

PAR Monitor Report Montenegro **PUBLIC FINANCIAL MANAGEMENT**

2024/2025



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AUTHORS

Dragana Jaćimović, Bojana Pravilović, Ivana Božović

Editors:

Stevo Muk

Marko Sošić

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info@institut-alternativa.org

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ABOUT WEBER 3.0

Building upon the achievements of its predecessors, the WeBER (2015 – 2018) and WeBER 2.0 (2019 – 2023) projects, the **Western Balkan Enablers for Reforming Public Administrations – WeBER 3.0** project is the third consecutive EU-funded grant of the largest civil society-led initiative for monitoring public administration reform (PAR) in the Western Balkans. Its implementation period is February 2023 – July 2026. Guided by the SIGMA/OECD Principles, the first two phases of the initiative laid the foundation for WeBER 3.0's ambition **to further empower civil society organisations (CSOs) to contribute to more transparent, open, accountable, citizen-centric and thus more EU-compliant administrations in the WB region.**

WeBER 3.0 continues to promote the crucial role of CSOs in PAR, while also advocating for broader citizen engagement in this process and inclusive reform measures which are user-tailored and thus lead to tangible improvements. By grounding actions in robust monitoring data and insights, WeBER 3.0 will empower civil society to more effectively influence the design and implementation of PAR. To foster collaborative policymaking and bridge the gap between aspirations and actionable solutions, the project will facilitate sustainable policy dialogue between governments and CSOs through the WeBER Platform and its National PAR Working Groups. Finally, through small grants for local CSOs, WeBER 3.0 bolsters local-level PAR engagement, amplifying the voices of citizens – the final beneficiaries of the public administrations' work.

WeBER 3.0 products and further information about them are available on the project's website at www.par-monitor.org.

WeBER 3.0 is implemented by the Think for Europe Network (TEN), composed of six EU policy-oriented think tanks in the Western Balkans:



By partnering with the Centre for Public Administration Research (KDZ) from Vienna, WeBER 3.0 has ensured EU-level visibility.



ACKNOWLEDGEMENTS

The Public Financial Management Montenegro 2024/2025 is a product of a three-month long monitoring process, which relied on different data collection techniques and thus resulted in an abundance of findings.

As in the case of the previous editions of the National PAR Monitor reports, published for 2017/2018, 2019/2020 and 2021/2022, special acknowledgements go to members of the WeBER Platform and the National Working Group in Montenegro, and other stakeholders in Montenegro that shared their experiences through interviews, who immensely contributed to the content of this report and its quality, and who will not be identified due to the respect of the principle of anonymity.

Lastly, the WeBER 3.0 team would also like to thank its main partners and associates, who have supported the project in research and other activities. Most notably, these are the SIGMA (Support for Improvement in Governance and Management)¹, the ReSPA (Regional School of Public Administration), and the Ministry of Public Administration in Montenegro, as a project associate.

¹ A joint initiative of the European Union and the OECD.

EXECUTIVE SUMMARY

The assessment of the transparency and openness of public financial management focuses on four critical aspects - 1) inclusiveness and transparency of the budget formulation process, 2) availability and comprehensiveness of budgetary documentation, 3) transparency and competitiveness of the public procurement system, and 4) openness and transparency of supreme audit institutions' work. The first aspect examines the extent to which the budget formulation process is inclusive and transparent, ensuring timely access to information, formal participation opportunities, and proactive involvement of citizens and other external stakeholders by the relevant institution. The second aspect focuses on transparency and quality of budgetary documentation across all stages of the budget cycle, assessing whether medium-term projections, policy impacts, and detailed expenditure data are present, while also examining the timeliness of publishing and budgetary documents' accessibility. When it comes to the public procurement system, emphasis is placed on examining whether the policy, legal and institutional framework promotes open and fair procedures, if those procedures are applied in practice and if the procurements are competitive and regularly reported on. Finally, the last aspect is devoted to assessing whether the supreme audit institutions engage in active communication and cooperation with external stakeholders and ensure regular and accessible publication of activity and audit reports, in user-friendly and open formats. Findings of this report reflect the period since the publication of the PAR Monitor 2021/2022, starting from the second half of 2022, and until the end of 2024.²

A comprehensive review of Montenegro's strategic, legal, and practical frameworks for public finance management shows that transparency and citizen participation in the budget formulation phase remain largely absent. Key strategic documents – including the Public Administration Reform Strategy, The Public Finance Management (PFM) Reform Programme 2022–2026, and the Fiscal Strategy³ adopted in 2024 – do not introduce measures aimed specifically at improving openness during the preparation of the annual state budget. While some activities address broader planning coherence or general transparency, none translate into concrete commitments or operational steps that would allow the public to engage meaningfully before the draft budget reaches Parliament.

² For 2022, only developments not captured by the PAR Monitor 2021/2022 are included.

