

**PUBLIC FINANCIAL MANAGEMENT
REFORM PROGRAM
FOR THE PERIOD 2027 - 2031.**

Podgorica, September 2026

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INTRODUCTION

The Public Finance Management Reform Programme 2027–2031 defines the strategic framework for the continued development of Montenegro's public financial management (PFM) system over the medium term.

The Programme covers the period 2027–2031 and builds on the results of the PFM Reform Programme 2022–2026. It provides a coherent basis for planning, coordinating and monitoring reforms across the main functional areas of public financial management, while recognising that PFM reform is a continuous process and that further improvements will also be required beyond 2031, particularly in areas linked to the evolving EU economic governance framework, fiscal responsibility, macro-fiscal forecasting, accounting and budget reporting in accordance with ESA methodology.

The Programme applies to central government institutions and, where relevant, to local government units and other entities involved in the management and use of public resources. It supports the strengthening of institutional capacities, improvement of coordination mechanisms and development of integrated systems necessary for effective fiscal management.

The Programme is organised around four functional pillars representing the main components of the public financial management system: fiscal framework and budget planning; budget execution; accounting, monitoring and financial reporting; and financial control. These pillars are used to analyse the structure for analysing the public financial management system and identifying reform priorities. The Programme defines strategic and operational objectives, indicators and activities that guide the implementation of reforms during the period 2027–2031.

The Programme is aligned with Montenegro's broader strategic and socio-political framework, including fiscal planning documents, public administration reform priorities, the Reform Agenda under the EU Growth Plan for the Western Balkans, and commitments related to the European Union accession process.

The implementation of the Programme will be coordinated by the Ministry of Finance and the Working Group for Monitoring of its implementation, in cooperation with other responsible institutions. Progress will be monitored through defined operational objectives, outcome indicators and regular reporting mechanisms, ensuring transparency and accountability in the implementation of planned activities.

This Programme provides a comprehensive framework for strengthening the public financial management system and supporting sound fiscal governance, effective, transparent and accountable management of public resources and Montenegro's continuous alignment with European Union standards.

I. PROGRAMME CONTEXT AND STRATEGIC FRAMEWORK

ACHIEVEMENTS AND LESSONS LEARNED FROM THE IMPLEMENTATION OF THE PFM RP 2022–2026

The PFM Reform Programme 2022–2026 provided the main framework for the development of Montenegro's public financial management system during the previous reform cycle. Its implementation supported the continued modernisation of public financial management institutions, methodologies and information systems, while contributing to Montenegro's alignment with European Union standards and requirements.

During the implementation period, progress was achieved across all major areas of public financial management. Reforms contributed to the strengthening of macroeconomic and fiscal analysis, medium-term and programme budgeting, public investment management, public debt management, public revenue management, public procurement, financial control and audit. Important progress was also made in the development of public finance information systems, enhancement of fiscal transparency, introduction of new methodological approaches and preparation for future obligations arising from Montenegro's European integration process.

The implementation experience demonstrated the importance of maintaining a stable reform framework, ensuring effective inter-institutional coordination and strengthening administrative capacities required for the implementation of increasingly complex public financial management reforms. It also confirmed the need to combine institutional, methodological and digital reforms in a coordinated manner in order to achieve sustainable results and ensure the practical application of newly introduced systems and procedures.

The implementation of the PFM Reform Programme 2022–2026 created a solid foundation for the next phase of public financial management reforms. Building on the progress achieved and the experience gained during implementation, the Public Finance Management Reform Programme 2027–2031 focuses on the further development of the public financial management system and responds to the remaining reform needs and emerging priorities identified through the situation analysis presented in the following chapter.

PFM REFORMS AND EU ACCESSION

Strengthening the public financial management system is an essential element of Montenegro's preparation for membership in the European Union. Sound fiscal governance, transparent financial reporting, monitoring and effective systems of financial control are key requirements for ensuring that public resources are managed in accordance with European standards.

PFM reforms contribute directly to several areas of the EU accession process, particularly those related to economic governance and financial control in line with the reformed EU economic governance framework. These reforms support Montenegro's alignment with the EU fiscal governance framework and the relevant chapters of the EU acquis, improve the capacity of

institutions to manage public finances in accordance with European standards, and strengthen mechanisms for protecting the financial interests of the European Union.

Public Financial Management (PFM) reforms are closely linked to the cluster “Fundamentals” of the EU acquis, which prioritizes core areas such as rule of law, economic governance, and public administration reform. More specifically, the EU acquis chapters: Chapter 5 - Public Procurement, Chapter 18 - Statistics, and Chapter 32 - Financial Controls are closely linked to, and support the implementation of, the “fundamentals first” principle. Furthermore, the reform programme supports the implementation of reforms in other relevant negotiation chapters, which are related to taxation (Chapter 16), customs union (Chapter 29), competition policy (Chapter 8), financial and budgetary provisions (Chapter 33), economic and monetary union (Chapter 17) and regional policy and coordination of structural instruments (Chapter 22) , thereby contributing to the fulfilment of the economic criteria for EU accession. Strengthening fiscal governance, financial reporting and control mechanisms is also essential for ensuring Montenegro’s readiness to participate effectively in the EU budgetary framework following accession, including preparations related to the future management of EU own resources and other financial obligations arising from membership.

The Programme also takes into account relevant international standards and assessment frameworks, including SIGMA principles¹, PEFA assessments² and Public Investment Management Assessments (PIMA)³, which support the identification of reform priorities and benchmarking of progress.

LINKAGE TO REFORM AND POLICY FRAMEWORK AT THE NATIONAL LEVEL

Public financial management reforms are closely integrated with Montenegro’s broader strategic and policy framework and contribute to the implementation of key national and economic reform priorities.

The programme is aligned with the **National Strategy for Sustainable Development until 2030** supporting sustainable and inclusive economic growth, improved resource management and strengthened fiscal discipline. More specifically, the Programme contributes to alignment with the Sustainable Development Goals (SDGs). Within the National Strategy for Sustainable Development (NSSD) up to 2030, the Programme contributes to the achievement of the strategic objectives under Section 4.5, “Improving the Sustainable Development Management System,” as well as to the financing of sustainable development under Chapter 5, “Financing for Sustainable Development.” It also supports the **Economic Reform Programme**, which enhances fiscal discipline by establishing medium-term budgetary frameworks that ensure government spending and revenues are aligned with sustainable fiscal targets. Public financial management reforms contribute to the implementation of the Reform Agenda under the EU Growth Plan for the Western Balkans, including reforms related to public investment management, public procurement, financial control and the business environment. Implementation of the PFM Reform Programme and its reporting framework is directly linked to the fulfilment of conditions for accessing funding under the Reform and Growth Facility. Furthermore, the public financial

¹ [Public Administration in Montenegro 2024 | SIGMA](#)

² [Montenegro 2019 | Public Expenditure and Financial Accountability \(PEFA\)](#)

³ [Montenegro](#)

management reforms contribute to the **Climate Change Adaptation Plan for the period 2025-2035**, and the **Nationally Determined Contribution (NDC)**, by ensuring strategic, transparent, and accountable allocation of resources, embedding climate needs into the overall fiscal planning and budgeting process, enabling effective monitoring, and facilitating access to international climate finance.

PFM reforms are also closely linked with the **Public Administration Reform** agenda, particularly in areas related to strengthening institutional capacity, improving policy coordination and enhancing the efficiency of public administration. Improvements in fiscal governance, medium-term budget planning and financial management systems support more effective planning, prioritisation and use of public resources across government. The programme is aligned with the **Fiscal Strategy**.

The Programme is directly aligned with Objective 6 of the **Government's Medium-Term Work Programme for 2024-2027**, "Strong Public Finances for a Strong Montenegro". Through improvements in budget planning, fiscal discipline, public debt and fiscal risk management, public investment, transparency, and the efficiency of public spending, the Programme contributes to achieving macroeconomic and fiscal stability. At the same time, the PFM reform supports strengthening the resilience of the Montenegrin economy to external shocks, creating a more predictable business environment, and ensuring more effective allocation of public resources towards development and investment priorities, including the use of EU funds.

The Public Financial Management Reform Programme is aligned with all relevant strategic documents in the individual areas covered by the Programme. This ensures the interconnection and complementarity of strategic documents in the area of public financial management, as well as a coherent approach to the planning and implementation of reform activities.

Public financial management reforms also encompass the local government level. Municipalities play an important role in the delivery of public services and implementation of public investments, and strengthening their financial management capacity is essential for ensuring the effectiveness of the public finance system. The programme supports improvements in fiscal planning, expenditure management, financial reporting and control at the municipal level, ensuring their integration into the broader PFM framework.

ALIGNMENT WITH HORIZONTAL POLICIES

The PFM Reform Programme integrates horizontal policy priorities, particularly those related to environmental sustainability and gender equality, in line with Montenegro's national strategies and EU commitments as a key component of the sustainability of public finance.

In parallel, the programme supports the further development of gender-responsive budgeting. Integrating gender considerations into the budget cycle enables better assessment of the impact of public expenditure from gender aspect and supports more inclusive and equitable policy outcomes. The introduction of tagging and monitoring mechanisms linked to gender equality objectives strengthens transparency, accountability and the effectiveness of public spending.

Through these measures, the PFM Reform Programme contributes to the systematic integration of horizontal policy priorities into fiscal planning, resource allocation and reporting processes,

ensuring that public financial management supports broader economic, social and environmental objectives.

In the area of climate policy, the programme supports the progressive integration of climate considerations into public financial management (“green public finances”), with a particular focus on strengthening the climate dimension of fiscal policy, public investment management and budget planning. Climate considerations are incorporated into the preparation, appraisal and prioritisation of public investment projects, including the application of methodologies that assess climate impacts and support the selection of projects aligned with national climate objectives in line with the Sustainable Development Goals. The programme also promotes improved portfolio management of capital investments, including the development of project pipelines aligned with climate and sustainability priorities.

At the fiscal policy level, the programme supports the development of long-term macro-fiscal projections that incorporate the impact of climate change, demographic trends and pressures on pension and health systems. This includes the assessment of fiscal risks related to climate change, contributing to more informed and forward-looking fiscal planning.

Climate considerations are also reflected in public debt management, as borrowing from international financial institutions increasingly supports investments related to climate adaptation and mitigation. In parallel, reforms under other pillars contribute indirectly to climate objectives, particularly through the digitalisation of public finance processes and the development of information systems that improve transparency and efficiency.

The PFM Reform Programme 2027–2031 is primarily focused on institutional, regulatory, methodological and administrative reforms related to the management of public finances. The Programme does not establish a framework for projects or activities that are likely to have significant effects on the environment. The need for conducting a Strategic Environmental Assessment will therefore be determined in accordance with the applicable national legislation governing strategic environmental assessment.

II. SITUATION ANALYSIS

II.1. MACROECONOMIC AND FISCAL CONTEXT OF THE PFM REFORMS

The macroeconomic and fiscal environment represents the broader context within which the Public Financial Management Reform Programme 2027–2031 will be implemented. Sound economic growth, sustainable public finances and a stable financial sector create favourable conditions for implementing reforms, while growing fiscal pressures, the increasing complexity of fiscal management and the obligations arising from the European Union accession process require further strengthening of the public financial management system.

Montenegro’s macroeconomic framework has long been shaped by the unilateral adoption of the euro. Initially introduced to ensure monetary stability, the euro has become one of the key features of the country’s economic system. It contributes to macroeconomic credibility, eliminates exchange rate risk in relations with the euro area and facilitates economic integration with European markets. At the same time, the absence of an independent monetary policy

increases the importance of fiscal policy and public financial management as the main instruments for maintaining macroeconomic stability and responding to economic shocks.

The Montenegrin economy recorded positive developments in 2025, with a growth rate of 2.7%, according to preliminary data from MONSTAT. In all quarters of 2025, the real economic growth rate was at or above the European Union average, with growth of 2.8% recorded in the first quarter, 3.5% in the second quarter, 3.1% in the third quarter, and 1.5% in the fourth quarter. The pace of economic growth remains stable, with the process of real convergence towards the European Union average continuing, while GDP per capita has almost doubled over the past five years. The highest growth within the structure of domestic GDP in 2025 was recorded in gross fixed capital formation (11.0%) and private consumption (5.3%), indicating stable sources of economic growth in the period ahead. Inflation slowed significantly from double-digit levels recorded in 2022–2023 to an average of 3.9% in 2025, which was in line with the expected, i.e. projected, inflation rate and largely consistent with inflation trends in the region. Viewed by sector, Montenegro continued to record growth in key areas in 2025, accompanied by stronger overall economic activity and increased resilience of the economy. The tourism sector recorded significant results: in 2025, Montenegro was visited by 2.73 million tourists, representing an increase of 4.7% compared to the previous year, while tourism revenues reached EUR 1.48 billion, an annual increase of 1.4%. Construction activity continued to expand, with the value of completed works increasing by 4.5%, while the transport sector also recorded growth, with the number of passengers at Montenegrin airports increasing by 7.4%. In 2025, annual retail trade turnover increased by 7.8%. The labour market continued to show strong positive trends, with the average number of employed persons increasing to 270.3 thousand, or by 5.0%, accompanied by historically low levels of unemployment. The registered unemployment rate reached single-digit levels for the first time in 2025, while, according to the latest data, it stood at 7.84% in May 2026, the lowest level since the restoration of state independence.

A significant increase in wages was also recorded in 2025, with the average net wage amounting to EUR 1,012, representing a 15.5% increase compared to 2024 as a result of the implementation of the Europe Now 2 reform, and almost twice the level recorded in 2020. Real wage growth of around 40% over the past five years places Montenegro among the most dynamic performers compared with the region and the EU. Investment activity remains a strong driver of growth, with foreign direct investment (FDI) continuing to increase. Net FDI inflows amounted to EUR 530.7 million in 2025, representing an increase of 8.0%, while total inflows reached EUR 1.02 billion, with particularly strong growth in investments in companies and banks, as well as in real estate. In 2025, the banking sector maintained a high level of liquidity and recorded increased lending activity, with total loans growing by 14.2% and deposits by 4.0%, alongside a significant increase in newly approved loans. According to the latest statistical data, favourable economic activity dynamics were maintained during the first months of 2026.

The average inflation rate for the first four months of 2026 stood at 3.1%, with the largest contributions to consumer price growth coming from prices in the category “Food and non-alcoholic beverages” (0.96 percentage points) and prices in the category “Housing, water, electricity, gas and other fuels” (0.58 percentage points). Industrial production recorded annual growth of 7.5% in the first three months of 2026, mainly driven by a 27.3% year-on-year increase in electricity generation. The average number of employed persons in the first three months of 2026 amounted to 272.0 thousand, an increase of 4.3% compared to the same period in 2025. The average net wage in the first three months of 2026 amounted to EUR 1,026, representing year-on-year growth of 2.3%, while the average pension paid, including

adjustments, amounted to EUR 556.39 in March, representing annual growth of 3.4%. The registered unemployment rate of the Employment Agency of Montenegro stood at 8.85% in March 2026, representing a decrease of 1.4 percentage points year-on-year.

The banking sector is stable, liquid and highly profitable. At the end of March 2026, total loans amounted to EUR 5,593.8 million, representing annual growth of 15.1%. Newly approved loans amounted to EUR 580.2 million at the end of the first quarter of 2026, an annual increase of 15.5%. Of this amount, loans to businesses amounted to EUR 268.5 million, representing annual growth of 9.0%, while loans to households amounted to EUR 260.0 million, an annual increase of 5.0%. In March 2026, total deposits increased by 5.2%, reaching EUR 5,923.0 million.

Foreign trade in goods amounted to EUR 1,071.8 million in the first three months of 2026, representing an annual decrease of 2.2%. Goods exports, valued at EUR 127.3 million, decreased by 15.2% year-on-year. Within goods exports, decreases were recorded in exports of other transport equipment and machinery by EUR 11.3 million, bauxite ores by EUR 7.3 million, and medical and pharmaceutical products by EUR 2.6 million. On the other hand, electricity exports increased by EUR 2.0 million and exports of food products by EUR 2.5 million. Goods imports amounted to EUR 944.5 million, remaining broadly at the same level as in the first three months of 2025 (-0.1%). The largest shares of imports were accounted for by machinery and transport equipment at EUR 236.5 million (a decrease of 3.0%), food at EUR 179.2 million (an increase of 2.3%), and manufactured goods at EUR 141.9 million (a decrease of 2.5%). According to preliminary data, total FDI inflows in the first two months of 2026 amounted to EUR 132.0 million, 4.0% lower than in the same period of 2025, while investments in companies and banks amounted to EUR 23.2 million, representing annual growth of 47.8%.

Preliminary macroeconomic projections indicate that stable economic growth dynamics are expected to continue. Taking into account the economic growth rate recorded in 2025 in the context of a complex European and global environment, projections for the coming period are based on the continuation of consumption growth, the intensification of the investment cycle and the consistent implementation of policies aimed at economic convergence towards the EU average. A strong support for economic growth will be provided by the Government's strategic commitment to close all negotiating chapters in the EU accession process by the end of 2026, which will further contribute to strengthening the investment environment. According to projections, the Montenegrin economy is expected to grow by 3.1% in 2026, followed by growth of 3.0% in 2027, 3.2% in 2028 and 3.1% in 2029.

Overall, Montenegro enters the 2027–2031 reform period with a relatively favourable macroeconomic and fiscal position, characterised by continued economic growth, stable public revenue performance, moderate inflation, a resilient banking sector and historically low unemployment. At the same time, the country remains exposed to external economic shocks, demographic pressures, fiscal risks related to climate change, as well as increasing requirements arising from the EU accession process and the application of the EU economic governance framework.

These developments highlight the importance of further strengthening macroeconomic and fiscal analysis, medium-term budget planning, fiscal risk management, public debt management, public investment management and results-based allocation of public resources. Therefore, the Public Financial Management Reform Programme aims not only to preserve fiscal stability, but also to strengthen the institutional capacity of the public sector to respond effectively to future

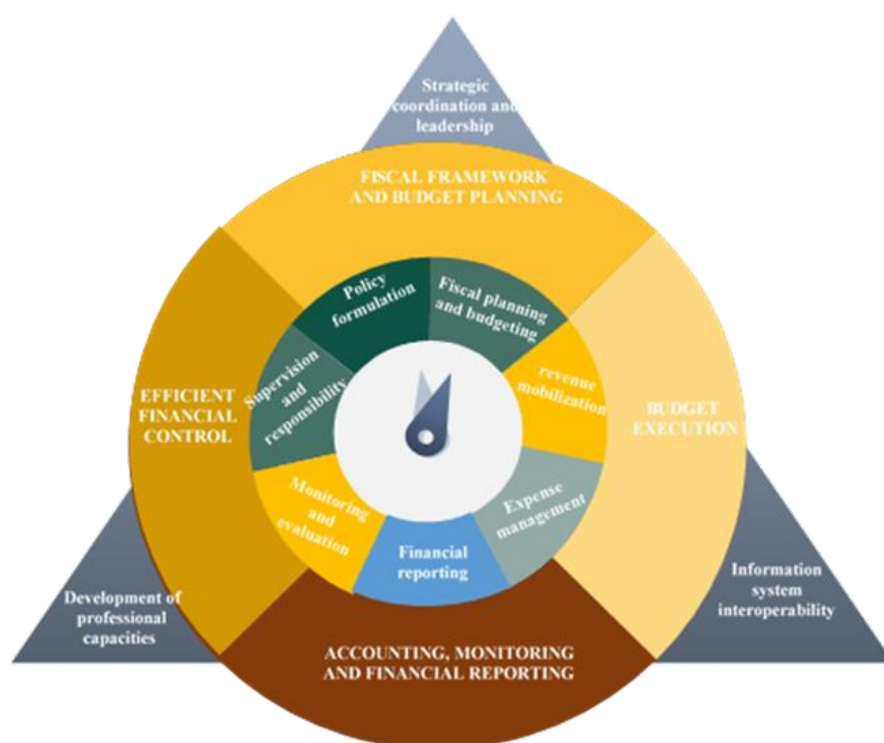
economic and fiscal challenges, while supporting Montenegro’s further alignment with EU standards.

II.2. STRUCTURE OF THE PFM SYSTEM

Public financial management plays a central role in ensuring fiscal sustainability, effective public service delivery and responsible use of public resources and their transparency. Public financial management operates as a continuous cycle that links policy priorities with fiscal planning, revenue mobilisation, expenditure management, financial reporting and monitoring and oversight. Each stage of this cycle contributes to ensuring that public resources are planned responsibly, collected efficiently, used effectively and subject to appropriate control and accountability mechanisms.

Each stage of the public financial management cycle performs a distinct function within the overall fiscal management framework and together they support evidence-based fiscal decision-making and continuous improvement of public financial management (see Figure 1).

Figure 1: PFM System and its core functional cycle



The structure of the Public Finance Management Reform Programme encompasses the four pillars corresponding to the key components of the PFM cycle.

Pillar 1 — Fiscal framework and budget planning

This pillar defines the analytical and institutional foundations of fiscal policy. It ensures that policy priorities are translated into sustainable fiscal plans and realistic budget allocations through macroeconomic analysis, fiscal forecasting, medium-term budgeting, public debt management and strategic prioritisation mechanisms. Fiscal framework and budget planning

cover the main instruments through which the Government determines fiscal space, plans the use of public resources and secures the financing needed to implement fiscal policy.

The role of efficient public debt management as part of fiscal management is to ensure that the Government's financing needs and payment obligations are met at the lowest possible cost over the medium to long term, consistent with a prudent degree of risk. This requires effective management of borrowing operations, the structure of the debt portfolio and exposure to refinancing, interest-rate and currency risks in accordance with the Medium-Term Public Debt Management Strategy.

Pillar 2 — Budget execution

This pillar encompasses tax and customs administration and mechanisms for improving tax compliance and revenue collection as well as it includes the institutional mechanisms that govern how public resources are committed and spent, including public procurement and state aid control.

Effective functioning of this pillar ensures that public revenues are collected efficiently and that public expenditures are executed in accordance with fiscal discipline, transparency and integrity principles.

