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Limak Kosovo International Airport JSC Incentive Program 2016 - 2018



LIMAK KOSOVO INT'L AIRPORT J.S.C.

PRISTINA INTERNATIONAL AIRPORT

"ADEM JASHARI"

INCENTIVE PROGRAM

2016 - 2018

(27 March 2016 – 24 March 2018)

## **ARTICLE 1: OBJECTIVE**

The objective of the Incentive Program is to offer support to current airlines using airport services and to new entrants intending to use services at Pristina International Airport "Adem Jashari" (PIA), with aim to increase traffic movement and operational efficiency in full compliance with the related regulations of Civil Aviation Authority of the Republic of Kosovo and the Public Private Partnership Agreement signed between Republic of Kosovo and Limak Kosovo International Airport JSC (LKIA).

The products and conditions of the Incentive which will be implemented at Pristina International Airport "Adem Jashari" are defined by this Program which is subject to the applicable charge policy.

## **ARTICLE 2: SCOPE OF THE INCENTIVE PROGRAM**

The Incentive Program will be implemented starting from IATA Summer Season 2016 for all new direct services, it applies to the following incentive products:

- The New Route Development Incentive;
- The New Frequency/ies Incentive;
- The High Traffic Volume Incentive;
- The Fixed Base Operation Support Incentive;
- The Off-Peak Time Support Incentive;
- The Marketing Support Incentive;

## **ARTICLE 3: BENEFICIARIES**

The incentive program is directed toward all commercial airlines, without any discrimination, to those operating or intends to begin operations at Pristina International Airport "Adem Jashari" and which fulfils all the requirements and criteria described in this Program. All airlines and airport users can benefit from the program.

## **ARTICLE 4: VALIDITY**

The LKIA Incentive Program is effective from 27 March 2016 until 24 March 2018, unless otherwise advised by LKIA.

In order to be part of this program, airlines may apply within period: 27 March 2016 until 24 March 2018.

**ARTICLE 5: INCENTIVE PRODUCTS**

**5.1. THE NEW ROUTE DEVELOPMENT INCENTIVE**

The purpose of this incentive program is to stimulate routes to destinations which are not served directly from Pristina International Airport "Adem Jashari" (PIA), by sharing as LKIA the financial risk taken by the airlines when setting up the new routes.

The conditions to fulfill are:

- a) Commercial air connection to an airport, which has not been served by direct flights in last 12 months prior to the application,
- b) Airlines resuming service to an already terminated destination, will be eligible for taking support for this product only if the air services resumes 12 months after the destination was terminated.
- c) For the purpose of this Program, flights have to be operated by aircraft with a Maximum Take-off Weight more than 21.000 kg (twenty one thousand kilograms).
- d) The route has to be operated non-stop, i.e. no transfers via other airports. Route with a technical stop, where no revenue passengers leave or embark the flight, is considered as a non-stop route.
- e) Airlines shall fulfil the 90% of frequency requirements for a new destination and operate at least two (2) frequencies per week.
- f) The flights shall be performed for at least 2 consecutive IATA seasons or year round services.

**Incentive Scheme for NEW ROUTE DEVELOPMENT**

If an airline introduces a route to a new destination served at PIA, following incentive will be applied:

YEAR	1	2
DISCOUNT ON LANDING FEE	100%	100%



## 5.2. THE NEW FREQUENCY/IES INCENTIVE

The aim of this incentive is to encourage the airlines to plan new frequency/ies at PIA, by implementing financial support for each new flight which will be operated to/from Pristina International Airport "Adem Jashari".

New frequency/ies launched by airlines to currently served destinations or new destinations will be compared as per IATA equivalent seasons, summer vs summer and winter vs winter season or equivalent period of the previous year.

The conditions for being eligible:

- a. The airline applying for the New Frequency/ies Incentive has to add at least 1 (one) new weekly frequency to any of the existing destinations or to a new destination, compared to the previous equivalent IATA season or equivalent period of the previous year.
- b. If the carrier reduces the frequencies to a particular destination in previous year will not be entitled to gain support from the incentive if in next year those frequencies will resume.
- c. For the purpose of this Program, flights have to be operated by aircraft with a Maximum Take-off Weight more than 21.000 kg (twenty one thousand kilograms).
- d. The route has to be operated non-stop and an airline must operate 90% of flights as per confirmed schedule by LKIA schedule facilitator.
- e. The flights shall be performed for at least 2 consecutive IATA seasons or year round services.

### Incentive Scheme for NEW FREQUENCY/IES

The applied incentive to airlines introducing additional or new frequencies is:

YEAR	
	1
DISCOUNT ON LANDING FEE	100%

### 5.3. THE HIGH TRAFFIC VOLUME INCENTIVE

The aim of this incentive is to encourage the airlines to increase their existing traffic volume in PIA and encouraging new airlines to start operating at PIA with a high volume of traffic by implementing direct financial support for each departing passenger for the volume of traffic which is above the specified range mentioned below.

