increase in representation, except at the executive level where there was a slight decrease. In 2021, women make up 15% of executive-level roles, down from 17% in 2020. Source: <https://www.gartner.com/en/newsroom/press-releases/2021-06-16-gartner-survey-finds-women-comprise-41-percent-of-the-supply-chain-workforce>

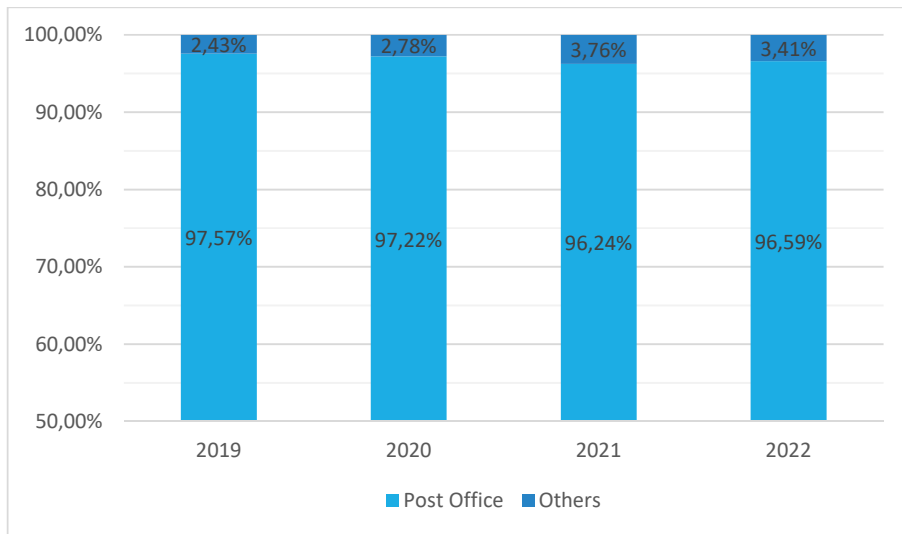


FIGURE 5: MARKET SHARE OF THE POST OFFICE AND OTHER POSTAL OPERATORS FOR LETTER AND PARCEL SERVICES IN DOMESTIC TRAFFIC
(Source: EKIP)

Figure 6 shows the number of letter and parcel delivery services in Montenegro. Compared to 2019, there was a trend of a decrease in the number of letters and an increase in the number of packages with a smaller percentage compared to the EU market.

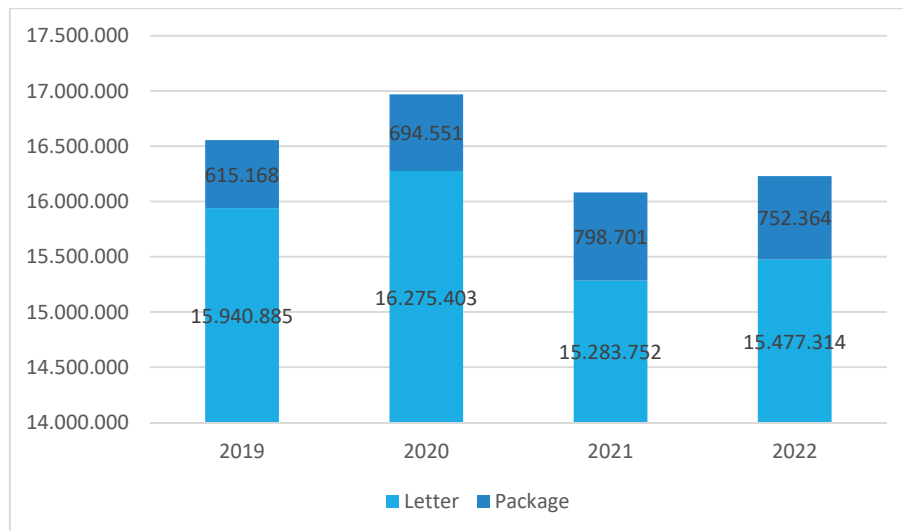


FIGURE 6: NUMBER OF LETTER AND PARCEL DELIVERY SERVICES IN MONTENEGRO
(Source: EKIP)

If we look at the share of UPO in the parcel market of Montenegro for 2022, it amounts to 24.52%, which is approximately equal to the amount for universal service providers in the EU market, where this share is an average of 26%. Figure 7 shows the share of the Post Office and other postal operators in the total number of packages.

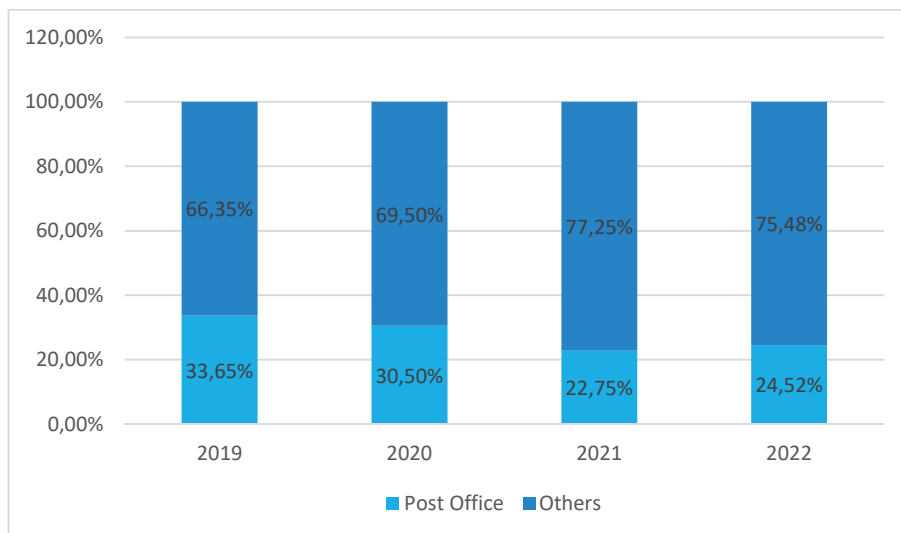


FIGURE 7: MARKET SHARE OF THE POST OFFICE AND OTHER POSTAL OPERATORS FOR PARCEL SERVICES IN DOMESTIC TRAFFIC
(Source: EKIP)

According to the data related to packages outside the universal service¹³, an increase in the average price on the postal services market is visible, which is shown in Figure 8. The increase in the average price is a consequence of the increase in business costs (increase in energy sources, employee costs, increase in the price of goods and services necessary for service performance), and it follows the trend of neighboring countries.

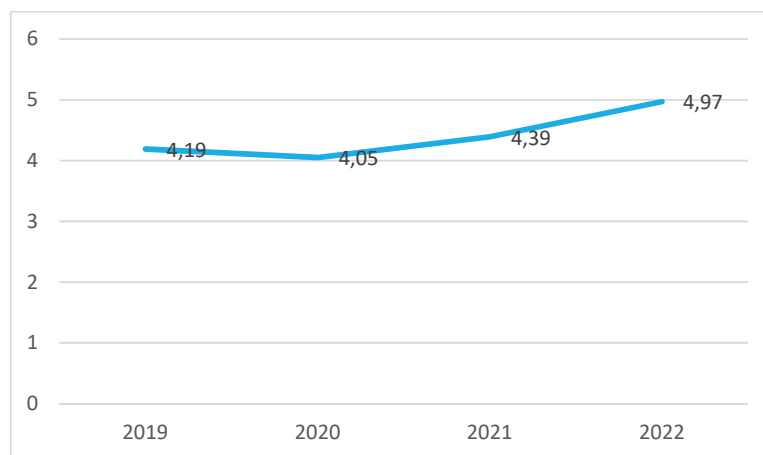


FIGURE 8: MOVEMENT IN THE AVERAGE PRICE OF COMMERCIAL PACKAGES ON THE MARKET IN MONTENEGRO (IN EUR)
(Source: EKIP)

If the number of commercial packages is observed, the data indicate a decrease in the number, which is in line with the trends on the EU market in certain countries¹⁴, which is shown in Figure 9. It is possible that the stated trend is in line with the trends in certain EU countries or a consequence of the uneven display of data of individual operators that provide postal and logistics services.

¹³ Packages over 10 kg, Express services, courier services.

¹⁴ During 2022, the CEP market in the EU recorded a decrease of 9.1% in volume compared to the previous year.

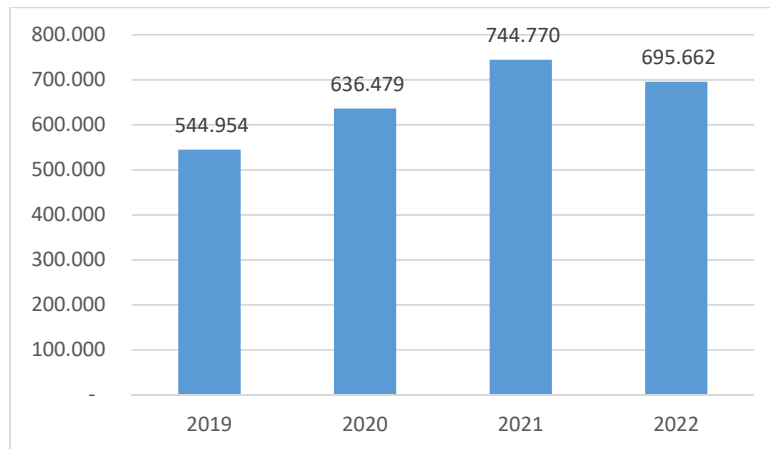


FIGURE 9: MOVEMENT IN THE QUANTITIES OF COMMERCIAL PACKAGES ON THE MARKET IN MONTENEGRO
(Source: EKIP)

In international traffic, compared to 2019, there was a trend of a decrease in the number of letters and an increase in the number of packages with a smaller percentage compared to the EU market. According to Figure 10, a significant drop in the volume of letter shipments for 2020 is visible due to the pandemic caused by the COVID-19 virus, which resulted in the complete suspension of traffic with China. With the improvement of the situation related to the pandemic, in the period that follows, the trend of increasing the number of shipments is visible.

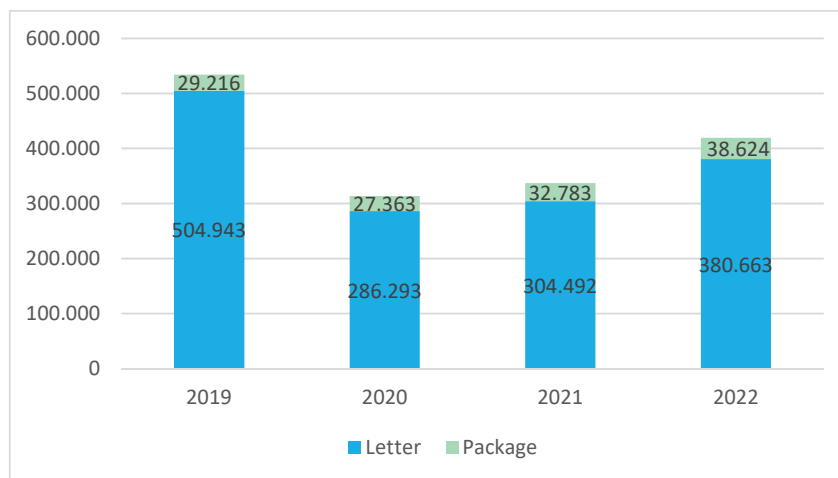


FIGURE 10: NUMBER OF LETTER AND PARCEL SERVICES IN MONTENEGRO IN INTERNATIONAL TRAFFIC
(Source: EKIP)

2.2.2.1. Maturity of the Postal Services Market in Montenegro

In order to determine the maturity of the postal services market in Montenegro, a comparison was made with individual markets of EU member states and neighboring countries according to the volume of letter and parcel shipments. The increase in economic activity and the purchasing power of citizens did not bring back the amount of postal services, indicating that the traditional letter shipment service

as a basic product has passed its mature phase and is in a continuous phase of decline. Figure 11 shows the number of letter shipments per inhabitant in Montenegro and in comparison with individual EU countries. According to the number of letter shipments, Montenegro is in 24th place out of 31 countries¹⁵.

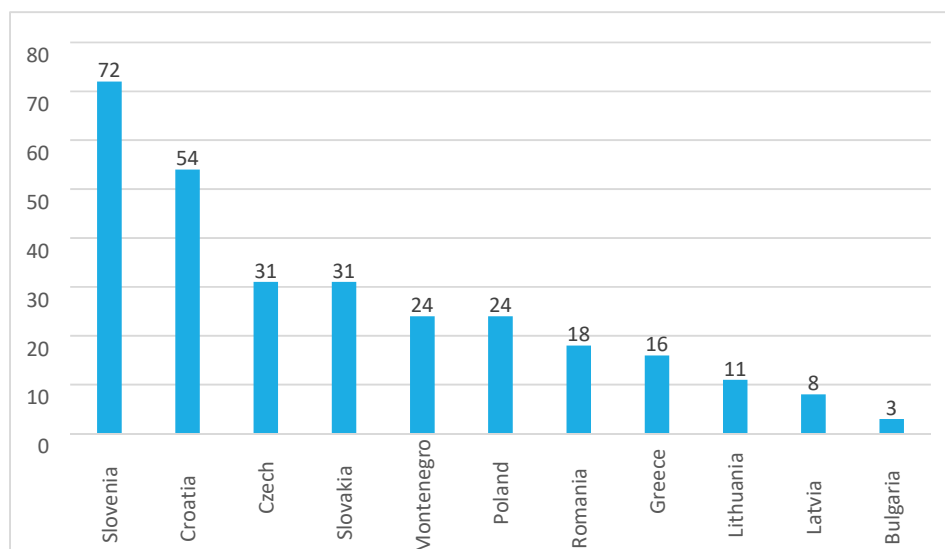


FIGURE 11: NUMBER OF LETTER SHIPMENTS PER CAPITA AND COMPARISON WITH INDIVIDUAL EU COUNTRIES IN 2021
(Source: Copenhagen Economics, EKIP)

If we look at the selected countries in the surrounding area, it is evident that the market of Montenegro is more developed according to the number of letters per inhabitant, which is shown in Figure 12.

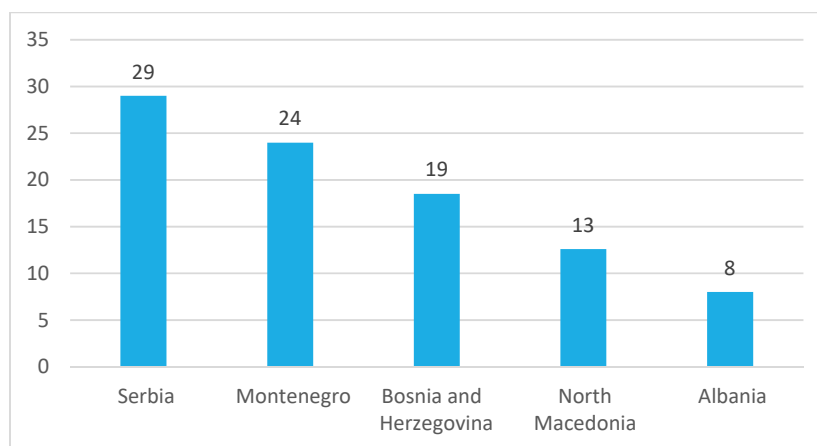


FIGURE 12: NUMBER OF LETTER SHIPMENTS PER CAPITA AND COMPARISON WITH INDIVIDUAL SURROUNDING COUNTRIES IN 2021
(Source: UPU)

Research on the maturity of the postal services market in Montenegro is possible by analyzing the number of parcels per inhabitant, through which a conclusion is drawn about the degree of saturation with postal services and a forecast of future growth potential, since the development and implementation of e-commerce is a generator of future income growth in the postal sector. Figure 13 shows the number of packages per inhabitant and a comparison with individual EU countries for 2020,

¹⁵ The list includes EU countries, Switzerland, the UK and Iceland.

and Figure 14 shows the number of packages per inhabitant and a comparison with countries in the immediate vicinity.

