

# Great Challenges Lie Ahead of Us

By Uroš Andijašević



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the best practice cases in the world. We have also recently adopted the Law on Amendments and Supplements to the Law on Spatial Planning which will expedite the implementation of investment projects. We expect large-scale investment projects to become a major driving force behind Montenegro's tourism development. One of these is a €500-million project in Kumbor with one of the biggest and most reputable travel agencies, One & Only, expected to arrive here. Also, there is the Porto Montenegro project which entails opening a new hotel called the Regent by 2014. Aman Resorts, also one of the biggest global travel agencies, has completed its investment on the St. Stefan Island. On May 18, the foundation was laid for construction of tourist facilities in Luštica Bay, which is one of the biggest projects in the whole Mediterranean area. The works are progressing nicely, and I am confident that, in the following period, progress will be even more pronounced. The tourism projects are worth around €3 billion so it comes as no surprise that the WTTC has ranked Montenegro as having the biggest total contribution in travel and tourism to GDP in the next ten years.

During the recent meeting of the Montenegrin Tourism and Sustainable Development Minister Branimir Gvozdenović and Executive Director of the Netherlands Constituency in the World Bank Frank Heemskerck, the two officials concluded that Montenegro's priorities are having tourism of the highest quality and forming tourism links between the country's north and south. In order for these priorities to be implemented, several other measures need to be applied – modernizing infrastructure, conforming to high environmental standards, legalizing illegally built facilities and providing adequate waste treatment. All of the aforementioned measures come under the jurisdiction of the Ministry of Tourism and Sustainable

Development. We are talking to Minister Gvozdenović about the way in which these measures are going to be implementing and the challenges that lie ahead.

■ **How do you plan to implement these priorities?**

- We have prepared an Action Plan for Tourist Season Preparation – the Tourism Reform Agenda. The challenge that we have to face is to devise a set of measures that would facilitate the construction of new tourist accommodation and improving the quality of existing facilities. Increasing hotel capacity is one of the key prerequisites for extending the tourist season and, this year alone, 11 new hotels with over 630 beds have been opened. We have also started to harmonize our legislation with

**AGENDA**

On my meeting with Mr. Niebel we expect to discuss cooperation on implementing tourism and infrastructure development projects

**GERMAN TOURISTS**

According to indicators, the number of German tourists who visited Montenegro this year has grown by 30%.

**STRATEGIC MARKET**

Germany, as the biggest outgoing tourist market, is one of the most important strategic markets for Montenegro.

■ **In what segments does the Ministry collaborate with the World Bank?**

- The Spatial Planning Management Sector (LAMP) and the Housing Development Sector have been cooperating with the World Bank on preparing the Project on Development of the Software for Recording and Categorizing Informal Settlements. After the project is implemented, we are going to have a database that will contain spatial information and information on informal settlements, their owners and the process of legalizing these facilities.

Together with the World Bank, the Environmental Sector and the Utility Sector have been implementing a priority project called 'Industrial

tional hazardous waste landfill project. Realizing this project is one of the major prerequisites for Montenegro joining the EU.

■ **Does creating tourism links between the country's north and south areas entail achieving a more balanced regional development in Montenegro and what needs to be done in that respect?**

- In order to have more balanced social and economic development in the country and create the prerequisites for increasing competitiveness of all areas, we have adopted the Regional Development Strategy and the Law on Regional Development. Primarily, more balanced regional development is achieved by developing

infrastructural facilities, advancing the local economic development, facilitating public-private partnerships, aiding SME development and adopting and implementing spatial planning documents.

With the construction of the Risan-Žabljak road we have made a big leap forward in connecting the north and south areas in Montenegro and thus have fulfilled a key precondition for a better touristic valorisation of these areas. Our ministry's goal is to create a tourist offer that will combine the uniqueness of diversity of the coastal and the northern part of our country.



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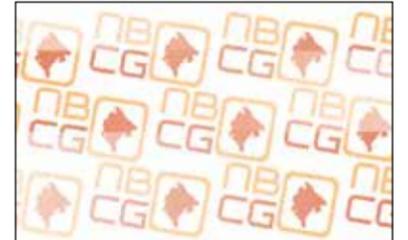
Waste Management and Cleaning' in five environmental hotspots in Montenegro which are also industrial waste dumpsites. The project will nominate a location that would be best suited for construction of a national hazardous waste landfill. The project's preliminary phase (worth US \$1 million) is nearly completed.