Eligibility conditions:

- a) The airline applying for the High Traffic Volume Incentive has to have at least 25.000 Departure Passenger in total at PIA for the calendar year 2016 or in 2017.
- b) Airlines will be eligible for this product only if they have increase in number of departing passengers compared to previous year.

#### Incentive Scheme for the HIGH TRAFFIC VOLUME

Each airline having more than 25.000 departing passenger in PIA during the calendar year of 2016 or in 2017, shall have the following financial support for each departure passenger:

For The Departing Passenger Interval	Financial Support To Be Provided
0-25.000 PAX	€ 0,00
25.001-50.000 PAX	€ 0,50
50.001-75.000 PAX	€ 1.00
75.001 – 100.000 PAX	€ 1.50
100.001-200.000 PAX	€ 2,00
200.001-300.000 PAX	€ 3,00
300.001-500.000 PAX	€ 5,00

*Example below provides calculations if an airline is having 350.000 departing passenger, it would benefit a High Traffic Volume Incentive amounting 825.000 EUR.*

12,500 EUR for the interval 25.001-50.000 PAX (25,000 x 0.5 EUR);  
 25.000 EUR for the interval 50.001-75.000 PAX (25,000 x 1 EUR);  
 37.500 EUR for the interval 75.001-100.000 PAX (25,000 x 1.5 EUR);  
 200.000 EUR for the interval 100.001-200.000 PAX (100,000 x 2 EUR);  
 300.000 EUR for the interval 200.001-300.000 PAX (100,000 x 3 EUR) and  
 250.000 EUR for the 50.000 PAX from 300.001-500.000 PAX Interval (50,000 x 5 EUR);



#### 5.4. THE FIXED BASE OPERATION SUPPORT INCENTIVE

The aim of this program is to support airlines who will base at least 1 (one) aircraft and operate flights from/to Pristina International Airport "Adem Jashari".

Eligibility conditions are:

- a) This incentive is only valid for carriers which operate scheduled flights from/to Pristina International Airport "Adem Jashari".
- b) The carrier shall use PRN as a base airport for at least one of the Carrier's aircraft among those of the same type and the same capacity listed on the Fixed Base Operation application form provided to LKIA. The carrier shall take an approval of LKIA as a Fixed Base operator and submit the Airworthiness document to the related aircraft.
- c) The based aircraft shall use PRN for overnight stay and carrier has to start its morning operations from Pristina International Airport.
- d) For the purpose of this Program, flights have to be operated by aircraft with a Maximum Take-off Weight more than 21.000 kg (twenty one thousand kilograms).
- e) The carrier shall have at least 500 turnarounds per year from PRN with the based aircraft.
- f) Upgrades on seat capacity or change of aircraft type for maintenance or technical reasons without downgrade on seat capacity will be acceptable.

#### Incentive Scheme for FIXED BASE OPERATION

YEAR	1	2
DISCOUNT ON PARKING FEE	100%	100%
DISCOUNT FOR 20SQM TECHNIC OFFICE AREA IN AIRSIDE OF PRN	100%	100%

#### Note:

The following incentive product: Discount on Ground Handling (GH) Package by 20% for flights operated during Off Peak Hours of airport would offer lots of benefit for operations with aircraft based at PRN, especially by combining several incentive products.

## 5.5. THE OFF-PEAK TIME SUPPORT INCENTIVE

This incentive has the purpose to encourage the airlines to use the airport on our free Arrival/Departure times, to balance utilization of resources and to maintain the high level of service based on IATA.

The conditions are:

- a) In order to apply for the Off-Peak Time Support, all the conditions stipulated in Article 5.1 "The New Route Development Incentive" and/or Article. 5.2 "The New Frequency/ies Incentive" have to be satisfied.
- b) The flights of carrier aiming to benefit of this Incentive must be operated between the time interval shown below (Times are in UTC):

For IATA Winter Season;

For D1, D2 and D4: all day

For D3, D5 and D7: Between 19:00 to 23:59

For IATA Summer Season;

For D1: Between 08:00 to 23:59

For D2: All day

For D3: Between 14:30 to 17:00

For D4: Between 08:00 to 23:59

For D5: Between 11:00 to 15:30

For D7: Between 14:00 to 23:59

- c) All the flights which will be a subject to this incentive must be approved before the related IATA season by the Schedule Facilitator of Limak Kosovo International Airport.
- d) The flexibility on schedule deviation on Arrival/Departure times shall be – 15 min to STA and +15 min from STD. Delays caused due operational performance of airport, bad weather conditions or other external factors are not counted.
- e) Approval of applications for this product is subject to airport capacity which has been calculated and followed based on IATA Service Level C. The priority will be applied as per submitted applications by airlines.

### Incentive Scheme for OFF-PEAK TIME

DISCOUNT on Ground Handling Package (per Turnaround)	20%
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## 5.6. THE MARKETING SUPPORT INCENTIVE

This option of the incentive program has the purpose of supporting the airlines on their plans to add new destinations or new frequencies at PIA by giving a lump sum marketing incentive amount.