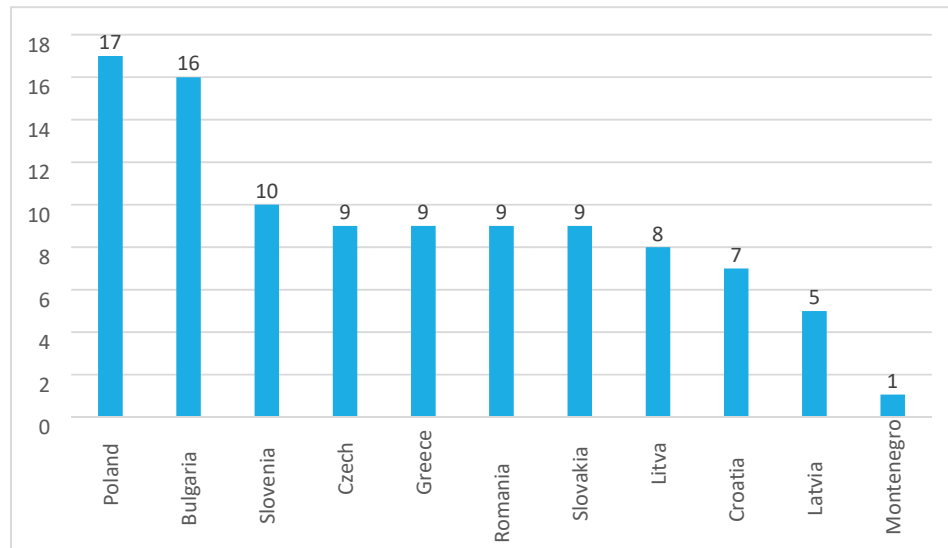


FIGURE 13: NUMBER OF PACKAGES PER INHABITANT AND A COMPARISON WITH INDIVIDUAL EU COUNTRIES FOR 2020

(Source: Copenhagen Economics, EKIP)

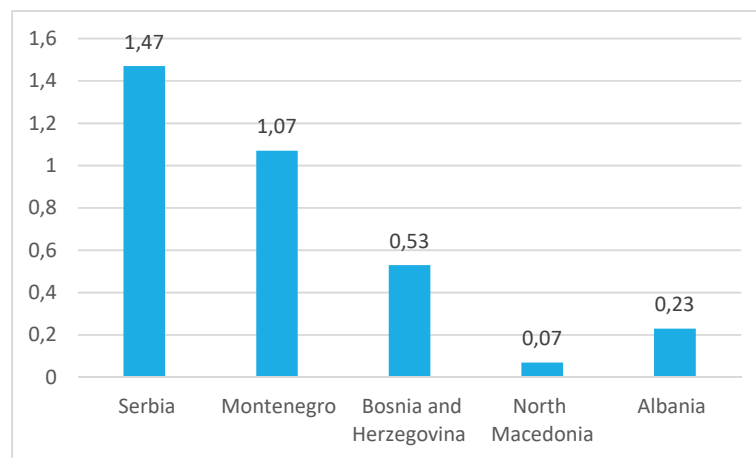


FIGURE 14: NUMBER OF PACKAGES PER INHABITANT AND A COMPARISON WITH SOME SURROUNDING COUNTRIES IN 2020

(Source: UPU)

According to the maturity criterion, the postal service markets in the existing environment are divided into less mature (1–2 packages per inhabitant), moderately mature (5–20 packages per inhabitant) and mature markets (more than 20 packages per inhabitant). Figure 15 shows the trend of the number of packages per inhabitant in the past period on the Montenegrin market.

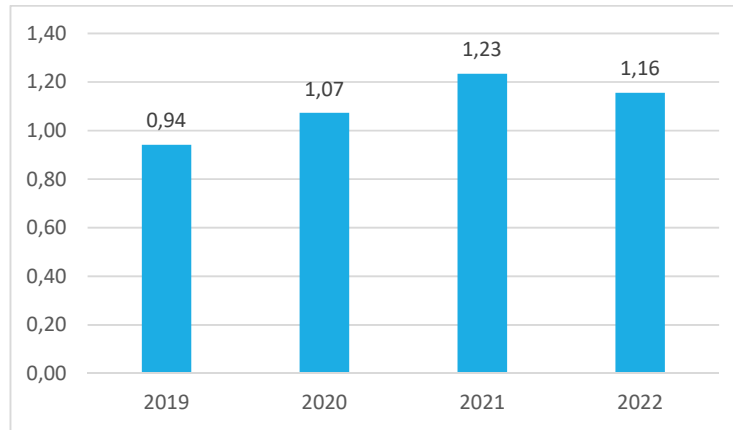


FIGURE 15: NUMBER OF PACKAGES PER CAPITA IN MONTENEGRO
(Source: EKIP, MONSTAT)

UNCTAD (United Nations Conference on Trade and Development) B2C e-commerce index enables assessment of the potential of e-commerce on the market. The success of the e-commerce process depends on internet access, the ability to pay for goods and services ordered online, and solutions in the delivery phase of shipments. The index enables assessment of the readiness of the market for e-commerce. Figure 16 shows the results for 2019. The value of the index for Montenegro is relatively low compared to mature EU markets, where values are higher than 90.

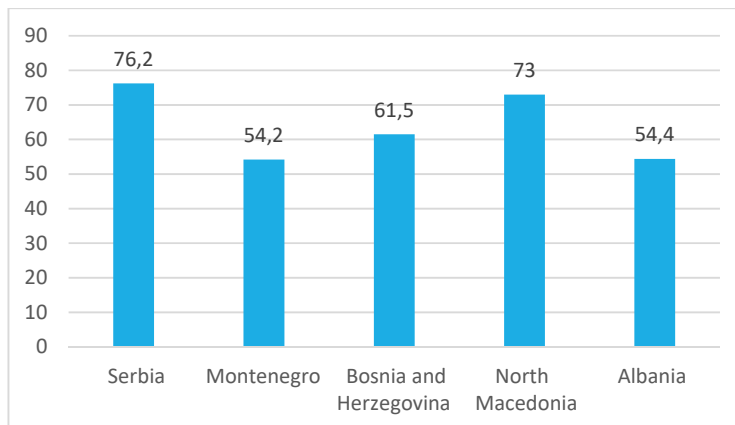


FIGURE 16: UNCTAD B2C E-COMMERCE INDEX
(Source: UNCTAD)

With technological changes and the development of electronic communications, postal services are increasingly becoming advertising services (direct marketing) and logistics services instead of means of mutual communication between two subjects. One of the variables that determine the value of the LPI (Logistics Performance Index) is the frequency with which shipments reach the recipient within the predicted or expected delivery time. Montenegro is in 73rd place out of a total of 139 countries. Figure 17 shows the values (in the range 1 to 5) for the surrounding countries. A trend of improvement compared to 2018 is visible.

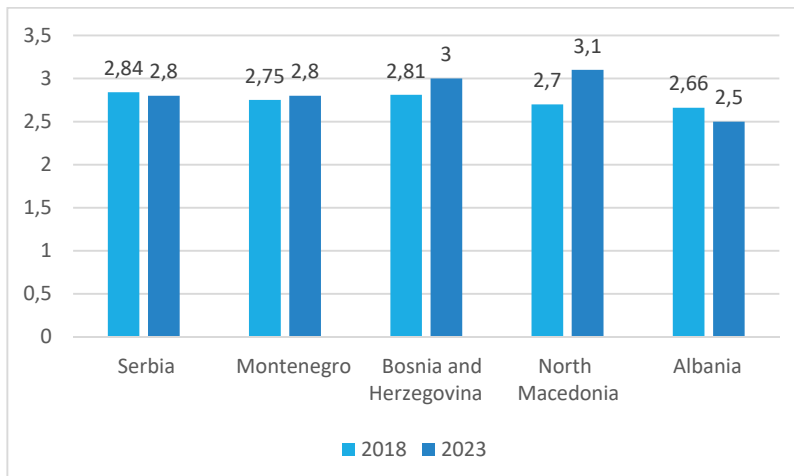


FIGURE 17: LPI INDEX
(Source: WORLDBANK)

According to the data, it is concluded that the postal services market of Montenegro is less mature, and that there is potential for further development in the future. To evaluate maturity in the future, it is possible to use price elasticity, which determines how a change in a service price affects the demand for it. By increasing the maturity of the market, changes in price have a relatively large impact on the demand for services. With the liberalization of the postal services market, the UPO focuses more and more on the needs of clients and on the price policy for commercial services (the prices of the universal service are regulated by the regulator). The challenge of UPO in Montenegro is to maintain market share and price level. With the aim of increasing income in the future, it is necessary to continuously diversify the portfolio and create more profitable services for users.

2.2.2.2. *Universal Postal Service*

The universal postal service is a service of public interest for Montenegro. According to the LPS, USO is a postal service of prescribed quality and standards that is provided continuously, without discrimination, under equal conditions and at an affordable price for all users in domestic and international postal traffic. USO includes receiving, sorting, transferring and delivering the following in domestic and international postal traffic: letter shipments weighing up to 2 kg, parcels weighing up to 10 kg, secograms weighing up to 7 kg without charge, registered (registered and valuable) postal shipments, court letters and letters in the administrative procedure and delivery of packages weighing up to 20 kg in international postal traffic.

a) *USO – Universal Service Obligation*

According to the LPS, the UPO is obliged to provide universal postal service to all users, every work day, at least five days a week, with a minimum of:

- one delivery of postal items;
- one delivery of a postal item, except in special circumstances and geographical conditions, with the exception of up to 10% of the population in rural and sparsely populated geographical areas, when at least one delivery per week is enabled or the installation of collection mailboxes in common locations, according to the model of the density of access points.

The independent regulatory body, that is, EKIP can determine a different performance of the universal postal service. According to the EKIP Rulebook on detailed conditions for the provision of universal postal service (“Official Gazette of Montenegro”, No. 029/17 of May 5, 2017, 114/20 of November 30, 2020), the UPO must have its own postal network or that, based on the access contract, it has the right to use the network of another postal operator. The UPO establishes, maintains and develops the postal network, in such a way as to ensure the provision of universal postal services throughout the territory of Montenegro. Postal network access points are physical facilities or equipment:

- PNU – postal network unit (post office). According to the type, PNU are divided into: permanent PNU; seasonal PNU; contractual PNU; mobile PNU; functional PNU.
- Processing Center;
- Self-service units;
- Mailboxes and collective mailboxes on public areas or in the premises of the postal operator;
- other devices and equipment intended for the reception of postal items.

UPO provides a network of PNU in such a way that one PNU operates on average on an area of up to 100 km² or for a maximum of 5000 inhabitants, which according to statistical data amounts to a minimum of 125 PNU. In addition, the UPO provides at least one unit of the postal network in the territory of each municipality or town. Figure 18 shows the number of units of the UPO postal network in Montenegro by type.

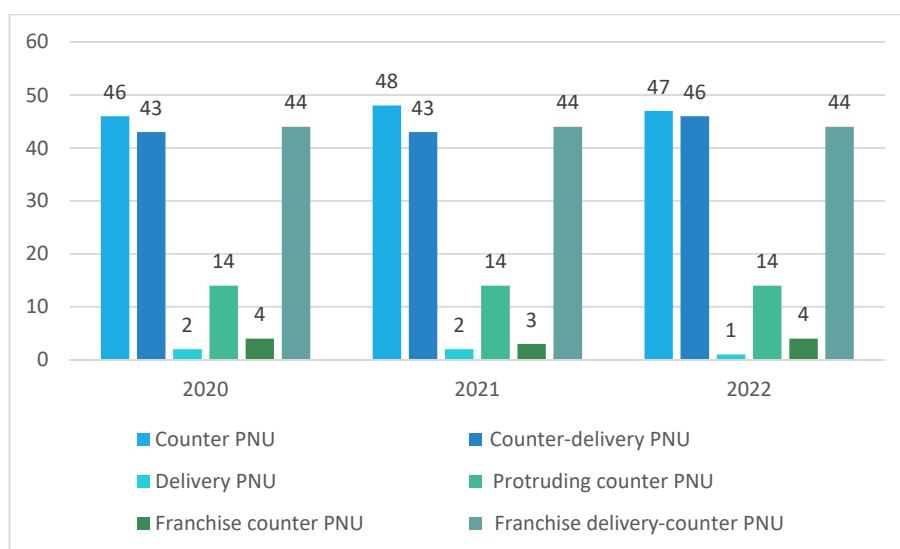


FIGURE 18: POSTAL NETWORK UNITS

(Source: Post Office)

The total number of postal network units in 2022 was 156, of which 48 are contractual PNU. One PNU operates on an area of 88.54 km² or for an average of 4026 inhabitants. In 2021, the post office had 170 working mailboxes. In relation to the number of inhabitants, the average was 3655 inhabitants per mailbox. Practice over years shows that mailboxes are used more intensively only in larger towns and tourist places, and in other areas their use has been reduced to a minimum.

The obligation in relation to the delivery of shipments implies one delivery every working day, and at least five times a week, with exceptions of no more than 10% of the population. UPO - one delivery of postal items at least five times a week is provided in the regions of the narrow delivery area. In the regions of the wider (2/3 days a week) and the widest delivery area (one day a week), as well as in the regions of the combined area, there are exemptions from the five-day delivery of shipments. If the number of UPO regions according to delivery areas is observed, it can be stated that in 2022 the

number of regions of the narrow delivery area decreased by 12.95% compared to 2018, while the number of regions of the wider delivery area increased by 20.75%. The biggest drop of 71.74% was in the number of regions of the widest delivery area. The total number of delivery regions in 2022 is 13.71% less than the number in 2018. The number of delivery areas by type of delivery area is shown in Figure 19.

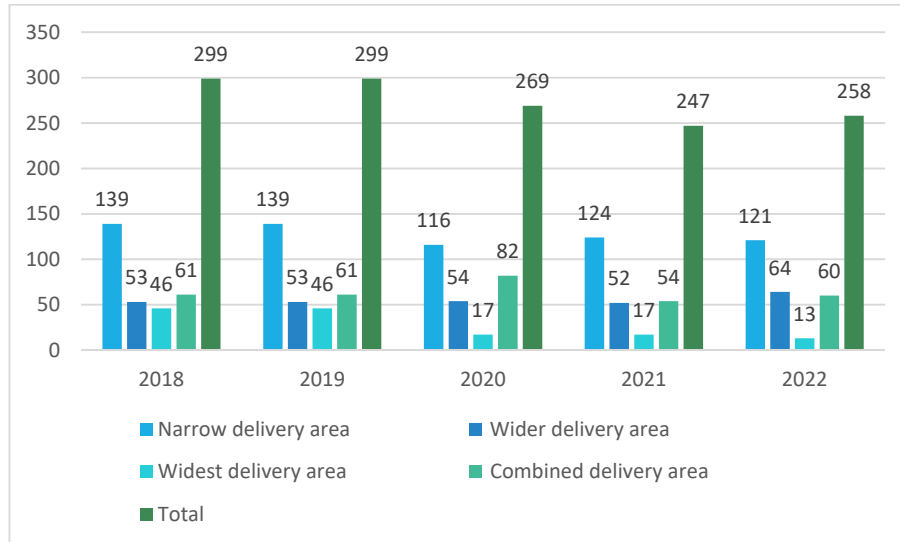


FIGURE 19: NUMBER OF DELIVERY AREAS BY TYPE OF DELIVERY AREA
(Source: Post Office)

a) Scope of universal service in Montenegro

The total number of services from 2019 to 2022 from the domain of universal service is shown in Figure 20. In 2020, the growth in the number of services was recorded when compared to 2019, due to the COVID pandemic. In 2021, the volume of universal service decreased by 4.28% compared to 2020, and in 2022 it increased by 0.69% compared to 2021.