³ Fiscal Strategy of Montenegro for the period 2024–2027, available at: <https://www.gov.me/dokumenta/df26c758-865e-467a-8c3a-8300325c06f4>

The legal framework restricts participation, as the Law on Budget and Fiscal Responsibility prescribes a closed institutional process in which only state actors are involved. Additionally, Article 52 of the Law on State Administration explicitly exempts the annual budget from mandatory public consultations, thereby preventing the Government from engaging citizens or civil society during the formulation stage. As a result, no participatory mechanisms exist during the formulation stage, prior to the Government's adoption of the draft budget. Public engagement is limited to parliamentary committee hearings held after the budget proposal has been adopted and submitted already been finalised and submitted to Parliament, where social partners and civil society organisation are invited to provide comments. International assessments confirm this weakness: according to the Open Budget Survey (OBS) 2023 Montenegro scores just 13/100 for public participation, indicating that engagement practices are neither systematic nor inclusive.⁴

The lack of proactive stakeholder involvement in the budget formulation phase is also confirmed by interviews with key informants, who assess the process as non-transparent, non-inclusive, and largely unchanged in recent years. Public perception aligns with these findings: 85.5% of surveyed citizens believe they have no influence over how state budget funds are spent, indicating very low confidence in the openness and inclusiveness of budget formulation. This result is the most unfavourable compared to other countries in the region, as citizens in Montenegro have the lowest level of confidence that they can influence budgetary decisions. Bosnia and Herzegovina (83%) and Serbia (79%) also rank behind Montenegro, yet remain above the regional average. Overall, the assessment shows that despite existing strategic documents on public administration and public finance reform, Montenegro lacks both the policy commitments and institutional mechanisms needed to ensure transparent, participatory, and citizen-oriented budget formulation.

The assessment of Montenegro's budget transparency and reporting practices shows a mixed picture, with progress in formal reporting regularity but persistent weaknesses in usability, accessibility, and performance orientation. Key strategic documents, including the Public Administration Reform Strategy and the Public Finance Management Programme 2022–2026, recognise shortcomings in budget transparency and outline measures to improve fiscal reporting and coherence, particularly through programme budgeting and improved reporting standards. In practice, however, programme budgeting remains at an early stage of implementation, and budget documentation lacks clear projections on how allocations contribute to policy priorities such

⁴ Open Budget Survey 2023, available at: <https://internationalbudget.org/sites/default/files/country-surveys-pdfs/2023/open-budget-survey-montenegro-2023-cnr.pdf>

as economic development, green and digital transition, human capital, and the rule of law.

While annual and in-year budget execution reports are generally published in a timely manner, quarterly and monthly reports are more readily accessible and easier to use, the accessibility of final annual reports remain limited as they are less user-friendly and mostly available in non user friendly PDF formats. Open budget data is only partially available: although some monthly and quarterly execution data are published in open formats, core documents such as the annual budget and year-end reports are not.

Reporting on capital investments has improved in 2024 through the introduction of more citizen-friendly summaries and visual elements, yet detailed information on progress and in implementation and justification of budget variations remains insufficient. Findings from key informants and public perception surveys reinforce these conclusions, pointing to limited usability of budget documents, weak performance reporting, and low public confidence in how information on public spending is communicated.

Montenegro has established a public procurement system that emphasizes transparency and competition through the Law on Public Procurement and key strategic documents—the Public Financial Management Reform Program 2022–2026 and the Strategy for the Development of the Public Procurement and Public-Private Partnership System 2021–2025.

However, in practice, in terms of competitiveness certain exemptions from public procurement legislation still persist, a concern also highlighted by the European Commission. Although the chapter on public procurement was provisionally closed in June 2025, the European Commission introduced three new recommendations in its report for this year. This confirms that the temporary closure does not imply that all work in this area has been completed. The Commission expects further amendments to the law to broaden the definition of corruption in public procurement, introduce direct misdemeanor liability and budget inspection oversight, and further enhance the electronic procurement system by implementing an early-warning mechanism for detecting irregularities in procurement procedures. Particular attention is drawn to the recommendation that international agreements with the United Arab Emirates and other countries must not circumvent EU public procurement standards.

The Directorate for Public Investment Management and Public Procurement Policy within the Ministry of Finance is responsible for overall policy coordination and monitoring of the public procurement system. The Directorate publishes semi-annual and annual public procurement reports containing key data. According to the 2024 Annual Public Procurement Report, 84.29% of contracts were awarded through open procedures. More than 60% of procurement

procedures involved more than one tender. Also, the Commission for the Protection of Rights in Public Procurement Procedures regularly publishes annual reports on its website.

The Montenegrin Electronic Public Procurement System (CEJN) provides free access to complete tender documentation and allows searches by notice type, contracting authority, and time period; however, it still does not allow searches by bidders. The Portal does not provide a user guide, nor a glossary of key public procurement terms. Although all documentation available on the portal is searchable, it is not yet available in an open format. Public procurement data is not available on the Open data portal.

Strategic and legal framework in Montenegro clearly prioritise improved communication and cooperation between the State Audit Institution (SAI) and external stakeholders. The SAI Strategic Development Plan 2023–2027 and the PFM Reform Program introduced measures such as developing a Communication Strategy, strengthening cooperation with Parliament and civil society, and improving the clarity and visibility of audit results. These commitments are further operationalised through the SAI Communication Strategy, which sets concrete objectives and indicators.