Pillar 3 — Accounting, monitoring, and financial reporting

This pillar encompasses financial reporting frameworks, accounting systems, treasury and financial management information systems, fiscal transparency mechanisms and public sector asset information.

Reliable and accessible accounting, monitoring, and financial reporting supports fiscal policy analysis, improves decision-making and enables transparency and oversight of public finances.

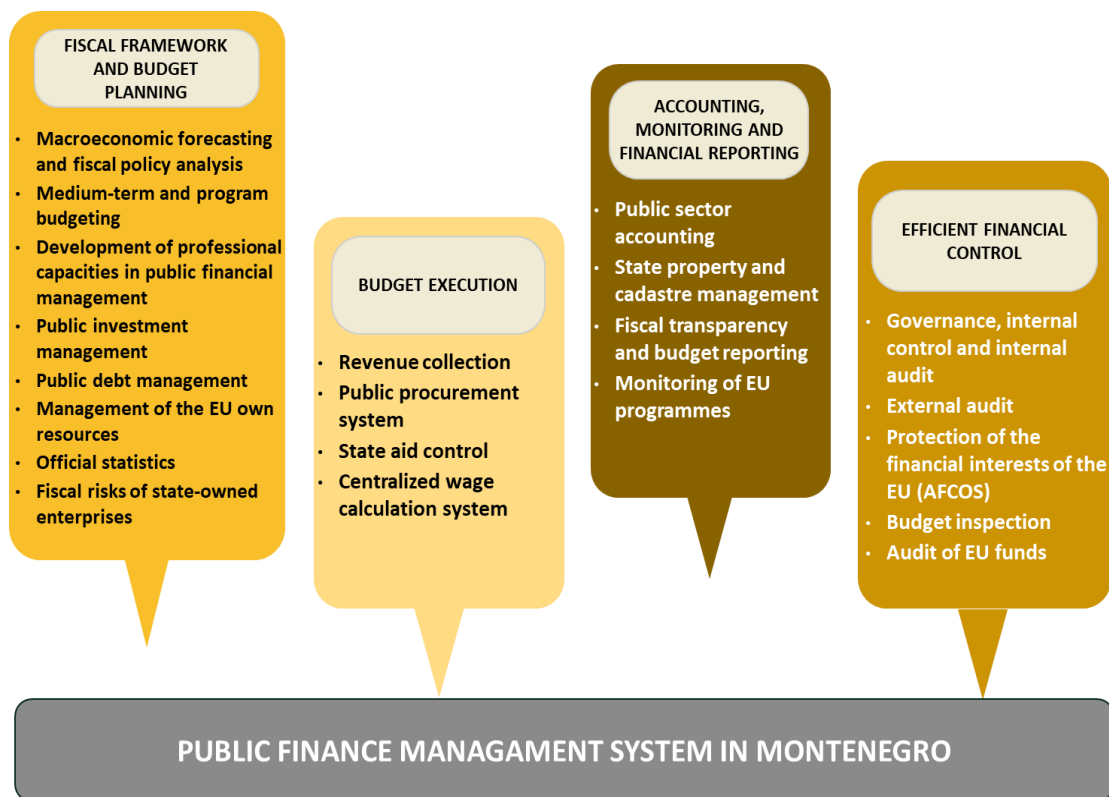
Pillar 4 — Efficient financial control

This pillar includes internal control, as a prerequisite for successful management, internal and external audit, budgetary inspection and the protection of the EU's financial interests.

Strong and efficient internal control contributes to better and more accountable management, and thus to the purposeful use of public resources and ensuring their protection, including the protection of the EU's financial interests. In this way, trust in public institutions is strengthened.

Four pillars of the Program operate as interdependent components of a single public financial management system and support a coherent system in which planning, implementation, monitoring and oversight are closely linked.

Figure 2: The structure of the key functional PFM pillars



In addition to these functional components, the effectiveness of the PFM system depends on cross-cutting enabling factors, including institutional capacity, coordination mechanisms, legal frameworks and the development of integrated information systems.

Strategic coordination and leadership of the PFM system

The effective functioning of the public financial management system requires strong strategic coordination and leadership, mostly exercised by the Ministry of Finance as the key driver of fiscal policy. The Ministry of Finance plays a central role in ensuring coherence between fiscal policy formulation, budget planning, revenue administration, monitoring and reporting and control mechanisms.

In practice, the effectiveness of the PFM system depends not only on formal legal provisions but also on the capacity of institutions to provide strategic direction, coordinate reforms and ensure consistent implementation of fiscal policies and financial management practices across the public sector and from the implementation of the legislative framework in practice.

Strong institutional coordination helps ensure that the different components of the PFM system operate as a coherent whole and that reforms introduced in individual areas contribute to the overall improvement of fiscal governance.

The implementation of public financial management reform in Montenegro represents a shared responsibility of a number of institutions, with the Ministry of Finance playing a central role in coordinating, monitoring and reporting on the implementation of the Public Financial Management Reform Programme.

In addition to the Ministry of Finance, the following institutions are involved in the implementation of reform activities: the General Secretariat of the Government, the Tax Administration, Statistical Office, Environmental Protection Agency, Ministry of Ecology, Sustainable Development and Northern Region Development, Central Bank of Montenegro, Customs Administration, Human Resources Management Authority, Agency for Prevention of Corruption, Commission for the Protection of Rights in Public Procurement Procedures, Agency for the Protection of Competition, Ministry of Spatial Planning, Urbanism and State Property, Administration for State Property, Real Estate Administration, Ministry of European Affairs, State Audit Institution, Audit Authority, as well as other state administration bodies and institutions responsible for specific areas of public financial management, in accordance with their statutory mandates and responsibilities defined by the Programme and the Action Plan.

Professional capacity development in public finance management

The effective functioning of the public financial management system also depends on the availability of qualified professionals capable of implementing complex fiscal policies and financial management.

Many PFM reforms require specialised analytical, financial, legal and IT expertise. Experience from previous reform programmes shows that capacity constraints in public administration can significantly slow down reform implementation and limit the effectiveness. For this reason, the reform programme supports the establishment of a structured institutional system for professional capacity development in public financial management. Strengthening professional capacities across institutions involved in fiscal governance will help ensure that reforms are implemented effectively and sustained over time.

Interoperable public financial management information systems

Modern public financial management increasingly relies on digital information systems supporting fiscal planning, revenue administration, expenditure management, financial reporting and monitoring of public funds as well as budget transparency.

In Montenegro, several key systems have been developed across different areas of the PFM framework, including systems for budget preparation, accounting, revenue administration, customs operations, public procurement and EU funds management. However, these systems have historically evolved separately and are not always fully interoperable.

Fragmentation of information systems limits the ability of institutions to share financial data, perform comprehensive fiscal analysis and monitor public expenditure efficiently. Strengthening interoperability between public financial management information systems is therefore essential for improving the effectiveness of fiscal management.

Integrated financial data systems enable reliable exchange of information across institutions and support more effective fiscal planning, monitoring, reporting, transparency and accountability.

II.3. PILLAR-BASED SITUATION ANALYSIS

This chapter includes a detailed analysis of the public financial management system across the four reform pillars. For each pillar, the chapter provides an overview of the existing institutional and regulatory framework, highlights the main developments achieved during previous reform cycles, identifies key challenges affecting its functioning and defines the corresponding reform needs.

The preparation of the situation analysis for the purposes of the Public Financial Management Reform Programme drew on relevant national and international data sources, including official statistical and administrative data provided by the competent institutions, available reports and analyses of international organisations, the findings of relevant assessments, as well as data and information collected through consultations with institutions involved in the implementation of reform activities.

The Mid-Term Evaluation of the Public Financial Management Reform Programme 2022–2026 and the accompanying Action Plan, conducted in the second half of 2025, showed that the reform remains highly relevant for Montenegro, particularly with regard to improving fiscal sustainability, transparency, budget planning and execution, the internal control and audit systems, as well as alignment with the European Union acquis. The effectiveness and efficiency of the reform were assessed as partial, given that a significant number of activities are still under implementation, with delays in legislative and IT-related activities, limited administrative capacities, staff turnover, and interdependencies among individual reform measures. At the same time, significant results have been achieved in the areas of the budget information system, gender-responsive budgeting, public procurement, fiscalisation, and strengthening control mechanisms. The sustainability of reform results depends on continued political and institutional support, the provision of adequate financial, IT and human resources, the completion of the necessary legislative framework, and capacity building, particularly at the local level.

Based on the evaluation findings, recommendations were formulated for the remaining implementation period and for the preparation of the new Public Financial Management Reform Programme for the period starting in 2027. It was recommended that the new Public Financial Management Reform Programme and Action Plan for the period starting in 2027 retain the existing four areas and the majority of relevant operational objectives, while further improving them through the redefinition, prioritisation and consolidation of activities, the removal of outdated activities, and the introduction of new activities where identified needs exist. Particular attention should be paid to improving the system of indicators and monitoring, including the development of clearer and more measurable indicators, the establishment of baseline values and realistically ambitious target values, the introduction of impact indicators, and the development of an “indicator passport”, in order to enable more effective monitoring, reporting and evaluation of the reform.

It is also recommended to strengthen the capacities of working team members in the areas of strategic planning, activity and indicator design, as well as in linking the results of activities with outcomes and the overall impact of the reform. The existing coordination and monitoring model should be maintained, with adjustments made as necessary to accommodate potential institutional changes. Public financial management reform should be treated as a continuous and

long-term process, with adequate resources and capacities ensured to enable the system to respond in a timely manner to economic, political and other external challenges.

II.3.1. PILLAR: FISCAL FRAMEWORK AND BUDGET PLANNING

Fiscal governance in Montenegro is implemented through a set of interconnected functions that support macroeconomic and fiscal policy formulation and implementation, medium-term budgeting and monitoring of fiscal developments. These functions include macroeconomic and fiscal analysis, medium-term and programme budgeting, public investment management, public debt management, statistical systems relevant for fiscal policy, and preparation for participation in the European Union Own Resources system.

In recent years, significant progress has been made in strengthening the legal, methodological and institutional framework across these areas, including improvements in the medium-term budget framework, development of analytical tools, strengthening of public investment management procedures and initial steps toward monitoring fiscal risks.

Despite these developments, these functions remain at different stages of maturity and do not yet operate as a fully integrated analytical and planning framework. In this context, further analysis focuses on the functioning of individual components of fiscal governance and the challenges affecting their effectiveness and integration.

MACROECONOMIC FORECASTING AND FISCAL POLICY ANALYSIS

The Ministry of Finance plays a central role in monitoring macroeconomic developments and preparing macroeconomic projections that support fiscal policy formulation and budget planning in Montenegro. Within the Ministry, the Directorate for Macroeconomic and Fiscal Analysis and Projections is responsible for preparing annual and medium-term macroeconomic projections, which constitute a key analytical input for the Fiscal Strategy, the Economic Reform Programme and the medium-term budget framework.

Macroeconomic projections are developed using an established analytical modelling framework. The core tool is the Montenegrin Macroeconometric Model (MMM), which consists of modules used to generate baseline projections and to assess the potential impact of structural reforms on key macroeconomic indicators. The model covers the real, fiscal, external and financial sectors, including labour market developments, enabling integrated macroeconomic analysis and preparation of alternative scenarios.

In addition to the MMM model, complementary analytical tools are used to assess alternative growth scenarios and external shocks, particularly those related to tourism performance and investment dynamics. Further strengthening of the analytical framework has been supported through international cooperation, including the introduction of additional tools for medium-term macroeconomic projections, short-term projections (nowcasting) of key indicators and assessment of macroeconomic risks, with the introduction of four newly established models that allow for more precise and comprehensive economic analysis. The Macro-Structural Model for Montenegro supports the preparation of medium-term macroeconomic projections and simulates the impact of economic policies. The GDP Nowcasting Model provides short-term estimates of current economic activity based on high-frequency indicators, while the Inflation Nowcasting Model delivers projections of inflation trends to support fiscal planning and risk

assessment. Finally, the Recession Risk Assessment Model enables the timely identification of potential recessionary developments.

Institutional capacity for macroeconomic analysis has also been strengthened through technical assistance and investments in analytical infrastructure and staff training. In parallel, the Ministry of Finance has taken initial steps to strengthen fiscal risk monitoring within the macro-fiscal framework, including the introduction of internal procedures for fiscal risk identification and the preparation of a consolidated Fiscal Risk Register.

Macroeconomic projections and fiscal analyses prepared by the Ministry of Finance serve as key inputs for strategic and planning documents, including the Fiscal Strategy, the Economic Reform Programme and other policy documents related to Montenegro's EU integration process.

Despite these developments, several structural challenges continue to affect the quality, consistency and long-term sustainability of macroeconomic projections and fiscal analysis. Although a range of modelling tools is available, the methodological framework for model management, validation and updating remains insufficiently standardised. The absence of clearly defined procedures for model recalibration, validation and documentation may affect the consistency and comparability of projections over time. Increasing complexity of macroeconomic analysis associated with Montenegro's EU integration process requires further methodological development and strengthening of analytical capacities. Macroeconomic projections must increasingly incorporate structural reforms, financial sector developments and evolving macroeconomic risks, requiring more advanced analytical approaches and modelling techniques. In addition, effective macroeconomic analysis depends on the availability and consistency of statistical and administrative data. Ensuring reliable data flows and coordination with institutions responsible for producing macroeconomic and fiscal statistics remains an important precondition for maintaining the quality of projections and analysis. In recent years, significant progress has been made in strengthening the legal, methodological and institutional framework in these areas, including improving the medium-term budgetary framework, developing analytical tools, strengthening procedures for public investment management and taking the first steps towards systematic monitoring of fiscal risks.

The analytical framework remains largely focused on medium-term projections. The preparation of long-term macro-fiscal projections, including analysis of the fiscal implications of demographic trends, climate change and the sustainability of pension and health care systems, requires further methodological development and specialised analytical tools.

Finally, the availability of specialised analytical expertise remains a constraint. Advanced macroeconomic modelling and fiscal analysis require specific econometric and analytical skills, which need to be further strengthened to ensure the effective use and sustainability of the analytical framework.

MEDIUM-TERM AND PROGRAMME BUDGETING

Montenegro has established a Medium-Term Budget Framework (MTBF) based on a three-year fiscal planning horizon in accordance with the Budget and Fiscal Responsibility Law. The MTBF provides macro-fiscal projections and expenditure ceilings and forms the basis for annual budget preparation.

In 2025–2026, coordinated reforms have been advanced to improve the functioning of the MTBF. These include improvements in calendar sequencing, alignment of strategic action plans with programme budgeting, strengthening of costing practices and introduction of structured prioritisation tools within the MTBF process. The revised calendar ensures that new policy and capital project proposals are submitted through a single, timely process, enabling the Ministry of Finance to review the full set of proposals before setting expenditure ceilings and strengthening the prioritisation function of the MTBF.

Updated templates and instructions have been introduced, including improvements to the new policy proposal template and the development of a structured prioritisation approach for assessing additional financing requests. Capacity-building activities have been implemented to support the application of these tools across budget user institutions.

In parallel, improvements to the strategic planning framework have been developed in cooperation with the General Secretariat of the Government. The revised Strategic Planning Methodology and harmonised Action Plan template are designed to ensure alignment with programme budgeting and MTBF requirements, including a three-year horizon, annualised costing and linkage to programme and sub-programme classifications. Amendments to the relevant legal framework are envisaged to consolidate these reforms and ensure coherence between strategic planning and budgeting systems.

Additionally, work on a national costing methodology, which will be an integral part of the revised manual for strategic planning, in order to strengthen the analytical basis of policy proposals and support more consistent preparation of medium-term budget submissions.

Despite these improvements, structural challenges remain in ensuring that the MTBF functions as an effective prioritisation and policy-anchoring instrument.

Although programme budgeting and strategic planning frameworks are increasingly aligned, the linkage between strategic objectives and budget execution remains only partially institutionalised. While new policy proposals are required to demonstrate strategic alignment and costing, the MTBF process remains predominantly forward-looking and financially oriented.

Performance information is not systematically integrated into budget decision-making. Performance indicators on all levels of program classification are defined, but there is no consistent requirement to assess achieved results together with financial execution during MTBF preparation. As a result, the medium-term budget framework is not consistently based on data on results and outcomes.

Programme budgeting is formally applied across central budget institutions. Performance indicators on all levels of the program classification are defined within programme budgeting; however, performance monitoring is not yet systematically integrated with financial execution analysis. Strategic performance monitoring is conducted through ISPI, while financial monitoring is conducted through BMIS/Treasury systems, which are currently not interconnected. Limited interoperability between these systems constrains the analytical use of both performance and financial data.

In addition, the MTBF framework does not yet include structured tools for assessing the efficiency and effectiveness of public spending. Decisions on resource allocation are primarily

based on forward-looking costing and policy alignment, rather than systematic analysis of performance and value for money. The quality and comparability of new policy proposals remain uneven.

The MTBF framework also requires further legal consolidation and institutional strengthening in order to ensure predictability, credibility and consistent application of the revised procedures.

PROFESSIONAL CAPACITY DEVELOPMENT

Professional capacity development of public administration officials in Montenegro is centrally coordinated by the Human Resources Management Authority (HRMA), which is responsible for organising and implementing training programmes across government institutions.

Capacity development activities related to public finance management are currently delivered through a combination of HRMA training programmes, institution-specific initiatives and donor-supported projects. These activities cover areas such as strategic planning, programme budgeting, gender-responsive budgeting, public sector accounting, public procurement, internal audit, public investment management and related analytical tools.

The Public Administration Reform framework recognises continuous professional development as a key element of effective and accountable public administration. At the same time, monitoring reports and external assessments highlight the need to strengthen coordination of training activities, improve sustainability and ensure better alignment of training with institutional needs.

Despite the availability of training opportunities, capacity development in public finance management remains fragmented. Training activities are often implemented within limited project cycles, and materials and expertise developed through donor-supported reforms are not always systematically integrated into a sustainable professional development framework.

In addition, the availability of qualified trainers with direct operational experience in specialised PFM areas remains limited. Public finance management reforms increasingly require specialised knowledge and practical experience in areas such as medium-term budgeting, costing, performance-informed budgeting and public investment management.

As of end-2026, capacity development in the PFM area is organised through horizontal training mechanisms and project-based arrangements, without a consolidated sector-specific framework.

Ensuring consistent application of methodologies, retaining institutional knowledge and developing specialised expertise across institutions require a more structured and sustainable approach to professional capacity development.

PUBLIC INVESTMENT MANAGEMENT

Public investment management in Montenegro is regulated by the Budget and Fiscal Responsibility Law and secondary legislation governing the preparation of the capital budget.

Recent amendments of the legislation introduced a dedicated legal framework for the management of capital projects and public investments, standardising key elements of the public investment management system. The legal framework establishes the basis for capital budgeting procedures, defines institutional roles in project evaluation and implementation, and introduces requirements for the preparation and selection of capital projects. It also provides the foundation for the development of an electronic Public Investment Register and recognises the role of central coordination mechanisms in public investment management.

The Decision on the Preparation of the Capital Budget, together with accompanying methodological guidelines and standardised project documentation, operationalises the full investment cycle, including project preparation, appraisal, selection, implementation and monitoring. Project appraisal procedures are aligned with international principles and incorporate cost-benefit analysis methodologies for projects entering the capital budgeting process.

Planning of capital expenditures is integrated into programme budgeting and the medium-term budget framework, and quarterly reporting on capital budget execution has been introduced. Institutional capacity has been strengthened through the establishment of dedicated structures within the Ministry of Finance and the introduction of coordination mechanisms for managing the public investment portfolio.

Digitalisation of public investment management will be improved through the development of the Public Investment Management Information System (PIMIS) and the public transparency platform “Map of the Public Investments of Montenegro”, which are expected to support improved monitoring and transparency of capital projects.

Despite these improvements, several challenges remain in ensuring consistent implementation of the strengthened framework.

A key challenge relates to the uneven application of project maturity and appraisal requirements. Although legal provisions define clear procedures, practice shows that not all capital projects included in the annual Budget Law completely meet defined maturity criteria, which affects implementation efficiency and execution performance. In addition, institutional capacity for project appraisal and analytical review remains limited, particularly in relation to complex projects and at the local government level. Appraisal processes are not yet fully institutionalised and continue to rely partly on external expertise.

Monitoring systems have improved; however, digital tools are not yet fully operational and integrated, limiting traceability of projects across the full investment cycle. Systematic ex-post evaluation of completed projects is not yet fully developed, reducing the ability to assess effectiveness and inform future investment decisions.

In relation to the public-private partnerships (PPP), while the legal framework is in place, further strengthening of analytical capacity and risk assessment practices is required to ensure that PPP projects are prepared and implemented in line with fiscal responsibility principles.

PUBLIC DEBT MANAGEMENT

Public debt management in Montenegro is carried out by the Ministry of Finance through the organisational unit responsible for public debt management and analysis. The institutional structure has been strengthened through internal reorganisation and the establishment of dedicated functions for debt management, servicing and risk analysis.

Public debt policy is guided by the Medium-Term Public Debt Management Strategy 2025-2027, which defines the main objectives of borrowing policy, including optimisation of borrowing costs, extension of the maturity profile and management of interest rate and currency risks.

Implementation of the Strategy has contributed to improvements in the structure of the public debt portfolio, including the extension of the average maturity of public debt and the maintenance of a relatively stable weighted average interest rate despite challenges on international financial markets. The debt portfolio also reflects a very low level of currency risk, as almost the entire stock of public debt is denominated in euros, while residual foreign-currency exposure remains limited and largely mitigated through hedging arrangements.

Public debt management is supported by regular analysis of key indicators, including maturity structure, interest rate composition and currency exposure, as well as by an information system used for recording debt transactions, analysing the structure of the debt portfolio and preparing analytical reports required for debt management and fiscal reporting.

The institutional framework is further supported through cooperation with international financial institutions and partners, particularly in the development of analytical methodologies and debt management strategies.

Despite these improvements, several structural challenges continue to affect the effectiveness of public debt management.

Public debt dynamics are influenced by external factors such as international financial market conditions and geopolitical risks. These factors limit direct control over debt parameters and require flexible and proactive debt management policies.