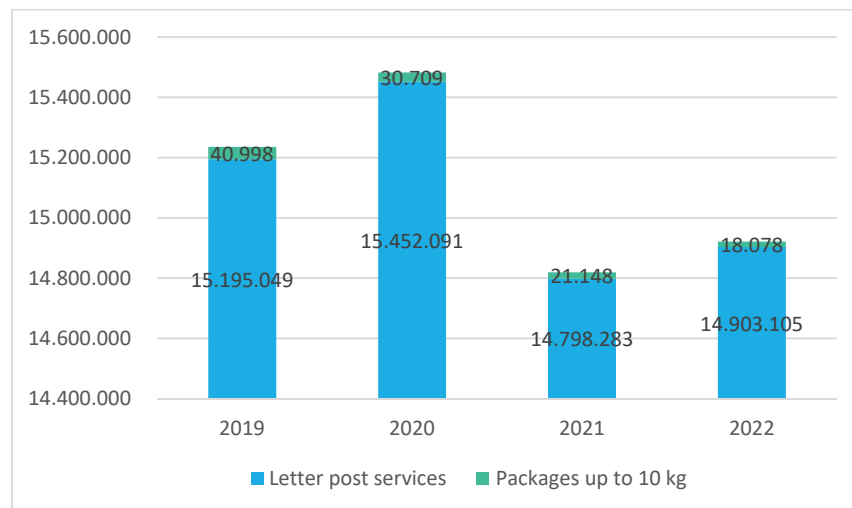


FIGURE 20: SCOPE OF UNIVERSAL SERVICE IN MONTENEGRO
(Source: EKIP)

In the scope of universal service, letters (ordinary letters, registered mail, valuable letters) and stationery made the largest share, in the period from 2019 to 2022, an average of 96.39% (court letters 3.43%), while the share of packages up to 10 kilograms is insignificant, only 0.18%. Figure 21 shows the market share of letter shipments services and packages in the scope of universal service.

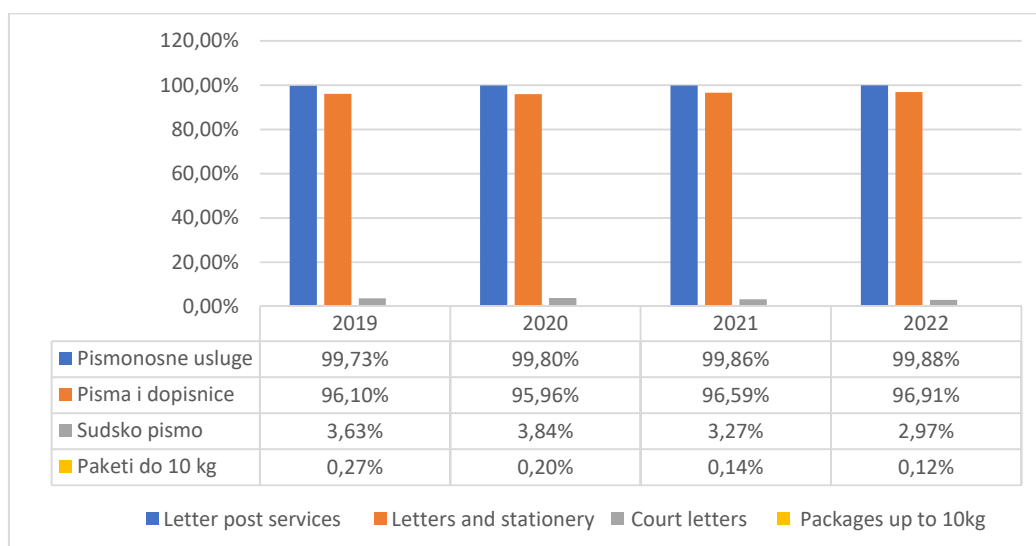


FIGURE 21: MARKET SHARE OF LETTER SHIPMENTS SERVICES AND PACKAGES IN THE SCOPE OF UNIVERSAL SERVICE

(Source: EKIP)

2.2.2.3. Quality of the Universal Postal Service

Under the quality of the performance of the universal postal service according to the LPS, in internal postal traffic, it is understood that at least 95% of postal items are delivered within three working days. In the past period, the standards EN 13850 (Measurement of the transit time of end-to-end services for single piece priority mail and first class mail), EN 14508 (Measurement of the transit time of end-to-end services for single piece non-priority mail and second class mail) and EN14012 (Measurement of complaints and redress procedures) have been applied on the EU market. In accordance with the LPS, the post office organized independent monthly measurement during the year, and from 2023, according to the Rulebook on closer conditions for the performance of the universal postal service, it applies continuous measurement for the entire year. Figure 22 shows the results of the quality of service for ordinary letter shipments in internal traffic. The results show that the minimum quality standard was not achieved.

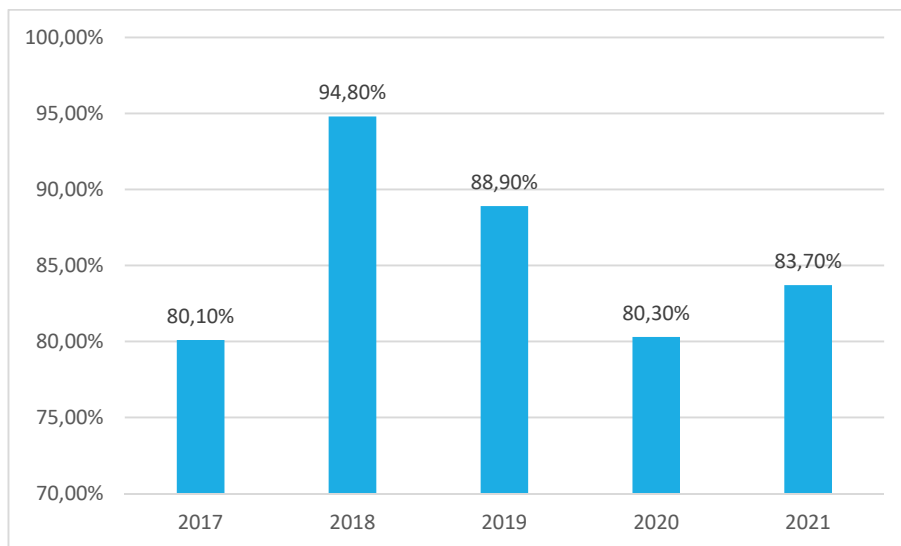


FIGURE 22: ORDINARY MAIL SERVICE QUALITY, STANDARD D+3
(Source: Post Office)

The measurement of the quality of service was also carried out for ordinary letter shipments delivered through mailboxes, which is shown in Figure 23. The results also show that the minimum quality standard was not achieved, with the exception of 2018.

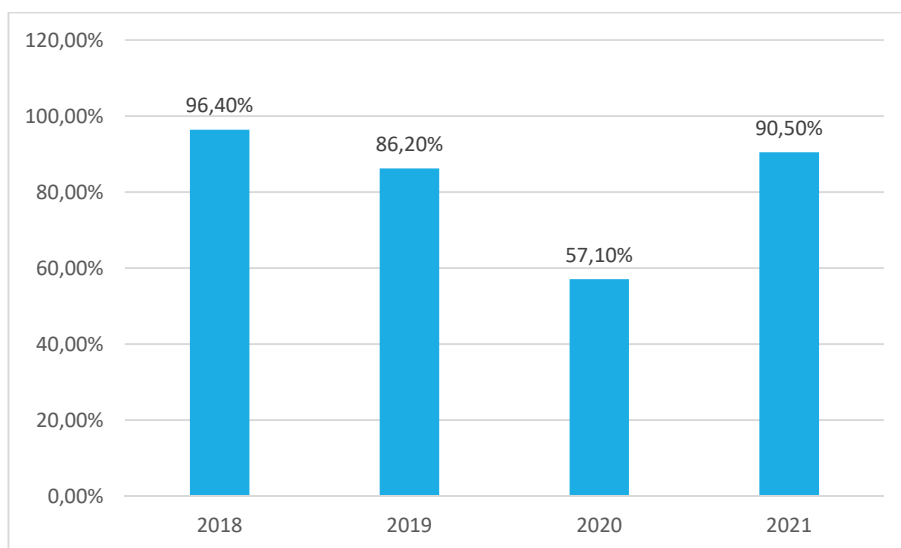


FIGURE 23: QUALITY OF ORDINARY MAIL SERVICE DELIVERED THROUGH MAILBOXES, STANDARD D+3
(Source: Post Office)

Since 2019, the Post Office has been organizing independent measurement of the quality of transfer of registered postal items in internal traffic. According to the results shown in Figure 24, the minimum quality standard in internal traffic has been achieved.

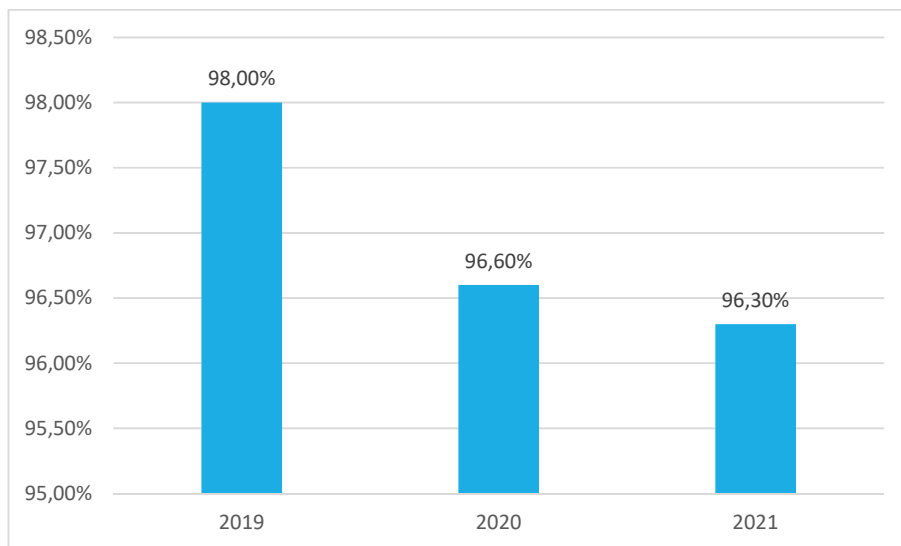


FIGURE 24: QUALITY OF SERVICE OF REGISTERED POSTAL SHIPMENTS, STANDARD D+3
(Source: Post Office)

Perennial problems of the Post Office related to the delivery of postal items, such as the unmarked streets and buildings are current, as well as the fact that the buildings are not equipped with mailboxes. Additionally, streets and buildings in suburban settlements often receive numerical designations instead of names, while bill issuers often use the old designations “b. b.” (no number) or just names of settlements. During 2020 and 2021, an additional problem was caused by the COVID-19 pandemic, and the frequent corona infections of postmen. The above caused a relatively large number of undelivered ordinary shipments and part of the registered ones.

In the analysis of the number of complaints, the results show that this number is negligible in relation to the total number of shipments, and that it has been continuously decreasing in the past period in domestic and international traffic.

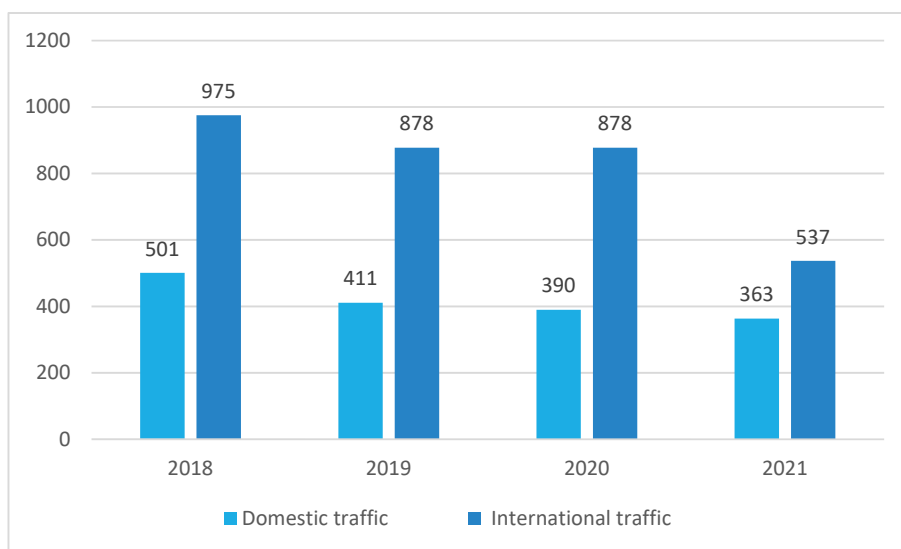


FIGURE 25: NUMBER OF MAIL COMPLAINTS
(Source: Post Office)

In order to determine the degree of development of the postal system and enable comparison between countries, the UPU introduced the Integrated Index for Postal Development (2IPD) as a basis for determining the postal development level (PDL). Figure 26 shows the values of the index for countries in the surrounding area for 2021. PDL values range from minimum (1) to maximum (10). Montenegro belongs to the group of countries categorized in the set of index values 3–4, which indicates countries with a lower to lower medium level of development of the postal system. The average value of the 2IPD index at the world level is 30, and at the level of the EU and CIS (Commonwealth of Independent States) countries, the value is 58.

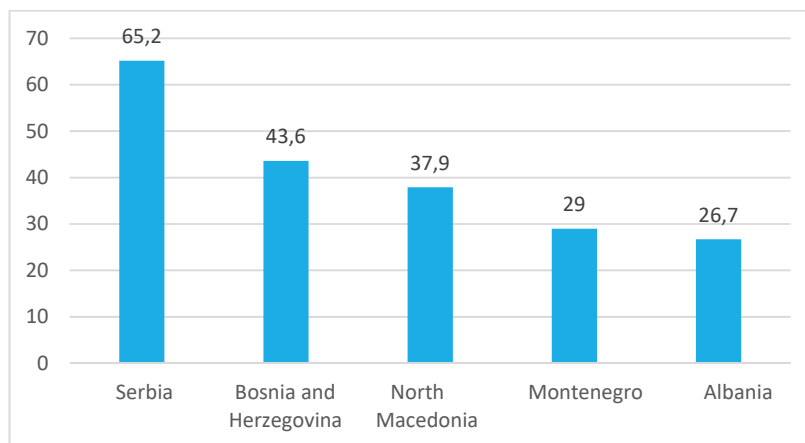


FIGURE 26: INTEGRATED INDEX FOR POSTAL DEVELOPMENT

(Source: UPU)

One of the four values on the basis of which the value of the Integrated Index for Postal Development is determined is reliability, which describes the quality of service from the perspective of speed and predictability, and which is shown in Figure 27. The average value for EU and CIS countries is 68.4.

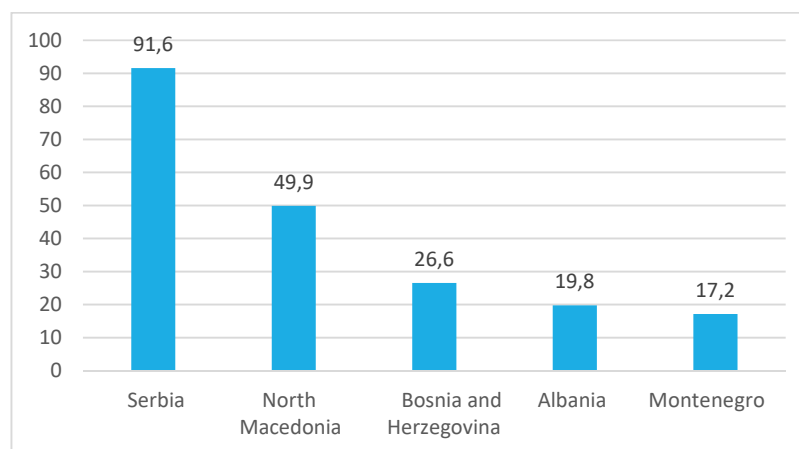


FIGURE 27: INTEGRATED INDEX FOR POSTAL DEVELOPMENT – RELIABILITY CATEGORY

(Source: UPU)

2.2.2.4. Commercial Postal Services

The Post Office has a dominant role in the market of postal services and its participation in the domain of letter and parcel services in the past period is the largest. For this reason, the analysis of the postal services market in Montenegro is largely based on the analysis of the services, operations and work of

the Post Office. By observing the percentage share in the provided universal postal services, it can be concluded that during the last five years, the Post Office achieved a slight decrease in relation to the percentage share of commercial postal services, where there is a noticeable increase.