The legal framework firmly supports transparency of SAI's work. The Law on the State Audit Institution obliges public reporting and publication of audit outputs, while the SAI Rules of Procedure require timely publication of reports and the use of various communication channels. Together, they ensure that transparency is embedded in the SAI's work. Practice largely aligns with these commitments. The SAI regularly publishes activity and audit reports, which are accessible and searchable on its website. Short online summaries accompany many reports, increasing their usability. However, audit reports are not available in machine-readable open formats, and no related datasets are published on the national Open Data Portal. Communication beyond the website remains limited.

The SAI does not use social media and relies mainly on press releases, events, and media coverage, resulting in mostly passive outreach. Key informant interviews confirm that the SAI is generally transparent and that access to reports is straightforward, noting improvements in recent years. Still, stakeholders highlight the need for clearer, more user-friendly communication and stronger proactive engagement with the public and civil society. Overall, the SAI has a solid foundation for transparency and cooperation, but further progress is needed in modernising communication practices and enhancing accessibility of audit data.

LIST OF ABBREVIATIONS AND ACRONYMS

AP – Action Plan

CSO – Civil society organization

EU – European Union

EC – European Commission

FOI – Freedom of Information

FAQ – Frequently Asked Questions

MEPPP – Montenegrin Electronic Public Procurement Portal

NSA – National Security Agency

OBS – Open Budget Survey

PAR – Public administration reform

PFM – Public Financial Management

PPP – Public-private partnerships

ReSPA – Regional School of Public Administration

SIGMA – Support for Improvement in Governance and Management

SAI – State Audit Institution

WB – Western Balkan

WeBER3.0 – Western Balkan Enablers for Reforming Public Administrations

I. WEBER PAR MONITOR

What we monitor and how?

I.1 WeBER's approach to monitoring PAR

The Public Administration Reform (PAR) Monitor methodology was developed in 2015-2016, as part of the first Western Balkans Enabling Project for Civil Society Monitoring of Public Administration Reform (WeBER) project. Since the onset, WeBER has adopted a markedly evidence-based approach in its endeavour to increase the relevance, participation and capacity of civil society organisations (CSOs) in the Western Balkans to advocate for and influence the design and implementation of PAR. The PAR Monitor methodology is a cornerstone WeBER product, enabling civil society monitoring of PAR based on evidence and analysis.

In line with WeBER's focus on the region's EU accession process, once the SIGMA *Principles of Public Administration* were revised in 2023, the WeBER PAR Monitor methodology was also redesigned in 2024, building on the Principles,⁵ and on SIGMA Methodology,⁶ and complementing the monitoring by SIGMA by providing additional observations focused on transparency, inclusiveness, openness or other aspects of state administrations' work depending on PAR area in question. This revision helps maintain the focus of WeBER's recommendations on EU-compliant reforms, thus guiding the governments in the region towards successful EU accession and future membership. The main changes in the revised PAR Monitor methodology are briefly listed below.⁷

⁵ OECD (2023), *The Principles of Public Administration*, OECD Publishing, Paris, <https://doi.org/10.1787/7f5ec453-en>

⁶ Available at: <https://www.sigmaweb.org/en/publications/documents/2024/assessment-methodology-of-the-principles-of-public-administration.html>

⁷ For detailed information on the scope and process of methodology revision please visit <https://www.par-monitor.org/par-monitor-methodology/>

Table 1: Main changes in the PAR Monitor methodology

STRUCTURE

In order to align with the new SIGMA methodological approach, the following structural changes are introduced:

- Introduction of single indicator per PAR area, divided into sub-indicators, further consisting of several sub-indicator elements (i.e. specific criteria assessed), in order to streamline the approach and emphasise the focus on transparency, inclusiveness and openness in each PAR area.
- Introduction of types of sub-indicator elements, ensuring that all following aspects of reform are covered:
 - 1) Strategy and Policy
 - 2) Legislation
 - 3) Institutional Set-up
 - 4) Practice in Implementation, and
 - 5) Outcomes and Impact
- Introduction of a 100-point scale, allowing for a more nuanced assessment of progress in each PAR area.

DATA SOURCES

- Introduction of interviews with “key informants”, i.e. key non-state actors engaged and familiar with the processes. These interviews serve as a data source for the “Outcomes and impact” elements instead of the formerly implemented survey of civil society organisations.
- Use of public perception survey results as a data source for “Outcomes and Impact” elements, and expanding its scope to complement the assessment in five PAR areas, except for “Strategy for PAR”
- Removal of survey of civil servants as a data source due to persistent issues with ensuring adequate response rates across the region’s administrations.