Institutional capacity constraint represents an additional challenge. A significant proportion of systematised positions within the responsible organisational unit remain unfilled, which represents a challenge in performing increasingly complex analytical and operational tasks.

The information system supporting public debt management currently provides only basic analytical and reporting functionalities. Further development of the system is required to improve data management and to enable more advanced analysis of the debt portfolio.

MANAGEMENT OF THE EU OWN RESOURCES

Negotiations in Chapter 33 (Financial and Budgetary Provisions) forms part of Montenegro's obligations in the EU accession process and relates to readiness for participation in the EU Own Resources system. This requires the capacity to calculate, report and transfer contributions in accordance with EU legal and methodological requirements.

A legal and regulatory framework for the management of EU Own Resources has been established. Amendments to the Law on Budget and Fiscal Responsibility introduced the basis for planning and execution of obligations related to EU Own Resources, followed by the adoption of a Regulation on the detailed procedure for planning funds paid by Montenegro into the European Union Budget ("Official Gazette of Montenegro", No. 74/23), defining detailed procedures for planning, calculation, payment and reporting.

Based on this framework, Guidelines for the management of own funds of the European Union in Montenegro and a list of competent institutions have been adopted, defining roles and responsibilities across the system. The system involves multiple institutions responsible for data provision, calculation and reporting, including the Ministry of Finance, Tax Administration, Customs Administration, Statistical Office, Ministry of Ecology, Sustainable Development and Northern Region Development and other relevant bodies.

Initial steps have been taken to support system development, including analytical preparation, participation in the EU screening process and initial development and upgrade of IT solutions related to components of EU Own Resources.

A key challenge relates to strengthening of administrative capacities for coordination and establishing a system of own resources through increasing the number of employees in relevant institutions.

In addition, further development of IT and data management systems is required to support the collection, validation and reporting of data necessary for the calculation of EU Own Resources. Solving these challenges will enable a stable and accounting and reporting process.

OFFICIAL STATISTICS

A high level of methodological alignment of the statistical system of Montenegro with the EU acquis in the field of official statistics has been achieved. This supports the production of macroeconomic data in accordance with ESA 2010 methodology and contributes to the overall analytical framework for economic and fiscal policy.

Negotiations under Chapter 18 – Statistics focus on alignment with a comprehensive body of EU legislation and are closely linked with Chapter 17 – Economic and Monetary Union, particularly in relation to the production of government finance statistics and excessive deficit procedure data, as well as Chapter 33 Financial and budgetary provisions regarding the calculation of GNI-based own resources.

The Statistical Office of Montenegro has established production and regular transmission of government finance statistics to Eurostat, including preparation of time series from 2006 onwards and submission of data through the SDMX platform in the required format.

Institutional arrangements have been strengthened by amendments to the Law on Official Statistics and the System of Official Statistics and by the adoption of the Agreement on Cooperation in the Field of General Government Accounts Statistics and Related Statistics between the Statistical Office, the Central Bank of Montenegro and the Ministry of Finance. In this context, a Protocol on Cooperation between these three institutions has been established. In accordance with the provisions of the Agreement, a Steering Committee for the

Implementation of the ESA Methodology in the Field of Government Finance Statistics and the Excessive Deficit Procedure (EDP) has been established, consisting of representatives of all three institutions. These arrangements define the responsibilities of the signatories to the Agreement for the production and exchange of data in the field of government finance statistics.

Progress has also been made in developing key statistical outputs, including work on development of a sectoral classification of institutional units in accordance with the ESA methodology, preparation of the GNI inventory and development of excessive deficit procedure reporting.

The key challenge remains in ensuring the continued completeness, consistency and regularity of statistical data transmission to Eurostat. Although significant datasets have been developed and submitted, the development of the production system continues in order to ensure greater coverage of all required data.

Further methodological improvements are also aimed at strengthening the data production system in the area of national and sectoral accounts in order to ensure their consistency with government finance statistics data, as well as at developing supply and use tables and input-output tables, with the aim of international data comparability.

In addition, institutional and human capacities remain a constraint. The production of government finance statistics and national accounts requires additional human resources and specialised expertise, in order to ensure continuous methodological development while further strengthening the already established cooperation with statistical producers.

Addressing these challenges will ensure the completeness, reliability and sustainability of official statistics and to support Montenegro's obligations under EU accession.

FISCAL RISKS OF STATE-OWNED ENTERPRISES (SOE)

The Ministry of Finance is responsible for monitoring and analysing fiscal risks arising from companies in majority state ownership. This function has become increasingly important in the context of strengthening fiscal sustainability and transparency of public finances.

In recent years, the Government of Montenegro has initiated a broader reform of the SOE sector aimed at improving the regulatory and institutional framework for the management of companies in majority state ownership. This includes the preparation and adoption of a new Law on the Management of State-Owned Enterprises, the development of a state ownership policy and the establishment of a strategic framework for managing the SOE portfolio.

Within this broader reform context, the role of the Ministry of Finance is focused specifically on identifying, monitoring and reporting fiscal risks arising from business operations of SOEs. Since 2023, the Ministry has undertaken initial steps to strengthen this function, including the development of a methodological framework for assessing fiscal risks from SOEs in cooperation with international partners. Analytical tools have been introduced to support the assessment of financial performance and identification of potential fiscal risks.

Based on available financial reports, the Ministry has conducted analyses of the operations of SOEs and prepared aggregate report on operations of the SOE sector, including the Statement on

Fiscal Risks of the State-Owned Enterprise Sector. The Ministry plans to update this statement on a regular basis with an expanded scope of data.

The institutional framework is being further strengthened through the introduction of clearer reporting obligations for SOEs, including the submission of annual financial plans, multi-year plans and regular business reports to the Ministry of Finance.

In parallel, steps are being taken to strengthen analytical and technical capacities, including the planned development of an information system for collecting and processing financial data and measures aimed at reinforcing staff capacities in financial analysis and fiscal risk assessment.

Despite this progress, the system for monitoring fiscal risks from SOEs remains at an early stage of development. A key challenge relates to the availability, timeliness and consistency of financial data. The absence of a fully operational system of regular and standardised reporting limits the ability to conduct timely and comprehensive analysis of fiscal risks. In addition, the current analytical framework and methodologies require further development in order to support systematic identification, assessment and monitoring of fiscal risks arising from the SOE sector. Institutional capacity represents an additional constraint, as the available human and analytical resources remain limited relative to the complexity of financial analysis required.

II.3.2. PILLAR: BUDGET EXECUTION

In recent years, substantial progress has been made in strengthening the legal, institutional and digital frameworks in the areas of tax and customs administration, public procurement, state aid control and centralized wage calculation system, including alignment with European Union acquis, development of modern information systems and improvements in transparency and work procedures.

However, the practical functioning of these systems remains partially uneven. In spite of limitations in analytical capacity and incomplete use of digital tools, institutions responsible for implementing this area of public policy are making maximum efforts to achieve the set goals, with a high degree of efficiency in their work.

Further analysis focuses on the operational performance of these systems and the key challenges affecting their effectiveness, integrity and consistency in practice, for further improvement and adoption of good international practice.

REVENUE COLLECTION

The revenue administration system in Montenegro is implemented through the Tax Administration and the Customs Administration, which are responsible for the assessment, control and collection of taxes, duties and other public revenues, as well as for taxpayer services, inspection supervision and administrative cooperation in taxation and customs matters.

The competencies of the Tax Administration are defined by the Law on Tax Administration, other laws and secondary legislation governing rights and obligations of the tax authority and taxpayers, as well as individual tax procedures, and in particular the determination of tax liabilities and collection, inspection supervision and cooperation with other competent

authorities, supporting Montenegro's alignment with Chapter 16 – Taxation of the EU acquis. The Customs Administration operates within the legal framework governing customs procedures and is responsible for the application of customs legislation, border control and the collection of customs duties and excises, thereby contributing to compliance with Chapter 29 – Customs Union requirements.

The work of the Tax Administration is guided by the strategic document Business Strategy of the Tax Administration 2024-2028, which sets three strategic goals, which relate to the digitalization and modernization of business processes, development of human resources and the encouragement of voluntary compliance with tax obligations through the development of a partnership between the Tax Administration and taxpayers.

Human resources development is supported by the Human Resources Management Strategy 2025-2028, with the strategic goals of long-term personnel planning, professional development, training and professional development and performance assessment, rewarding and advancing employees, as well as the Strategy for Professional Development, Training and Professional Development of Tax Administration Employees 2026-2028, with three strategic goals, aimed at comprehensively improving the knowledge and competencies of employees, namely: continuous professional development, training and professional development, introduction of new training programs and systems, and digitalization of the training process.

Inspection supervision within the Tax Administration is carried out with the objective of verifying the accuracy of tax declarations and identifying undeclared tax liabilities. Institutional cooperation mechanisms are established with law enforcement and judicial authorities for addressing tax-related offences.

Considering the need for more effective use of tax inspection resources and the limited number of tax inspectors, the Tax Administration continues its efforts to improve risk analysis procedures, with a tendency to digitalize this process to the greatest extent possible, with the aim of directing inspection supervision towards high-risk taxpayers.

In recent years, both the Tax Administration and the Customs Administration have undergone significant organisational and digital reforms aimed at strengthening operational capacities. The Tax Administration has introduced a new Integrated Revenue Management System (IRMS), which digitalises core tax administration processes, including taxpayer registration, processing of tax returns, payment management and compliance monitoring. The system also supports digital taxpayer services through an electronic portal enabling interaction between taxpayers and the administration.

In addition to the digitalization of services that minimize the administrative burden in fulfilling tax obligations, the Tax Administration's activities aimed at encouraging voluntary compliance with tax obligations also include:

- Conducting continuous and, if necessary, intensive (e.g., periods of adoption of new legal norms) educational briefings, campaigns and educational events with taxpayers through associations that bring together taxpayers and their representatives - the Chamber of Commerce, the Employers' Union, the Institute of Certified Public Accountants and the Institute of Accountants and Auditors, etc.

- Interactive direct communication with taxpayers by providing services by answering questions in writing and via telephone contact

- Preparation and distribution of educational materials intended for taxpayers according to categories and tax areas that are the focus of individual Government policies in the field of taxation.

In parallel, the Electronic Fiscalisation System provides real-time transaction data, while the Data Warehouse system enables storage and analysis of data from fiscalisation and other administrative sources. Systems supporting international administrative cooperation in taxation have also been developed in line with OECD standards and EU directives.

In the customs sector, the Customs Administration is implementing IT modernisation projects aligned with EU systems, including the Automated Export System (AES), the Import Control System 2 (ICS2) and the Excise Movement and Control System (EMCS). These systems are complemented by additional IT solutions integrated into the national customs information system. These reforms support Montenegro's obligations under the EU accession process, particularly in the area of taxation and customs, which require strengthening administrative, technical and operational capacities in line with EU standards.

Despite this progress, several operational challenges remain in ensuring the full effectiveness of revenue administration.

A key challenge relates to the limited use of analytical tools, given that risk analysis is not fully digitalized, and the selection of controls is still performed by tax officers by analysing taxpayer data from the database at the level of individual cases, which is why inspection activities are not fully targeted at taxpayers with the highest risk. Furthermore, specialised methodologies for detecting undeclared income and analysing the origin of assets are still under development, limiting the capacity to address complex forms of tax evasion, including those involving cross-border activities and sophisticated ownership structures.

Interinstitutional cooperation between the Tax Administration, Customs Administration, law enforcement and judicial authorities requires further strengthening in order to improve the effectiveness of investigations related to tax and customs offences.

Human resource capacity represents an additional constraint. Despite recent recruitment efforts and strategic human resource development, shortages of specialised staff remain in areas such as data analytics, international taxation, transfer pricing, digital auditing and customs risk analysis. At the same time, expected retirements may further affect operational capacity.

The newly introduced Integrated Revenue Management System is still in an early phase of operational use and requires further stabilisation and optimisation to support advanced compliance management functions. Similarly, the Data Warehouse currently integrates a limited number of data sources and does not yet provide comprehensive analytical support for risk-based compliance management.

In the customs sector, the implementation of EU-compatible IT systems is ongoing and requires continued efforts to ensure full technical integration and effective operational use, supported by adequate training of customs officials.

Addressing these challenges requires strengthening analytical capacities, improving the integration and use of administrative data, and ensuring the full operational use of digital systems to support voluntary compliance with tax and customs regulations.

PUBLIC PROCUREMENT SYSTEM

The public procurement system in Montenegro is governed by the Law on Public Procurement and a set of implementing regulations that define procedural rules and operational aspects of procurement procedures. The system is supported by the Electronic Public Procurement System (CEJN), which serves as the central platform for conducting procurement procedures, including the publication of documentation, submission of bids, contract award decisions and reporting.

Legal protection in procurement procedures is ensured through the Commission for the Protection of Rights in Public Procurement Procedures, which acts as an independent second-instance body responsible for deciding on complaints related to public procurement and public-private partnership procedures. Its decisions are subject to judicial review before the Administrative Court of Montenegro.

The strategic framework for further development of the system is defined by the Public Procurement and Public-Private Partnership Strategy 2026–2030, which sets priorities related to improving efficiency, strengthening competition, further digitalisation, enhancing institutional capacities and ensuring transparency in the use of public funds.

In recent years, significant progress has been achieved in strengthening the regulatory and institutional framework of public procurement. The introduction of the electronic procurement system has improved transparency and accessibility of procurement procedures, and alignment with the EU acquis has advanced substantially.

Upon the provisional closure of Chapter 5 – Public Procurement in the EU negotiations, Montenegro's public procurement system has been confirmed to meet European standards. Maintaining this alignment, strengthening institutional capacity, and continuing reforms will ensure the sustainability of the achieved results.

Further efforts are required to ensure the maintenance of the effective functioning of the system in line with EU standards.

A key challenge relates to the limited analytical and monitoring functionalities of the electronic procurement system. Although CEJN covers all procurement procedures, its capacity to support automated detection of irregularities, advanced data analytics and effective monitoring remains underdeveloped. In addition, further strengthening of integrity safeguards is necessary. While the regulatory framework is evolving, the system still requires stronger mechanisms for identifying and preventing irregularities in procurement procedures.

Administrative capacity represents another challenge. Although the number of certified procurement officers has increased, practical skills related to procurement planning, preparation of technical specifications, contract management and market analysis remain uneven across institutions.

The effectiveness of the complaints system also depends on further strengthening of administrative capacities and continued digitalisation of case management processes within the Commission for the Protection of Rights in Public Procurement Procedures.

Addressing these challenges requires strengthening digital monitoring tools, improving integrity safeguards and further professionalising the public procurement function across institutions.

STATE AID CONTROL

The state aid control system in Montenegro is regulated by the Law on State Aid Control adopted in 2025, together with a set of implementing regulations defining procedures for notification, assessment and monitoring of state aid measures. This framework establishes the legal and institutional basis for the functioning of the state aid control system and reflects a high level of alignment with European Union state aid rules.

State aid control represents an integral part of Montenegro's competition policy and a key element of the EU accession process, particularly under Chapter 8 – Competition Policy. The system aims to ensure fair competition, fiscal discipline and legal certainty for economic operators in the internal market.

The institutional framework for state aid control provides for the assessment and supervision of state aid measures in accordance with national legislation and EU rules. Standardised reporting forms aligned with EU requirements have been introduced in order to support the notification and assessment of state aid measures and to improve the analytical basis for decision-making.

The legislative and institutional framework for state aid control is well established and provides a solid basis for further development of the system. Despite this progress, the main challenges relate to the consistent implementation and practical application of state aid rules.

A key challenge concerns the need for continuous monitoring and timely alignment with evolving EU state aid acquis. European Union rules in this area are regularly updated through new regulations, guidelines and Commission decisions, requiring continuous adaptation of the national system. In addition, the increasing complexity of individual state aid cases requires more advanced analytical and methodological capacities. Complex aid schemes and sector-specific measures often require detailed legal and economic assessment, placing additional demands on institutional capacities.

Institutional capacity represents a further constraint. The available human and analytical resources remain limited relative to the growing complexity of cases and the requirements for applying EU-aligned reporting and assessment methodologies. The system also lacks a standardised methodological framework for evaluating the effects of granted state aid, which limits the ability to assess the efficiency and economic impact of state aid measures.

If these challenges are not addressed, there is a risk of prolonged procedures, inconsistent application of rules and reduced legal certainty for economic operators. Addressing these

challenges requires strengthening analytical capacities, introducing methodological tools and ensuring continuous alignment of the system with evolving EU state aid rules.

CENTRALIZED WAGE CALCULATION SYSTEM (COZ)

The Centralized Wage Calculation System (COZ) represents one of the most significant reforms implemented in the area of payroll administration and expenditure management during the period covered by the PFM Programme 2022–2026. The reform was initiated to establish a unified and centralized system for salary calculation across public sector entities whose employees are financed from the Budget of Montenegro, with the objective of ensuring consistent application of legislation, strengthening expenditure control and improving the quality of payroll-related reporting.

Following a period of intensive development and implementation during 2024–2026, the system is expected to achieve full institutional coverage by the end of 2026 through the inclusion of all remaining entities within the originally planned implementation scope. The completion of this process will fulfil the operational objective established under the PFM Reform Programme 2022–2026 related to the establishment and full implementation of the Centralized Wage Calculation System.

The implementation of the system has already generated significant benefits for public financial management. By introducing a single methodology and automated calculation procedures, the system strengthens legal certainty and ensures equal application of salary regulations across the public sector. The transition from manual processing to automated calculation reduces the risk of error, improves operational efficiency and contributes to more reliable payroll administration. At the same time, centralized data management enables more comprehensive monitoring of wage expenditures, improves reporting quality and strengthens managerial oversight of one of the largest categories of public expenditure.

The completion of system implementation marks the transition from a reform phase to a phase of regular operation, maintenance and continuous improvement. The necessary administrative capacities and financial resources for maintaining and upgrading the system have been integrated into the regular institutional framework and budgetary planning processes.

Although the primary reform objective has been achieved, the system remains an important component of Montenegro's public financial management architecture and contributes to the efficiency, transparency and control of public expenditure management. Any future reform initiatives in this area will depend on the scope and direction of broader reforms of the public sector wage system, which fall outside the scope of this Programme.

II.3.3. PILLAR: ACCOUNTING, MONITORING, AND FINANCIAL REPORTING

Accounting, monitoring, and financial reporting within the public financial management system in Montenegro are supported by a set of information systems and data frameworks that enable recording, reporting and dissemination of financial and non-financial data. These include accounting and financial reporting systems, systems for managing non-financial state assets, digital tools for budget transparency and information systems supporting the monitoring of European Union funds.

In recent years, important progress has been made in establishing the legal and technical foundations of these systems, including the development of regulatory frameworks, preparation of digital solutions and initial steps toward improving data availability and accessibility.

At the same time, many of these systems remain partially developed and fragmented, with limited interoperability and incomplete data coverage. This constrains the effective use of information for decision-making, reduces transparency and limits the potential of digital tools.

Further analysis focuses on the functioning of individual information systems and the challenges related to their integration, usability and role in supporting public financial management.

PUBLIC SECTOR ACCOUNTING

The accounting and financial reporting system in Montenegro's public sector is regulated by the Law on Accounting in the Public Sector, which establishes the legal framework for the transition from cash-based accounting toward accrual-based accounting. During the previous reform period, most of the secondary legislation required for the implementation of this law was adopted, providing the basis for the unified and transparent application of the accounting framework across public sector entities. The remaining regulatory element relates to the Rulebook on the Register of Public Sector Entities, which is linked to the adoption of the new Law on Budget and Fiscal Responsibility and is necessary to ensure full alignment of the institutional coverage of the system.

The reform is coordinated by the Ministry of Finance, which is responsible for the development of accounting regulations, methodological guidance and overall implementation of the public sector accounting framework.

Preparatory work for the operational implementation of accrual accounting is ongoing. Analytical activities have been initiated to assess the readiness of local self-government units and other budget users, including a review of existing accounting policies and identification of key challenges related to the transition to accrual-based accounting. At the same time, preparations are underway for the development of a new public sector accounting information system. The preparation of technical specifications and project documentation is ongoing and is expected to be followed by system development, testing and gradual rollout to public sector entities. In parallel, efforts to strengthen administrative capacity are being implemented through training and certification programmes for public sector accountants.

The introduction of accrual accounting represents a key reform for strengthening transparency, comparability and the quality of financial reporting, including improved information on assets, liabilities and fiscal risks.

Despite the progress achieved in establishing the regulatory framework, the reform remains in a transitional phase between normative development and full operational implementation. A key challenge relates to the completion of the remaining regulatory elements, in particular the adoption of the Rulebook on the Register of Public Sector Entities, which is necessary to ensure full coverage and consistency of the accounting framework.

Technical challenges are also significant, particularly with regard to the development and implementation of the new accounting information system. Delays in preparatory phases may affect subsequent stages, including procurement, system development, testing and rollout.

Another challenge concerns the heterogeneity of existing accounting practices across public sector entities, which are still largely based on cash accounting systems. The transition to accrual accounting will therefore require adjustments to internal procedures, improved data management and the integration of financial information on assets, liabilities, revenues and expenditures.

Administrative capacity represents an additional constraint. Although training and certification programmes are in place, the demand for training exceeds current capacity, which may affect the pace and consistency of reform implementation.

Addressing these challenges is necessary to ensure the full and consistent implementation of accrual accounting across the public sector and to enable its effective use in financial reporting and fiscal management.

STATE PROPERTY AND CADASTRE MANAGEMENT

The management of non-financial state property in Montenegro is regulated by the Law on State Property, which defines institutional responsibilities for managing, recording and reporting on state-owned assets. In accordance with this framework, the Administration for State Property is responsible for maintaining records and coordinating procedures related to both immovable and movable state property. In parallel, the regulatory framework for recording state property includes bylaws that define procedures for registering property, creating inventories, and reporting obligations for users of state property.

Data on real estate is contained in the real estate cadastre, which is a unique public record in which real estate and real rights to real estate and obligations are registered in accordance with the law, and it represents an integral part of the cadastral information system of the Real Estate Administration.