The World Bank's Board of Directors is expected to make a decision soon as to whether to loan US \$60 million to the Montenegrin government which would be spent on the further implementation of the five environmental hotspots and na-

Of course, we must not forget the hinterland of the coastal region, since some coastal municipalities are already developing rural tourism in the coastal hinterland of the main tourist centres.

■ **How much have German investors been investing in tourism and sustainable development?**

- In June 2013, HTP Budvanska Rivijera and PEMI BAU AG GmBH, Berlin signed a contract stipulating PEMI BAU's acquiring the Rivijera Hotel in Petrovac. At a later stage, PEMI BAU

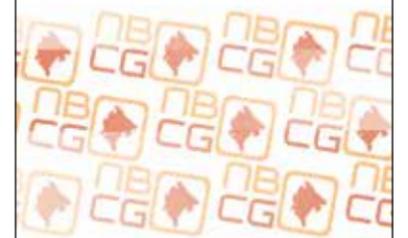


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GmbH Berlin transferred the acquisition rights to Euromix Tours Company from Budva. This company has begun constructing a luxury 30,000 square metre hotel called the Rivijera Crystal, worth close to €32.5 million.

Cooperation with Air Berlin began in 2011 when the Montenegrin government adopted the Proposal for Introduction of Charter Flights of Air Berlin and the draft contract. In 2013, the contract on continuation of the cooperation with Air Berlin was signed.

From November 15 to 17, 2012, Montenegro was the host of the most important and the biggest gathering of German tourism businesses – the annual conference of the German Travel Association (DRV – Deutscher ReiseVerband). The conference has significantly improved the image of Montenegro, as well as promoted the Montenegrin tourist offer on the German market. However, its promotional benefits extend even further. According to indicators, the number of German tourists who visited Montenegro this year has grown by 30%.

Montenegrin authorities have been successfully cooperating with the GIZ on defining strategic tourism development guidelines in Montenegro, analyzing the Montenegrin market and its potential, advancing human resources, developing climbing and cycling tourism and creating links between agriculture and tourism.

■ **Is there any room for improvement in the cooperation between German and Montenegrin sustainable development and tourism sectors?**

- The Ministry of Sustainable Development and Tourism has been successfully collaborating with the German Society for International Cooperation on implementing a number of projects – from setting up tourism development guidelines and drafting the Tourism Master Plan and several strategically important documents to implementing a number of smaller, but equally important, initiatives pertaining to developing and marketing our tourist offer, with an emphasis on national parks and the northern part of Montenegro. Germany, as the biggest outgoing tourist

market, is one of the most important strategic markets for Montenegro. I was very glad to see that the partners of our travel agents who cover the German market have reported on increase in number of German tourists in Montenegro in the first half of this year.



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■ **In terms of waste water management projects, it seems that German assistance is of crucial importance. Could you elaborate on these projects?**

- Several water supply and waste water management projects have been implemented in coastal municipalities thanks to German assistance for Montenegro realized via the KfW Bank (Kreditanstalt für Wiederaufbau). So far, this financial assistance has been realized in four stages including a €10 million donation. KfW has also provided a €68 million loan. This money was used to improve the

water supply through detecting and repairing locations where significant water loss had been detected.

Also, KfW has provided a loan for construction of 110 km of sewage lines, while the construction of a waste water treatment facility in Herceg Novi has begun. Early next year, we expect the construction of two more such facilities to start – one in Bar and one that will cover the area of the municipalities of Kotor and Tivat.

■ **What has the Ministry of Sustainable Development and Tourism been doing to attract more investments?**

- The Ministry of Sustainable Development and Tourism has a group of very complex jurisdictions, but, basically, the ministry logically integrates reliance on the space as a limited and non-renewable state resource. This endeavour to treat the development policy in a complex and homogenous manner is the main motive behind functional centralization of only seemingly diversified activities under the roof of one ministry, including tourism as one of the most important economic segments in Montenegro. We should underline that, in the current atmosphere of limited economic resources, the ministry has implemented a new format of promotional communications with its surroundings. This format combines the promotion of the Montenegrin tourism offer with the promotion of the country's investment environment and potential. As it turns out, such an integrated approach to promotion is only appropriate and economically prudent.