PAR MONITOR REPORTING

- Six national PAR Monitor reports, one per PAR area (36 in total for the entire PAR Monitor), in order to facilitate timely publication and advocacy for the monitoring results rather than publishing the results of 18 months of research at the end of the process.
- Six regional Western Balkan overview reports, one per PAR area (6 in total)

I.2 Why and how WeBER monitors the “Public Financial Management” area

The manner in which public resources are planned, allocated, spent, and reported on has a direct influence on the efficiency and integrity of public administration. Thus, transparent, accountable, and well-managed public finances reflect the government’s commitment to serving citizens’ needs and using resources responsibly. WeBER’s focus on participatory budget formulation and transparent budget execution, therefore, aims to assess how open and accountable the management of public finances is in practice. The monitoring focus extends to the accessibility and user-friendliness of budget documentation, as they enable citizens and civil society to meaningfully participate and oversee the entire budget cycle. Additionally, WeBER looks into whether the legal and institutional framework for public procurement provides a sound ground for conducting transparent and competitive processes, and whether a transparent and competitive public procurement system exists practice. Finally, equally important aspect of external oversight of public finances is observed through the transparency of work of supreme audit institutions and their practice of proactive engagement of the public. Weaknesses in transparency, inclusiveness, or accountability mechanisms risk fostering inefficiency and corruption, while strong and open PFM systems strengthen public trust, fiscal responsibility, and the overall credibility of public administration reform.

Monitoring in the **Public Financial Management area** is based on six SIGMA Principles in this area:



Principle 23: The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing policy needs with fiscal constraints.



Principle 25: The government implements the budget in line with estimates and reports on it in a comprehensive and transparent manner, allowing for timely scrutiny.



Principle 26: Public administration bodies manage resources in an effective and compliant manner to achieve their objectives.



Principle 28: Public procurement legislation, including public-private partnerships and concessions, is based on principles of equal treatment, non-discrimination, transparency, proportionality and competition, and supported by a sound governance framework.

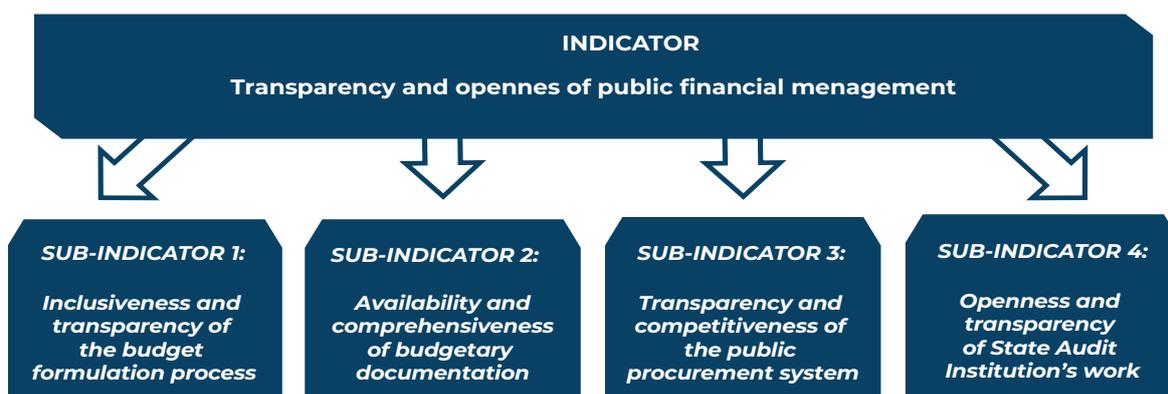


Principle 29: Contracting authorities conduct public procurement operations, including public-private partnerships, efficiently and economically.



Principle 31: All public funds are effectively audited by an independent auditor that provides assurance on the use of public resources and helps improve the functioning of the public sector.

These Principles are assessed from the perspective of the availability and accessibility of all relevant information on the budget process, while also examining the extent to which open and competitive public procurement processes are present within the system. A focus on transparency and openness seeks to determine the extent to which relevant authorities publish information which helps the interested public gain insight into crucial aspects of the system – budget formulation and execution, and the audit of the use of public resources.



The monitoring period for the Public Financial Management covers developments since the last PAR Monitor cycle, which lasted from January until November 2022. Thus, this report focuses primarily on 2023 and 2024, as well as the end-of-2022 developments not covered in the previous cycle. Although this report provides a comparison of findings with previous PAR Monitor editions, country scores are incomparable to the previous monitoring due to methodological changes.

The **first sub-indicator** focuses on the existence of policy and legal frameworks that provide for an inclusive and transparent budget formulation process and envisage citizen involvement, while also examining if external stakeholders are engaged in practice. For the assessment of outcomes and impact, researchers conduct three key informant interviews with non-state actors who possess significant expertise in the area and/or experience participating in the analysed processes and use the public perception survey findings.

Table 2: Indicator elements under the sub-indicator 1

Indicator element: number and title	Type
E 1.1 There is a strategic document in force that envisages the improvement of inclusivity and transparency of the budget formulation process as a goal	Strategy and policy
E 1.2 Regulations stipulate citizens' involvement in the budget formulation process	Legislation
E 1.3 External stakeholders are provided with complete information in advance, giving them sufficient time to prepare for consultations in the budget formulation process	Practice in implementation
E 1.4 Responsible government bodies are proactive in ensuring that a wide range of external stakeholders become involved in the budget formulation process	Practice in implementation
E 1.5 Key non-state actors consider the budget formulation process as inclusive and transparent	Outcomes and impact
E 1.6 Citizens' perception of inclusivity of the budget formulation process	Outcomes and impact

The **second sub-indicator** assesses the availability and comprehensiveness of budgetary documentation, while also looking into the accessibility of reports. Monitoring of strategy and policy and practice elements is performed by analysing strategic documents and official data publicly available on the websites of relevant institutions. Assessment of outcomes and impact is based on the findings obtained from three key informant interviews and the public perception survey.