In recent years, significant steps have been taken to strengthen the institutional and technical framework for property management. A software solution for the State Property Register is under development, with implementation planned in phases, while parallel efforts are realised on improving cadastral information systems, including the development of digital services, document management solutions and electronic access to cadastral data.

Activities aimed at improving accessibility and more efficient use of cadastral data have been initiated, including the introduction of new electronic services for data submission and retrieval, as well as enabling direct access to property records and digital communication with users, which will simplify procedures, speed up the exchange of information and make work easier for users through a more modern and efficient way of communication.

Despite this progress, significant challenges remain in ensuring the completeness, reliability and usability of data on state property.

A key challenge relates to the asynchronization of data across institutions and systems. While cadastral records provide information on immovable property, which is the legal obligation of the Real Estate Administration, data on movable assets are often incomplete and maintained in different formats by individual institutions, because of lack of single record. The absence of a fully integrated system limits the ability to obtain a comprehensive and consistent overview of state assets.

In addition, the level of interoperability between the real estate cadastre and the State Property Register remains limited. Changes recorded in cadastral records are not automatically reflected in the State Property Register, which is not an integral part of the database on state property, which may lead to inconsistencies and reduce the reliability of data used for asset management.

Another challenge concerns the use of cadastral data and work with them in real time. Although progress has been made in developing electronic services, the use of digital platforms and automated data exchange between institutions remains limited, because institutions and other legally designated users have not harmonized their regulatory framework and adapted a system that is compatible with cadastral data, which affects the efficiency of administrative processes and the availability of information for decision-making.

The regulatory framework also presents certain limitations. Existing legislation does not provide sufficiently clear accountability mechanisms for institutions responsible for submitting data on state property, and does not fully ensure the completeness of reporting.

Administrative capacity represents an additional constraint. Many institutions lack standardised procedures for recording and reporting data on state property, and the level of training and expertise of staff responsible for asset management varies significantly across institutions.

Addressing these challenges requires the establishment of an integrated and reliable system for managing non-financial state assets, combining comprehensive property records, effective institutional coordination and modern digital solutions.

FISCAL TRANSPARENCY AND BUDGET EXECUTION REPORTING

Budget transparency in Montenegro is regulated by the Law on Budget and Fiscal Responsibility and related secondary legislation, which require the publication of key budget documents, including the Budget Proposal, the adopted Budget Law, mid-year execution reports and the final accounts. The Ministry of Finance regularly publishes these documents through governmental official website, together with accompanying analytical materials. During the current reform period, efforts have been made to improve the clarity and presentation of budget information, including the preparation of simplified explanatory materials.

At the same time, preparatory activities have been undertaken to support further digitalisation of budget transparency. Technical specifications for the development of a Citizens' Budget digital module have been prepared, and the introduction of improved reporting functionalities is planned through the development of a web-based platform.

Despite these improvements, the current approach to budget transparency remains largely based on the publication of formal documents.

A key challenge relates to the format and presentation of budget information. Existing reporting formats are predominantly technical and not easily accessible to non-specialist users, which limits the broader understanding and use of budget data by citizens and stakeholders.

Another challenge concerns the level of digitalisation and automation of reporting processes. Budget execution data are not yet fully integrated into user-oriented digital platforms, and the publication of data is not sufficiently automated, which affects the timeliness and consistency of reporting.

Addressing these challenges requires moving beyond formal publication compliance toward the development of integrated digital tools that improve the accessibility, comparability and usability of budget information.

MONITORING OF EU PROGRAMMES

The framework for monitoring and reporting on the use of EU funds in Montenegro is defined through legal, institutional and procedural arrangements governing the implementation of pre-accession assistance. This framework includes a set of institutions responsible for different stages of the EU funds cycle, including the National Coordination Body, Managing Authorities, Intermediate Bodies and the Audit Authority.

The existing system for the management of pre-accession funds is aligned with European Union requirements and relevant international standards related to financial management, monitoring and reporting of EU funds. Current IT solutions support data collection, monitoring and reporting functions; however, these systems have been developed gradually and operate as partially connected solutions across institutions. As part of Chapter 22 – Regional Policy, Montenegro is required to provide the European Commission with a detailed plan and timetable for establishing a monitoring and evaluation system, including an electronic management and monitoring system (MISS), and for the purposes of managing EU funds after accession.

Preparatory work for the development of an integrated Management Information System (MISS) has been initiated, including analysis of existing IT systems and the preparation of technical specifications. Financial resources for the development of the MISS have been secured through EU-funded technical assistance and national co-financing.

The experience of managing pre-accession funds through existing information solutions shows that significant challenges remain in ensuring the effective and integrated use of data for monitoring and reporting on EU funds. A key challenge relates to the fragmentation of data across multiple systems and institutions. This means that existing IT solutions support monitoring and reporting functions only partially and do not provide a fully consolidated and consistent overview of the use of EU funds. Based on the above, and lessons learned from the pre-accession period, practical experience will be directly applied in the process of establishing the MISS system.

When it comes to the MISS system, it should be emphasized that further uncertainty is related to the evolving European Union regulatory framework for the post-2028 programming period, which affects the final definition of system requirements and functionalities.

Addressing these challenges requires the establishment of an integrated system that enables centralised data collection, automated reporting and consistent application of monitoring standards across all institutions involved in the management of EU funds.

II.3.4. PILLAR: EFFICIENT FINANCIAL CONTROL

Efficient financial control implies a set of complementary mechanisms that ensure the lawful, efficient and accountable use of public resources. These include internal control and internal audit within public sector institutions, budget inspection, external audit carried out by the State Audit Institution and Audit Authority, and systems related to the protection of the financial interests of the European Union.

In recent years, the legal and institutional framework governing these areas has been significantly strengthened, including the adoption of updated legislation, alignment with international standards and development of methodologies supporting their implementation.

However, the practical application and effectiveness of these mechanisms remain uneven across the public sector. Challenges relate to the implementation of managerial accountability and internal control, the operational effectiveness of audit functions, institutional capacity constraints and the overall impact of control and audit activities. The Law on the State Audit Institution has not been amended since 2014, and its amendments are needed in order to align it with standards and the need to strengthen institutional and financial independence.

Further analysis focuses on the functioning of individual components of the control and accountability system and the challenges affecting their effectiveness and impact.

GOVERNANCE, INTERNAL CONTROL AND INTERNAL AUDIT

Within the Ministry of Finance, the Directorate for Central Harmonisation and development of internal controls performs the role of central coordinating authority for the Public Internal Financial Control (PIFC) system, and it is responsible for developing methodologies, providing guidance, monitoring system implementation and supporting professional development in the areas of managerial accountability, internal control and internal audit.

The regulatory framework governing governance, internal control and internal audit in the public sector has been significantly strengthened with the adoption of the Law on Governance, Internal Control and Internal Audit in the Public Sector (Official Gazette No. 89/2025) and accompanying bylaws adopted during 2025–2026. The new legal framework more clearly defines the responsibilities of management bodies, heads of institutions and organisational unit managers for establishing and maintaining effective internal control systems and risk management practices in order to achieve goals.

The legal framework also introduces important improvements for the internal audit function, including alignment with the Global Internal Audit Standards (GIAS), clarification of responsibilities for the organisation and functioning of internal audit units, and extension of obligations on reporting to the internal audit units in companies in which the state or local governments hold a majority ownership stake.

In parallel with legislative reforms, the Ministry of Finance has undertaken measures to strengthen monitoring and reporting on the management modality and implementation of internal control, including the introduction of a structured methodology for self-assessment and reporting, reducing duplication and improving consistency of reporting practices. Additional initiatives have been launched to clarify managerial responsibilities and strengthen managerial accountability practices across public sector institutions.

Overall, the regulatory and institutional framework for internal control and audit is well established, providing a solid basis for further development of the PIFC system and ensuring the maintenance of alignment with Chapter 32 – Financial Control of the EU acquis, which has been provisionally closed.

Despite these improvements, the practical implementation of managerial accountability, internal control and internal audit across the public sector remains uneven.

A key challenge relates to the implementation of managerial accountability and internal control practices. Although responsibilities are clearly defined in the legal framework, delegation of decision-making authority and responsibility for managing resources is not yet consistently applied in practice. These limits managerial ownership of internal control and reduces the effectiveness of internal control systems.

Risk management practices are established in most public sector institutions. However, they remain largely focused on operational risks and are not systematically integrated into strategic planning and decision-making processes. As a result, a methodology has been prepared that will enable public sector entities to improve risk management, resource allocation, and results and impacts.

The operational effectiveness of internal audit also requires further strengthening. While the regulatory framework is aligned with international standards, challenges remain in organisational capacity, preparation of audit methodologies, implementation of quality assurance systems and the use of analytical tools.

Monitoring of the PIFC system remains an additional challenge. Previous practice has shown that self-assessment of internal control systems was often conducted in a formal manner and did not consistently provide sufficiently reliable information for system-wide analysis. Strengthening monitoring mechanisms, including through new methodological instruction, digital solutions and analytical assessments, will enable more efficient system oversight.

Finally, the relatively low number of reported irregularities indicates that mechanisms for reporting suspected fraud and irregularities are not yet fully utilised in practice, pointing to the need for further strengthening of trust, awareness and institutional support in this area.

EXTERNAL AUDIT

The State Audit Institution of Montenegro (SAI) is the supreme public sector audit body in Montenegro responsible for auditing the use of public funds and state property. Through its audit activities, the institution provides independent oversight of the financial operations of public sector entities and contributes to strengthening transparency, accountability and efficiency in the management of public resources.

The work of the State Audit Institution is governed by the Law on the State Audit Institution, the Rules of Procedure of the State Audit Institution and methodological instructions for conducting financial audits, regularity audits and performance audits, which are carried out in accordance with international standards of supreme audit institutions and professional practices.

Through financial audits, compliance and performance audits, the State Audit Institution assesses whether public funds are used in accordance with applicable legislation and the principles of sound financial management. The results of audits are reported to the Parliament of Montenegro and include recommendations aimed at improving transparency, accountability and efficiency in the management of public funds.

The institutional and legal framework regulating the work of the SAI needs to be further strengthened in order to align it with international standards, especially in terms of ensuring financial independence. Further efforts are required to strengthen the effectiveness and impact of external audit in improving public financial management. A key challenge relates to the impact of audit findings and recommendations. While audit reports are regularly produced, their contribution to improving the management of public funds depends on the extent to which recommendations are effectively implemented by audited entities. Through control of the implementation of recommendations, the SAI seeks to influence the improvement of the implementation of audit recommendations. The inadequate office space that the SAI has been using for a long time has limited the efficiency and quality of work and made it difficult to use modern IT tools.

Further strengthening of audit planning practices is required to ensure that audit activities are increasingly risk-based and focused on areas with the highest impact on public financial management. Another challenge concerns the visibility and communication of audit findings. Although audit reports are publicly available, their accessibility and communication to a broader audience remain limited, which reduces their potential impact on public accountability and awareness.

Addressing these challenges requires further strengthening of the institutional and planning framework of the State Audit Institution, as well as improving communication and visibility of audit findings in order to enhance their overall impact on the management of public resources.

PROTECTION OF THE FINANCIAL INTERESTS OF THE EUROPEAN UNION (AFCOS)

The Division for the Protection of the Financial Interests of the EU (AFCOS), within the Ministry of Finance, is responsible for coordinating activities related to the prevention, detection and reporting of irregularities and fraud affecting EU funds. The functioning of the AFCOS system is based on the cooperation of multiple national institutions involved in the management and control of EU funds, which share responsibilities related to the prevention, detection, investigation and reporting of irregularities and fraud.

Montenegro has established a policy framework for the protection of the financial interests of the European Union, including the Strategy for Combating Irregularities and Fraud (2025–2028), and has strengthened the legal framework through alignment with Directive (EU) 2017/1371 on the fight against fraud affecting the Union’s financial interests.

In recent years, progress has been made in strengthening the operational framework of the AFCOS system, including improvements in reporting procedures, introduction of digital tools and development of risk management methodologies and operational guidelines. Despite these improvements, further efforts are required to ensure the full effectiveness of the AFCOS system.

A key challenge relates to the completion of the legal and institutional framework governing the protection of the financial interests of the European Union. Certain elements of the regulatory framework remain to be adopted, which limits the clarity of institutional roles and the effectiveness of coordination among institutions participating in the AFCOS system. The effectiveness of the AFCOS system also depends on strong inter-institutional coordination and consistent application of procedures across all participating institutions. Ensuring effective cooperation and coordination remains essential for the proper functioning of the system.

The effectiveness of the system depends on the availability of specialised knowledge and skills within institutions responsible for managing and controlling EU funds. High staff turnover and uneven levels of expertise across institutions affect the continuity and consistency of anti-fraud practices. Strengthening professional competencies, improving knowledge exchange and ensuring consistent application of procedures are necessary to enhance the effectiveness of the AFCOS system.

BUDGET INSPECTION

Budget inspection in Montenegro is carried out within the Ministry of Finance, in the Directorate for Inspection Supervision and Protection of EU Financial Interests. The Division for Budget Inspection is responsible for conducting inspections related to the legality and proper use of public funds by budget users and other entities managing public resources.

The work of budget inspection is governed primarily by the Law on Budget Inspection and the Law on Inspection Supervision, which establish the procedures and powers of budget inspectors in conducting inspection supervision of the use of public funds.

The establishment of a centralised budget inspection function within the Ministry of Finance represents a significant institutional development, contributing to strengthening oversight of the use of public funds. In parallel, the following documents are being developed: Procedures for conducting inspections by the budget inspection, Methodology for risk assessment in the process of planning inspections by the budget inspection, Instruction for determining the priority of initiatives for conducting inspections within the scope of competence of the budget inspection, Instruction for developing a plan for inspection supervision by the budget inspection, Instruction on the manner of conducting inspections by the budget inspection and the Rulebook on the form and content of the minutes of inspections carried out.

The Budget Inspection conducts regular inspections in accordance with the Inspection Plan, which is determined after a risk assessment, and extraordinary inspections, which are carried out by order of the Chief Budget Inspector, the Minister of Finance and persons authorized by him, based on initiatives, reports, petitions, complaints and requests for inspection received from authorities, organizations, legal and natural persons, based on which the level of risk has been assessed, indicating the need for inspection, thereby contributing to safeguarding the lawful and efficient use of public funds.

Further efforts are required to strengthen the operational capacity of budget inspection. A key challenge relates to limited staffing capacity. The number of budget inspectors remains relatively low, which constrains the ability of the inspection function to fully implement planned inspection activities.

In addition, further strengthening of professional competencies is required to ensure effective implementation of inspection supervision in accordance with relevant legislation, risk-based approaches and inspection procedures.

The Law on Amendments to the Law on Public Procurement, which entered into force on 17.07.2026, expanded the jurisdiction of the budget inspection. In accordance with this Law, inspection supervision regarding the legality and regularity of spending public funds in public procurement procedures, as well as the implementation of public procurement contracts, is carried out by the budget inspection. While this will strengthen the institutional role of budget inspection, it will also increase the demand for additional staffing and specialised competencies. Strengthening operational capacity, including staffing levels and professional competencies, is therefore necessary to ensure effective inspection supervision and protection of public financial interests.

AUDIT OF EU FUNDS

The Audit Authority of Montenegro is responsible for auditing EU funds in accordance with the Law on Audit of EU Funds and the financial agreements governing the implementation of EU financial assistance. As an independent audit body within the system of management and control of EU funds, the Audit Authority performs audits of financial statements, system audits and audits of operations related to EU-funded programmes. By the Regulation on the method of implementing the European Union's financial support through the Reform and Growth Instrument, the Audit Authority is recognized as the competent authority for the audit of the Reform Agenda 2024-2027.

The work of the Audit Authority is carried out in accordance with internationally accepted auditing standards, audit strategies adopted for programmes implementing EU funds in Montenegro, the Audit Authority Audit Manual and relevant European Commission guidance. In performing its work, the institution also applies the applicable legal framework and international agreements concluded between the Government of Montenegro and the European Commission governing the implementation of EU financial assistance.

The Audit Authority currently performs audit responsibilities related to programmes financed under the Instrument for Pre-accession Assistance. During the current period, audit activities related to the closure of IPA II programmes are taking place in parallel with the implementation of IPA III programmes. Following Montenegro's accession to the European Union, the scope of responsibilities of the Audit Authority is expected to expand to include the audit of EU Structural and Investment Funds and other EU financial instruments. This will significantly increase the complexity and volume of audit work performed by the institution.

Although the institutional and regulatory framework governing the audit of EU funds is established, the increasing complexity and scale of EU financial assistance create new challenges for the Audit Authority.

A key challenge relates to the growing operational workload resulting from the parallel implementation of IPA II closure activities and IPA III programmes. These increases demand on the institution's organisational and professional capacity.

In addition, Montenegro's future accession to the European Union is expected to significantly expand the volume and complexity of EU funds subject to audit. This will require further strengthening of institutional capacity in order to ensure effective audit coverage and reliable audit work in line with EU requirements.

The expected increase in audit responsibilities also requires further development of specialised competencies, particularly in areas such as thematic and performance audits, audits of EU-funded programmes and audits of emerging EU financial instruments.

Strengthening internal knowledge transfer, training systems and professional development opportunities is necessary to ensure sustainable institutional capacity and maintain high-quality audit work in accordance with international standards.

II.4. SWOT ANALYSIS OF THE PFM SYSTEM

The analysis presented in the preceding sections highlights both the progress achieved in strengthening Montenegro's public financial management system and the challenges that continue to affect its effectiveness and sustainability. To provide a consolidated view of the current situation and support the formulation of reform priorities for the period 2027–2031, the key findings of the macroeconomic, fiscal and institutional analysis are summarised through a SWOT assessment.

The SWOT analysis identifies the principal strengths and weaknesses of the existing public financial management system, as well as the main opportunities and threats that may influence the implementation of future reforms.

Table 1. SWOT Analysis of the Public Financial Management System in Montenegro

STRENGTHS	WEAKNESSES
1. Established and progressively strengthened institutional and regulatory framework across core PFM functions	1. Incomplete integration of policy planning and budgeting , limiting the link between strategic objectives and resource allocation
2. Developed macroeconomic and fiscal analytical capacity , supported by modelling tools and structured forecasting processes	2. Fragmented use of performance information , with limited integration into budget decision-making
3. Operational medium-term and programme budgeting framework , with initial integration of costing and prioritisation tools	3. Lack of systematic ex-post evaluation of public investments , reducing feedback for future planning
4. Strengthened public investment management framework , including standardised procedures and project appraisal methodologies	4. Uneven analytical capacity across institutions , affecting consistency of fiscal and policy analysis
5. Defined strategic framework for public debt management , with improved debt structure and low currency risk exposure	5. Limited interoperability of information systems , constraining data exchange and comprehensive fiscal analysis

6. High level of alignment of official statistics with EU acquis, supporting evidence-based policy-making 7. Advanced digitalisation of tax and customs administration, improving revenue collection systems 8. Fully implemented Centralized Wage Calculation System (COZ), supporting consistent application of payroll regulations, improved expenditure control and enhanced reporting on personnel expenditures 9. Established systems for financial control, audit and protection of EU financial interests, including AFCOS and external audit structures	6. Incomplete and fragmented asset management systems, particularly for state property records 7. Limited user-oriented transparency, with insufficient accessibility and usability of fiscal information 8. Insufficiently developed integrated systems for managing and monitoring EU funds 9. Capacity constraints in specialised areas of public finance, including advanced analytical and methodological functions
OPPORTUNITIES	THREATS
1. Alignment with EU fiscal governance, statistical and audit standards, providing a clear framework for system development 2. Strengthening medium-term fiscal planning and prioritisation mechanisms, improving credibility and predictability of fiscal policy 3. Development of integrated digital infrastructure, enabling interoperability of PFM systems and improved data-driven decision-making 4. Expansion of analytical tools and methodologies, including macro-fiscal analysis, costing, and performance-informed budgeting 5. Introduction of comprehensive fiscal risk frame-works, including risks related to state-owned enterprises 6. Integration of climate and sustainability considerations into fiscal planning and public investment management 7. Development of professional capacity systems ensuring sustainable expertise 8. Increased availability of EU funding and financial instruments, accompanied by the development of monitoring and management systems supporting effective absorption, reporting and oversight of EU-funded programmes 9. Strengthening transparency and citizen engagement tools, including digital platforms and open data	1. Exposure to external economic and financial shocks, including interest rate volatility and global market instability 2. Risks of incomplete or uneven implementation of reforms, particularly across institutions with differing capacities 3. Persistent fragmentation of systems and data, limiting the effectiveness of integrated fiscal management 4. Delays in development and deployment of key IT systems, affecting reform implementation timelines 5. Limited availability and retention of specialised expertise in public finance, including risks related to institutional memory, succession planning and staff turnover 6. Increasing complexity of EU requirements, including management of EU funds and compliance with evolving standards 7. Fiscal pressures arising from demographic trends, climate change and long-term expenditure obligations 8. Risks related to governance and oversight, including integrity challenges and insufficient enforcement of control mechanisms

The situation analysis and SWOT assessment indicate that Montenegro has established a comprehensive public financial management framework and achieved significant progress across most core PFM functions. At the same time, the analysis identified several challenges affecting the effectiveness, integration and sustainability of the system. These include incomplete integration of policy planning and budgeting processes, fragmented use of

performance information, uneven analytical capacities, limited interoperability of information systems, capacity constraints in specialised areas of public finance, and the need to further strengthen transparency, accountability and management of fiscal risks.

III. OBJECTIVES OF THE PROGRAMME

The reform logic of the PFM RP 2027–2031 is based on addressing the key weaknesses and threats identified through the SWOT analysis presented in Chapter II, while building on the strengths and opportunities already present within the public financial management system.

Based on the identified development needs, the Programme defines the following Overall Objective:

A sustainable, transparent and accountable public finance management system in Montenegro, which ensures responsible fiscal management, efficient use of public resources and compliance with European Union standards.

In order to achieve the Overall Objective, the Programme's reform activities are organized through four functional pillars of the public finance management system. Within each pillar, operational objectives, outcome indicators, result indicators and activities to achieve the Overall Objective of the Programme are defined.

