

Montenegro - Extends its citizenship by investment program for another 12 months



RADE LJUMOVIĆ
Henley & Partners Montenegro

“As we discussed, the results have been great, and I am delighted to share them with you. Running a program of this nature can be an arduous process that needs all the players to comprehensively understand their roles.”

The Government of Montenegro has extended the program for another year. How was this extension received within the country?

The news of the extension of the program until the end of 2022 was very well-received. I think the results of the program over the past three years show the merit of this decision. We have collectively as an industry had a significant impact on Montenegro's economy. We started in 2019 but used that year as a public call for intermediary agents, due diligence providers, and development projects. The program itself then opened for business in 2020 amidst the pandemic.

But even with the limitations imposed by Covid-19 restrictions, all agents collectively succeeded in submitting about a hundred applications in 2020. The real expansion happened last year when 600 applications for the Montenegro Citizenship-by-Investment Program were submitted. It was a surprise for the country, and the industry itself. The potential impact of all these applications accounts for more than EUR 300 million for state budgets and development projects. For a small country like Montenegro, extending the program for one more year is completely justified. I'm very pleased personally as is Henley & Partners with the extension of the program.

To what extent have the program requirements changed?

We have made improvements to the investment requirements. The government now requires an extra EUR 100,000 for the donation component. So now we have EUR 450,000 as a minimum investment in the south, and EUR 250,000 is still the minimum investment in the north of the country, and so you have two routes to choose from to qualify for the program. Until now, it was only EUR 100,000 for less developed areas of the country and EUR 100,000 for the new investment fund of Montenegro, which was established a few months ago. So, it now costs applicants EUR 100,000 more to invest. We have seen some areas simplifying the documentation process, especially documents like ID cards. According to our legislation, same-sex and unmarried couples are now eligible to apply for the Montenegro program.

GET IN TOUCH

[View Rade Ljumović LinkedIn's Profile](#)

[Find out more about Henley & Partners](#)



How well has the program performed in the two active years of 2020 and 2021?

As we discussed, the results have been great, and I am delighted to share them with you. Running a program of this nature can be an arduous process that needs all the players to comprehensively understand their roles. We work closely together with the Ministry of Internal Affairs, the Montenegrin Investments Agency, intermediary agents, due diligence providers, banks, lawyers, notaries, interpreters, translators, and many others. So, there is a whole chain of key players that are involved in the program. Banks have a crucial role to play. We needed time to understand the entire process and each player's role. Now that the process is established, we have an efficient program that helps to attract foreign direct investment and increases economic activity in the country. As I mentioned earlier, in 2020 we had 100 applications and 600 applications in 2021, and Henley & Partners submitted half of those applications. That is an investment worth more than 300 million EUR coming into the country. Currently, about EUR 160 million is in escrow accounts awaiting approvals.

For a small country with a small GDP, the impact of the program on the economy is truly fascinating. On the other hand, the quality of the applicants also amazes me – for prominent people in the banking

industry from CIS countries as well as individuals in IT or media industries from the US to want to invest to become Montenegro citizens is of great benefit for the country, especially as an official EU candidate country.

What development projects are included in the program? How much progress has been made?

There are 16 projects listed for the program and with this extension, the government has introduced tighter rules. All the projects that are listed in the south must invest a EUR 7.5 million bank guarantee and EUR 2.5 million in the north. The guarantee is to assure applicants that these projects will be completed.

To be an eligible candidate, investors need to invest in the development project operated by a prominent hotel brand – which is a greenfield off-plan hotel – and it is an investment into a five-star hotel in the south or a four-star in the north. There are two models of operating that are used in Montenegro for these kinds of hotels. These are condo and mixed-use models. The difference in the condo model is that an applicant or investor in this hotel can use it for up to two months and the rest has to be in the rental pool. In the mixed-use, it also must be in the rental pool of the operator, but there is more flexibility for users to use it more months in a year.

Most of the investments are happening in the north, in the ski center, the municipality of Kolasin. So, I'm happy to tell you that the first 1600 Swissôtel will be completed by the end of this year, with a majority of other hotels still under construction and to be opened in 2023, and 2024. In the south, we have made great progress with Boka Place Porto Montenegro, which will be operated by a new brand by Kerzner, called SIRO. There is also a significant start with the new Intercontinental bar and a new listed project called Soho Liko, which will be operated by Radisson. So overall, I think everybody who comes to Montenegro or who contacts us, will be happy to see the significant progress made on the development projects they have invested in.

What are the most frequent nationality and profile of applicants that Montenegro attracts with its citizenship by investment program?

This is the part of the job I find most interesting, understanding the applicants who invest in the country. During my career, I had the chance to work for the government for nearly 10 years. During my tenure, we often went to real estate fairs, like MIPIM Cannes or Cityscape Dubai, Abu Dhabi, or even to China. It was not easy to make investors interested in Montenegro. This is why I am excited by the

profiles of applicants interested in investing in the Montenegro program. CIS countries account for about 50% of all applicants. Second on the list are US citizens, who account for almost 15%. Then we have, due to geopolitics, South Africans, followed by Chinese and then the Middle East applicants.

So, this is our list of applicants with regards to nationalities. Another list I compiled within the team, which I found interesting is in the wealth category. Let's say we have 100 applicants, about 2% are billionaires and 16% are ultra-high net worth individuals. And then, most fall within 33% and 37% of extremely high net worth individuals and high net worth individuals, respectively. And when you combine this, we found that most of them are business owners and entrepreneurs. That is the exciting part for me. Of course, we have top management, investors from the finance sector, gas and oil, and top-level individuals in their fields, like medical doctors for example.

But the fact that entrepreneurs want to become citizens of Montenegro, opens new doors and possibilities for our country to collaborate with our new citizens. As mentioned before, some of the most prominent names in the IT industry from the US are already becoming Montenegro citizens. I'm looking forward to the years to come to see the new benefits investment migration will bring to my country. I am a father to two boys who are 18 and 13 years old, who I am looking forward to seeing grow, just as I look forward to seeing how the Montenegro program will grow and benefit this country in the coming years.

What geopolitical challenges is Montenegro facing in the upcoming period, especially considering potential EU accession?

We are currently in remarkably interesting political times in my country. When we last spoke, we

had a new government inaugurated on August 30th, 2020, which was significant because, for the past 30 years, one party had been in power. The new government should have accelerated the road to the European Union. But, after a year and a half, this government has lost the confidence of parliament and we will now likely have a new majority government. But what I can assure you, and something which we assure our prospective applicants, is that any new government will be even more in favour of our EU ascendancy.

In 2017 we joined NATO, and from 2006 we have been an independent country. So, the number one priority for the citizens of Montenegro, which 85% of citizens in the polls here reiterate, as do most of the political parties, is that we do our best to become the next member of the European Union. We opened all 33 chapters and closed some of those. What is clear now is that it will be the priority of the new government, which should be formed soon. ■