Table 3: Indicator elements under the sub-indicator 2

Indicator element - number and title	Type
E 2.1 There is a strategic document in force that envisages improvement of the transparency of budgetary documentation	Strategy and policy
E 2.2 Enacted annual budget includes a medium-term perspective illustrating how revenue and expenditure will develop beyond the next fiscal year	Practice in implementation
E 2.3 Budget documentation presents the budget implications on the priority policy areas	Practice in implementation
E 2.4 Citizen Budget is regularly published online	Practice in implementation
E 2.5 In-year budget execution reports are published in a timely manner and are easily accessible online	Practice in implementation
E 2.6 Mid-year budget execution reports are published in a timely manner and are easily accessible online	Practice in implementation
E 2.7 In-year and mid-year budget execution reports contain data on budget spending by different expenditure classifications	Practice in implementation
E 2.8 Year-end budget execution reports are published in a timely manner and are easily accessible online	Practice in implementation
E 2.9 Year-end budget execution reports contain data on budget spending by different expenditure classifications	Practice in implementation
E 2.10 Year-end budget execution reports or separate reports contain information on the significant impacts of the budget implementation on the priority policy areas	Practice in implementation
E 2.11 Year-end budget execution reports or separate reports contain information on capital investment	Practice in implementation
E 2.12 Consolidated annual reports on internal financial control and internal audit are timely published and easily accessible online	Practice in implementation

Indicator element - number and title	Type
E 2.13 Budgetary data is published in open data format	Practice in implementation
E 2.14 Key non-state actors consider that the budgetary documentation is comprehensive and enables further research	Outcomes and impact
E 2.15 Citizens' perception of availability of budget execution information	Outcomes and impact

The third sub-indicator examines the openness and competitiveness of the public procurement system. Specifically, the assessment looks into the existence and public availability of procurement plans and reports, competitiveness and openness of procedures, and user-friendly characteristics of the public procurement portal.

Monitoring of strategy and policy, legislation and practice aspects is performed by combining various data sources to maximise reliability of results. It includes qualitative analysis of strategic documents, legal acts and official data that is publicly available or obtained from responsible institutions using FOI requests. The analysis of certain practice type elements under this sub-indicator is conducted on a sample of five contracting authorities with the highest contracted procurement values in the calendar year preceding the year of the monitoring. For the outcomes and impact assessment, researchers conduct three key informant interviews.

Table 4: Indicator elements under the sub-indicator 3

Indicator element - number and title	Type
E 3.1 There is a strategic document in force that envisages improvement in transparency and competitiveness of the public procurement system	Strategy and policy
E 3.2 Regulations stipulate transparency and competitiveness as the key principles of public procurement processes	Legislation
E 3.3 No special legislation creates exceptions from the general law on public procurement	Legislation
E 3.4 There is a designed central procurement body that supports transparency and competitiveness of public procurement processes	Practice in implementation

Indicator element - number and title	Type
E 3.5 Central procurement body regularly reports to the public on the implementation of overall public procurement policy	Practice in implementation
E 3.6 Reporting on public procurement policy by the central procurement body is citizen-friendly	Practice in implementation
E 3.7 Central review body regularly reports to the public on procedures for the protection of the rights of bidders in public procurement	Practice in implementation
E 3.8 Public procurement portal is user-friendly	Practice in implementation
E 3.9 Central-level contracting authorities regularly publish up-to-date annual procurement plans that are easily accessible online	Practice in implementation
E 3.10 Central-level contracting authorities regularly publish annual procurement reports that are easily accessible online	Practice in implementation
E 3.11 Open procedures represent a standard public procurement method	Practice in implementation
E 3.12 Public procurement processes are competitive	Practice in implementation
E 3.13 Public procurement data is available in open format(s)	Practice in implementation
E 3.14 Key non-state actors consider public procurement system as competitive and transparent	Outcomes and impact
E 3.15 Key non-state actors consider exceptions from public procurement law as adequately regulated and applied in practice	Outcomes and impact

The **fourth sub-indicator** focuses on the regular communication and citizen-friendly presentation of supreme audit institutions' (SAI) activity and reports. Monitoring of this sub-indicator is based on the review of the strategic framework, regulations and SAI's website. For the assessment of outcomes and impact, researchers conduct key informant interviews.