III.1. PILLAR 1: FISCAL FRAMEWORK AND BUDGET PLANNING

OPERATIONAL OBJECTIVE 1.1

Strengthening macroeconomic forecasting and fiscal policy analysis

Outcome Indicators

1. Difference between projected and actual GDP growth

The purpose of this indicator is to quantify the deviation of actual GDP from the projected one based on the macroeconomic forecasts that were used in budget planning. This deviation, whether positive or negative, will be analysed in terms of causes and the results of the analysis used in macroeconomic forecasting for the next period.

Baseline (2026): 2%

Transition value (2028): 1.8%

Target (2031): 1.6%

2. Share of reform measures for which quantification of fiscal effects is developed

This indicator measures the proportion of reform measures for which fiscal effects have been assessed and quantified. It reflects the extent to which policy proposals are supported by fiscal impact analysis and contributes to more evidence-based fiscal planning and decision-making. A

higher value indicates stronger integration of fiscal analysis into the design and preparation of reform measures.

Baseline (2026): 30%

Transition value (2028): 80%

Target (2031): 90%

3.Deviation between planned budget revenues in the MTBF/annual plan and actual revenue collection

This indicator measures the difference between projected and actual budget revenues collected during a fiscal year. It provides information on the reliability of revenue forecasting and the effectiveness of revenue collection systems. A smaller deviation indicates stronger forecasting accuracy and greater predictability of public revenues, contributing to more credible fiscal planning and budget management.

Baseline (2026): 2.0%

Transition value (2028): 1.8%

Target (2031): 1.6%

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on strengthening analytical capacity and developing methodological tools supporting macroeconomic forecasting and fiscal policy analysis.

Priority actions will include targeted training of staff in macroeconomic modelling, financial programming and impact assessment, as well as further development and refinement of macroeconomic models used for scenario analysis and assessment of reform impacts. In parallel, a structured methodological framework for the quantification of fiscal effects of reforms will be developed and introduced, supported by macro-fiscal and micro-simulation models.

Additional efforts will focus on the preparation of long-term macro-fiscal scenarios analysing the fiscal implications of demographic trends, climate change and the sustainability of pension and health systems. The Ministry of Finance will also introduce regular analytical reporting on the fiscal effects of reforms and develop procedures for estimating additional budget revenues generated by reform measures.

Beyond 2028, reform efforts will focus on consolidating and institutionalising the analytical framework developed in the initial phase. This will include regular updating of macroeconomic forecasting models, further development of analytical tools supporting fiscal policy analysis and strengthening the integration of analytical results into fiscal policy formulation and medium-term planning.

Particular attention will be given to improving the consistency of quantification of reform impacts across policy areas, expanding the scope of macro-fiscal analysis and strengthening institutional analytical capacities in line with evolving analytical standards and the requirements of Montenegro's EU integration process.

OPERATIONAL OBJECTIVE 1.2

Strengthening medium-term and programme budgeting system with improved integration of strategic priorities, costing and performance information

Outcome Indicator

1. Share of new policy proposals and additional financing requests assessed within the MTBF process using structured prioritisation criteria

This indicator measures the share of new policy proposals and additional financing requests submitted during the medium-term budget preparation process that are assessed using structured prioritisation criteria. It reflects the extent to which decisions on new expenditure initiatives are based on a transparent and consistent prioritisation framework. A higher value indicates stronger integration of strategic priorities and evidence-based decision-making within the MTBF process.

Baseline (2026): 20–30%

Transition value (2028): 60%

Target (2031): 85–90%

2. Share of new strategic documents costed in accordance with the cost assessment methodology

This indicator measures the extent to which new strategic documents are prepared in accordance with the approved costing methodology. It reflects progress in the institutionalisation of strategic document costing and the integration of strategic planning with medium-term budget planning. A higher value indicates stronger use of evidence-based costing practices and improved predictability of future budget expenditure requirements.

Baseline (2026): 0% (methodology not applied)

Transition value (2028): 40-50%

Target (2031): 90%

Activities and Reform Phasing

Further development of the analytical framework will support improved prioritization of public spending, better alignment between strategic objectives and budget allocations, and strengthening the credibility and predictability of medium-term fiscal planning.

During the period 2027–2028, reform efforts will focus on strengthening the analytical and procedural components of the MTBF.

Priority actions will include the operationalisation of costing tools and the development of a standardised list of unit costs, consolidation and piloting of cost assessments methodologies⁴, and gradual strengthening of performance-informed budgeting practices through improved use of programme indicators within MTBF submissions.

In parallel, initial steps will be taken to improve interoperability between strategic planning and financial management systems, including preparatory work for linking ISPI and BMIS, in order to enable more effective use of performance and financial data.

Additional efforts will focus on piloting analytical tools such as sustainable development budget marking within selected programmes and strengthening institutional capacities for applying costing methodologies, prioritisation tools and performance-based approaches.

Beyond 2028, reform efforts will focus on consolidating and institutionalising these practices. This will include wider application of analytical tools across sectors, deeper integration of performance information into allocation decisions and routine use of costing and prioritisation instruments within the MTBF cycle.

Further development of the analytical framework will support improved prioritisation of public expenditure, enhanced alignment between strategic objectives and budget allocations and strengthened credibility and predictability of medium-term fiscal planning.

OPERATIONAL OBJECTIVE 1.3

Improving the quality, coherence and sustainability of professional capacity development in public finance management

Outcome Indicators

Number of Ministry of Finance practitioners engaged as trainers in the training programmes of the National Academy of Public Finance.

This indicator measures the number of Ministry of Finance employees who actively participate as trainers in structured public finance training programmes. It reflects the development of internal professional expertise and the capacity of the Ministry to transfer knowledge and skills to other public administration institutions through a sustainable training system. An increase in the number of practitioners engaged as trainers indicates stronger institutional ownership of professional capacity development, reduced reliance on external training providers and improved sustainability of public finance training programmes.

Baseline (2026): 0

Transition value (2028): 10

Target (2031): 25

Activities and Reform Phasing

⁴ The cost estimation methodology is an integral part of the revised Strategic Planning Methodology

During the period 2027–2028, reform efforts will focus on establishing the foundations of a structured and sustainable system for professional capacity development in public finance management.

Priority actions will include the development of a governance and organisational framework for a sector-focused training system, consolidation of existing training materials and methodological outputs, and development of standardised curricula aligned with public finance reform priorities.

In parallel, efforts will focus on mobilising internal expertise within the Ministry of Finance by engaging experienced practitioners as trainers and mentors, thereby strengthening the relevance and practical orientation of training programmes.

Pilot implementation of structured training cycles will be carried out to test curricula, training methods and certification approaches, while ensuring complementarity with existing horizontal training mechanisms coordinated by HRMA.

Beyond 2028, reform efforts will focus on consolidating and expanding the system. This will include gradual increase in the number of trained professionals, further development of trainer capacity, and strengthening of certification practices.

Particular attention will be given to ensuring the sustainability of the system, improving the quality and consistency of training programmes and integrating structured professional development into routine public finance management processes, in line with institutional capacities and fiscal feasibility.

OPERATIONAL OBJECTIVE 1.4

Improving public investment management

Outcome Indicator

Share of capital projects included in the annual Budget Law that meet formally defined maturity criteria

This indicator measures the share of capital projects included in the annual Budget Law that meet the formally established maturity criteria defined under the public investment management framework. It reflects the extent to which investment projects are prepared, appraised and prioritised in accordance with the regulatory and methodological requirements for public investment management. A higher value indicates that a greater proportion of capital projects have reached the required level of maturity, including the completion of the necessary analyses and appraisal procedures, thereby supporting more efficient, transparent and evidence-based investment decision-making.

Baseline (2026): 50%

Transition value (2028): 70%

Target (2031): 90%

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on consolidating the implementation of the strengthened regulatory and methodological framework for public investment management.

Priority actions will include the full deployment of digital tools, in particular the Public Investment Management Information System and the public transparency platform, ensuring their operational use for submission, monitoring and public presentation of capital projects.

Efforts will also focus on ensuring consistent enforcement of project maturity requirements within the capital budgeting process, strengthening appraisal and analytical capacities within the Ministry of Finance and local governments, and improving the quality of project preparation.

In parallel, activities will support the development of analytical practices related to public-private partnerships, including strengthening risk assessment and alignment with medium-term fiscal planning principles.

Initial steps will also be taken to strengthen portfolio-level analysis, including the introduction of climate-related reporting elements within capital budgeting documentation.

Beyond 2028, reform efforts will focus on consolidating and institutionalising the public investment management system. This will include expanding ex-post evaluation practices, strengthening portfolio-level analysis of fiscal risks and improving integration of capital investment planning within the medium-term budget framework.

Continued development of analytical capacity, digital systems and methodological tools will support more effective prioritisation of capital investments, improved transparency and alignment with EU fiscal governance and sustainability requirements.

OPERATIONAL OBJECTIVE 1.5

Improving the sustainability of public debt and reducing refinancing risk

Outcome Indicator

Ensured stability and sustainability of public debt by reducing refinancing risk through extending the average debt maturity, measured in years

This indicator aims to measure improvements in the stability and sustainability of public debt through the reduction of refinancing risk. It focuses on extending the average maturity of public debt instruments, thereby spreading debt repayment obligations more evenly over time. A longer maturity profile reduces the concentration of refinancing needs in individual years and lowers the risk that the Government will be required to refinance significant debt amounts under unfavourable market conditions or at higher borrowing costs.

Baseline (2026): 4.3

Transition value (2028): 4.5

Target (2031): 5.5

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on strengthening the institutional, analytical and technical basis for the implementation of the Medium-Term Public Debt Management Strategy and for improving the sustainability and risk profile of the public debt portfolio.

Priority actions will include recruitment of additional staff and targeted training to strengthen analytical and professional capacities, as well as further development of the information system supporting debt monitoring and reporting, including the introduction of enhanced reporting functionalities and gradual automation of reporting processes.

In parallel, the Medium-Term Public Debt Management Strategy will be updated in order to ensure the continued availability of a consistent policy framework for borrowing decisions and management of refinancing risk.

Beyond 2028, reform efforts will focus on consolidating institutional capacity for strategic debt management, ensuring the full operational use of analytical tools and information systems, and strengthening the Ministry's capacity to manage borrowing decisions, debt structure and refinancing risk in line with the objectives of the Public Debt Management Strategy. This will support improved predictability, resilience and long-term sustainability of public debt management.

OPERATIONAL OBJECTIVE 1.6

Strengthening institutional readiness for implementation of the EU Own Resources system

Outcome Indicator

Number of full accounting and reporting cycles on EU own resources carried out, confirming the functionality of administrative capacities and IT solutions in line with EU methodology

This indicator measures progress in strengthening Montenegro's institutional readiness for participation in the EU Own Resources system. It reflects the extent to which the national authorities are able to apply the EU methodology for the calculation and reporting of Own Resources in practice. A higher number of completed calculation and reporting cycles indicates increased administrative capacity, improved familiarity with EU requirements and greater preparedness for fulfilling future obligations arising from EU membership.

Baseline (2026): 1

Transition value (2028): 3

Target (2031): 6

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on establishing the core institutional and technical conditions required for implementation of the EU Own Resources system.

Priority actions will include strengthening administrative capacity across participating institutions and development and upgrading IT systems supporting data collection and reporting.

Particular emphasis will be placed on enabling the practical implementation of calculation and reporting procedures, allowing the system to perform full cycles of EU Own Resources calculation and reporting in accordance with EU methodology.

Beyond 2028, reform efforts will focus on ensuring the stability, consistency and repeatability of calculation and reporting processes. This will include continued strengthening of institutional capacity, coordination mechanisms and supporting IT systems, as well as ensuring sustained operational performance of the system in line with EU requirements.

OPERATIONAL OBJECTIVE 1.7

Improving official statistics

Outcome Indicator

Completeness of statistical datasets submitted to Eurostat (share of required datasets delivered)

This indicator measures the completeness of statistical datasets submitted to Eurostat in accordance with ESA methodology and other applicable reporting requirements. It reflects the extent to which Montenegro is able to provide the required statistical and accounting data within the prescribed reporting framework. A higher share of datasets delivered contributes to improved compliance with Eurostat requirements and supports the reliability and quality of official statistics used for fiscal reporting and economic governance. In addition, a reduction in requests for supplementary information from Eurostat may indicate improvements in the completeness and quality of the submitted data.

Baseline (2026): 60%

Transition value (2028): 80%

Target (2031): 90%

Activities and Reform Phasing

In the period 2027–2028, reform activities will be aimed at further strengthening the institutional and methodological framework for the production and transmission of official statistics, in line with ESA 2010 and the requirements of the excessive deficit procedure. The focus will be on strengthening inter-institutional coordination between producers of statistics, further developing national accounts and government finance statistics, as well as establishing a consistent and reliable reporting system within the framework of the excessive deficit procedure.

Particular attention will be paid to improving key statistical outputs, including the development of sector accounts, supply and use tables and input-output tables, and the production of the remaining variables defined in the tables in accordance with the Transmission Programme. In parallel, activities will be aimed at strengthening institutional and professional capacities

through targeted training and further development of the methodology, thus ensuring the long-term sustainability of the statistical production process.

After 2028, reform efforts will be focused on the full operational functioning of the statistical system, in line with Eurostat's data transmission requirements. This includes ensuring stable, regular and high-quality production of statistical data in accordance with European Union standards.

OPERATIONAL OBJECTIVE 1.8

Improving the system for identifying, monitoring and reporting on fiscal risks arising from the operations of state-owned enterprises

Outcome Indicator

Share of companies in majority state ownership that timely prepare and submit quarterly business reports and annual and multi-year plans to the Ministry of Finance for the purposes of conducting analysis and assessment of fiscal risks

This indicator measures the share of majority state-owned enterprises that submit the financial plans, reports and other information required for fiscal risk analysis by the Ministry of Finance. It reflects the coverage and effectiveness of the fiscal risk monitoring system for state-owned enterprises. A higher share of reporting entities improves the availability of information needed to identify, assess and monitor potential fiscal risks arising from the state-owned enterprise sector and supports more informed fiscal policy decision-making.

Baseline (2026): 0%

Transition value (2028): 50%

Target (2031): 90%

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on establishing a structured and functional system for identifying, monitoring and reporting fiscal risks arising from companies in majority state ownership, based on improved availability, timeliness and consistency of financial data.

Priority actions will include the introduction of regular and standardised reporting by SOEs, including the submission of annual financial plans, multi-year plans and periodic business reports to the Ministry of Finance.

In parallel, the analytical framework for assessing fiscal risks will be further developed, including refinement of existing methodologies and tools for analysing the financial performance of SOEs and identifying potential fiscal risks.

The reform will also support the development of an information system for collecting and processing financial data of SOEs, improving the efficiency and quality of fiscal risk analysis.

Strengthening institutional capacities within the Ministry of Finance will represent an important component of the reform, including measures aimed at increasing staffing levels and improving professional knowledge in financial analysis and fiscal risk assessment.

Beyond 2028, reform efforts will focus on consolidating and ensuring the regular application of the established system for monitoring fiscal risks from SOEs. This will include consistent implementation of reporting obligations, regular use of analytical tools and methodologies and effective utilisation of the information system for processing and analysing financial data.

Particular attention will be given to improving the timeliness and completeness of data, as well as ensuring continuity of analytical work and fiscal risk reporting, thereby supporting improved fiscal planning and strengthening the sustainability of public finances.

III.2. PILLAR 2: BUDGET EXECUTION

OPERATIONAL OBJECTIVE 2.1

Improving the effectiveness of revenue collection

Outcome Indicators

Gross revenue collection achieved by the Tax Administration

This indicator measures the volume of revenues collected by the Tax Administration and serves as a key indicator of the effectiveness of revenue collection. The results are assessed in relation to the planned level of revenue collection defined in the relevant fiscal and budgetary documents. Deviations between planned and actual revenue collection provide information on the effectiveness of tax administration activities, while taking into account broader economic and fiscal factors that may affect revenue performance

Baseline (2026): 1.745.898.934,82 €

Transition value (2028): 1.943.229.161,93 €

Target (2031): 2.281.820.083,04 €

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on strengthening the operational effectiveness of revenue administration through improving programs to encourage voluntary compliance with tax regulations, digitalization of risk analysis systems, expansion of taxpayer-oriented services and the introduction of advanced digital and information systems in both tax and customs administration.

Priority actions will include the stabilisation and optimisation of the newly introduced digital systems, particularly the Integrated Revenue Management System and related analytical tools, as well as the expansion of data integration through the Data Warehouse and other administrative data sources. These measures will support the development of automated risk analysis and improve the targeting of inspection and control activities.

In parallel, efforts will focus on strengthening analytical and operational capacities within the Tax Administration, including the development of methodologies for detecting undeclared income and analysing asset origin, as well as enhancing cooperation with law enforcement and judicial authorities.

At the same time, the Customs Administration will continue the implementation and operationalisation of EU-compatible IT systems, ensuring their full integration and effective use in simplified customs procedures and risk-based customs controls and compliance management.

Institutional capacities will be further strengthened through the introduction of new training programs and e-learning systems, the development of specialized analytical skills and organizational adjustments necessary for the effective implementation of modern compliance management practices in tax and customs administration. In this way, the necessary institutional, human resources, and administrative conditions will be created for the effective and consistent implementation of tax regulations, aligned with relevant standards and requirements of the European Union, through the establishment of a functional revenue collection system based on the principles of transparency, independence, expertise, and risk assessment, which ensures reliable supervision, timely response, and sustainable implementation of the EU acquis.

Beyond 2028, reform efforts will focus on further development of programs to encourage voluntary compliance with tax regulations and risk-based treatment of taxpayers, further strengthening analytical capabilities and expanding the integration and use of administrative data. Further development of digital infrastructure, including electronic invoicing systems and international administrative cooperation platforms, will support the long-term modernisation and EU alignment of revenue administration. Continued development of professional competencies will support the long-term effectiveness, sustainability and alignment of revenue administration with EU standards and best practices.

OPERATIONAL OBJECTIVE 2.2

Enhancing the integrity, transparency and efficiency of the public procurement system

Outcome Indicator

1. Average number of bidders per procurement procedure

This indicator measures the level of competition in public procurement procedures. A higher average number of bidders per procedure indicates a more competitive procurement environment, increasing the likelihood of achieving better value for money and more efficient procurement outcomes for contracting authorities.

Baseline (2026): 3

Transition value (2028): 3.1

Target (2031): 3.2

2. Share of decisions adopted on complaints in the given year

This indicator measures the share of complaints that are resolved through formal decisions within the reporting year. It reflects the effectiveness and timeliness of the complaints review mechanism within the public procurement system. A higher share indicates a more efficient handling of complaints and contributes to transparency, legal certainty and confidence in the public procurement framework.

Baseline (2026): 94%

Transition value (2028): 96%

Target (2031): 97%

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on strengthening digital monitoring tools, integrity safeguards and institutional capacities.

Priority actions will include the further development of the electronic public procurement system (CEJN), in particular through the introduction of analytical tools for detecting irregularities and improving the analytical use of procurement data. These activities will support more effective monitoring of procurement procedures and contribute to strengthening transparency and integrity. In parallel, integrity safeguards will be strengthened through improved monitoring mechanisms and the introduction of practical guidance supporting the prevention and detection of irregularities in procurement procedures.

Efforts will also focus on strengthening the professional capacities of institutions involved in the procurement system, including targeted training and capacity-building activities aimed at improving procurement planning, preparation of technical specifications and contract management practices. At the same time, the operational efficiency of the complaints review system will be improved through strengthening the administrative capacities of the Commission for the Protection of Rights in Public Procurement Procedures and further digitalisation of its case management processes.

Beyond 2028, reform efforts will focus on consolidating the effectiveness of the digital procurement infrastructure and strengthening the professionalisation of the public procurement function across public institutions. Continued improvements in analytical tools, integrity safeguards and institutional capacities will support increased transparency, competition and efficiency in procurement procedures and ensure the long-term stability and effectiveness of the system in line with EU standards.

OPERATIONAL OBJECTIVE 2.3

Consistent and effective application of the state aid control system in line with the EU acquis

Outcome Indicator

Share of notified and aligned state aid measures prior to granting (ex-ante control) in the total number of granted state aid measures

This indicator measures the share of state aid measures that are notified and assessed for compliance with state aid rules before being granted. It reflects the effectiveness of the ex-ante control system and the extent to which national state aid procedures are implemented in line with the evolving EU state aid acquis. A higher share of notified and aligned measures indicates stronger compliance with the regulatory framework, reduces the risk of incompatible state aid and supports Montenegro's alignment with EU requirements in the field of state aid control.

Baseline (2026): 60-70%

Transition value (2028): 75-85%

Target (2031): 90-95%

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on strengthening the practical functioning of the state aid control system, with particular emphasis on improving analytical tools and institutional capacities for the consistent application of EU state aid rules.

Priority actions will include the establishment of a structured mechanism for monitoring developments in EU state aid acquis and integrating relevant changes into the national system through existing EU accession coordination frameworks. This will ensure timely alignment of national procedures with evolving EU requirements.

In parallel, a methodology for evaluating the effects of granted state aid will be developed and introduced, enabling more systematic assessment of the efficiency and economic impact of state aid measures and supporting evidence-based decision-making.

Further efforts will focus on strengthening professional capacities of institutions involved in the state aid control system, including both central authorities and state aid providers, through specialised training programmes and the development of practical methodological guidance for the assessment and evaluation of state aid measures.

Beyond 2028, reform efforts will focus on consolidating the consistent application of state aid rules and further strengthening institutional and analytical capacities. Continued monitoring of developments in EU state aid acquis and regular updating of national procedures and methodological tools will ensure sustained alignment with EU requirements. Strengthening cooperation among institutions and continued professional development will support the stability, predictability and effectiveness of the state aid control system.

III.3. PILLAR 3: ACCOUNTING, MONITORING AND FINANCIAL REPORTING

OPERATIONAL OBJECTIVE 3.1

Implementing accrual accounting in the public sector

Outcome Indicator

Share of public sector entities producing financial statements in accordance with national accounting regulations

This indicator measures the share of public sector entities that prepare financial statements in accordance with national public sector accounting regulations based on accrual accounting principles. It reflects progress in the implementation of accrual accounting across the public sector and the gradual expansion of the reporting framework to entities classified within the public sector in accordance with ESA methodology. A higher share indicates increased compliance with the accounting framework and contributes to more comprehensive, transparent and reliable public sector financial reporting.

