

Curtsey Translation of original article:

<http://www.gov.me/vijesti/208116/Usvojen-Predlog-Koncesionog-akta-i-Ugovora-o-koncesiji-za-Aerodrome-Crne-Gore.html>

## Proposal of Concession Act and Concession Agreement for Montenegro Airports have been adopted

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The Montenegrin Government has adopted the Proposal of the Concession Act and the Concession Agreement for the Airports of Montenegro at their session today.

The Minister of Transport and Maritime Affairs Mr. Osman Nurkovic has announced, at a press conference held after the session, that the Ministry, had prepared a Concession Act in accordance with the Law on Concessions, for the granting of a concession for the use of Tivat and Podgorica Airports to a competitively selected best bidder (Concessionaire) who would establish and register a legal entity with headquarters in Montenegro, for the purpose of performing concession activities.

Minister Nurkovic emphasized that the intention is to provide the necessary valorization of the Airport through a long-term concession in a

sustainable way that will be in the best interest of the country and its further economic development.

In order to evaluate, structure the concession and launch the tender using best international practices, the Ministry has hired an International Finance Corporation (IFC).

The subject of the concession is the construction, reconstruction, modernization, maintenance and use of the Airport.

At the time of drafting this Concession Act, property and legal relations in the concession area at the location of Podgorica International Airport were completely resolved.

Namely, the location of Podgorica International Airport, including the existing airport space and the area envisaged for expansion in accordance with the Airport Master Plan for 2030, covers a total area of 2,515,798 m<sup>2</sup> (square meters).

The state of Montenegro is registered as the owner of the land on the site, while the JP Airport of Montenegro has the right to manage the location.

As part of the first phase of implementation, 225 cadastral parcels from 2 real estate listings were included at the Tivat International Airport site, all within the Mrchevac cadastre, with a total area of 846,596 m<sup>2</sup>.

Phase II of the implementation includes real estate from the Mrchevac and the Djurashevici cadastres, totaling 216 cadastral parcels with a total area of 560,126 m<sup>2</sup>.

Phase III includes real estate from cadastres Djurasevici with a total area of 173,892 m<sup>2</sup>.

At the time of drafting this Concession Act, property and legal relations in the concession area planned for the implementation of Phase I concession of the Tivat International Airport were completely resolved.

The Grantor will undertake to acquire ownership of all locations foreseen for Phase II and III (through expropriation, acquisition, or other mechanisms available under Montenegrin law).

Pursuant to Article 38 of the Law on Concessions, the Ministry will conduct a two-stage procedure and for this purpose and will form a Tender Commission with the task of conducting the tender procedure for the award of concessions.

The two-stage process includes Phase I: Pre-qualification Public Announcement and Phase II: Call for Proposals.

The Concessionaire will be obliged to meet the requirements in terms of technical equipment, financial capacity and other references.

The expected investment volume is at least EUR 80 million during the first investment phase (the first 3 years) and at least EUR 200 million during the total duration of the concession.

The dynamics of the implementation of the investment program is divided into three phases:

The first phase of realization - the first 3 years of the duration of the Concession Agreement

Second phase of realization - 4th and 5th year of the Concession Agreement

The third phase of realization - from the sixth to the thirtieth year of the duration of the Concession Agreement

Minister Nurkovic emphasized that "The Concessionaire's obligations will be performance based, which means that the Concession Agreement will define a minimum standard of services that the Concessionaire must meet, and investments will be implemented by the Concessionaire in the manner and when required in the area of maintenance and capacity expansion due to increased traffic".

In the context of the scope of the concession service, it is important to emphasize that Montenegro must further improve its accessibility by introducing more direct and charter lines from desirable markets covering Montenegro, especially during the off-peak tourist season, but also through competitive airfare prices, especially prices of airport services, as will be expected from the Concessionaire.

All immovable and movable property necessary to keep the Airport in function will be transferred to the Government of Montenegro after the expiry of the concession, including employees.

The Minister pointed out that the Concessionaire will be obliged to offer to the current employees of Montenegro Airports a contract of employment under the conditions defined in the Collective Agreement of the Joint Stock Company for air traffic services " Montenegro Airports ".

VIDEO: <https://youtu.be/jUQtAzo26BY>