Table 5: Indicator elements under the sub-indicator 4

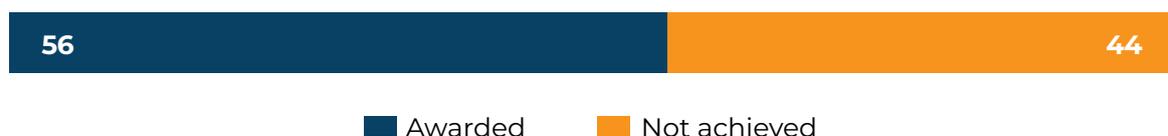
Indicator element - number and title	Type
E 4.1 There is a strategic document in force that envisages enhanced communication and cooperation of SAI with external stakeholders	Strategy and policy
E 4.2 Regulations stipulate the transparency of the SAI's work	Legislation
E 4.3 SAI's annual activity reports are regularly published and easily accessible online	Practice in implementation
E 4.4 SAI's audit reports are citizen-friendly and easily accessible online	Practice in implementation
E 4.5 Data contained in the external audit reports are available in open format(s)	Practice in implementation
E 4.6 SAI uses a variety of channels for external communication and promotion of its activities and reports	Practice in implementation
E 4.7 Key non-state actors consider SAI's work as transparent and SAI's reports as easily accessible	Outcomes and impact

II. TRANSPARENCY AND OPENNESS OF PUBLIC FINANCIAL MANAGEMENT

This section presents the assessment results for Montenegro. Each sub-section presents the results for one sub-indicator (four in total), beginning with a brief overview of developments since the PAR Monitor 2021/2022. This is followed by a detailed assessment of the sub-indicator elements, starting with the policy, legislation and institutional framework, then moving to the practice in implementation, and ending with outcomes and impact. Each sub-indicator assessment concludes with the graph showing the awarded points.

The graph below displays the overall results for the Public Financial Management area in Montenegro, measured on a scale from 0 to 100 points.

TRANSPARENCY AND OPENNESS OF
PUBLIC FINANCIAL MANAGEMENT
(score 0-100)



II.1 Inclusiveness and transparency of the budget formulation process

Principle 23: The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing policy needs with fiscal constraints.

Awarded points per element in sub-indicator 1: Inclusiveness and transparency of the budget formulation process⁸

Indicator elements	Element type	Score
E 1.1 There is a strategic document in force that envisages the improvement of inclusivity and transparency of the budget formulation process as a goal	Strategy and policy	0/1
E 1.2 Regulations stipulate citizens' involvement in the budget formulation process	Legislation	0/1
E 1.3 External stakeholders are provided with complete information in advance, giving them sufficient time to prepare for consultations in the budget formulation process	Practice in implementation	0/2
E 1.4 Responsible government bodies are proactive in ensuring that a wide range of external stakeholders become involved in the budget formulation process	Practice in implementation	0/3.5
E 1.5 Key non-state actors consider the budget formulation process as inclusive and transparent	Outcomes and impact	0/3
E 1.6 Citizens' perception of inclusivity of the budget formulation process	Outcomes and impact	0/2
Total score for sub-indicator 1		0/12.5

A comprehensive review of Montenegro's strategic, legal, and practical frameworks for public finance management shows that transparency and citizen participation in the budget formulation phase remain largely absent. Key strategic documents – including the Public Administration Reform Strategy⁹ The Public Finance Management (PFM) Reform Programme 2022–2026¹⁰, and the Fiscal Strategy¹¹ adopted in 2024 – **do not introduce measures aimed specifically at improving openness during the preparation of the annual state budget**. While some activities address broader planning coherence or general transparency, none translate into concrete commitments or operational steps that would allow the public to engage meaningfully before the draft budget reaches Parliament.

⁸ The first sub-indicator focuses on the following SIGMA sub-principle: The government stimulates citizen engagement in the budgeting process by making a complete set of budget documentation publicly available, preparing a citizen budget and using open budgeting tools.

⁹ Public Administration Reform Strategy (2022-2024) and Action Plan for the Implementation of the PAR Strategy (2025-2026), available at: https://www.gov.me/en/documents/0aaa040b-0413-46b6-a8c7-5b2c10cdc9dc_971c6a5b-0724-4161-88db-81a51ea7331b

¹⁰ The Public Finance Management (PFM) Reform Programme (2022-2026), available at: <https://www.gov.me/en/article/public-finance-management-reform-program-2022-2026>

¹¹ Fiscal Strategy of Montenegro for the period 2024–2027, available at: <https://www.gov.me/dokumenta/df26c758-865e-467a-8c3a-8300325c06f4>

The **legal framework restricts participation**, as the Law on Budget and Fiscal Responsibility¹² prescribes a closed institutional process in which only state actors are involved. Additionally, **Article 52 of the Law on State Administration**¹³ **exempts the annual budget from mandatory public consultations**, effectively preventing the Government from engaging citizens or civil society during the formulation stage. As a result, no participatory mechanisms exist during the formulation stage, prior to the Government's adoption of the draft budget. Public engagement is limited to parliamentary committee hearings held after the draft has already been finalised and submitted to Parliament, where only selected institutions, social partners, and civil society organisations are invited to comment.¹⁴ International assessments confirm this weakness: according to the **Open Budget Survey (OBS) 2023**¹⁵ **Montenegro scores just 13/100** for public participation, indicating that engagement practices are neither systematic nor inclusive.