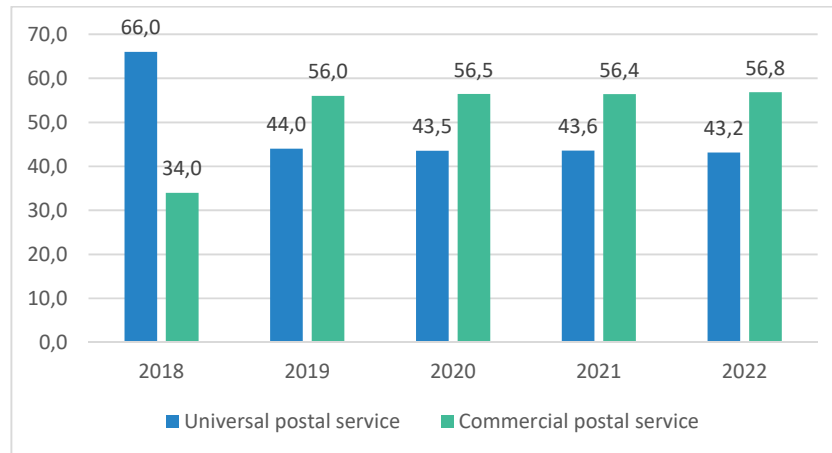


FIGURE 28: PERCENTAGE SHARE OF UNIVERSAL AND COMMERCIAL POSTAL SERVICES IN THE TOTAL POSTAL SERVICES OF THE POST OFFICE
(Source: EKIP)

According to the analysis of available data, in 2019 the Post Office provided a total of 35,817,267 postal services, which is 39.2% more than in 2018. This significant increase in the total number of postal services, as well as the increase in commercial postal services compared to universal postal services, is due to the presentation, that is, the receipt of data on the scope of hybrid mail services by the Post of Montenegro. It should be taken into account that the Post Office in its reports on the achieved physical volume of postal services in previous years did not show hybrid mail services. In 2020, the Post Office provided a total of 36,253,215 postal services, which is 1.2% more compared to the previous year, while in 2021 it decreased by 4.2% (the total number of services was 34,743,988) compared to the previous year. According to data for 2022, the Post Office provides a total of 35,519,563 postal services, which represents an increase of 2.2%.

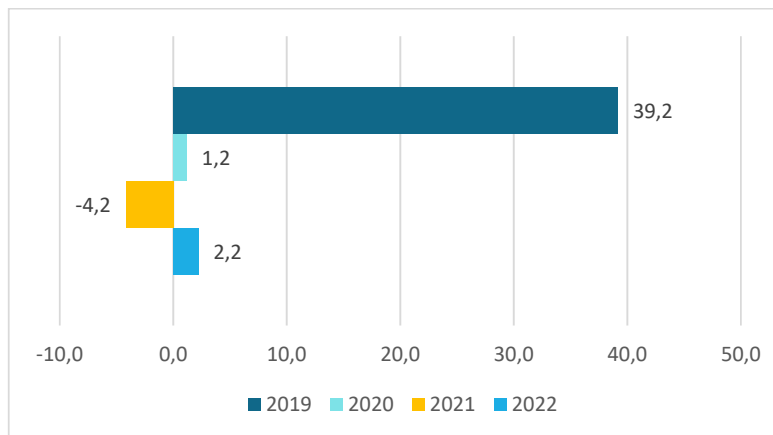


FIGURE 29: TREND OF TOTAL POSTAL SERVICES PROVIDED (IN %)
(Source: EKIP)

An analysis of the volume of postal services provided by the Post of Montenegro in 2022 shows an increase in hybrid mail services, express services, registered and letter shipment services, as well as a decline in telegraphic services, while financial services are at approximately the same level as in the

previous year. However, the drop in volumes recorded in 2021 was not compensated for in 2022 compared to volumes in 2020.

According to the analysis of other postal operators, of the total postal services provided in 2022, the largest physical volume was achieved by Montenomaks Control & Logistics Danilovgrad with 41% and Express One Montenegro Podgorica with 27%. Other operators took a share of 5% each, such as Kingscliffe Distribution Montenegro (DHL) Podgorica and Halo Dostava Podgorica, or less than 5%, such as Arde Com Pljevlja (4%), Express Courier (UPS) Bar (3%), Fast Express Danilovgrad (3%), Go Express - Braća Kastratović Podgorica (3%) and NTC Logistics Nikšić (2%) and other operators with physical volume less than 2%.

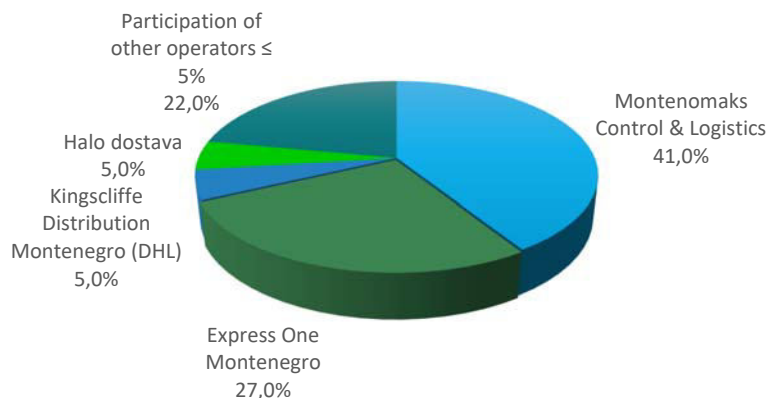


FIGURE 30: STRUCTURE OF THE ACHIEVED PHYSICAL VOLUME OF COMMERCIAL POSTAL SERVICES BY OTHER OPERATORS IN MONTENEGRO FOR 2022

(Source: EKIP)

As express and package services are dominant in the business of other operators, in the structure of express services provided in 2022, the leading place is occupied by Montenomaks, which takes 45.6%. This company has been dominating the market for years, and is also recognized for international transport, customs brokerage, storage, manipulation of goods and distribution to the recipient. In addition to the above, Montenomaks also offers courier services throughout the territory of Montenegro. In 2020 alone, half of the express services market was achieved by this company. However, with the increase in the number of operators who are increasingly present on the market, the structure of the express services provided changes from year to year. So, for example, Express One Montenegro (until 2021 the company operated under the name City Express) and DHL, which covered 6.6% of the market in 2022, took a 25.5% share of the express services market. Among the other operators, NTC Logistics from Nikšić (2.8%) and Express Courier (UPS) from Bar stand out with 1.5%.

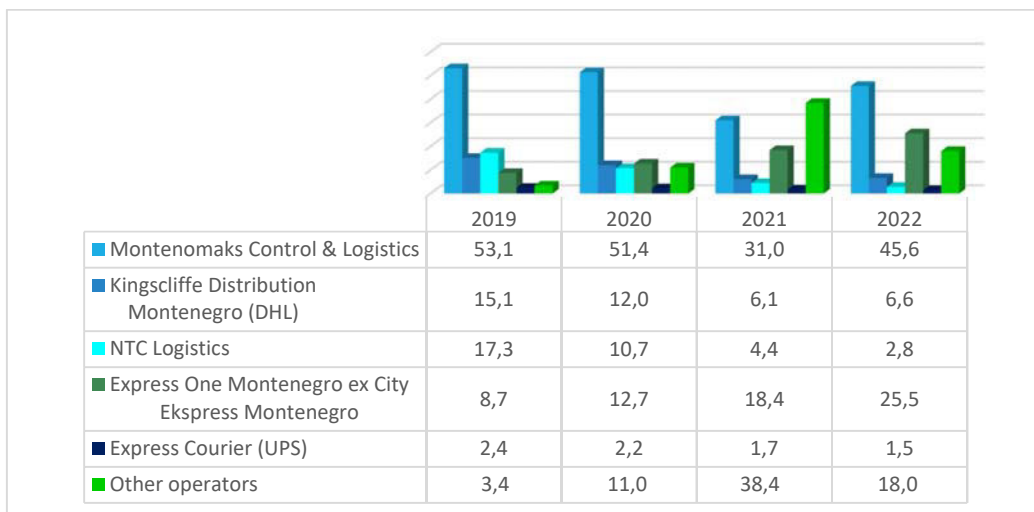


FIGURE 31: PERCENTAGE DISPLAY OF EXPRESS SERVICES PROVIDED BY OTHER OPERATORS IN THE PERIOD 2019–2022
(Source: EKIP)

Montenomaks from Danilovgrad, which in 2022 covered 36.1% of the market, has also been leading in the structure of package services for years. The achieved performance in 2020 was much higher, as shown by the fact that they accounted for half of the provided package services, 50.2% to be exact. Among the other operators in 2022, Express One Montenegro stands out with a share of 28.1% and Halo dostava from Podgorica, which achieved enviable success in the field of package delivery, which shows a share of 11.2% of the total of provided package services in 2022.

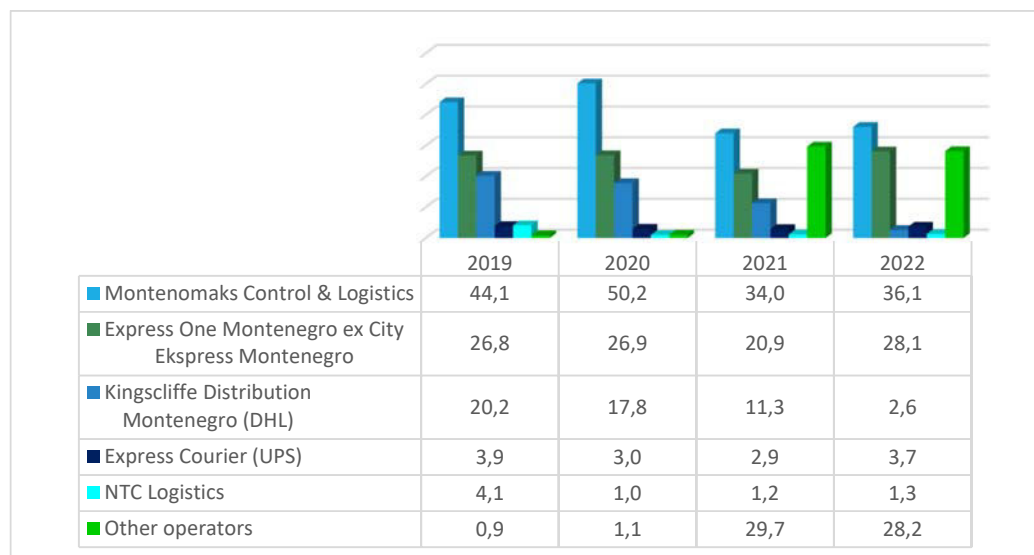


FIGURE 32: PERCENTAGE DISPLAY OF PACKAGE SERVICES PROVIDED BY OTHER OPERATORS IN THE PERIOD 2019–2022 (IN %)
(Source: EKIP)

3. GUIDELINES FOR THE DEVELOPMENT OF POSTAL ACTIVITIES IN MONTENEGRO

3.1. SWOT analysis of the postal services market in Montenegro

Based on the state analysis of the postal services market in Montenegro, a SWOT analysis was prepared that shows the strengths and weaknesses, as well as opportunities and threats to the postal services market in Montenegro. The SWOT analysis shows the state of the postal services market in Montenegro in relation to trends, and the wider aspect in which the postal services market operates (Table 5).

TABLE 5: SWOT ANALYSIS OF THE POSTAL SERVICES MARKET IN MONTENEGRO

STRENGTHS (+)	WEAKNESSES (-)
<p>Liberalized market of postal services.</p> <p>Legislative framework harmonized with European directives.</p> <p>Continuous increase in the number of parcel shipments as a result of the growth and demand of e-commerce.</p> <p>Developed UPO postal network and open access to the UPO postal network.</p> <p>Experience and tradition of postal activity in Montenegro.</p> <p>Willingness of postal service providers to implement new services and modern technological solutions.</p>	<p>Significant costs of providing universal service in rural areas.</p> <p>Insufficient education of users for services related to e-commerce, as well as their user rights and protection.</p> <p>Lack of a modern, technologically advanced postal and logistics center.</p> <p>Insufficient financial resources for investments and development.</p> <p>High share of labor costs due to poor application of work process automation.</p> <p>Operability of procedures related to cost accounting methodology and net cost calculation.</p>
OPPORTUNITIES (+)	THREATS (-)
<p>Expansion of services to the region.</p> <p>Synergy of postal, financial, logistics and electronic services.</p> <p>Economic growth as an incentive for the development of postal services.</p> <p>Potential use of European Union funds.</p> <p>Optimization of business costs through the introduction of new technologies and process automation in production, distribution and logistics.</p> <p>Involvement of respected cultural and public workers with the necessary expertise in the selection of motifs, graphic and artistic solutions for postage stamps of Montenegro.</p>	<p>Reduction in the demand of citizens and legal entities for letter services (EU trend).</p> <p>Transition of businesses to electronic delivery.</p> <p>The emergence of illegal trade and money laundering.</p> <p>Globalization of the postal services market.</p> <p>Alternative (electronic) postal services.</p> <p>The dominant position of the UPO and the limited area of the internal postal market.</p> <p>Insufficiently trained personnel for the challenges of the future.</p> <p>Development of new and improvement of existing electronic services through the portal of eGovernment of Montenegro without dialogue with participants of the postal market of e-postal services.</p>

3.2. PESTLE analysis

The PESTLE analysis includes the analysis of political, economic, social, technological, legal and environmental factors that should show positive and negative changes taking place in the state, economy and society, as well as new trends that affect the development of postal activity in Montenegro.¹⁶ Below is a tabular presentation (Table 6) of some of the most significant factors identified in the PESTLE analysis.

TABLE 6: PESTLE ANALYSIS

P	Political	Montenegro is a civil, democratic, ecological and social justice state, based on the rule of law; Montenegro is a candidate for EU membership; Montenegro is a member of the NATO alliance.
E	Economic	Assessed as attractive for investments (even more attractive than the countries of the region); The focus is on micro, small and medium enterprises; Uncompetitive economy; Underdeveloped industry; High import dependence; Low volume of domestic production; Difficult internationalization of domestic products; Continued growth of e-commerce; Potential use of European Union funds; Reduction in the demand of citizens and legal entities for letter services (EU trend); Business transition of business entities to electronic delivery; Globalization of the postal services market; Growth in income from postal services; Promotion of the national, cultural, historical and natural heritage of Montenegro through postage stamps.
S	Social	Low standard of living, weak purchasing power of the population; Brain drain; The number of population in Montenegro is 620,000, and 67.15% live in urban areas; 24.9% of the population of Montenegro under the age of 18, 62.3% between the ages of 18–64, and 12.8% over the age of 65, according to the 2011 Montenegrin census.
T	Technological	Improvement of the transport infrastructure and connection of the northern part with the central part through the construction of the Bar–Boljare motorway; Greater use and greater popularity of the country's digital technologies; Low level of investment in research and development; Slow technological development of the postal industry; Advanced process of strategic infrastructure preparation (Smart Specialization Strategy and Digital Transformation Strategy); The existence of a relatively developed IT community; Experience and tradition of postal activity in Montenegro; Willingness of postal service providers to implement new services and modern technological solutions; Greater coverage of Montenegro with access technologies of the next generation compared to neighboring countries.
L	Legal	The Law on Postal Services was adopted, harmonized with EU postal directives; Passed secondary legislation; A high percentage of laws and secondary legislation harmonized with the EU.

¹⁶ Guidelines for the preparation of strategic documents, Secretariat-General of the Government of Montenegro, May 2022, p. 60, <https://www.gov.me/dokumenta/e9e70d2e-5a26-4d67-83cb-11a3471d0d65>

E	Environmental	<p>According to the Constitution, Montenegro is an ecological state; Favorable climatic conditions; Potential for the development of a green state; Montenegro is included in the efforts of the international community in the fight against climate change; Readiness of postal operators for investments in electric vehicles.</p>
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As constant technological innovations and digital transformations are present in the global market, accelerated changes are also occurring in the postal services market. This necessitates continuous planning for the improvement of existing services and the development of new postal services in Montenegro, all with the aim of meeting customer expectations and satisfying their needs.

Based on the analysis of the current state, goals have been set, closely tied to subsequent steps in defining success indicators, planning, and budgeting activities. The goals are directly related to the analysis of the state in the postal services market. In setting the goals, we used a problem tree, through which we identified the main problem and its cause-and-effect relationships. The result of such analysis is a graphical representation of the problems, their causes (reasons that led to the problems), and effects, i.e., consequences of the problems.