Baseline (2026): 0%

Transition value (2028): 0%

Target (2031): 50%

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on completing the operational implementation of accrual accounting in the public sector, including the development and rollout of the accounting information system and the establishment of complementary reporting solutions supporting the transition from cash-based to accrual-based accounting.

Priority actions will include finalising the remaining regulatory framework, particularly the adoption of the rulebook defining the register of public sector entities, and completing the development and implementation of the new accounting information system, including testing and gradual rollout to public sector entities.

A significant component of the reform will focus on strengthening institutional and administrative capacities. Training and certification programmes for public sector accountants will be expanded to ensure the availability of qualified professionals, while public sector institutions will gradually adjust internal procedures, accounting practices and financial reporting processes to align with accrual accounting requirements.

Beyond 2028, reform efforts will focus on consolidating the implementation of accrual accounting across all public sector entities and ensuring the full utilisation of the accounting information system. Further efforts will aim at improving the quality and consistency of financial reporting and increased use of accrual-based information in fiscal planning, asset and liability management and decision-making processes, while continuing professional development to ensure the sustainability of the reform.

OPERATIONAL OBJECTIVE 3.2

Improving the management of state property and the cadastral system

Outcome Indicator

1.Share of public sector entities using the state property registration system

This indicator measures the share of public sector entities that use the state asset registration system and submit data to the State Property Register. It reflects progress in establishing a comprehensive and unified system for recording and managing state assets. A higher share of

participating entities improves the completeness, reliability and transparency of information on state property and supports more effective management of public assets.

Baseline (2026): 0%

Transition value (2028): 80%

Target (2031): 100%

2. Percentage of the implementation of the planned development of the cadastral information system

This indicator measures progress in the development and modernisation of the cadastral information system. It reflects improvements in the functionality, availability and usability of cadastral services and information. A higher level of development contributes to more efficient management of cadastral data, improved service delivery and greater accessibility of information for public institutions, businesses and citizens.

Baseline (2026): 30%

Transition value (2028): 50%

Target (2031): 70%

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on establishing a functional and integrated system for managing non-financial state property through the operationalisation of the State Property Register and the strengthening of the cadastral information system.

Priority actions will include the development and implementation of the State Property Register, ensuring its interoperability with the real estate cadastre and enabling automated data exchange between responsible institutions. Particular emphasis will be placed on ensuring that central government institutions systematically submit complete, accurate and timely data in accordance with defined reporting obligations.

At the same time, efforts will focus on improving the use and usability of cadastral data through the development of digital services, including electronic submission of documentation, direct access to cadastral records for authorised users and the expansion of e-services for institutions and external stakeholders. These measures will support more efficient administrative procedures and improve the availability of property-related information.

The reform will also strengthen the regulatory framework governing state property management, including the introduction of clearer reporting obligations, accountability mechanisms and responsibilities for designated officers within institutions responsible for asset data management.

In parallel, activities will focus on strengthening institutional capacities, including training of staff responsible for property management and reporting, and the establishment of standardised procedures for data entry, validation and updating.

Beyond 2028, reform efforts will focus on consolidating the State Property Register and the real estate cadastre as integrated management tools, ensuring the quality, consistency and regular

updating of asset data across all institutions. Increased emphasis will be placed on the use of consolidated asset data for valuation, strategic asset management and fiscal planning, thereby strengthening the role of non-financial assets in public financial management and long-term fiscal sustainability.

OPERATIONAL OBJECTIVE 3.3

Improving transparency and public access to budget information

Outcome Indicator

Number of budget execution reporting modules operational within the Citizens' Budget platform

This indicator measures the availability of budget execution information through the Citizens' Budget platform. It reflects progress in improving transparency and public access to information on the use of public resources. An increase in the number of operational budget execution reporting modules expands the scope of information available to citizens and other stakeholders, supporting greater transparency, accountability and public understanding of budget implementation.

Baseline (2026): 0

Transition value (2028): 1

Target (2031): 4

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on establishing the core digital infrastructure for transparent and user-oriented presentation of budget information through the development of the Citizens' Budget modular web platform.

Priority actions will include the procurement and development of the Citizens' Budget portal, as well as the introduction of automated data exchange functionalities through upgrades of the Budget Management Information System and the establishment of standardised API endpoints-based services. These measures will enable more timely and consistent publication of budget execution data and reduce reliance on redundant reporting processes.

The initial phase will focus on the deployment of core reporting modules, including key budget execution information, and on ensuring public access to the platform. Particular attention will be given to improving the clarity and usability of published information in order to make budget data more accessible to a wider range of users.

Beyond 2028, reform efforts will focus on expanding and consolidating the functionality of the digital transparency system. This will include the development of additional reporting modules, the gradual introduction of programme-level and more detailed execution data, and the expansion of datasets with a high degree of semantic interoperability and user-oriented analytical tools.

In this phase, further integration of budget transparency tools with other public financial management information systems will be pursued. In particular, synergies with digital platforms developed for public investment management will be strengthened in order to provide more comprehensive and accessible information on the planning and execution of public investments.

Over time, the Citizens' Budget platform is expected to evolve into a central tool for public financial transparency, supporting improved accountability, public understanding and evidence-based engagement with fiscal policy.

OPERATIONAL OBJECTIVE 3.4

Establishing a monitoring system for EU programs

Outcome Indicator

Percentage of realization of the planned development of the Project Management and Monitoring Information System (MISS ME)

This indicator measures progress in the development and operationalisation of the Monitoring Information System for EU programmes (MISS ME). It reflects the capacity of the system to support the collection, processing and reporting of information required for the management and monitoring of EU-funded programmes. A higher level of system development contributes to more effective programme monitoring, improved availability of information for decision-making and strengthened oversight of the implementation of EU-funded interventions.

Baseline (2026): 30%

Transition value (2028): 80%

Target (2031): 100%

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on the development and establishment of the Management Information System (MISS ME) as a central tool for monitoring EU programmes, including its design, procurement, development and initial deployment.

Priority actions will include completing the needs analysis and technical specifications, conducting procurement procedures, and developing and deploying the MIS. Particular attention will be given to ensuring interoperability with existing systems and enabling the integration of data across institutions and different types of EU funds.

In parallel, activities will focus on ensuring the effective use of the MIS, including training of staff in relevant institutions and the establishment of consistent procedures for data entry, monitoring and reporting through the system.

The development phase will also ensure alignment of system functionalities with European Union requirements, taking into account the evolving regulatory framework for the post-2028 programming period.

Beyond 2028, reform efforts will focus on consolidating the operational use of the MIS and expanding its functionalities. This will include improving data integration, enhancing reporting capabilities and ensuring full compliance with EU monitoring and reporting standards.

Over time, the MISS is expected to become a central tool for managing information on EU funds, supporting improved coordination between institutions, increasing transparency and strengthening the analytical basis for decision-making related to EU-funded programmes.

III.4. PILLAR 4: EFFICIENT FINANCIAL CONTROL

OPERATIONAL OBJECTIVE 4.1

Improving governance, internal control and internal audit in the public sector

Outcome Indicators

1.Share of ministries effectively delegating decision-making and resource management responsibilities

This indicator measures the extent to which ministries have effectively delegated decision-making and resource management responsibilities in accordance with the principles of managerial accountability. A higher share of ministries applying delegated management responsibilities indicates progress towards a more effective and accountable public sector governance system.

Baseline (2026): 60%

Transition value (2028): 85%

Target (2031): 95%

2.Share of internal audit recommendations aimed at improving internal control and value for money

This indicator measures the share of internal audit recommendations that focus on strengthening internal control systems and improving value for money in the use of public resources. It reflects the extent to which internal audit activities contribute to improving governance, efficiency and effectiveness compared to recommendations focused solely on compliance issues. A higher share indicates a more mature and strategic internal audit function that supports better management and performance within public sector institutions.

Baseline (2026): ~ 40%

Transition value (2028): 44%

Target (2031): 48%

Activities and Reform Phasing

For the period 2027–2028, the focus of the reforms in the area of management, internal control and internal audit in public sector will be on improving managerial accountability, integrating

risk management into management processes and enhancing the operational effectiveness of internal audit.

The reform will support the further development of management accountability practices, including the delegation of decision-making authority and resource management, the gradual introduction of risk management into all processes in selected pilot institutions, as well as strengthening the capacities of managers and relevant employees in public sector entities, including companies and other legal entities in which the state or local government unit has a majority ownership stake.

Priority actions include the establishment of an IT solution for more reliable monitoring the implementation and development of this system. This will create conditions for an analytical assessment of management practices and internal control in public sector entities and create a basis for further development of the PIFC framework.

In order to further improve the internal audit function in the public sector, it is planned to strengthen the administrative capacities of internal audit units, i.e., increase the number of internal auditors, as well as improve competencies through continuous implementation of training and professional development programs for all certified internal auditors in the public sector. It is also necessary to strengthen the productivity of internal auditors in terms of increasing the number of audit engagements performed, as well as strengthen the knowledge and skills of internal auditors, especially for performing work quality assessments, as well as improve skills for using data analytics. It is also planned to undertake certain activities in order to assist internal auditors in preparing methodologies for internal audit work in accordance with the requirements of the new Global Internal Audit Standards, i.e. the requirements of the new Law on Governance, Internal Control and Internal Audit in the Public Sector.

OPERATIONAL OBJECTIVE 4.2

Strengthening the impact of external audit on the management of public funds

Outcome Indicator

Share of control over implementation of SAI recommendations

This indicator measures the percentage of recommendations controlled. Increasing the scope of systematic monitoring of the implementation of audit recommendations strengthens the impact of external audit on the management of public funds. Auditees are responsible for the implementation and timely submission of reports on the implementation of recommendations, while the State Audit Institution is responsible for monitoring and reporting on the level of implementation of issued recommendations.

Baseline (2026): 51,07%

Transition value (2028): 55%

Target (2031): 60%

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on strengthening the institutional framework and planning of audit activities of the State Audit Institution, including Amendments to the Law on the State Audit Institution, the preparation and implementation of medium-term strategic and audit planning frameworks as well as improving the visibility and communication of audit findings.

Priority actions include strengthening the legal framework supporting the functioning and independence of the State Audit Institution, further development of strategic and medium-term planning of audit activities, and strengthening risk-based planning and selection of audits. These measures will support more effective organisation and prioritisation of audit work.

At the same time, particular emphasis will be placed on improving the communication and visibility of audit findings and recommendations, including through more proactive dissemination of audit results. Strengthening communication is expected to contribute to greater awareness of audit findings and support improved implementation of audit recommendations by audited entities.

Beyond 2028, reform efforts will focus on consolidating the institutional and planning improvements introduced during the initial phase and ensuring their sustainable implementation. Continued strengthening of the institutional framework, risk-based audit planning and communication of audit findings will support the long-term effectiveness of external audit and reinforce its role in improving transparency, accountability and efficiency in the management of public funds.

OPERATIONAL OBJECTIVE 4.3

Strengthening the effectiveness of the AFCOS system in protecting the financial interests of the European Union

Outcome Indicators

Share of irregularities reported to AFCOS and transmitted to OLAF within prescribed deadlines

This indicator measures the share of identified irregularities that are reported to AFCOS and transmitted to OLAF within the prescribed deadlines. It reflects the effectiveness of the national system for protecting the financial interests of the European Union, particularly the capacity of responsible institutions to detect, report and communicate irregularities in a timely manner. A higher share indicates stronger compliance with reporting requirements, more effective coordination within the AFCOS system and improved protection of EU financial interests.

Baseline (2026): 50%

Transition value (2028): 60%

Target (2031): 70%

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on completing the legal and institutional framework necessary for the effective functioning of the AFCOS system, strengthening

coordination among institutions involved in the protection of the financial interests of the European Union, and establishing a strategic communication framework to support awareness and consistent application of anti-fraud measures.

Priority actions will include the adoption of remaining legal acts governing the protection of EU financial interests, the establishment and strengthening of coordination mechanisms within the AFCOS system, and the further development of operational procedures for reporting and managing irregularities and fraud.

In parallel, efforts will focus on strengthening operational tools and analytical capacities, including the development of risk analysis tools, improvement of procedures for reporting and managing irregularities, strengthening cooperation with the European Anti-Fraud Office (OLAF), and the development of reporting methodologies for irregularities and fraud related to new EU financial instruments such as the Reform and Growth Facility.

Particular attention will be given to strengthening professional competencies of staff involved in the AFCOS system through training, knowledge exchange and cooperation with relevant national and international institutions. These measures will support the consistent application of procedures and improve the system's capacity to prevent, detect and manage irregularities and fraud.

Beyond 2028, reform efforts will focus on consolidating the established legal and institutional framework and ensuring its sustainable implementation. Continued strengthening of coordination, operational procedures and institutional capacities will support the long-term effectiveness of the AFCOS system and its contribution to the protection of the financial interests of the European Union.

OPERATIONAL OBJECTIVE 4.4

Strengthening the operational capacity of budget inspection to ensure effective supervision of the use of public funds

Outcome Indicator

Share of inspection carried out in relation to received initiatives ranked within the certain risk category (critical risk, high risk, medium risk and low risk), compared to the total number of received initiatives

This indicator measures the share of budget inspection activities related to received initiatives ranked within a certain risk category in relation to the total number of initiatives received. It reflects the operational capacity of the budget inspection function to implement planned oversight activities and ensure effective oversight of the use of public funds. A higher share of completed inspections contributes to the timely identification of irregularities, supports corrective actions and strengthens compliance with public finance management rules and procedures.

Baseline (2026): 30%

Transition value (2028): 40%

Target (2031): 60%

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on strengthening the operational capacity of budget inspection, with particular emphasis on increasing staffing levels and enhancing professional competencies of budget inspectors.

Priority actions will include the recruitment of additional budget inspectors and the development of specialised competencies required for effective inspection supervision, including the application of risk-based approaches and relevant inspection methodologies.

At the same time, amendments to the Public Procurement Law expanded the responsibilities of budget inspection by integrating inspection functions related to public procurement. This will further strengthen the role of budget inspection within the public financial management system while requiring additional strengthening staffing capacity and professional competencies of budget inspectors.

Beyond 2028, reform efforts will focus on consolidating strengthened capacities and ensuring the sustainable implementation of inspection supervision in accordance with risk-based planning. Strengthened operational capacity is expected to contribute to more effective protection of public financial interests.

OPERATIONAL OBJECTIVE 4.5

Strengthening the audit of EU funds carried out by the Audit Authority

Outcome Indicator

Share of recommendations from EU funds audits implemented by Audit Authority, based on the follow-up assessments

This indicator measures the effectiveness and impact of the Audit Authority's work in the area of EU funds. A higher share of recommendations implemented by audited entities, as confirmed through follow-up assessments, indicates that audit findings are being effectively addressed and that audit activities contribute to improving the management and control of EU funds.

Baseline (2026): 40%

Transition value (2028): 60%

Target (2031): 75%

Activities and Reform Phasing

During the period 2027–2028, reform efforts will focus on strengthening the professional and institutional capacities of the Audit Authority to address the increasing complexity of audits related to EU-funded programmes.

Priority actions will include specialised training of auditors in thematic and performance audits, as well as capacity development related to the closure of IPA II programmes and the implementation of audits under IPA III and other emerging EU financial instruments. including

audits related to new EU financial instruments such as the Reform and Growth Facility. These measures will support the development of specialised expertise required for the effective audit of EU funds and contribute to maintaining the quality and reliability of audit work in accordance with internationally accepted auditing standards.

At the same time, reform efforts will support the strengthening of internal knowledge transfer and the sustainable development of professional competencies needed for increasingly complex audit responsibilities in the field of EU funds.

Beyond 2028, reform efforts will focus on consolidating the capacities developed during the initial phase and ensuring the sustainable application of advanced audit methodologies and competencies required for the audit of EU funds in the context of Montenegro's further integration into the European Union.

IV. IMPLEMENTATION ARRANGEMENTS

IV.1. FINANCING

The implementation of the Public Finance Management Reform Programme for the period 2027–2031 is aligned with the medium-term budgetary framework, annual budget laws and decisions on borrowing. The Action Plan for 2027–2028 specifies the estimated financial resources required for the implementation of planned activities.

Where activities are financed from the budgets of line ministries and other responsible institutions, these institutions will ensure the necessary funding within their respective budget allocations. In addition, financing will be supported through general government revenues, EU funds, loans and donations.

The total funds needed for the implementation of the Action Plan 2027–2028 are estimated at a minimum of 23 million euros. The largest share of the funds is intended for Pillar II (budget execution), in the amount of around 13.2 million euros, which reflects the need for significant investments in the information systems. For Pillar III (accounting, monitoring and financial reporting), funds are estimated at around 7.3 million euros, in particular for the development of digital systems, of which only the three largest require 6.7 million euros. The estimated funds for Pillar I (fiscal framework and budget planning) are around 1.8 million euros, while for Pillar IV (efficient financial control) they are estimated at around 0.7 million euros.

Additional financial support is expected from external donor sources, complementing national budget resources.

The financial estimates presented in the Action Plan are indicative and reflect the best available information at the time of Programme preparation. The allocation of resources for individual activities will be reviewed and updated through annual budget preparation processes and medium-term fiscal planning. The implementation of activities requiring additional funding will be subject to the availability of national and external financial resources and carried out in accordance with the fiscal framework and budgetary priorities of Montenegro.

IV.2. MONITORING AND REPORTING

The implementation of the PFM Reform Programme is supported by an established coordination and monitoring structure, ensuring clear responsibilities, effective oversight and timely decision-making. The central coordination body is the PFM Working Group, established by Government decision and coordinated by the Ministry of Finance.

The Working Group is structured around four thematic working teams corresponding four thematic working teams corresponding to the four pillars of the Programme: fiscal framework and budget planning; budget execution; accounting, monitoring and financial reporting; and efficient financial control. Each working team brings together representatives of the relevant institutions responsible for the implementation of reforms within the respective pillar, ensuring inter-institutional coordination and sectoral ownership.

Monitoring of the Programme will be based on the framework of operational objectives and indicators defined in this Programme and in the corresponding Action Plans. Progress will be assessed through the achievement of indicator targets, implementation of planned activities and periodic reviews of reform performance. Special attention will be paid to monitoring indicators of operational objectives, indicators of results defined for the activities of the Action Plan, the implementation of planned activities and the use of financial resources.

To the extent possible, within the reporting on the implementation of the Public Financial Management Reform Programme, relevant reform activities will be monitored from a gender perspective, with the aim of assessing gender representation and the distribution of engagement in the activities covered by the reform measures defined under the Programme.

Monitoring and evaluation are carried out on a continuous basis, including semi-annual reports to the European Commission within the framework of the request for withdrawal of funds from the Reform and Growth Instrument (Reform Agenda) and annual progress reports to the Government and the European Commission, as well as mid-term and final evaluations of the Programme. Funds for engaging experts to conduct the mid-term and final external evaluations will be timely planned in the budget or secured through technical assistance projects in the years in which the evaluations are to be carried out, in accordance with market conditions and prevailing prices at the time. The thematic working teams will monitor progress within their respective areas of responsibility and report to the PFM Working Group, while the Ministry of Finance will consolidate implementation information and prepare reports for consideration by the Government of Montenegro and other relevant stakeholders

The Ministry of Finance reports regularly to the Government and the European Commission on the implementation of the Programme. The Programme may be updated and adjusted as necessary, taking into account implementation experience and developments in the regulatory framework. Reports on the implementation of the Programme will be published on the websites of the Government of Montenegro and the Ministry of Finance.

IV.3. COMMUNICATION AND PUBLIC AWARENESS

Effective communication is an important component of the successful implementation of PFM reforms. The Ministry of Finance, in cooperation with the PFM Working Group, will ensure coordinated communication with key stakeholders and the general public. The communication approach builds on the stakeholder engagement process established during the preparation of the Programme and will ensure continuous information-sharing and transparency throughout its implementation. Particular attention will be given to stakeholders with a direct interest in specific reform areas, including public institutions, local governments, international partners, civil society organisations, the private sector and the wider public.

The Programme, Action Plans and annual implementation reports will be published on the website of the Ministry of Finance. Communication activities will rely on established channels, including official websites, media relations and social media platforms, complemented by targeted outreach activities aimed at increasing public awareness and understanding of PFM reforms and their impact.

A dedicated communication approach will support the visibility of reforms and their expected benefits. This will include the organisation of public events, dissemination of information through various communication channels and targeted engagement with stakeholders, particularly in reform areas of direct relevance to citizens and businesses.

Communication activities will cover both:

- internal communication, ensuring coordinated cooperation among ministries and other public institutions; and
- external communication, including engagement with local governments, oversight institutions, international partners, civil society organisations and the wider public.

Through these measures, the Programme aims to strengthen transparency, promote stakeholder engagement and support the effective implementation of public financial management reforms.