The lack of proactive stakeholder involvement in the budget formulation phase is also confirmed by interviews with key informants, who assess the process as non-transparent, non-inclusive, and largely unchanged in recent years.

Public perception aligns with these findings: 85.5% of surveyed citizens believe they have no influence over how state budget funds are spent, indicating very low confidence in the openness and inclusiveness of budget formulation.

This result is the most unfavourable compared to other countries in the region, as citizens in Montenegro have the lowest level of confidence that they can influence budgetary decisions. Bosnia and Herzegovina (83%) and Serbia (79%) also rank behind Montenegro, yet remain above the regional average.

Overall, the assessment shows that despite existing strategic documents on public administration and public finance reform, **Montenegro lacks both the policy commitments and institutional mechanisms needed to ensure transparent, participatory, and citizen-oriented budget formulation.**

A review of the main strategic documents relevant for public finance management - including the Public Administration Reform (PAR) Strategy with its Action Plan, the Public Finance Management (PFM) Reform Programme 2022-2026, and the Fiscal Strategy adopted in December 2024 - **shows that, although the PFM framework includes instruments such as the citizens'**

¹² Law on Budget and Fiscal Responsibility, available at:

<https://www.gov.me/dokumenta/91e5f2fe-00bf-401c-a7c1-6aafc5737de3>

¹³ Law on State Administration, available at: [91e5f2fe-00bf-401c-a7c1-6aafc5737de3](https://www.gov.me/dokumenta/91e5f2fe-00bf-401c-a7c1-6aafc5737de3)

¹⁴ Debate on the Draft Budget Law for 2025 at the session of the Committee on Economy and Budget, 16.12.2024, available at:

<https://www.skupstina.me/me/sjednice-radnih-tijela/odbor-za-ekonomiju-finansije-i-budzet>

¹⁵ Open Budget Survey 2023, available at:

<https://internationalbudget.org/sites/default/files/country-surveys-pdfs/2023/open-budget-survey-montenegro-2023-cnr.pdf>

budget and a public capital project database, these measures are oriented toward transparency in budget execution and capital projects monitoring rather than toward increasing transparency in the budget formulation phase. While certain activities indirectly touch upon transparency or planning coherence, the strategic framework as a whole does not provide concrete commitments or operational steps that would enhance openness and clarity of the budget during its preparation.

The **PAR Strategy (and accompanying Action Plan)**¹⁶ does not include provisions addressing transparency specifically within the formulation phase of the budget. Nonetheless, several activities relevant to transparency in a broader sense are envisaged. For example, some measures include efforts to better connect medium-term and annual planning processes with program budgeting, as well as initiatives aimed at exploring possibilities for integrating IT tools used in strategic and budget planning. **However, all these activities relate to general transparency - not to increased visibility or accessibility of information during the actual formulation of the annual budget.** As already noted, the **PFM framework**¹⁷ includes instruments such as the citizens' budget and a public capital project database, but these are primarily focused on transparency in budget execution and capital project monitoring, rather than on enhancing transparency in the budget formulation phase.

Instead, the majority of planned reforms focus on transparency in budget execution, leaving a gap in the pre-budget stage. Finally, the **Fiscal Strategy**¹⁸ does not include commitments concerning transparency or improvements to the process of budget formulation.

When it comes to legal framework, **the regulations in force do not provide mechanisms for citizen participation in the budget formulation process.** **The Law on Budget and Fiscal Responsibility**¹⁹ does not include provisions that would allow citizens to take part in the early stages of budget preparation through any other form of engagement. Moreover, Article 52 of the **Law on State Administration**²⁰ explicitly exempts the annual budget from the obligation of public consultations, meaning that the Government **is not required** to conduct a public debate during the formulation phase. The Law

¹⁶ Public Administration Reform Strategy (2022-2024) and Action Plan for the Implementation of the PAR Strategy (2025-2026), available at: https://www.gov.me/en/documents/0aaa040b-0413-46b6-a8c7-5b2c10cdc9dc_971c6a5b-0724-4161-88db-81a51ea7331b

¹⁷ The Public Finance Management (PFM) Reform Programme (2022-2026), available at: <https://www.gov.me/en/article/public-finance-management-reform-program-2022-2026>

¹⁸ Fiscal Strategy of Montenegro for the period 2024–2027, available at: <https://www.gov.me/dokumenta/df26c758-865e-467a-8c3a-8300325c06f4>

¹⁹ Law on Budget and Fiscal Responsibility, available at: <https://www.gov.me/dokumenta/91e5f2fe-00bf-401c-a7c1-6aafc5737de3>

²⁰ Law on State Administration, available at: [91e5f2fe-00bf-401c-a7c1-6aafc5737de3](https://www.gov.me/dokumenta/91e5f2fe-00bf-401c-a7c1-6aafc5737de3)

on Budget and Fiscal Responsibility defines a closed institutional process in which **only state actors participate**: the Ministry of Finance prepares the draft budget in October; municipalities, independent regulatory bodies, and the Fiscal Council follow prescribed roles and deadlines; and the Government submits the proposal to Parliament by mid-November.