<p>Decrease in the volume and revenue from universal postal services.</p> <p>Low level of automation in the UPO, lack of postal codes.</p> <p>No technical committee has been formed within the Institute for Standardization of Montenegro regarding CEN/TC 331 – Postal services.</p>	<p>Low level of digitization in postal processes.</p> <p>Postal services are not keeping pace with the development of e-commerce</p>	<p>The report on the protection of user interests does not identify the root causes of the problems.</p> <p>There is a lack of promotional activities in the segment of protecting the interests of users of postal services</p>	<p>Incomplete compliance with EU legislation.</p> <p>Ratification of acts of the Universal Postal Union is required.</p> <p>Increased risks to the security of shipments, ensuring protection against theft, and protection against terrorism</p>	<p>Insufficient awareness of sustainable development and alternative methods for the delivery and transmission of shipments</p>
<p>KEY PROBLEM:</p> <p>The problem of ensuring the sustainability of the universal postal service and the competitiveness of commercial services in the digital environment</p>				
<p>Lack of research on the sustainability of USO.</p> <p>A sorting center for postal shipments with a low level of automation.</p> <p>Absence of activities to</p>	<p>There are no specific quantitative indicators for the level of satisfaction of postal services users</p>	<p>Need for improving the protection of the interests of postal services users</p>	<p>Insufficient promotion of gender equality.</p> <p>Mismatch of employee competencies with market requirements.</p> <p>Lack of continuous education to ensure</p>	<p>There is no Carbon Footprint reporting methodology.</p>

promote postage stamps			professionalism when introducing new technologies and services in the sector	
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FIGURE 33: PROBLEM TREE

Based on the problem tree, we came to the so-called solution tree, with which we set the structure of the strategic document and can see the logical connection between strategic and operational goals, associated activities, indicators and desired effects.

<p>Report on the need to redefine the mandatory universal postal service obligation.</p> <p>Study on the sustainability of universal postal service obligation.</p> <p>Report on the need to redefine the five-day delivery obligation.</p> <p>Study of availability of postal network units.</p> <p>Project documentation of the automated postal logistics center with location analysis.</p> <p>Report on the quality of the universal postal service.</p> <p>Report on the quality of transmission of registered postal shipments.</p> <p>Report on the implementation of the postal address code in Montenegro.</p> <p>technical committee within the Institute for Standardization of Montenegro related to CEN/TC 331 – Postal services.</p> <p>Increased level of customer satisfaction through spatial and temporal availability of universal services.</p> <p>Amended rulebook on issuing postage stamps and formed commission.</p> <p>Adopted Stamp Issuance Plan.</p>	<p>Increasing the number of e-government services provided by UPO.</p> <p>Amendment of the Law in the segment of digitization of postal processes.</p> <p>At least one project for the development of commercial services based on digital technologies (e-commerce)</p> <p>Minimum one service / technological solution.</p> <p>Conducted research based on quantitative and qualitative indicators.</p>	<p>Report on the protection of user interests.</p> <p>At least one promotional activity.</p> <p>Proposal for amendment of the Law in the area of user protection.</p>	<p>Transparent disclosure of terms and pricing for cross-border delivery services.</p> <p>Transparent publication of the analysis of prices for cross-border delivery services.</p> <p>Amendment of the Law on Postal Services.</p> <p>The number of organized workshops/trainings of CEFTA members related to the exchange of experiences and the improvement and cooperation of cross-border parcel delivery (minimum one workshop per year).</p> <p>The number of organized workshops/trainings of CEFTA members related to the exchange of experiences and the improvement and cooperation of cross-border parcel delivery (minimum one workshop per year).</p> <p>Number of joint projects, workshops, incubators, etc. (minimum one workshop per year).</p> <p>Ratification of acts of the Universal Postal Union.</p>	<p>At least one study visit organized.</p> <p>At least one study visit organized.</p> <p>A minimum of one study visit or workshop organized.</p> <p>Report from postal operators on systems representing sustainable methods of providing postal services.</p> <p>Greater number of gender equality plans for postal operators and the percentage of women in the total number of employees at postal operators and in management positions.</p> <p>Larger number of participants in the workshops.</p>	<p>At least one completed education.</p> <p>Prepared Report on installed equipment to improve security measures.</p> <p>Signed Agreement on Cooperation between the Postal Service and the Customs Administration. Drafted Instructions on procedures for detecting firearms, narcotics, explosive materials, and other hazardous goods in postal traffic. Planned Phase II of the HERMES project.</p>	<p>Minimum one participation in educations.</p> <p>At least one user information page per postal operator. Improved EKIP website.</p> <p>Prepared training report. Number of professional trainings for employees to ensure professionalism during the introduction of new technologies and services in the sector.</p>
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STRATEGIC GOAL

Ensure the sustainability of universal postal services and the development of customer-oriented commercial postal services in a competitive and digital environment

<p>Operational Goal 1: Ensuring economically, environmentally, and socially sustainable universal postal services in accordance with the needs of citizens and society</p> <p>Activity 1.1.1. Preparation of the Study on the sustainability of universal postal service obligation.</p> <p>Activity 1.2.1. Preparation of the Report on the five-day delivery obligation.</p> <p>Activity 1.3.1. Optimization of the UPO network (analysis of the number and type of access points).</p> <p>Activity 1.3.2. Drafting of project documentation of an automated postal logistics center with location analysis.</p> <p>Activity 1.4.1. Reporting on the quality of universal service performance.</p> <p>Activity 1.4.2. Measuring the quality of transmission of registered postal shipments.</p> <p>Activity 1.4.3. Implementation of the new postal address code in Montenegro.</p> <p>Activity 1.4.4. Activities on the formation of a technical committee within the Institute for Standardization of Montenegro related to CEN/TC 331 – Postal services.</p> <p>Activity 1.5.1. User satisfaction survey with quantification of key indicators of meeting needs and service availability.</p> <p>Activity 1.6.1. Establishment of an independent commission for issuing postage stamps.</p> <p>Activity 1.7.1. Promoting postage stamps in international traffic .</p>	<p>Operational Goal 2: Improving the preconditions for the development of commercial services in a digital environment</p> <p>Activity 2.1. Activities on the digitalization of PO operations.</p> <p>Activity 2.2. Activities on the digitalization of PO operations.</p> <p>Activity 2.3. Survey of customer satisfaction with quantification of key indicators of meeting needs and service availability.</p>	<p>Operational Goal 3: Improving the protection of interests of postal service users</p> <p>Activity 3.1.1. Investigate the level of protection of postal service users (universal postal service and other postal services).</p> <p>Activity 3.2.1. Promotional activities for the promotion of user rights protection.</p> <p>Activity 3.3.1. A review of the possibilities for improving the Law on Postal Services in terms of user protection.</p>	<p>Operational Goal 4: Encouraging the development of cross-border postal services and increasing global connectivity</p> <p>Activity 4.1.1. Implementation of the Regulation on Cross-Border Parcel Delivery.</p> <p>Activity 4.1.2. Implementation of the Regulation on Cross-Border Parcel Delivery, particularly concerning the analysis of prices for cross-border parcel delivery.</p> <p>Activity 4.1.3. Activities on amending the Law and harmonizing the regulations with the need to implement the Regulation on cross-border parcel delivery.</p> <p>Activity 4.2.1. Collaboration with CEFTA members related to cross-border parcel delivery – encouraging and strengthening collaboration through the exchange of experiences. Non-regulatory experiences.</p> <p>Activity 4.2.2. Collaboration with CEFTA members related to cross-border parcel delivery – encouraging and strengthening collaboration through the exchange of experiences. Non-regulatory experiences.</p> <p>Activity 4.3.1. Signing the Memorandum of Understanding. Joint</p>	<p>Operational Goal 5: Promoting sustainable business in the postal market with regard to environmental protection, social responsibility, and conscientious corporate governance</p> <p>Activity 5.1.1. Cooperation and exchange of knowledge and experiences on carbon dioxide reduction strategies.</p> <p>Activity 5.1.2. Cooperation and exchange of knowledge and experiences on the process of adaptation and financing of climate change.</p> <p>Activity 5.1.3. Exchange of experiences in the area of carbon footprint reporting.</p> <p>Activity 5.2.1. Activities in gathering information on alternative methods of providing postal services as preparation for amending the Law on Postal Services.</p> <p>Activity 5.3.1. Initiating the process of adopting gender equality plans.</p> <p>Activity 5.4.1. Conducting workshops to strengthen the capacities of postal operators.</p>	<p>Operational Goal 6: Supporting the implementation of comprehensive measures to ensure the security of shipments, protection against theft, and protection against terrorism</p> <p>Activity 6.1.1. Educational activities for the detection of prohibited articles.</p> <p>Activity 6.2.1. Activities in equipment procurement, employee training and equipment installation.</p> <p>Activity 6.3.1. Activities in the implementation of the HERMES project.</p>	<p>Operational Goal 7: Encouraging the development of knowledge and human resources skills of participants in the postal market</p> <p>Activity 7.1.1. Analysis of educational needs. Participation in organized trainings with internal and external instructors.</p> <p>Activity 7.2.1. EKIP's activity on the improvement of the EKIP website with relevant information. Activities of postal operators on up-to-date information for users of postal services.</p> <p>Activity 7.3.1. EKIP two workshops/study visits per year, regulatory topics /POST two workshops/visits per year, non-regulatory topics.</p>
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			activities of postal operators in the region. Activity 4.4.1. Activities related to the ratification of acts of the Universal Postal Union.			
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FIGURE 34: SOLUTION TREE

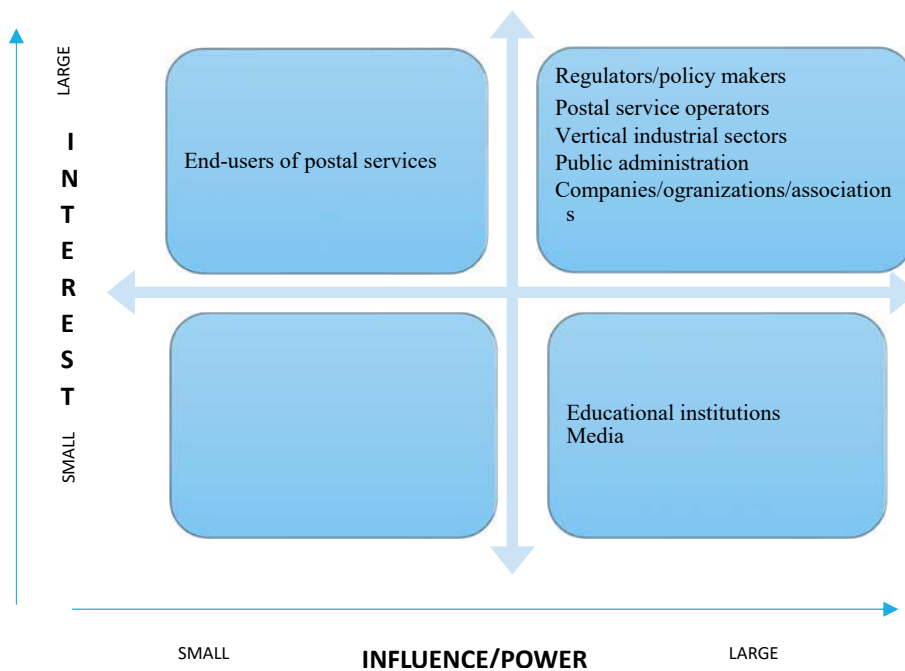
3.3. Analysis of interested parties

Key factors contributing to the implementation and sustainability of the Strategy for the Development of Postal Activity in Montenegro 2024-2028 include:

- Regulators/policy makers, consisting of government institutions and regulatory agencies;
- Postal service operators (Universal Postal Operator – Post of Montenegro and private operators)
- Vertical industrial sectors (industrial production, energy sector, agriculture, trade, financial services, healthcare, education, public safety, tourism, etc.)
- Public administration (at the state and local levels);
- End-users of postal services;
- Educational institutions (public and private)
- Companies/Organizations/Associations (e.g., UPU, PostEurop, ERGP, CEFTA, etc.);

Actors were rated for their level of interest and level of influence from small to large.

FIGURE 35: PRESENTATION OF KEY ACTORS IN THE POSTAL ACTIVITY SECTOR



3.4. Review of the previous strategy

Starting from the fundamental strategic goal and defined operational goals through the Strategy for the Development of Postal Activity 2019-2023 and annual action plans, progress has been achieved through the implementation of planned activities. The following is a review of key accomplishments in priority areas:

Ensuring the quality and sustainability of the universal service is conducted in accordance with the adopted Law on Postal Services, the Rulebook on the Method of Keeping Cost Accounting Records and Calculation of Net Cost of the Universal Postal Operator, and standards related to the control and measurement of the quality of providing universal postal service.

In addition to the implementation of one-year measurement of the speed of postal shipments, which is in accordance with the Postal Services Law, activities were initiated at the end of 2021 for measurement according to the requirements of the MEST EN 13850 standard. During 2022, training sessions were organized to train officials responsible for monitoring and measuring the quality of providing universal postal service in the application of the MEST EN 13850 and MEST EN 14012 standards. At the end of 2022, a trial measurement was carried out, and after the acceptance of the report and the defined measurement design, continuous measurement according to the MEST EN 13850 standard has been ongoing since January 2023.

The activities that are defined but not implemented or only partially implemented include: the automatic creation of export declarations by retrieving data from reception counters and their exchange with other postal operators and customs services, as well as updating the postal address code, i.e., the project for efficient delivery of postal shipments. Furthermore, the use of customs service scanners for X-ray security checks on exports is partially implemented because the Post Office has adapted space for a scanner owned by the Revenue and Customs Administration, which has not yet started using it. Putting the scanner into operation is one of the indicators for X-ray security checks on export shipments, which will result in the detection of suspicious shipments, contributing additionally to the protection of users' interests.

The modernization of existing services and the development of new ones are based on the synergy of postal and electronic services, utilizing new technologies that are crucial to meeting the demands of today's users. Specifically, existing Post Express services have been modernized, and new services have been developed, including express mail within Montenegro, delivery of online orders, and international express mail service (EMS). In late 2021, the "Mobile Postman" application was introduced, designed for commercial clients engaged in trade and business activities. A range of e-services has been implemented, such as Post Cash, Web Shop, Web Invoice, Web Telegram, and E-letter. Furthermore, with the transition to an electronic fiscalization system in 2021, the Post introduced Postfiskal services. A new counter application and a parcel delivery application were created, with implementation starting in early 2022.

In line with global trends and recognizing the importance of environmental conservation, the Post Office has, in the last two years, successfully renewed its fleet by acquiring 180 mopeds for postmen, as well as 40 electric mopeds. The procurement also included five electric delivery vehicles through the Quality of Service Fund (QSF) of the Universal Postal Union, in collaboration with the Eco Fund (Environmental Protection Fund). The goal of acquiring electric vehicles, besides enhancing express delivery, is to create conditions for further electrification of the fleet, contributing significantly to reducing environmental pollution.

Strengthening the postal market in Montenegro through fostering competition and access to the network of the public postal operator – Considering the significance of the postal network in strengthening the postal market and promoting competition, it is of great importance to increase the level of information of other operators about the possibilities and conditions of access to the UPO network. In this context, two workshops were organized for all postal operators in Montenegro to provide information about the terms of access to the UPO network.

Strengthening user protection is one of the most important goals, which includes ensuring the availability of high-quality and affordable postal services for all users on the territory of Montenegro, as well as defined and transparent procedures and methods of resolving user complaints. The starting point is familiarity with the EN 14012 standard and its implementation. To reduce the level of dissatisfied users, it is crucial to raise awareness of the rights and possibilities of using postal services, develop support, and protect user rights through educational materials. Monitoring the achievement of this goal is also carried out through EKIP reports on the satisfaction level of individual users of postal services. The latest research indicates that in 2022, the highest level of satisfaction with service quality (76.1%) was expressed by respondents who most frequently use the services of the Post of Montenegro.¹⁷

3.5. Forecast of the number of letter mailings and the number of parcels in the future period

Forecasting demand for postal services varies based on the type of postal shipment, traffic demand, time frame of observation, price, reliability, service quality, customer requirements, and more. Among the applied methods for forecasting demand for postal services, the trend extrapolation method and regression analysis method are particularly noteworthy.

Regarding the quantities of letter mailings in the past period, a declining trend has been observed at the EU level, with an anticipated further decrease in volumes in the future. The number of letter mailings in the future period depends on correspondence between individual users C2C, individual users to private or public institutions C2B, correspondence between businesses (B2C and B2B), direct mail, publications, and the number of other shipments sent as letter mailings.