V ACTION PLAN

PILLAR 1: FISCAL FRAMEWORK AND BUDGET PLANNING							
OPERATIONAL OBJECTIVE 1.1.		Strengthening macroeconomic forecasting and fiscal policy analysis					
Indicator		Baseline value 2026.	Transition value 2028.		Target value 2031.		
The difference between projected and actual GDP		2.0%	1.8%		1.6%		
Share of reform measures for which quantification of fiscal effects has been developed		30%	80%		90%		
Deviation between planned budget revenues in the MTBF /annual plan and actual revenue collection		2.0%	1.8%		1.6%		
Activities		Performance indicators	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
1.1.1.	Training of employees in the field of macroeconomic modelling, financial programming and impact assessment	Number of employees in the Directorate for Macroeconomic and Fiscal Analysis and Projections trained in macroeconomic modelling, financial programming and impact assessment Baseline value (2026): 4 Target value (2028): 6	Ministry of Finance	Q1 2027	Q4 2028	€40,000	UNDP, EU
1.1.2.	Development of long-term projections of the macro-fiscal impact of climate change, demographic trends and the sustainability of the pension and healthcare systems	Prepared long-term macrofiscal scenarios that analyse fiscal risks associated with demographic trends and climate change	Ministry of Finance	Q1 2027	Q4 2028	€40,000	UNDP, EU
1.1.3.	Establishing a systematic methodological framework for assessing and quantifying the fiscal effects of reforms from the Reform Agenda of Montenegro.	Methodology for assessing and quantifying the fiscal effects of reforms developed and formally introduced for analytical use within the Ministry of Finance.	Ministry of Finance	Q1 2027	Q4 2027	No additional funds are required	Budget of Montenegro
1.1.4.	Estimation of fiscal effects of reforms from the Reform Agenda of Montenegro using macrofiscal and microsimulation models.	Fiscal effects of reforms from the Reform Agenda estimated using macrofiscal and microsimulation models.	Ministry of Finance	Q1 2027	Q4 2027	No additional funds are required	Budget of Montenegro

1.1.5.	<i>Preparation of annual estimates of the fiscal effects of reforms and investment projects and additional revenues generated by reform measures.</i>	<i>Annual analytical assessment of fiscal effects of reforms prepared.</i>	Ministry of Finance	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro
OPERATIONAL OBJECTIVE 1.2.		<i>Strengthening medium-term and program budgeting system with improved integration of strategic priorities, costing and performance information.</i>					
Indicator		Baseline value 2026.	Transition value 2028.		Target value 2031.		
<i>Share of new policy proposals and additional funding requests assessed within the Medium-Term Budget Framework (MTBF) process using structured prioritization criteria</i>		20-30%	60%		85-90%		
<i>Share of new strategic documents costed in accordance with the cost assessment methodology</i>		0%	40-50%		90%		
Activities		Performance indicators	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
1.2.1.	<i>Adopt the Government Regulation on the Medium-Term Budget Framework (MTBF)</i>	<i>Government regulation adopted</i>	Ministry of Finance	Q1 2027	Q2 2027	No additional funds are required	Budget of Montenegro
1.2.2.	<i>Institutionalizing a framework for in-depth spending analysis within the budget preparation process</i>	<i>Due diligence methodology integrated into the budget preparation process</i>	Ministry of Finance	Q1 2027	Q4 2028	donation	OSCE Budget of Montenegro
1.2.3.	<i>Development of a methodological framework for budget tagging of sustainable development within the program budget (budget tagging) with a focus on gender budgeting</i>	<i>Proposal for a methodological framework (manual) for budget labelling for sustainable development with a focus on gender budgeting</i>	Ministry of Finance	Q1 2027	Q4 2027	donation	UNDP
1.2.4.	<i>Development and approval of a standard list of unit costs for activities defined in strategic documents.</i>	<i>A standard list of unit costs has been developed and formally approved</i>	Ministry of Finance, General Secretariat of the Government	Q1 2027	Q3 2027	8,000 €	"EU4PFM" project

1.2.5.	Implement a structured capacity building program for the application of costing assessment methodology and the use of standard unit cost lists.	Number of employees trained in the application of costing assessment methodology and standard unit cost lists Baseline value (2026):0 Target value (2028):50	Ministry of Finance, General Secretariat of the Government	Q3 2027	Q4 2028	20,000 €	"EU4PFM" project
1.2.6.	Initiating improvements to interoperability between ISPI and BMIS.	Functional specifications for ISPI-BMIS interoperability prepared.	General Secretariat of the Government, Ministry of Finance	Q1 2027	Q4 2028	donation	UNDP
OPERATIONAL OBJECTIVE 1.3.		Improving the quality, coherence and sustainability of professional capacity development in public finance management					
Indicator		Baseline value 2026.	Transition value 2028.			Target value 2031.	
Number of Ministry of Finance practitioners engaged as trainers in the training programs of the National Academy of Public Finance.		0	10		25		
Activities		Result indicator	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
1.3.1.	Establishment of the National Academy of Public Finance (legal and organizational framework)	The legal framework for the establishment of the National Academy established National Academy founded	Ministry of Finance	Q1 2027	Q3 2027	No additional funds are required	Budget of Montenegro
1.3.2.	Development and formal adoption of a structured PFM training framework within the Academy	Structured annual training program and curriculum framework formally approved	Ministry of Finance	Q3 2027	Q1 2028	donation	Budget of Montenegro Academy of Finance Netherlands CEF
1.3.3.	Pilot implementation of a structured training cycle within the Academy	Number of participants from financial units in public administration who completed the Academy's training programs. Base value (2026): 0 Target (2028): 120	Ministry of Finance	Q1 2028	Q4 2028	donation	Budget of Montenegro Netherlands Academy of Finance CEF
OPERATIONAL OBJECTIVE 1.4.		Improving public investment management					

Indicator		Baseline value 2026.	Transition value 2028.			Target value 2031.	
<i>Share of capital projects included in the annual Budget Law that meet formally defined maturity criteria ⁵</i>		50%	70%			90%	
Activities		Result indicators	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
1.4.1.	<i>Establishment of the Public Investment Management Information System (PIMIS)</i>	<i>PIMIS established and operational as a mandatory platform for submitting and tracking capital projects and maintaining the Public Investment Register.</i>	Ministry of Finance	Q1 2027	Q4 2027	200,000€	Budget of Montenegro, Donation
1.4.2.	<i>Development of the software application "Public Investments of Montenegro"</i>	<i>The public application "Map of the Public Investments of Montenegro" has been publicly launched and is available online.</i>	Ministry of Finance	Q1 2027	Q1 2028	100,000€	Budget of Montenegro, Donation
1.4.3.	<i>Improving the capacities of employees in spending units regarding the implementation of the Decision on the preparation of the capital budget</i>	<i>Number of trained local government officials. Baseline value (2026):25 Target value (2028):50 Number of trained officials in ministries Baseline value (2026): 15 Target value (2028): 30</i>	Ministry of Finance	Q1 2027	Q4 2028	40,000€	Budget of Montenegro, Donation
1.4.4.	<i>Promoting the use of public-private partnerships (PPP)</i>	<i>Number of structured capacity building or policy dialogue events held on the topic of public-private partnerships. Baseline (2026): 1 Target (2028): 2</i>	Ministry of Finance	Q1 2027	Q4 2028	€40,000	Budget of Montenegro UNDP/TAIE X/SIGMA
1.4.5.	<i>Development of methodological guidelines with accompanying training for the preparation of a portfolio of capital projects aligned with climate action</i>	<i>Methodological guidelines prepared</i>	Ministry of Finance	Q1 2027	Q4 2028	€30,000	UNDP CEF

⁵New projects that become an integral part of the Capital Budget for the first time, which have complete project documentation and for which property and legal relations have been resolved

1.4.6.	<i>Improving the management of a portfolio of capital projects aligned with climate action as a sustainable development goal</i>	<i>Summary table of climate-related capital investments included in the annual Budget Law documentation.</i>	Ministry of Finance	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro, Donations
OPERATIONAL OBJECTIVE 1.5		<i>Improving the sustainability of public debt and reducing refinancing risk</i>					
Outcome indicator		Baseline value 2026.	Transition value 2028.		Target value 2031.		
<i>Ensured stability and sustainability of public debt by reducing refinancing risk through extending the average debt maturity, measured in years</i>		4.3	4.5		5.5		
Activities		Result indicator	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
1.5.1.	<i>Strengthening the analytical and professional capacities of employees through continuous training in the field of debt instrument management and the application of analytical tools for identifying, measuring and managing public debt risks.</i>	<i>Number of employees who completed training programs</i> <i>Baseline value (2026):0</i> <i>Target (2028): 2</i>	Ministry of Finance	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro
1.5.2.	<i>Strengthening institutional capacities for public debt management through the recruitment of new officials and the implementation of targeted training and professional development programs.</i>	<i>Staffing of systematized positions in the Public Debt Management Unit</i> <i>Starting value (2026): 46.6%</i> <i>Target (2028): 60%</i>	Ministry of Finance	Q1 2027	Q4 2028	€60,000	Budget of Montenegro
1.5.3.	<i>Development of the functionality of the information system for analysing public debt portfolios, borrowing instruments and reporting.</i>	<i>Reporting module for monitoring public debt operational in the information system</i>	Ministry of Finance	Q1 2027	Q4 2028	At this time it is not possible to predict amount	Budget of Montenegro Donation
1.5.4.	<i>Updating the medium-term public debt management strategy</i>	<i>Updated medium-term public debt management strategy</i>	Ministry of Finance	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro

1.5.5.	<i>Diversification of financing sources and implementation of borrowing operations aimed at reducing refinancing risk</i>	<i>Financing operations conducted in accordance with the annual borrowing plan and the Medium-Term Debt Management Strategy. Increased share of financing instruments with longer maturities.</i>	Ministry of Finance	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro
OPERATIONAL OBJECTIVE 1.6.		<i>Strengthening institutional readiness for implementation of the EU Own Resources system</i>					
Indicator		Baseline value 2026.	Transition value 2028.		Target value 2031.		
<i>Number of full accounting and reporting cycles on EU own resources carried out, confirming the functionality of administrative capacities and IT solutions in line with EU methodology</i>		1	3		6 ⁶		
Activities		Result indicator	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
1.6.1.	<i>Increasing administrative capacity in institutions responsible for coordinating and managing EU own funds</i>	<i>Number of employees engaged in the coordination and management of EU own funds Home (2026): 14 Target (2028): 30</i>	Ministry of Finance, Tax Administration, Customs Administration, Monstat, Environmental Protection Agency, Ministry of Ecology, Sustainable Development and Northern Region Development	Q1 2027	Q4 2028	450.000,00 EUR ⁷	Budget of Montenegro

⁶cumulatively

⁷ for 2027 and 2028 to increase administrative capacities

1.6.2.	<i>Carrying out the calculation and reporting of EU own resources for the relevant year</i>	<i>Calculation(s) and reporting carried out</i>	Ministry of Finance, Tax Administration, Customs Administration, Monstat, Environmental Protection Agency, Ministry of Ecology, Sustainable Development and Northern Region Development	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro
1.6.3.	<i>Upgrading the Tax Administration's IT system for the purposes of calculating and reporting on the part of EU own resources based on VAT</i>	<i>IT system upgraded</i>	Tax Administration	Q1 2027	Q2 2028	At this time it is not possible to predict amount	Budget of Montenegro
1.6.4.	<i>Development of a registry (EPR/packaging) IT module for collecting and reporting data on plastic packaging</i>	<i>Register/module operational</i>	Environmental Protection Agency (lead agency), in cooperation with the Ministry of Ecology, Sustainable Development and Northern Region Development and the Ministry of Finance	Q1 2027	Q2 2028	€250,000	Budget of Montenegro, Eco-Fund IPA III / EU projects, support from bilateral partners
OPERATIONAL OBJECTIVE 1.7.		<i>Improving official statistics</i>					

Indicator		Baseline value 2026.	Transition value 2028.			Target value 2031.	
Completeness of statistical data sets submitted to Eurostat (share of required datasets delivered)		60%	80%			90%	
Activities		Result indicators	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
1.7.1.	Strengthening institutional coordination for the implementation of the ESA methodology and the production of government finance statistics.	The inter-institutional working groups are operational and the coordination mechanism functions in accordance with the Cooperation Agreement and the work of the Committee that monitors the implementation of the Agreement.	Statistical Office Ministry of Finance, Central Bank of Montenegro	Q1 2027	Q4 2028	€30,000	IPA Budget of Montenegro
1.7.2.	Further strengthening of administrative capacity for the production of missing variables in the tables defined by the national accounts data transmission program	New data sets from various statistical domains were produced in accordance with the ESA methodology (government finance statistics (GFS) and EDP procedure, financial accounts, sector accounts, SUT/IoT tables, classification of institutional units, implementation of the new ESA methodology).	Statistical Office Central Bank of Montenegro, Ministry of Finance	Q1 2027	Q4 2028		IPA Budget of Montenegro
1.7.3.	Strengthening capacities for the production of official statistics, especially government finance statistics (GFS), in line with ESA 2010 and GFSM standards, including the implementation of EDP procedures.	Number of employees focused on the production of GFS statistics and EDP procedures in accordance with the ESA methodology. Baseline value (2026): 0 Target value (2028): 20	Statistical Office Ministry of Finance, Central Bank of Montenegro	Q4 2027	Q4 2028	€230,000	Budget of Montenegro, Budget of the Central Bank of Montenegro
1.7.4	Assessment and improvement of the quality of administrative registers used as data sources for national accounts and government finance statistics in line with ESA requirements.	Quality assessments of key administrative registers completed and recommendations for improving data completeness, accuracy, consistency and timeliness adopted.	Statistical Office, Ministry of Finance, Tax Administration, Central Bank of Montenegro and other relevant data providers	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro

OPERATIONAL OBJECTIVE 1.8.		Improving the system for identifying, monitoring and reporting on fiscal risks arising from the operations of state-owned enterprises					
Indicator		Baseline value 2026.	Transitional target value 2028.			Target value 2031.	
Share of companies in majority state ownership that timely prepare and submit quarterly business reports and annual and multi-year plans to the Ministry of Finance for the purposes of conducting analysis and assessment of fiscal risks		0%	50%			90%	
Activities		Result indicator	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
1.8.1.	Establishing a system for submitting annual and multi-year financial plans of companies in majority state ownership to the Ministry of Finance by December 31 of the current year	Annual and multi-year planning established in accordance with the legal framework	Ministry of Finance	Q4 2027	Q4 2028	No additional funds are required	Budget of Montenegro
1.8.2.	Establishing a system of regular quarterly and annual business reporting	Regular quarterly and annual reporting on the operations of companies in majority state ownership established in accordance with the legal framework	Ministry of Finance	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro
1.8.3.	Improving the methodological framework and early warning system for identifying fiscal risks in the state-owned enterprise sector	Methodology for assessing fiscal risks prepared	Ministry of Finance	Q1 2027	Q3 2027	€10,000	Budget of Montenegro
1.8.4.	Development of an automated information system for collecting and processing financial data of state-owned enterprises	Established information system	Ministry of Finance	Q1 2027	Q4 2027	€200,000	Budget of Montenegro Donation
1.8.5.	Strengthening the institutional capacities of the Ministry of Finance to assess and monitor fiscal risks of companies in majority state ownership	Number of people engaged in the assessment and monitoring of fiscal risks of companies in majority state ownership ⁸ Baseline value (2026): 4 Target value (2028): 10	Ministry of Finance	Q1 2027	Q4 2028	€90,000	Budget of Montenegro
1.8.6.	Development of specialized knowledge for fiscal risk analysis	Number of specialized trainings organized on the following topics: financial reporting,	Ministry of Finance	Q1 2027	Q4 2028	€10,000	Budget of Montenegro

⁸In relation to the amendment to the Rules of Procedure of the Systematization Act

	<i>through the organization of continuous professional training in the field of financial statement analysis and fiscal risk assessment.</i>	<i>analysis of financial statements, identification, assessment and monitoring of fiscal risks, audit and internal control system, etc. Baseline (2026): 1 Target value (2028): 6</i>					Donation
PILLAR 2: BUDGET EXECUTION							
OPERATIONAL OBJECTIVE 2.1.		<i>Improving the efficiency of revenue collection</i>					
Indicator		Baseline value 2026.	Transition value 2028.		Target value 2031.		
<i>Gross revenue collection achieved by the Tax Administration</i>		<i>1.745.898.934,82 €</i>	<i>1.943.229.161,93 €</i>		<i>2.281.820.083,04 €</i>		
Activities		Result indicator	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
2.1.1.	<i>Conducting inspection procedures based on risk assessment</i>	<i>Share (%) of controls with identified irregularities in the total number of controls performed Baseline value (2026): 60% Target Value (2028): 80%</i>	Tax Administration	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro
2.1.2.	<i>Strengthening the capacity of tax inspectors in determining the origin of property and unreported income</i>	<i>Number of trainings conducted to determine the origin of assets and undeclared income Baseline value (2026):0 Target value (2028): 5</i>	Tax Administration	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro Council of Europe CEF
2.1.3.	<i>Strengthening the capacities of Tax Administration officials with special emphasis on obligations arising from EU membership negotiations in key organizational units⁹</i>	<i>Percentage of execution of the Personnel Plan Baseline value (2026): 65% Target value (2028):75% Number of filled positions in organizational units key to obligations arising from EU membership negotiations</i>	Tax Administration	Q1 2027	Q4 2028	€804,000	Budget of Montenegro

⁹Sector for Services and Registration, Sector for Information Systems, Sector for Inspection Operations, Sector for Large Taxpayers and Department for International Cooperation

		<i>Baseline value (2026):6 Target value (2028):12</i>					
2.1.4.	<i>Development of new training programs with a focus on the use of digital platforms</i>	<i>Adoption and implementation of a new training program Baseline value (2026): 1 Target value (2028): 3</i>	Tax Administration	Q1 2027	Q4 2028	€24,000	Budget of Montenegro Donations
2.1.5.	<i>Expansion of digital services for taxpayers through the new Tax Administration portal</i>	<i>New electronic services introduced on the Tax Administration portal</i>	Tax Administration	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro
2.1.6.	<i>Increasing taxpayer awareness through continuous training for taxpayers</i>	<i>Trainings organized in cooperation with professional associations of taxpayers Baseline value (2026): 8 Target value (2028): 22</i>	Tax Administration	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro
2.1.7.	<i>Creation and publication of educational materials intended for taxpayers</i>	<i>Educational materials on individual important tax information were created and distributed to taxpayers Baseline value (2026): 10 Target value (2028): 20</i>	Tax Administration	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro
2.1.8.	<i>Modernizing communication with taxpayers by providing services by answering questions in writing and via telephone contact</i>	<i>Taxpayers were provided with guidelines regarding the proper application of tax regulations, with a special focus on changes to tax legislation in the process of preparing for EU accession, as follows: Baseline value (2026): Via call centre: 3000 responses Written. 1000 responses Target value (2028): Via call centre: 3300 responses Written. 1200 responses</i>	Tax Administration	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro
2.1.9.	<i>Expansion of data warehousing systems and analytical tools for risk analysis for the purpose of monitoring tax compliance.</i>	<i>Data warehousing system expanded with additional data sources supporting risk analysis and compliance monitoring</i>	Tax Administration	Q1 2027	Q4 2028	€1,000,000	World Bank Loan Budget of Montenegro

2.1.10.	<i>Establishing an e-invoice system in accordance with EU standards and legislation</i>	<i>E-invoice system operational</i>	Tax Administration	Q1 2027	Q4 2028	€500,000	World Bank Loan Budget of Montenegro
2.1.11.	<i>Establishing a system for international administrative cooperation in the field of taxation</i>	<i>Information exchange initiated through international administrative cooperation systems in taxation</i>	Tax Administration	Q1 2027	Q4 2028	€1,080,000 VIES: maximum €2,000,000	Budget of Montenegro
2.1.12.	<i>Implementation of EU-compatible customs IT systems (AES, ICS 2 and EMCS)</i>	<i>AES, ICS2 and EMCS systems implemented and operational</i>	Customs Administration	Q1 2027	Q4 2028	€2,500,000 - AES and ICS2 €600,000 EMCS Total €3,100,000	Budget of Montenegro IPA Support to the Customs Administration in establishing AES, ICS2 and EMCS
2.1.13.	<i>Implementation of 11 donated IT systems by FURS into the Customs Information System (CIS)</i>	<i>Implemented and operational donated IT systems into the customs information system</i>	Customs Administration	Q1 2027	Q4 2028	€3,500,000	Budget of Montenegro Donation of the Republic of Slovenia
2.1.14.	<i>Improving human resources capacities in the Customs Administration</i>	<i>The number of newly employed officers in order to strengthen the capacity for border controls, mobile teams and subsequent controls increased by 80 in 2027 and 2028.</i>	Customs Administration	Q2 2027	Q4 2028	€994,000	Budget of Montenegro
OPERATIONAL OBJECTIVE 2.2.		<i>Enhancing the integrity, transparency and efficiency of the public procurement system</i>					
Indicator		Baseline value 2026.	Transition value 2028.		Target value 2031.		
<i>Average number of bidders per procurement procedure</i>		3.00	3.1		3.2		
<i>Share of decisions adopted on complaints in a given year</i>		94%	96%		97%		

Activities		Result indicator	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
2.2.1.	<i>Introduction of automatic risk detection ("red flags") functionality in the electronic public procurement system (CEJN)</i>	<i>Functionality of "red flags" operational in CEJN.</i>	Ministry of Finance	Q1 2027	Q3 2027	€200,000	Innovation Fund
2.2.2.	<i>Organization of specialized training for officials in the field of public procurement</i>	<i>Number of trainings held Baseline value (2026):0 Target value (2028): 12</i>	Ministry of Finance, Human Resources Administration	Q1 2027	Q4 2028	€6,000	Donation Budget of Montenegro
2.2.3.	<i>Guidelines for identifying, preventing and combating abuse in public procurement</i>	<i>Integrity guidelines for public procurement procedures published</i>	Ministry of Finance, Agency for Prevention of Corruption	Q3 2027	Q4 2027	No additional funds are required	Budget of Montenegro
2.2.4.	<i>Strengthening the administrative capacity of the Commission for Protection rights in public procurement procedures</i>	<i>Number of vacancies filled in within the Expert Service of the Commission Baseline value (2026):0 Target value (2028): 6</i>	Commission for the Protection of Rights in Public Procurement Procedures	Q1 2027	Q4 2028	€97,401.00	Budget of Montenegro
2.2.5.	<i>Upgrade of the electronic platform of the Management Commission cases on appeals in proceedings public procurement</i>	<i>Upgraded electronic platform operational</i>	Commission for the Protection of Rights in Public Procurement Procedures	Q2 2027	Q4 2028	€15,000.00	Budget of Montenegro
OPERATIONAL OBJECTIVE 2.3.		<i>Consistent and effective application of the state aid control system in line with the EU acquis</i>					
Indicator		Baseline value 2026.	Transition value 2027.			Target value 2031.	
<i>Share of notified and aligned state aid measures prior to granting (ex-ante control) in the total number of granted state aid</i>		60-70%	75-85%			90-95%	
Activities		Result indicator	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding

2.3.1.	<i>Monitoring changes to the EU acquis in the field of state aid and conducting inter-institutional consultations on necessary changes and improvements to the legislative framework</i>	<i>Number of reports prepared on changes in the EU legal framework on state aid and their implementation in the national framework</i> Baseline value (2026):0 Target value (2028):4	Ministry of Finance, Agency for the Protection of Competition	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro
2.3.2.	<i>Development and publication of a methodology for evaluating the effects of granted state aid</i>	<i>Methodology for evaluating the effects of granted state aid published within the framework of the state aid control system</i>	Ministry of Finance, Agency for the Protection of Competition	Q2 2027	Q2 2028	No additional funds are required	Budget of Montenegro Donation
2.3.3.	<i>Development of an annual plan and program of specialized training for employees in the state aid control system</i>	<i>Annual plan of specialized training developed and adopted</i>	Ministry of Finance, Agency for the Protection of Competition	Q1 2027	Q1 2027	No additional funds are required	Budget of Montenegro
2.3.4.	<i>Strengthening the professional capacities of institutions involved in the state aid control system through structured specialized training programs.</i>	<i>Number of civil servants from institutions involved in the state aid control system who have completed specialized training programs</i> Baseline value (2026):0 Target value (2028): 25	Ministry of Finance, Agency for the Protection of Competition	Q1 2027	Q1 2028	No additional funds are required	Budget of Montenegro
2.3.5.	<i>Strengthening the analytical capacities of state aid providers through targeted training on the application of state aid application forms and evaluation of the effects of granted state aid</i>	<i>Number of trainings for state aid providers on the application of state aid application forms and evaluation principles</i> Baseline value (2026):0 Target value (2028):5	Ministry of Finance, Agency for the Protection of Competition	Q2 2027	Q4 2028	No additional funds are required	Budget of Montenegro
2.3.6.	<i>Development and publication of methodological guidelines for the application of state aid rules.</i>	<i>Methodological guidelines for the application of state aid rules published</i>	Ministry of Finance, Agency for the Protection of Competition	Q2 2027	Q2 2028	No additional funds are required	Budget of Montenegro
PILLAR 3: ACCOUNTING, MONITORING AND FINANCIAL REPORTING							
OPERATIONAL OBJECTIVE 3.1.		<i>Implementing accrual accounting in the public sector</i>					

Indicator		Baseline value 2026.	Transition value 2028.			Target value 2031.	
<i>Share of public sector entities producing financial statements in accordance with national accounting regulations</i>		0	0%			50%	
No.	Activities	Result indicator	Competent institutions	Start	Completion	Resources	Source of funding
3.1.1.	<i>Strengthening the legal framework for the implementation of the Public Sector Accounting Law</i>	<i>Adopted bylaw for the implementation of the Law on Public Sector Accounting relating to the register of public sector entities</i>	Ministry of Finance	Q1 2027	Q3 2027	No additional funds are required	Budget of Montenegro
3.1.2.	<i>Developed information system for the application of accrual accounting</i>	<i>Accrual accounting information system operational</i>	Ministry of Finance	Q1 2027	Q4 2028	€1,200,000	Budget of Montenegro
3.1.3.	<i>Certification of public sector accountants</i>	<i>Number of certified public accountants Starting value (2026): 220 Target value (2028): 260</i>	Ministry of Finance	Q12027	Q4 2028	€100,000	Budget of Montenegro
3.1.4.	<i>Creating a continuing education program for accountants</i>	<i>Continuing education program for public sector accountants developed</i>	Ministry of Finance	Q12027	Q1 2027	€20,000	Donation
3.1.5.	<i>On-the-job training for implementing the new information system</i>	<i>Officers trained to use the new system</i>	Ministry of Finance	Q12028	Q4 2028	€100,000	Budget of Montenegro Donations/ EU funds
3.1.6.	<i>Development of an IT financial reporting system based on the modified cash basis</i>	<i>IT system operational</i>	Ministry of Finance	Q1 2027	Q2 2027	€20,000	Budget of Montenegro
OPERATIONAL OBJECTIVE 3.2		<i>Improving the management of state property and the cadastral system</i>					
Indicator		Baseline value 2026.	Transition value 2028.		Target value 2031.		
<i>Share of public sector entities using the state property registration system</i>		0%	80%		100%		
<i>Percentage of the implementation of the planned development of the cadastral information system</i>		30%	50%		70%		

Activities		Result indicator	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
3.2.1.	<i>Establishing a functional IT solution for state asset management</i>	<i>Information system established and operational</i>	State Property Administration	Q1 2027	Q4 2028	500,000€	Budget of Montenegro
3.2.2.	<i>Strengthening the legal framework through amendments to the Law on State Property and relevant bylaws with a focus on changing the method of inventorying state property and reporting on property</i>	<i>Adopted amendments to the Law on State Property and relevant by-laws</i>	Ministry of Spatial Planning, Urbanism and State Property State Property Administration	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro
3.2.3.	<i>Training of officials for the area of state property in the domain of property register management</i>	<i>Share of competent civil servants trained in the use of the State Property Register. Baseline value (2026):0 Target value (2028): 100%</i>	State Property Administration	Q2 2027	Q4 2027	No additional funds are required	Budget of Montenegro
3.2.4.	<i>Establishing a framework for assigning responsibilities for asset data management</i>	<i>Responsibilities for managing asset data are assigned to specific users/officers</i>	State Property Administration	Q2 2027	Q4 2027	No additional funds are required	Budget of Montenegro
3.2.5.	<i>Development of methodology for mass assessment of state assets</i>	<i>Methodology for mass valuation of state assets adopted through amendments to the relevant regulatory framework</i>	Ministry of Spatial Planning, Urbanism and State Property, State Property Administration, Real Estate Administration	Q2 2027	Q4 2028	No additional funds are required	Budget of Montenegro
3.2.6	<i>Improvement of the cadastral system</i>	<i>Improved information system with an established and operational platform for direct access of authorities to the cadastral information system</i>	Real Estate Administration	Q1 2027	Q4 2028	€1,000,000	Budget of Montenegro Donation
3.2.7.	<i>Improvement and upgrade of e-services for downloading documentation/data in accordance with regulations</i>	<i>Share (in %) of institutions and other interested parties, in accordance with regulations, who use e-services</i>	Real Estate Administration	Q1 2027	Q4 2028	€100,000	Budget of Montenegro Donation

		<i>Baseline value (2026): 0 Target value (2028): 30%</i>					
3.2.8.	<i>Improving existing and establishing new e-services</i>	<i>Share (in %) of notary offices and other interested parties, in accordance with regulations, using e-services Baseline value (2026): 30% Target value (2028): 60%</i>	Real Estate Administration	Q1 2027	Q4 2028	€100,000	Budget of Montenegro Donation
3.2.9.	<i>Training of employees for external and internal users of desktop and web applications/e-services</i>	<i>All users of desktop and web applications/e-services are trained</i>	Real Estate Administration	Q1 2027	Q4 2028	€80,000	Budget of Montenegro
OPERATIONAL OBJECTIVE 3.3.		<i>Improving transparency and public access to budget information</i>					
Indicator		Baseline value 2026.	Transition value 2028.		Target value 2031.		
<i>Number of budget execution reporting modules operational within the Citizens' Budget platform</i>		0	1		4		
Activities		Result indicator	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
3.3.1.	<i>Completion of the tender procedure for the procurement of the Budget for Citizens portal in accordance with the approved technical specifications</i>	<i>Tender procedure finalized</i>	Ministry of Finance	Q1 2027	Q4 2027	/	Budget of Montenegro
3.3.2.	<i>Finalization of the BMIS upgrade in accordance with the adopted technical specification and establishment of automated data exchange services (API)</i>	<i>API services available for external systems</i>	Ministry of Finance	Q1 2027	Q4 2028	€15,000	Budget of Montenegro
3.3.3.	<i>Development of the Budget portal for citizens</i>	<i>Budget for Citizens portal available</i>	Ministry of Finance	Q1 2027	Q4 2028	€100,000	Budget of Montenegro
OPERATIONAL OBJECTIVE 3.4.		<i>Establishing a monitoring system for EU programs</i>					
Indicator		Baseline value 2026.	Transition value 2028.		Target value 2031.		

<i>Percentage of realization of the planned development of the Project Management and Monitoring Information System (MISS ME)</i>		30%	80% ¹⁰		100%		
Activities		Result indicator	Competent institution	Start	Completion	Required funds	Source of funding
3.4.1.	<i>Development of the MISS ME system (hardware and software)</i>	<i>MISS ME developed</i>	Ministry of Finance, Ministry of European Affairs	Q1 2027	Q4 2028	€4,000,000	Budget of Montenegro EU grant
3.4.2	<i>User manual for MISS ME and training for users</i>	<i>MISS ME tested and functional</i>	Ministry of Finance, Ministry of European Affairs	Q1 2028	Q4 2028	No additional funds are required	Budget of Montenegro
PILLAR 4: EFFICIENT FINANCIAL CONTROL							
OPERATIONAL OBJECTIVE 4.1		<i>Improving governance, internal control and internal audit in the public sector</i>					
Indicator		Baseline value 2026.	Transition value 2028.		Target value 2031.		
<i>Share of ministries effectively delegating decision-making and resource management responsibilities</i>		60%	85%		95%		
<i>Share of internal audit recommendations aimed at improving internal controls and value for money</i>		≈40% ¹¹	44%		48%		
Activities		Result indicator	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
4.1.1	<i>Establishing a functional IT solution for monitoring PIFC implementation</i>	<i>Established and operational IT system</i>	Ministry of Finance	Q1 2027	Q4 2027	€180,000	Reform and Growth Instrument
4.1.2.	<i>Implementing the process of reviewing the quality of management and internal control in selected institutions</i>	<i>Number of quality review reports prepared annually</i> <i>Baseline value (2026): 4</i> <i>Target value (2028): 6</i>	Ministry of Finance	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro

¹⁰ The system is functional, but data entry and the first reports will be possible after 2028

¹¹ Preliminary data for 2025

4.1.3.	<i>Conducting training for public sector managers</i>	<i>Number of trainings conducted Baseline value (2026): 2 Target value (2028): 6</i>	Ministry of Finance	Q1 2027	Q4 2028	€5,000	Budget of Montenegro
4.1.4.	<i>Conducting training for managers and employees in companies in which the state or local government unit has a majority ownership stake in the areas of governance, risk management and internal control</i>	<i>Number of trainings conducted Baseline value (2026): 2 Target value (2028): 6</i>	Ministry of Finance	Q1 2027	Q4 2028	€5,000	Budget of Montenegro
4.1.5.	<i>Conducting training for persons responsible for providing professional support for risk management and implementing internal control in the areas of governance, risk management and internal control</i>	<i>Number of trainings conducted Baseline value (2026): 2 Target value (2028): 6</i>	Ministry of Finance	Q1 2027	Q4 2028	€5,000	Budget of Montenegro
4.1.6.	<i>Assessing the implementation of management accountability measures and preparing recommendations for further improvements</i>	<i>Report on the assessment of the implementation of management accountability measures prepared and Roadmap updated.</i>	Ministry of Finance	Q1 2027	Q2 2027	No additional funds are required	Budget of Montenegro
4.1.7.	<i>Assessment of the situation in the area of governance, internal control and internal audit and making recommendations for improvement through the Consolidated Report on Governance, Internal Control and Internal Audit</i>	<i>Prepared Consolidated Management, Internal Control and Internal Audit Reports</i>	Ministry of Finance	Q2 2027	Q2 2028	No additional funds are required	Budget of Montenegro
4.1.8.	<i>Realization and implementation of the Certification Program for Internal Auditors in the Public Sector</i>	<i>The Certification Program for Internal Auditors in the Public Sector was implemented with a public call for a minimum of 15 participants.</i>	Ministry of Finance	Q1 2027	Q4 2028	€60,000	Budget of Montenegro
4.1.9.	<i>Implementation of the Professional Development Program for Certified Internal Auditors in the Public Sector</i>	<i>Percentage of certified deployed internal auditors who attended at least three training sessions within the Professional Development Program for Certified Internal Auditors in the Public Sector</i>	Ministry of Finance	Q1 2027	Q4 2028	€20,000	Budget of Montenegro

		<i>Baseline value (2025): 77%¹² Target value (2028): 87%</i>					
4.1.10.	<i>Strengthening the capacity of internal auditors regarding the preparation of the Quality Assurance and Improvement Program</i>	<i>Number of internal auditor trainings related to the Quality Assurance and Improvement Program Baseline value (2026): 1 Target value (2028): 4</i>	Ministry of Finance	Q1 2027	Q4 2028	€5,000	Budget of Montenegro Donor projects
4.1.11.	<i>Establishing mechanisms for external assessment of the quality of internal audit in the public sector</i>	<i>Number of internal auditors assigned to the internal audit team for conducting external quality assessments of the work of internal audit units in the public sector Baseline value (2026): 0 Target value (2028): 7</i>	Ministry of Finance	Q1 2027	Q2 2028	€10,000	Budget of Montenegro Donor projects
4.1.12.	<i>Strengthening the capacity of internal auditors to develop their own methodologies for internal audit work</i>	<i>Number of trainings conducted on developing own internal audit methodologies Baseline value (2026): 1 Target value (2028): 3</i>	Ministry of Finance	Q1 2027	Q4 2028	€3,000	Budget of Montenegro
4.1.13.	<i>Strengthening the capacity of internal auditors to use data analytics</i>	<i>Number of trainings conducted on the application of data analysis when performing audit engagements Baseline value (2026): 0 Target value (2028): 2</i>	Ministry of Finance	Q1 2027	Q4 2028	€5,000	Budget of Montenegro Donor projects
4.1.14.	<i>Coordination of the work of internal audit units in auditing the implementation of reform measures within the framework of the reform measures from the Growth Plan for WB</i>	<i>Number of audits conducted and final audit reports prepared annually Baseline value (2026): 6 Target value (2028): 12</i>	Ministry of Finance Relevant institutions	Q1 2027	Q2 2028	No additional funds are required	Budget of Montenegro
OPERATIONAL OBJECTIVE 4.2.		<i>Strengthening the impact of external audit on the management of public funds</i>					
Indicator		Baseline value 2026.	Transition value 2028.		Target value 2031.		
<i>Share of control over implementation of SAI recommendations</i>		<i>51.07%¹³</i>	<i>55%</i>		<i>60%</i>		

¹²The initial value refers to attendance at trainings during 2025.

¹³Preliminary data for 2026

Activities		Result indicator	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
4.2.1.	<i>Strengthening the legal framework for the functioning and independence of the State Audit Institution</i>	<i>Amendments to the Law on the State Audit Institution adopted</i>	SAI	Q1 2027	Q3 2027	No additional funds are required	Budget of Montenegro
4.2.2.	<i>Establishing a strategic framework for the development of the State Audit Institution for the period 2028–2032</i>	<i>The Strategic Development Plan of the State Audit Institution for the period 2028–2032 has been prepared</i>	SAI	Q4 2027	Q1 2028	No additional funds are required	Budget of Montenegro
4.2.3	<i>Strengthening the planning of financial and regularity audits for the period 2028–2032.</i>	<i>A Medium-Term Plan for Financial and Regularity Audits has been developed for the period 2028-2032</i>	SAI	Q4 2027	Q1 2028	No additional funds are required	Budget of Montenegro
4.2.4	<i>Improving transparency and public communication of audit results</i>	<i>Share of audit reports distributed via the Institution's official social networks in relation to the total number of audit reports published annually</i> <i>Baseline value (2026): 0</i> <i>Target value (2028):20%</i>	SAI	Q1 2027	Q4 2028	€7,000	Budget of Montenegro
OPERATIONAL OBJECTIVE 4.3.		<i>Strengthening the effectiveness of the AFCOS system in protecting the financial interests of the European Union</i>					
Indicator		Baseline value 2026.	Transition value 2028.			Target value 2031.	
<i>Share of irregularities reported to AFCOS and transmitted to OLAF within the prescribed deadlines</i>		50%	60%			70%	
Activities		Result indicator	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
4.3.1.	<i>Development of the Strategy for the fight against irregularities and fraud in the protection of the financial interests of the European Union for the period 2027–2028.</i>	<i>Action Plan for 2027-2028 developed</i>	Ministry of Finance	Q1 2027	Q2 2027	€20,000	TWL Project "Operational strengthening of the Montenegrin AFCOS system in order to

							protect the financial interests of the EU"
4.3.2.	<i>Improving the legal framework for the protection of the European Union's financial interests</i>	<i>Regulation on the protection of the financial interests of the European Union in Montenegro adopted</i>	Ministry of Finance	Q1 2027	Q1 2027	No additional funds are required	Budget of Montenegro
4.3.3.	<i>Strengthening capacities to protect financial interests in the use of EU funds</i>	<i>Number of trainings organized</i> <i>Baseline value (2026):2</i> <i>Target value (2028):8</i>	Ministry of Finance	Q1 2027	Q4 2028	No additional funds are required	Budget of Montenegro
4.3.4.	<i>Raising awareness about the importance of protecting the financial interests of the European Union.</i>	<i>Conference with all stakeholders and media organized</i>	Ministry of Finance	Q2 2027	Q4 2028	€10,000	TWL Project "Operational strengthening of the Montenegrin AFCOS system in order to protect the financial interests of the EU"
4.3.5.	<i>Assessment of the risk of irregularities and fraud in the use of EU funds</i>	<i>Conducted analysis of the risk of irregularities and fraud in accordance with the methodology for risk management in the area of irregularities and fraud</i>	Ministry of Finance	Q1 2027	Q2 2027	No additional funds are required	Budget of Montenegro
4.3.6.	<i>Establishing a strategic communication framework for the protection of the European Union's financial interests</i>	<i>Adopt a Communication Strategy for the Protection of the EU's Financial Interests in Montenegro for the Period 2026-2029, with an Action Plan</i>	Ministry of Finance	Q1 2027	Q1 2027	€5,000	Budget of Montenegro

4.3.7.	<i>Strengthening cooperation and coordination with OLAF in the protection of the financial interests of the European Union</i>	<i>Procedure developed for dealing with visits by OLAF inspectors and cooperation between national bodies and AFCOS</i>	Ministry of Finance	Q1 2027	Q2 2027	No additional funds are required	Budget of Montenegro
4.3.8.	<i>Development of reporting on irregularities and fraud in the use of EU funds in the context of the Reform and Growth Instrument</i>	<i>Developed Methodology for reporting on irregularities and fraud in the use of funds from the Reform and Growth Instrument</i>	Ministry of Finance	Q2 2027	Q2 2028	€20,000	Budget and TWL Project "Operational strengthening of the Montenegrin AFCOS system in order to protect the financial interests of the EU"
4.3.9.	<i>Promoting the protection of the European Union's financial interests</i>	<i>Organized promotion for Europe Day</i>	Ministry of Finance	Q2 2027	Q2 2027	€3,500	Budget and TWL Project "Operational strengthening of the Montenegrin AFCOS system in order to protect the financial interests of the EU"
4.3.10.	<i>Strengthening control mechanisms for detecting irregularities during field checks</i>	<i>Prepared manuals and checklists</i>	Ministry of Finance	Q3 2027	Q1 2028	€15,000	Budget and TWL Project "Operational strengthening of the Montenegrin

							AFCOS system in order to protect the financial interests of the EU"
4.3.11.	<i>Evaluation of the implementation of the Strategy for Combating Irregularities and Fraud to Protect the EU's Financial Interests (2025-2028)</i>	<i>Evaluation conducted</i>	Ministry of Finance	Q3 2028	Q4 2028	€30,000	Donations
OPERATIONAL OBJECTIVE 4.4.		<i>Strengthening the operational capacity of the budget inspection to ensure effective supervision of the use of public funds</i>					
Indicator		Baseline value 2026.	Transition value 2028.			Target value 2031.	
<i>Share of inspection carried out in relation to received initiatives ranked within the certain risk category (critical risk, high risk, medium risk and low risk), compared to the total number of received initiatives.</i>		30%	40%			60%	
Activities		Result indicator	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
4.4.1.	<i>Strengthening the human resources capacity of the budget inspection</i>	<i>Number of filled systematized positions for budget inspectors Baseline value (2026): 3 Target value (2028): 8</i>	Ministry of Finance	Q1 2027	Q4 2028	€150,000	Budget of Montenegro
4.4.2.	<i>Development of human resources capacities</i>	<i>Total number of specialized trainings organized for budget inspectors (workshops, seminars, study visits or conferences) Baseline value (2026): 2 Target value (2028): 6</i>	Ministry of Finance	Q1 2027	Q4 2028	€16,000	Budget of Montenegro EU4PFM
OPERATIONAL OBJECTIVE 4.5		<i>Strengthening the audit of EU funds carried out by the Audit Authority.</i>					
Indicator		Baseline value 2026.	Transition value 2028.			Target value 2031.	
<i>Share of recommendations from audits of EU</i>		40%	60%			75%	

<i>funds carried out by the Audit Authority, based on the follow-up assessments</i>							
Activities		Result indicator	Competent institutions	Start quarter	Completion quarter	Resources	Source of funding
4.5.1.	<i>Strengthening the capacity of employees to conduct thematic audits and performance audits</i>	<i>Number of training sessions held for conducting thematic audits and performance audits Baseline value (2026):2 Target value (2028):5</i>	Audit Authority of Montenegro	Q1 2027	Q4 2028	€30,000	EU Projects CEF Budget of Montenegro TAIEX
4.5.2.	<i>Strengthening the capacity of staff involved in the closure of the IPA II programme, as well as in the implementation of audits from the IPA III programme, as well as audits related to the Growth Plan for the Western Balkans</i>	<i>Number of trainings held Baseline value (2026):5 Target value (2028):15</i>	Audit Authority of Montenegro	Q1 2027	Q4 2028	€30,000	EU Projects CEF Budget of Montenegro TAIEX
4.5.3	<i>Development the audit methodology for the audit work for post accession EU funds</i>	<i>Prepared AA Manuals of procedures Baseline value (2026):0 Target value (2028):2</i>	Audit Authority of Montenegro	Q2 2028	Q4 2028	€50,000	EU Projects TAIEX