Conditions:

In order to apply for the Marketing Support on the Development of New Route or New Frequency/ies, all the conditions stipulated in Article. 5.1. "Conditions for the New Route Development Incentive" or Article 5.2. "Conditions for the New Frequency/ies Incentive" have to be satisfied.

### Incentive Scheme for MARKETING SUPPORT

If an airline introduces a new route or adds new frequency/ies, based on the submission of the related documents (copy of realized advertisement, invoice and contract with related Media Agency etc.) evidencing the marketing expenses made for the promotion of that new route or new frequency/ies, the following marketing support will be provided:

Marketing Support Incentive for New Route:

YEAR	1	2
Financial Support	30,000 EUR	30,000 EUR

Marketing Support Incentive for adding New Frequency/ies:

YEAR	1
Financial Support	30,000 EUR

In case of several new frequencies to the same destination, the above mentioned amount of 30,000 EUR remains the same.



## ARTICLE 6: GENERAL TERMS AND CONDITIONS`

1. In order to benefit from this incentive scheme, an agreement shall be concluded between Limak Kosovo Intl. Airport J.S.C. and the airline concerned. In this agreement the conditions for the refund of a certain incentive are defined.
2. The final settlement shall be made according to an agreement with the airline.
3. An airline shall not have a legal claim to concluding an incentive agreement. However, for reasons of competition regulations all airlines will be treated equally according to the stipulated provisions
4. With regard to code-sharing flights, only the operating carrier is eligible. The decisive factor therefore will be the flight number (no marketing carrier).
5. LKIA has the right to non-enforcement of the incentive program if an airline does not follow defined conditions.
6. LKIA has the right to make the final decision whether an airline is eligible for an incentive or not.
7. LKIA reserves the right to review and amend the incentive scheme at any time.
8. The total incentive amount to be applied to an airline will be calculated at the end of the each IATA season based on the realization figures. In order to have the timely confirmation, the airlines will perform the quarterly reconciliations which confirm the traffic numbers and the outstanding balance with LKIA.
9. The new connections, the additional frequencies and their schedules included in the operating program must have their schedule approved by the Schedule Facilitator.
10. The Traffic Form is a document that supports the entire process of this program, in particular for the purpose of monitoring the airline and certifying the number of Air Traffic Movement.
11. This incentive program is new and if any unclear situations regarding the calculations arise, LKIA reserves the right to develop additional regulations to ensure achievement of the overall purpose of this program.
12. The 90 % of the scheduled frequencies (as defined in the contract) have to be operated. Rebates shall not be paid for missed/delayed flights until the percentage reach %10. More than 10 percent missed/delayed flights shall be the subject of cancellation for whole incentive product/program.

## **ARTICLE 7: FINAL DECISION IN REGARD TO GRANTING OF THE INCENTIVE**

The final decision concerning the eligibility of an airline for this incentive program is a solely responsibility of the LKIA. LKIA reserves the right, at any moment, to refuse or suspend granting an incentive in the following cases:

- When the airline does not ensure the prompt payment of any outstanding invoices to LKIA;
- When the PIA capacity has been reached or is at saturation point, Airport suspends the valid incentive program for the new airlines which will apply to the incentive program.

Besides, LKIA reserves the right at any moment, to refuse, suspend or change the structure of granting an incentive with a prior notice period of 60 days.

## **ARTICLE 8: DECISION**

1. LKIA will analyze the submitted application and will reach a final decision within a period of 15 working days after having received the application.
2. The final decision will be announced to the applicant via registered mail or fax, with confirmation upon reception, to the applicant's head office or to the address stated on the Application Form.
3. If the application and its flight plan are approved, the announcement mentioned in Article 8.2 will include an initial estimate of the incentive amount to be granted.
4. The reception of LKIA's final decision by the terms of this article and the Application Form submitted do formalize the mutual acceptance of the conditions determined in this program.
5. Final agreement (Decision) for incentive program will be in a contract form in between LKIA and airline that apply.



## **ARTICLE 9: PAYMENT OF THE INCENTIVE**

1. The incentive calculated and approved by the terms of this program will be paid through a deduction from the LKIA receivable amount from the airline company at the end of year round operations or two consecutive IATA seasons, based on the credit note to be issued by LKIA.
2. The payment of the incentive will always depend on previous validation, that the airline complied with the operations planned on the Application Form and approved by LKIA, and also that at least 90% of the previously approved schedule for the period in question were actually used.

## **ARTICLE 10: SPECIAL CONDITIONS**

1. After approval of the application for incentive, the parties will sign a written agreement that regulates the specific conditions of the incentive and that will include at least the following information:
  - Duration of the application;
  - Operating plan;
  - Initial estimate of the incentive amount, calculated in accordance with the proposed operating plan;
  - Method and deadline for granting the incentive.
2. Any changes to the conditions initially established for granting the incentive shall be duly amended and become an integral part of the document mentioned in Article 8.1.

## **ARTICLE 11 : SUPERVISION**

The Program will be monitored and controlled based on the detailed plan outlining the series of operations covered by the incentive, as well as on the traffic forms mentioned in article 6.10.