The development of information and communication technologies in the past period has enabled a range of new postal services offered by operators to users while simultaneously influencing the decline in the number of letter mailings. The increasing number of users with broadband access networks and services conducted through electronic communications is playing a growing role in the global environment, impacting the postal services market. Figure 36 shows the percentage of the population accessing the internet. It can be expected that in Montenegro, in the future, this percentage will be higher and will approach the values at the EU level. New areas directly influencing the future development of the postal services market include e-commerce, e-postal services, direct mail in a multimedia environment, and sustainable environmental development.

¹⁷ Degree of satisfaction of individual users of postal services in Montenegro, DAMAR, Podgorica, December 2022, https://ekip.me/media/documents/general/1675250404_izvje%C5%A1taj%20o%20stepenu%20zadovoljstva%20individualnih%20korisnika%20po%C5%A1tanskih%20usluga%20u%20Crnoj%20Gori.pdf

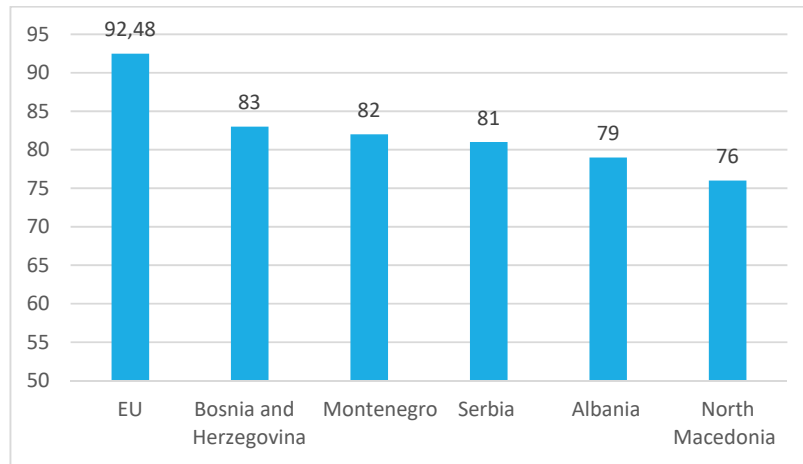


FIGURE 36: PERCENTAGE OF THE POPULATION ACCESSING THE INTERNET
(Source: WORLD BANK)

The projected rates of decline in the number of letter mailings are lower compared to the EU, considering the existing and expected future values of the DESI index (Digital Economy and Society Index) for Montenegro, as shown in Figure 37. Although the index value for Montenegro is the highest compared to neighboring countries, the percentage of users with broadband access to the internet at speeds greater than 1 Gb/s is only 0.01%, while the EU average is 8%. Additionally, the coverage of next-generation access technologies for Montenegro is 80%, which is a higher value compared to the 73% for neighboring countries, while the EU average is 90%

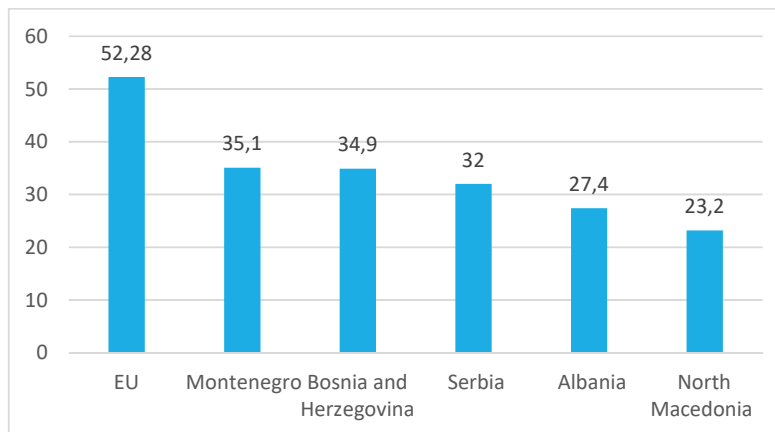


FIGURE 37: DESI INDEX
(Source: EU, EKIP)

Considering the previous trends in the number of letter mailings, in correlation with the expected number of users with internet access, indicators of information and communication technology adoption, and the degree of digitization, as well as the anticipated trends of substituting letter mailings with e-services (e-bills, e-legal documents, e-government)¹⁸, further decline in the number of mailings is projected for Montenegro according to the following scenarios:

- Optimistic scenario with an annual decline rate of 5%,

¹⁸ According to Eurostat, in 2021, at the EU level, 58.5% of individuals used the internet to interact with public authorities.

- Pessimistic scenario with an annual decline rate of 7%.

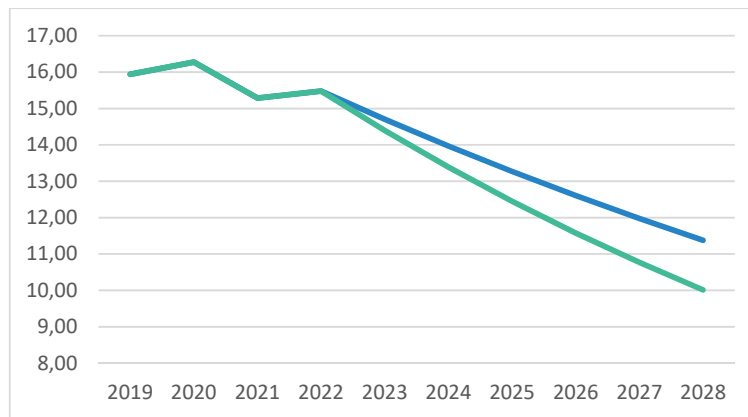


FIGURE 38: PROJECTED NUMBER OF LETTER MAILINGS IN THE PERIOD UNTIL 2028 (IN MILLIONS)

New technologies, an increase in the number of Internet users, and an increase in the speed of broadband access have encouraged the development of e-commerce, which affects the intensification of trade and the increase in the amount of transferred packages, the strengthening of competition in the trade segment, and the availability of a wider range of services.

E-commerce is a crucial foundation for future economic growth as it enables businesses to have a global presence, communicate, and conduct transactions in real-time. A high-quality postal infrastructure and a liberalized market are important elements in the value chain of e-commerce. After two years of record results in the parcel delivery market, following the COVID-19 pandemic and consecutive lockdowns, some countries are experiencing a trend of declining parcel numbers in 2022. Additionally, inflation increases in many countries, a sharp rise in energy costs, and an overall slowdown in household consumption have contributed to halting the growth of parcel numbers. In Montenegro, there is potential for further growth in the e-commerce market and an increase in the number of parcels, with projections indicating an increase in parcel numbers according to the following scenarios:

- Optimistic scenario with an annual growth rate of 10%,
- Pessimistic scenario with an annual growth rate of 6%.

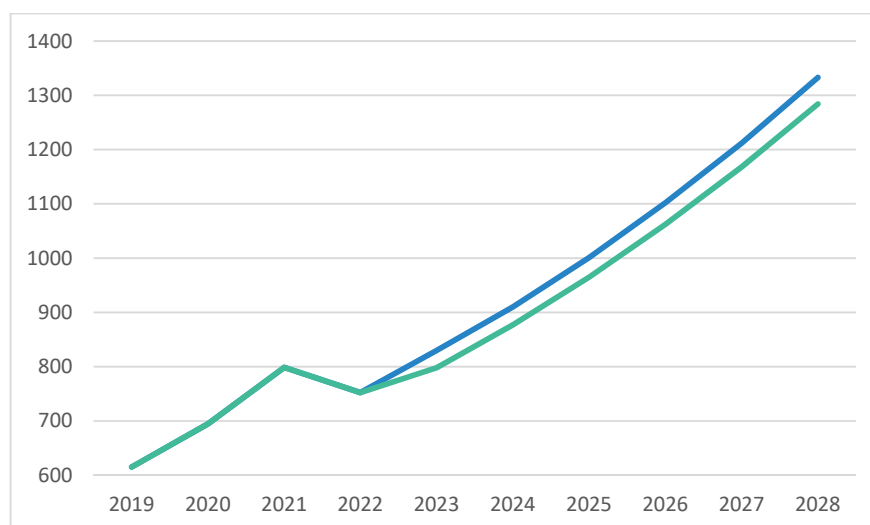


FIGURE 39: PROJECTED NUMBER OF PARCELS IN THE PERIOD UNTIL 2028 (IN THOUSANDS)

3.6. Development of postal services in a digital world

From a regulatory standpoint, the main challenge is the revision of postal laws, which often requires finding compromises between reducing the USO for financial sustainability and preserving essential, affordable services for sensitive categories of users. Government policies on digitization at the national level directly impact the profitability of the USO. At the same time, the net cost increases, requiring state financing. Montenegro, as a geographically challenging country for postal operators, faces a regulatory challenge in the flexible implementation of the postal directive at the national level to maintain a balance between citizens' needs for the USO and the net cost, which represents a significant financial burden for the operator.

From the perspective of postal operators, especially the UPO, in the segment of letter mailings, digitization and the evolution of e-replacements for letter mailings have resulted in a decline in the volume of letters. The increasing burden is placed on postal operators due to the decrease in the volume of mail and the increase in unit delivery costs, making it challenging to ensure profitable operations. Activities in the most profitable postal segments and geographical areas put additional pressure on the financial sustainability of USPs by increasing the net cost. An additional challenge is posed to the Post, which in 2022 failed to recover the net cost, preventing further investments (digitization of processes, automation of business processes, activities related to the introduction of a postal-logistics center).

The omnipresence of electronic and mobile communications has changed the way users, businesses, and governments communicate, trade, and provide services. The new possibilities offered by electronic communication have fundamentally altered the needs of postal users, affecting overall demand and preferences for various postal and delivery products. However, increased digitization remains a primary factor in the development of the postal traffic market. Technological changes have opened up the possibility for more accessible (e.g., mobile applications) and cost-effective electronic communication. In certain countries, the possibility of electronic communication with government authorities has quickly become a common way of communication. Between 2017 and 2021, citizens across Europe increasingly rely on the internet to submit forms to government institutions, significantly reducing the use of letters for submitting official documents. According to the OECD average, 53.6% of the population in the EU used the internet to submit official documents in 2021, which represents an increase of 15.3% compared to 2017.

Montenegro's digital transformation strategy defines a key component in fulfilling digital ambitions and serves as a means to enhance public services and user experience, empower digital skills across society, reduce the digital divide, and enable digital transformation and effective management throughout the country. The goal of the strategy is to enhance capacities and capabilities for Montenegro's digital transformation, strengthen digital awareness in Montenegrin society, and boost the digital competitiveness of the ICT sector. Digitization opens up new business opportunities for postal operators in Montenegro. Traditionally, most postal operators serve the entire value chain from pickup to delivery (with national or regional coverage), while some alternative operators focus on pre-postal activities, for example, offering printing, enveloping, and mail consolidation services. The focus on pre-postal activities has been present for many years.

While some operators simultaneously embrace multiple business models, the postal industry can generally be grouped into companies engaged in the following activities:

- Specialized mail/package preparation: Involves operators performing pre-postal activities such as printing and enveloping, storage, system integration, and solutions for pickup and packaging;
- Consolidation: Includes postal operators without sorting and delivery capabilities, meaning they only participate in collecting letters or packages from senders and forwarding them to any national or regional operator for sorting, transportation, and final delivery activities;
- Regional delivery: End-to-end operators with their own network capabilities for delivery to specific geographical areas within the country;
- National delivery: Involves the largest delivery operators with their own national delivery network.

A similar trend has been observed among postal operators in Montenegro engaged in commercial postal services and logistic services either as independent activities or as pre-postal activities (storage, consolidation, independent customs clearance, etc.). Unlike private operators, the national postal service is still exclusively involved in traditional postal services. The development of pre-postal and logistic services requires investment in developmental capacities, primarily a postal-logistics center capable of supporting storage services, consolidation, and more.

The trends of digitization and the growth of e-commerce retail channels have transformed the competitive environment of the postal sector over the past decade. The parcel delivery sector has experienced a paradigm shift due to the development of new technologies, such as fully automated parcel lockers where consumers can receive and return packages, and algorithms for delivery optimization. New operators are emerging in the European market, focusing solely on specific steps in the delivery process. There is a notable entry of new businesses at different levels of the parcel delivery value chain, and the development of new business models, particularly focusing on door to door delivery. As an example, the pandemic has spurred an increase in demand for parcel lockers and other PUDO (Pick up Drop off) options¹⁹.

Currently, there are no recorded operators in Montenegro offering parcel delivery through automated lockers (parcel lockers) on the market. Given the relatively small market, it is expected that in the future, there will be installations of such devices for parcel delivery, following the principles of the sharing economy. In this model, parcel lockers would be available for parcel delivery not to a single operator but to all operators operating in a specific area.

Innovations in processes and business models can generally be grouped into three categories:

- some innovations are introduced to encourage process efficiency;
- innovations that expand the basic postal offer;
- innovations can create new products and services.

Considering that delivery activities represent the most significant cost element for postal operators, it is anticipated that over the next ten years, postal operators' investments will focus on autonomous vehicles and other innovative delivery models, especially for parcels and express services. In current practice, regarding the last-mile delivery (delivery to the recipient's address), most operators in the EU utilize parcel lockers for parcel pickup, while only a small number of operators use automated vehicles

¹⁹ It is predicted that the share of parcel returns (known as re-commerce) will increase to 14% in 2025 compared to 10% in 2021, further impacting last-mile delivery.

and drones. The reason is the fact that in many countries, it is not legally possible to test automated vehicles and drones. Although new technologies are not currently dominant among national operators, many companies are testing the technology and could thus become an important part of the business in the near future. In the Montenegro market, cost optimization in delivery is expected through the installation of parcel lockers, as well as the development of more flexible delivery models, such as delivery to a safe place, delivery of shipments that will be accompanied by new IT solutions to allow the user more flexible delivery and management of their shipment during the process of delivery to the address, i.e. in the so-called last mile.

The so-called "*green last mile*" represents a challenge but also an additional opportunity for participants in the e-commerce chain, including postal operators. Sustainable delivery involves a higher number of delivery points outside households (Out of Home Delivery), which is expected to play a crucial role in the future concerning the parcel market.

3.7. Sustainability of universal postal service obligation

The LPS in Montenegro defines the scope and frequency of providing universal postal services. Changes in the postal market, considering evolving user needs, declining volumes of letter mail, and increased competition in commercial postal and electronic services, indicate the need to redefine the USO. According to the guidelines of the European Commission (EC), it is proposed that EU member countries flexibly apply the postal directive at the national level regarding the scope, frequency of delivery, quality, and funding models for the USO. The sustainability of the USO, as stated in the studies of the European Regulatory Group for Post (ERGP) and the UPU, is significant from:

- *Economic perspective*: It is recommended to implement a cost-effective model for ensuring the USO and diversifying services by introducing digital services;
- *Environmental perspective*: It is necessary to monitor greenhouse gas emissions resulting from operations in all business activities of participants in the postal sector, especially in the context of the USO²⁰;
- *Social perspective*: It is essential to consider that the UPO contributes to combating exclusion and discrimination through the postal network, promoting diversity, professional gender equality, and the postal sector in its role as a significant employer.

The general conclusion is that the goal of sustaining the Universal Postal Service (USO) can be emphasized as ensuring an economically, environmentally, and socially sustainable USO in line with the needs of citizens and society. Analyzing the needs of citizens and society is achieved through continuous research on the needs and satisfaction levels of USO users, as well as protecting the users of postal services.

In order to achieve sustainable business, the UPO in Montenegro has at its disposal significant international experiences, such as the UPO's tool for calculating carbon dioxide emissions OSCAR.post. Within the ERGP activities, a special working group ERGP WG Sustainability was formed - Post-European vision of sustainability guided by the goals of UN sustainable development, which includes the contributions of postal operators to sustainability in three dimensions (ecology, economy and

²⁰ Greenhouse gas emissions are divided into three scopes: scope 1: direct emissions produced by postal operators; scope 2: indirect emissions from the consumption of purchased energy and scope 3: indirect emissions from certain activities of postal operators

society). Many postal operators in the EU have made significant progress in implementing sustainable practices. With the rise of e-commerce, consumers are increasingly demanding sustainable products and services, including climate-efficient delivery, shaping new business models in the postal sector. This should be taken into account when redefining the USO. Operators are undertaking various activities to reduce greenhouse gas emissions. Implementing future trends is possible through the adoption of one of the proposed initiatives²¹:

- Zero-emission initiatives;
- Reduction of greenhouse gas emissions by a certain percentage over a specified time period;
- Investments in infrastructure projects such as electric vehicle fleets, sustainable buildings, replacement of electric bulbs, etc.;
- Reducing emissions per individual letter and parcel.