■ **Montenegro has undertaken to resolve the problem with illegally built settlements in accordance with the Vienna Declaration on Informal Settlements in South East Europe. What progress has the country made in dealing with this problem and what have been the biggest challenges so far?**

- One of the priorities that the Montenegrin government has, on its way to full-fledged membership in the EU, concerns improving the work done by the public administration which also entails setting up a land registry

through legalizing informal settlements. This legalization is one of the most important projects for the Montenegrin government and is of crucial significance for the further development of the real estate market in Montenegro.

The efforts that the Montenegrin government is going to make in legalizing informal settlements will depend on the date of the beginning of the legalization process. The parliamentary procedure for adopting the draft law has entered its final stage and we expect the implementation of this complex and socially very sensitive project to commence soon.

I can confidently say that the biggest challenge that we are facing now is motivating the builders of informal settlements to start regularizing their facilities while being mindful of the current economic reality. Apart from being instructed so



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by the law, illegal builders need to be informed of and be able to enjoy the benefits of this process. The results of the regularization process have to be visible through improving living conditions in the specific area, improving the utility infrastructure, and constructing required facilities.

Also, we are currently negotiating with KfW about the Energy Efficiency Project in Legalization which entails providing illegal builders with an opportunity to conform to energy efficiency standards during the legalization process.

■ **What are the biggest challenges that Montenegro has been facing in implementing the EU's environmental agenda?**

- Chapter 27, which covers environmental policies, is one of the biggest chapters since it entails close to 700 pieces of regulation (or one third of the Acquis Communautaire) which are supposed to become an integral part of the Montenegrin legislation. The good thing is that most of this regulation (close to 60%) has already been incorporated into our legislation, while we are working hard on incorporating the remaining 40%. It is worth mentioning that almost all EU directives have been incorporated into the Montenegrin legislation.

In terms of environment, apart from the legislative aspect, we will have to face both implementation and financial challenges. Applying relevant regulation and constructing the required environmental infrastructure are of critical importance for the success of the entire process.

■ **In early March, you met with the German Economic Cooperation and Development Minister Mr. Dirk Niebel. On the occasion, you both said that you were satisfied with the implementation of tourism, energy and sustainable development projects. Mr. Niebel is coming to Montenegro again in early August. Are you going to meet again and, if you are, what will be the meeting agenda?**

- We have been successfully cooperating with Germany on implementing tourism, energy and utility infrastructure development projects. Considering the readiness and the receptiveness of both sides in terms of advancing existing cooperation, the agenda of my meeting with Mr. Niebel will be discussing the

continuation of the cooperation on implementing tourism and infrastructure development projects, namely cooperation with German travel agencies and airline companies, as well as promoting Montenegro in Germany as a unique travel destination. We are also going to discuss the construction of utility infrastructure (building waste water collection and treatment facilities in smaller coastal towns, the management of sewage sludge, providing expert assistance to the ministry in those segments and others), supporting the European integration process in the Montenegrin environmental sector, cooperating on facilitating foreign investments and implementing future investments by German investors in Montenegro. ■

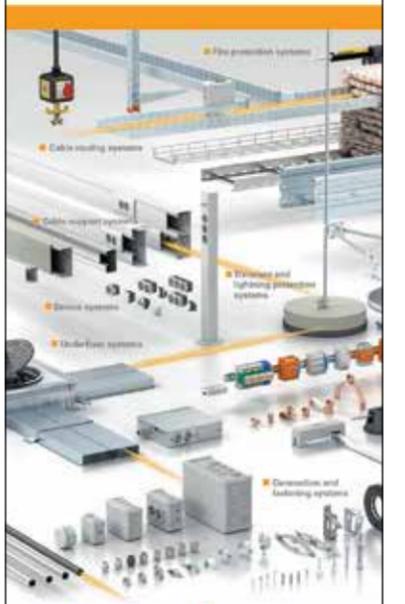


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