Postal operators in the EU are active in their communities and make their postal networks available for providing a range of social services to the general public. Their experiences have been particularly significant during the COVID-19 pandemic when the UPO in Montenegro made its postal network and resources available in the fight against COVID-19. The importance of the postal network of the UPO should be taken into account in the process of optimization, rationalization, and maintenance of the postal network, as well as its technical equipment.

As a guideline for improving the economic sustainability of the USO, there is a need to redefine the rules for determining the prices of universal service and to revise the Rulebook on the Method of Keeping Cost Accounting Records and Calculation of Net Cost of the Universal Postal Operator. This is deemed necessary to ensure a sustainable universal service for all citizens across the entire territory of Montenegro.

3.8. E-commerce

By increasing the level of digitization and changing customer habits through various sales channels, the retail industry is transforming, and the share of e-commerce is growing. In recent years, the e-commerce market share has increased with the development of a simple concept of physical retail into a shopping ecosystem that involves multiple platforms/devices and retail concepts. Users are provided with: product customization, mobile-optimized search, simpler and faster checkout processes, and simpler shipping.

The sizes of e-commerce markets and their growth values vary between countries, indicating that some markets are mature while others are still emerging. In the market of Montenegro, there is potential for further development of e-commerce due to the relatively lower maturity of the market, anticipated increased digitization, the expected readiness of users to participate in the e-commerce market, and the development of economic activities.

The e-commerce market in Montenegro is expected to have 316,600 users by 2027, which is an increase of 15.25% compared to 2022. In 2022, Montenegro generated revenues of 121.7 million EUR from e-commerce, placing the country in the category of lower-income countries compared to the EU market when considering e-commerce revenues per internet user (around 443 EUR, significantly lower

²¹ According to the European Environment Agency: 2030 Climate Target Plan, a reduction of greenhouse gas emissions by 55% compared to 1990 is foreseen.

than the European average of 1018 EUR per internet user). For the year 2027, the anticipated average revenue per user is expected to be 675.50 EUR, representing a 52.45% increase compared to 2022. The projected e-commerce revenues for 2027 amount to 214 million EUR, indicating a 75.86% increase compared to 2022. The expected annual growth rate until 2027 is 12.12% (which is a higher value compared to the rate of 8.93% for the central and western parts of Europe).

The increase in e-commerce usage is driving customer demand for parcel delivery, providing an incentive and opportunity for postal operators to increase revenue, thereby influencing economic growth. Postal operators offering commercial services in a liberalized environment enhance logistics services by ensuring capacity and developing appropriate networks for more efficient package delivery. The existing development of the UPO network represents the potential for further development of e-commerce. The construction of a postal logistics warehouse would increase logistics capacity, which would be an incentive for increasing e-commerce, package volume and income. In order to achieve the above and increase the traffic demand of users for packages, it is necessary to educate users about the advantages of e-commerce and the security and protection of users in the purchase process.

The role of postal operators in e-commerce is to enable merchants to complete links in the value chain that extends throughout the entire customer experience, by providing traditional postal services, logistical and marketing services, as well as entirely new electronic services. The mentioned projections indicate a significant potential for e-commerce in the market of Montenegro, presenting opportunities for both merchants and postal operators, as well as other parties associated with e-commerce.

To achieve the predictions and reach the goal of enhancing e-commerce in Montenegro, it is necessary to stimulate specific activities in the future. Diversifying the supply chain reduces problems in both the global and national systems. Retailers, through a proactive approach, limit supply chain risks by introducing alternatives when necessary. Introducing various delivery options ensures secure delivery for users, and it is recommended to encourage the implementation of delivery lockers. In the current environment, there is an increasing emphasis on sustainability, as consumers are increasingly choosing brands that align with their values, with environmental care being one of the important criteria. Adhering to return policies can meet customer needs and simultaneously reduce the carbon footprint. Speed and reliability of delivery are also crucial for customers, and the last mile can often cause a decrease in customer satisfaction with an e-commerce services. Adapting in a competitive environment requires exploring new and cost-effective solutions such as partnerships with third parties or future autonomous delivery services.

Additional efforts by postal operators need to be directed towards implementing measures to prevent money laundering and the financing of terrorism, as well as reducing illegal trade through the postal network.

4. STRATEGIC AND OPERATIONAL GOALS WITH ACCOMPANYING SUCCESS INDICATORS

The goal of the Strategy is to analyze the current situation and define guidelines for the medium-term development of the postal industry and market in Montenegro. The strategy is based on the principles of free competition and an open market economy, and is aligned with the interests of the national economy and users of postal services, while ensuring the availability of universal postal services, the modernization of existing and the development of new postal services in the modern digital world.

The Strategy for the development of the postal activity in Montenegro for the period 2024–2028 reflects the policies and regulatory principles derived from postal directives. These include ensuring the sustainability of universal service, developing the domestic postal market (through the development of new postal services and the encouragement of market competition), and strengthening user protection. Additionally, the strategy takes into account the strategic plan of the European Council for the period 2019-2024, which is focused on six main goals for Europe: The European Green Deal, Europe fit for the digital age, Economy that works for people, Stronger Europe in the world, Protecting the European way of life, and A New Push for European democracy.

4.1. Mission

The mission of postal services in Montenegro for the period from 2024 to 2028 is:

Encouraging a sustainable market for postal services in Montenegro in a digital environment.

4.2. Vision

The vision of the postal service in Montenegro in the period from 2024 to 2028 is:

Sustainable development of postal activity in a digital environment.

4.3. Strategic goal

The strategic goal of the postal service in Montenegro in the period from 2024 to 2028 is:

Ensure the sustainability of universal postal services and the development of customer-oriented commercial postal services in a competitive and digital environment.

In order to monitor the implementation of the strategic goal, a Commission will be formed to monitor the implementation and reporting on the Strategy for the Development of the Postal Activity 2024-2028 and the implementation of the Action Plan 2024-2025.

4.4. Operational goals

In line with the results of the analysis of postal services market in the EU and Montenegro, development trends, the significance of universal service, and other postal services for users, the following operational goals have been identified:

- 1) Ensuring economically, environmentally, and socially sustainable universal postal services in accordance with the needs of citizens and society;
- 2) Improving the preconditions for the development of commercial services in a digital environment;

- 3) Improving the protection of interests of postal service users;
- 4) Encouraging the development of cross-border postal services and increasing global connectivity;
- 5) Promoting sustainable business in the postal market with regard to environmental protection, social responsibility, and conscientious corporate governance;
- 6) Supporting the implementation of comprehensive measures to ensure the security of shipments, protection against theft, and protection against terrorism;
- 7) Encouraging the development of knowledge and human resources skills of participants in the postal market.

The accompanying performance indicators are listed in the Action Plan accompanying the Strategy.

TABLE 7: PERFORMANCE INDICATORS

OPERATIONAL GOAL	VERIFICATION METHOD	VERIFICATION SOURCE
Ensuring economically, environmentally, and socially sustainable universal postal services in accordance with the needs of citizens and society.	Drafting a proposal for amending the Law on Postal Services in accordance with the results of conducted studies	Drafting a proposal for amending the Law on Postal Services
	Reviewing the need to redefine the universal postal service obligation.	Report on the need to redefine the mandatory universal postal service obligation. A study on the sustainability of universal postal service obligation.
	Revision of the five-day delivery obligation	Report on the need to redefine the five-day delivery obligation.
	Intensification of activities in the process of optimization, rationalization, and maintenance of the postal network, as well as support to the Universal Postal Operator (UPO) in the automation of mail processing.	Study of availability of postal network units
		Project documentation of the automated postal logistics center with location analysis.
	Improvement of service quality.	Report on the quality of the universal postal service.
		Report on the quality of transmission of registered postal shipments.
		Report on the implementation of the postal address code in Montenegro.
		Formation of a technical committee within the Institute for Standardization of Montenegro related to CEN/TC 331 – Postal services.
	Survey of user satisfaction with universal postal services	Level of customer satisfaction through spatial and temporal availability of universal services..
Establishment of an independent commission for issuing postage stamps.	Amended rulebook on issuing postage stamps, and an established commission.	
Promoting postage stamps in international traffic.	The Stamp Issuance Plan.	
Improving the preconditions for the development	Encouraging the digitization of business in the postal services market.	At least one project for the development of commercial services based on digital technologies (e-commerce).

of commercial services in a digital environment.	Encouraging/Introducing new technological solutions for receiving and delivering shipments.	At least one service / technological solution.
	Survey of satisfaction and needs of users of commercial postal services	Introduction of quantitative and qualitative indicators.
	Analysis of the level of protection of postal service users.	Report on the protection of user interests.
	Promotion of the protection of the rights of postal services users.	At least one promotional activity.
Improving the protection of interests of postal service users.	Improvement of regulations in the area of user protection.	Proposal for amendment of the Law in the area of user protection.
	Implementation of the Regulation on cross-border parcel delivery	Transparency and analysis of prices and terms of service.
	Improvement of regulations in the area of user protection.	Transparency and analysis of prices and terms of service.
Encouraging the development of cross-border postal services and increasing global connectivity.	Implementation of the Regulation on Cross-Border Parcel Delivery. Collaboration with CEFTA members related to cross-border parcel delivery – encouraging and strengthening collaboration through the exchange of experiences.	Amendment of the Law on Postal Services.
		The number of organized workshops/trainings of CEFTA members related to the exchange of experiences and the improvement and cooperation of cross-border parcel delivery (minimum one workshop per year).– regulatory.
		The number of organized workshops/trainings of CEFTA members related to the exchange of experiences and the improvement and cooperation of cross-border parcel delivery (minimum one workshop per year). – non-regulatory.
	Cooperation with postal operators in the region. Harmonization of postal regulations with EU legislation and UPU regulations in the field of postal services.	Number of joint projects, workshops, incubators, etc. (minimum one workshop per year).
		Amendment of the Law on Postal Services and adaptation of regulations.
	Ratification of acts of the Universal Postal Union.	Ratification of acts of the Universal Postal Union.
	Carbon Footprint reporting methodology research.	At least one study visit organized.
Ratification of acts of the Universal Postal Union.	At least one study visit organized.	
Promoting sustainable business in the	Carbon Footprint reporting methodology research.	A minimum of one study visit or workshop organized.

postal market with regard to environmental protection, social responsibility, and conscientious corporate governance.	Research on the practice of Pick Up Drop Off (PUDO system) for parcel collection and return. Advancing the position of women in the postal sector.	Report from postal operators on systems representing sustainable methods of providing postal services. The number of gender equality plans of postal operators and the percentage of women in the total number of employees in postal operators and in managerial positions.
	Establishment of a center for education and application for EU funds with the aim of developing the postal services market and strengthening the postal network in Montenegro.	Number of participants in the workshops.
	Enhancement of human capacities for the detection of prohibited articles (explosives, chemical substances, toxic agents).	Number of conducted trainings. Number of participants in education averages. Number of shipments containing dangerous goods.
	Improvement of infrastructure capacities and installation of equipment to enhance the security of shipments, employees, and users, and protection against terrorism.	Report on installed equipment to improve security measures.
Supporting the implementation of comprehensive measures to ensure the security of shipments, protection against theft, and protection against terrorism.	Implementation of the HERMES project – Countering trafficking in firearms, their parts, and ammunition in parcel shipments.	Signed Agreement on Cooperation between the Postal Service and the Customs Administration. Drafted Instructions on procedures for detecting firearms, narcotics, explosive materials, and other hazardous goods in postal traffic. Planned Phase II of the HERMES project..
	Participation in specialized education/training programs for employees with the purpose of creating a culture of sustainable daily operations in the field of non-postal regulation.	Minimum one participation in educations.
	Informing users of postal services with the aim of improving knowledge about the rights and possibilities of e-commerce users.	At least one user information page per postal operator. Improved EKIP website.
Encouraging the development of knowledge and human resources skills of participants in the postal market.	Encouraging continuous education to ensure professionalism when introducing new technologies and services in the sector.	Training report. Number of professional trainings for employees to ensure professionalism during the introduction of new technologies and services in the sector.
	Preparation of the final report on the implementation of the Strategy, after the expiration of the period of validity of the strategic document	Final report on the implementation of the Strategy

5. KEY ACTIVITIES FOR THE IMPLEMENTATION OF OPERATIONAL GOALS

1. Ensuring economically, environmentally, and socially sustainable universal postal services in accordance with the needs of citizens and society will be organized through the following activities:

- 1.1. Reviewing the need to redefine the universal postal service obligation. Based on European experience and the universal service obligation, which has become increasingly burdensome due to the decline in the volume of universal service (caused by several factors affecting the provision of universal service), it is necessary to consider redefining the obligation to perform universal service with a focus on flexible implementation of the directive.
- 1.2. Revision of the five-day delivery obligation due to the fact that, on average, the largest cost of postal service provision is in the delivery segment. It is proposed to analyze the practices of EU countries in terms of revising the five-day obligation while maintaining delivery quality or redefining quality
- 1.3. Intensification of activities in the process of optimization, rationalization, and maintenance of the postal network, as well as support to the Universal Postal Operator (UPO) in the automation of mail processing. It is also necessary to apply tools for monitoring the schedule of access points in accordance with the Rulebook on the provision of postal services ("Official Gazette of Montenegro", No. 045/17, dated 12 July 2017).
- 1.4. According to the results of studies conducted in 2024 and EU regulations, changes to the Law on Postal Services will be proposed. Improving the quality of service. One of the challenges is raising the quality to a higher level. That is why it is necessary to connect and optimize the postal infrastructure, which would contribute to investing in centralized and automated processing of shipments in one place, by building a new sorting center. This would enrich the UPO network with a postal logistics hub, ultimately strengthening access to the postal network and facilitating the application of new technologies and diversification of services. The automation of sorting shipments down to the regional level would significantly save time in the transit of shipments and provide the opportunity to enhance quality criteria in line with EU practices. Considering the decline in shipment volumes, there is a proposal to introduce a D+5 category for shipments. Additionally, it is suggested to establish a technical committee within the Institute for Standardization of Montenegro related to CEN/TC 331 - Postal services. The Technical Committee within the Institute for Standardization of Montenegro - and in connection with CEN/TC 331 - Postal services aims to strengthen the capacity and improve the quality of postal services and cross-border delivery.
- 1.5. Survey of satisfaction of universal postal services users.
- 1.6. Establishing an independent commission for issuing postage stamps (with representatives from the Post, Ministry, and prominent cultural/artistic figures) and encouraging the use of postage stamps, especially in international postal traffic, is of great importance for promoting Montenegro's national, cultural, historical, and natural heritage.
- 1.7. Promoting postage stamps in international traffic.

2. Improving the preconditions for the development of commercial services in a digital environment will be organized through the following activities:

- 2.1. Encouraging the digitization of business in the postal services market.
- 2.2. Encouraging/Introducing new technological solutions for receiving and delivering shipments.
- 2.3. Survey of satisfaction and needs of users of commercial postal services.

- 3. Improving the protection of interests of postal service users:**
 - 3.1. Analysis of the level of protection of postal service users.
 - 3.2. Promotion of the protection of the rights of postal services users.
 - 3.3. Improvement of regulations in the area of user protection.
- 4. Encouraging the development of cross-border postal services and increasing global connectivity will be organized through the following activities:**
 - 4.1. Implementation of the Regulation on cross-border parcel delivery.
 - 4.2. Collaboration with CEFTA members related to cross-border parcel delivery – encouraging and strengthening collaboration through the exchange of experiences.
 - 4.3. Cooperation with postal operators in the region.
 - 4.4. Ratification of acts of the Universal Postal Union (Constitution - 11th Add. Protocol (Abidjan 2021) (entered into force on July 1, 2022), General Regulations - 3rd Add. Protocol (Abidjan 2021) (entered into force on July 1, 2022), Universal Postal Convention and its Final Protocol (Abidjan 2021) (entered into force on July 1, 2022), Postal Payment Services Agreement and its Final Protocol (Abidjan 2021) (entered into force on July 1, 2022).
- 5. Promoting sustainable business in the postal market with regard to environmental protection, social responsibility, and conscientious corporate governance will be organized through the following activities:**
 - 5.1. Carbon Footprint reporting methodology.
 - 5.2. Research on the practice of Pick Up Drop Off (PUDO system) for parcel collection and return.
 - 5.3. Advancing the position of women in the postal sector.
 - 5.4. Establishment of a center for education and application for EU funds with the aim of developing the postal services market and strengthening the postal network in Montenegro.
- 6. Supporting the implementation of comprehensive measures to ensure the security of shipments, protection against theft, and protection against terrorism will be organized through the following activities:**
 - 6.1. Enhancement of human capacities for the detection of prohibited articles (explosives, chemical substances, toxic agents).
 - 6.2. Improvement of infrastructure capacities and installation of equipment to enhance the security of shipments, employees, and users, and protection against terrorism.
 - 6.3. Implementation of the HERMES project – Countering trafficking in firearms, their parts, and ammunition in parcel shipments.
- 7. Encouraging the development of knowledge and human resources skills of participants in the postal market will be organized through the following activities:**
 - 7.1. Participation in specialized education/training programs for employees with the purpose of creating a culture of sustainable daily operations in the field of non-postal regulation.
 - 7.2. Informing users of postal services with the aim of improving knowledge about the rights and possibilities of e-commerce users.
 - 7.3. Encouraging continuous education to ensure professionalism when introducing new technologies and services in the sector.

6. FINANCIAL FRAMEWORK

For the period from 2024 to 2025, the Strategy for the Development of Postal Activity in Montenegro will serve as the foundation for analyzing the current state and defining guidelines for the mid-term development of postal services and the market in Montenegro, as well as priority investment in the development of the postal service. During this period, investments totaling 549,600 euros are planned. Of the total planned financial resources, 27,000 euros will be provided from the budget, while the independent regulator's investments for this area are projected at 12,000 euros, and Post's investments are expected to be 380,600 euros. Funding from the UNODC fund and other international organizations and programs is anticipated to be around 130,000 euros.

Table: Financial framework of the Action Plan of the Strategy for the Development of Postal Activities in Montenegro for the period from 2024 to 2025

OPERATIONAL GOAL	KEY MEASURE	ACTIVITY	FUNDS PLANNED FOR THE IMPLEMENTATION OF ACTIVITIES IN 2024				FUNDS PLANNED FOR THE IMPLEMENTATION OF ACTIVITIES IN 2025				TOTAL
			MED	EKIP	POST OF MNE	UNODC/ EU FUNDS	MED	EKIP	POST OF MNE	UNODC /EU FUNDS	
1. Ensuring economically, environmentally, and socially sustainable universal postal services in accordance with the needs of citizens and society	1.1. Reviewing the need to redefine the universal postal service obligation.	1.1.1. Preparation of the Study on the sustainability of universal postal service obligation.									
	1.2. Revision of the five-day delivery obligation.	1.2.1. Preparation of the Report on the five-day delivery obligation.			3,000						3,000
	1.3. Intensification of activities in the process of optimization, rationalization, and maintenance of the postal network, as well as support to the Universal Postal Operator (UPO) in the automation of mail processing.	1.3.1. Optimization of the UPO network (analysis of the number and type of access points).			3,000						3,000
		1.3.2. Drafting of project documentation of an automated postal logistics center with location analysis.			70,000			70,000			140,000
	1.4. Improvement of service quality.	1.4.1. Reporting on the quality of universal service performance.			15,800				15,800		31,600
					10,000				10,000		20,000

		1.4.2. Measuring the quality of transmission of registered postal shipments.									
		1.4.3. Implementation of the new postal address code in Montenegro.			50,000				50,000		100,000
		1.4.4. Activities on the formation of a technical committee within the Institute for Standardization of Montenegro related to CEN/TC 331 – Postal services.									
	1.5. Survey of user satisfaction with universal postal services	1.5.1. User satisfaction survey with quantification of key indicators of meeting needs and service availability.		6,000							6,000
	1.6. Establishment of an independent commission for issuing postage stamps	1.6.1. Establishment of an independent commission for issuing postage stamps.			1,000						1,000
	1.7. Promoting postage stamps in international traffic.	1.7.1. Promoting postage stamps in international traffic.									
2. Improving the conditions for the development of commercial services in a digital environment	2.1. Encouraging the digitization of business in the postal services market.	2.3.1. Activities on the digitalization of PO operations.			10,000				10,000		20,000
	2.2. Encouraging/Introducing new technological solutions for receiving and delivering shipments.	2.4.1. Activities on the digitalization of PO operations.			4,000				4,000		8,000
	2.3. Survey of satisfaction and needs of users of commercial postal services.	2.5.1. Survey of customer satisfaction with quantification of key indicators of meeting needs and service availability.		6,000							6,000
3. Improving the protection of interests of postal service users	3.1. Analysis of the level of protection of postal service users.	3.1.1. Investigate the level of protection of postal service users (universal postal service and other postal services).									
	3.2. Promotion of the protection of the rights of postal services users.	3.2.1. Promotional activities for the promotion of user rights protection.			500				500		1,000

	3.3. Improvement of regulations in the area of user protection.	3.3.1. In collaboration with relevant market participants, a review of the possibilities for improving the Law on Postal Services in terms of user protection.					5,000				5,000
4. Encouraging the development of cross-border postal services and increasing global connectivity	4.1. Implementation of the Regulation on cross-border parcel delivery	4.1.1. Implementation of the Regulation on Cross-Border Parcel Delivery, particularly regarding the transparent disclosure of terms and pricing of cross-border delivery services.									
		4.1.2 Implementation of the Regulation on Cross-Border Parcel Delivery, particularly concerning the analysis of prices for cross-border parcel delivery.									
		4.1.3. Activities on amending the Law and harmonizing the regulations with the need to implement the Regulation on cross-border parcel delivery.					10,000				10,000
	4.2. Collaboration with CEFTA members related to cross-border parcel delivery – encouraging and strengthening collaboration through the exchange of experiences.	4.2.1. Collaboration with CEFTA members related to cross-border parcel delivery – encouraging and strengthening collaboration through the exchange of experiences. Regulatory experiences.									
		4.2.2. Collaboration with CEFTA members related to cross-border parcel delivery – encouraging and strengthening collaboration through the exchange of experiences. Non-regulatory experiences.									
	4.3. Cooperation with postal operators in the region.	4.3.1. Signing the Memorandum of Understanding. Joint activities of postal operators in the region.			2,000					2,000	

	4.4. Ratification of acts of the Universal Postal Union.	4.4.1. Activities related to the ratification of acts of the Universal Postal Union.	10,000								10,000
5. Promoting sustainable business in the postal market with regard to environmental protection, social responsibility, and conscientious corporate governance	5.1. Research on carbon footprint reporting methodology.	5.1.1. Cooperation and exchange of knowledge and experiences on carbon dioxide reduction strategies.									
		5.1.2. Cooperation and exchange of knowledge and experiences on the process of adaptation and financing of climate change.									
		5.1.3. Exchange of experiences in the area of carbon footprint reporting.									
	5.2. Research on the practice of Pick Up Drop Off (PUDO system) for parcel collection and return.	5.2.1. Activities in gathering information on alternative methods of providing postal services as preparation for amending the Law on Postal Services.									
	5.3. Advancing the position of women in the postal sector.	5.3.1. Initiating the process of adopting gender equality plans.			1,000				1,000		2,000
	5.4. Establishment of a center for education and application for EU funds with the aim of developing the postal services market and strengthening the postal network in Montenegro.	5.4.1. Conducting workshops to strengthen the capacities of postal operators.									
6. Supporting the implementation of comprehensive measures to ensure the security of shipments, protection against theft, and	6.1. Enhancement of human capacities for the detection of prohibited articles (explosives, chemical substances, toxic agents).	6.1.1. Educational activities for the detection of prohibited articles.			2,500				2,500		5,000
	6.2. Improvement of infrastructure capacities and installation of equipment to enhance the security of shipments, employees, and	6.2.1. Activities in equipment procurement, employee training and equipment installation.			20,000				20,000		40,000

protection against terrorism	users, and protection against terrorism.										
	6.3. Implementation of the HERMES project – Countering trafficking in firearms, their parts, and ammunition in parcel shipments..	6.3.1. Activities in the implementation of the HERMES project.				65,000				65,000	130,000
7. Encouraging the development of knowledge and human resources skills of participants in the postal market	7.1. Participation in specialized education/training programs for employees with the purpose of creating a culture of sustainable daily operations in the field of non-postal regulation.	7.1.1. Analysis of educational needs. Participation in organized trainings with internal and external instructors.	1,000					1,000			2,000
	7.2. Informing users of postal services with the aim of improving knowledge about the rights and possibilities of e-commerce users.	7.2.1. EKIP's activity on the improvement of the EKIP website with relevant information. Activities of postal operators on up-to-date information for users of postal services.			1,000				1,000		2,000
	7.3. Encouraging continuous education to ensure professionalism when introducing new technologies and services in the sector.	7.3.1. EKIP two workshops/study visits per year, regulatory topics /POST two workshops/visits per year, non-regulatory topics.									
			11,000	12,000	193,800	65,000	16,000	0	186,800	65,000	549,600

7. DESCRIPTION OF THE ACTIVITIES OF THE COMPETENT AUTHORITIES AND BODIES FOR MONITORING THE IMPLEMENTATION OF THE STRATEGY

The authorities and bodies responsible for implementing and monitoring the implementation of the Strategy for the development of postal activity in Montenegro for the period 2024-2028, with the aim of achieving the operational goals defined in the strategy, fall under the jurisdiction of the relevant ministry, the national regulator, the universal postal operator, and other operators in the postal service market in Montenegro.

The Action Plan defines the necessary activities and measures for the implementation of operational goals. All measures and activities are undertaken with the purpose of developing the postal services market, introducing new services, improving service quality, and ensuring universal service.

The goal of monitoring the undertaken measures and activities is to determine the achievement of operational goals and identify any delays in their implementation, in order to ensure the conditions for the achievement of the defined goals in the following period.

The Government of Montenegro assigns the Ministry of Economic Development to monitor the implementation of activities, providing an annual report to the Government on the progress achieved.

After the adoption of the Strategy, the relevant ministry should define criteria for selecting members of the Commission for monitoring the implementation and reporting on the Strategy for the Development of Postal Activity in Montenegro for the period 2024-2028. The Commission would consist of representatives from relevant institutions, bodies, and authorities responsible for implementing the Strategy. They should appoint individuals responsible for communication and their deputies. The Ministry of Economic Development would coordinate the Commission's work, providing technical and expert support for organizing meetings and preparing annual reports. The Commission should meet annually, and for each meeting, a report on the conducted activities should be prepared.

The commission for monitoring the implementation and reporting on the Strategy would consist of representatives of the following institutions:

- Ministry of Economic Development
- The Agency for Electronic Communications and Postal Services, and
- Post of Montenegro.

8. REPORTING AND EVALUATION METHOD

The Ministry of Economic Development will be responsible for coordinating and reporting annually on progress in the implementation of the Strategy. Annual reporting must be done in accordance with the Methodology for developing policies, drafting and monitoring the implementation of strategic documents, according to success indicators.

Evaluation will ensure the regular collection and analysis of data on achieving goals and results during the implementation of activities. Specifically, the focus will be on the Action Plan and the implementation of annual activities outlined in the plan. The report on monitoring the implementation of activities will primarily address outcome indicators with a focus on performance indicators.

The evaluation of the strategic document in question will be conducted through two evaluations (mid-term and final) and will involve external experts due to the complexity and scope, as well as to ensure a higher degree of objectivity. Funding for the evaluation will be provided from the budget of the Ministry of Economic Development, or through potential donor support.

The mid-term evaluation will be conducted in the last quarter before the expiration of the AP 2024-2025. The results of the evaluation should serve as guidance for the preparation of a new two-year Action Plan. The final evaluation will take place at the end of the implementation period and should include a review of the findings and recommendations from the mid-term evaluation. It will also assess the status of the implementation of the 2024-2028 Strategy compared to the previous strategic period, with an initial analysis of the situation for the development of the next strategic document. The findings and recommendations of the evaluation need to be discussed at a separate meeting of the Commission for Monitoring the Implementation of the Strategy.

The following table shows the reporting and evaluation plan of the Strategy.

TABLE 8: REPORTING AND EVALUATION PLAN

Year	Activity	Indicator of achievement
2024.	Adoption of the Strategy with the Action Plan	Identified goals, priorities and competent institutions at the level of departments included in the Strategy
	Formation of the Commission for monitoring the implementation and reporting on the Strategy	Established communication and monitoring system
2025.	Monitoring the implementation of the Strategy Action Plan for 2024	Report on the implementation of AP 2024
	Mid-term evaluation of the Action Plan 2024-2025	Mid-term evaluation of the Strategy
2026.	Monitoring the implementation of the Strategy Action Plan for 2025	Report on the implementation of AP 2025
	Preparation and adoption of the Strategy Action Plan for 2026-2028	Adopted AP 2026-2028
2027.	Monitoring the implementation of the Strategy Action Plan for 2026	Report on the implementation of AP 2026
2028.	Monitoring the implementation of the Strategy Action Plan for 2027	Report on the implementation of AP 2027
	Final evaluation of the Strategy by analyzing the situation for the adoption of the next strategic document	Final evaluation of the Strategy

9. INFORMATION FOR THE PUBLIC ON THE GOALS AND EXPECTED RESULTS OF THE STRATEGY IN ACCORDANCE WITH THE COMMUNICATION STRATEGY OF THE GOVERNMENT OF MONTENEGRO

To inform the citizens, businesses, and other relevant stakeholders about plans, priorities, objectives, and expected outcomes in the postal services sector, it is necessary to prepare appropriate public information. This would ensure transparency, openness, and awareness in achieving public goals within the postal services sector. Additionally, this would serve as a tool for building and/or increasing trust between the government, postal operators, and the citizens of Montenegro.

In the previous period, the competent institutions of Montenegro were highly dedicated to achieving the key goals of the Strategy, especially in segments related to the sustainability of universal service, the development of new e-services, and the protection of postal service users.

The main goal of informing the public is to ensure that citizens, businesses, and all interested stakeholders are aware of the social and economic impacts expected in the postal service sector. The primary focus should be on improving the quality of services, reducing delivery times, creating new job opportunities, and contributing to economic growth.

Through selected communication channels, it is necessary to promote the development of the postal industry and competition, encouraging operators to make new investments and innovations in this field. This would ensure the improvement of services, cost reduction, and increased efficiency.

It is essential that public information promotes openness and the participation of citizens and businesses in the development process of postal services, allowing citizens the opportunity to provide feedback and suggestions to ensure better, more efficient, and higher-quality services. The proposed set of communication activities includes:

- Informing users of postal services with the aim of improving knowledge about the rights and possibilities of e-commerce users (7.2.1. EKIP's activity in improving the EKIP website with relevant information. Activities of postal operators in keeping users of postal services informed).
- Informing the public about the level of satisfaction and needs of users of universal and commercial postal services (Activity 1.5.1. Customer satisfaction surveys with the quantification of key indicators for meeting needs and service availability; Activity 2.5.1. Customer satisfaction surveys with the quantification of key indicators for meeting needs and service availability).
- Promotion of the protection of the rights of postal service users (3.2.1. Promotional activities to promote the protection of user rights).
- Promoting postage stamps in international traffic (Activity 1.7.1. Promoting postage stamps in international traffic)
- Improving the websites of regulators and postal operators with relevant information for users (7.2.1. EKIP's activity in improving the EKIP website with relevant information. Activities of postal operators in keeping users of postal services informed)
- Timely informing postal operators and users of postal services (7.2.1. EKIP's activity in improving the EKIP website with relevant information. Activities of postal operators in keeping users of postal services informed).

The above requires the active cooperation of all relevant institutions and interested parties in order to achieve the set goals and ensure the sustainable development of the postal service in Montenegro.