Research findings show that **no participatory practice takes place during the preparation of the budget before it is adopted by the Government of Montenegro**. The first day of annual budget proposal deliberation at the Committee on Economy, Finance and Budget is reserved for hearing inputs of the participants from outside of the executive: during sessions of Committee on Economy, Finance and Budget, the latest budget proposal was discussed, and representatives of key institutions and organizations were invited - such as the State Audit Institution, the Central Bank, the Chamber of Commerce, employers' associations, trade unions, the Association of Municipalities, and interested NGOs.²¹ However, despite this level of engagement, international assessments indicate that meaningful public participation in the budget process remains very weak. According to the **Open Budget Survey (OBS) 2023**²² Montenegro scores only **13/100** on "formal opportunities for public participation," confirming that consultation mechanisms are neither systematic nor sufficiently inclusive. OBS recommends that the Ministry of Finance and the Government more actively involve citizens and civil society at early stages of budget formulation and publish a clear timeline of the process so stakeholders can engage in a timely and informed manner.

The Government of Montenegro does not proactively **engage external stakeholders during the budget formulation process**. No consultations, initiatives, or targeted meetings are organized by the responsible institutions, as **the Law on State Administration (Article 52)** exempts the annual budget from the obligation of public consultation process in its formulation.

Interviews conducted with three key informants indicate a strong consensus that the budget formulation process in Montenegro is neither transparent nor inclusive. When asked to assess transparency, **two informants fully disagreed** and one **tended to disagree** that the process is transparent. A similar pattern emerged regarding inclusiveness: **two informants fully disagreed** and **one tended to disagree** that the process allows meaningful

²¹ Debate on the Draft Budget Law for 2025 at the session of the Committee on Economy and Budget, 16.12.2024, available at: <https://www.skupstina.me/me/sjednice-radnih-tijela/odbor-za-ekonomiju-finansije-i-budzet>

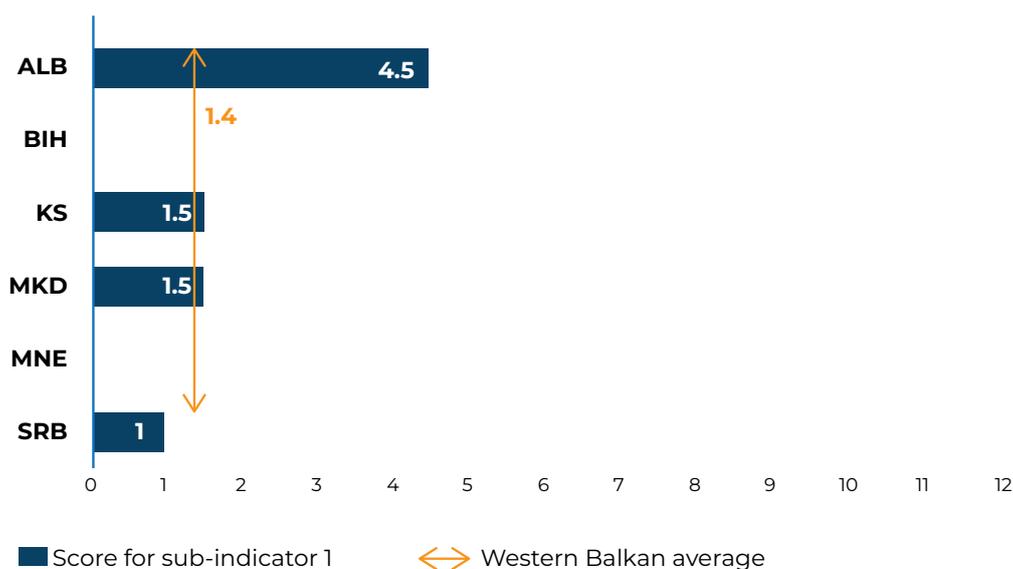
²² Open Budget Survey 2023, available at: <https://internationalbudget.org/sites/default/files/country-surveys-pdfs/2023/open-budget-survey-montenegro-2023-cnr.pdf>

participation of non-state actors. One informant emphasized that the process is *completely inaccessible* to non-state actors and noted that **no improvements** in transparency or inclusiveness have been observed in recent years. If assessment by key informants is translated to a single word, the budget consultation process would be described as poor.

The public perception survey results show that citizens overwhelmingly feel they have **no opportunity to influence** how state budget funds are spent. A total of **51.4% strongly disagree** and **34.1% disagree** with the statement that they can influence budget spending, while only **7.8% agree** and **2.1% strongly agree**. Additionally, **4.6%** of respondents reported that they do not know or do not have an opinion. These results indicate extremely low perceived public influence.

How does Montenegro do in regional terms?

Sub-indicator 1: Inclusiveness and transparency of the budget formulation process (maximum score 12.5)



II.2 Availability and comprehensiveness of budgetary documentation

Principle 23: The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing policy needs with fiscal constraints.

Principle 25: The government implements the budget in line with estimates and reports on it in a comprehensive and transparent manner, allowing for timely scrutiny.

Principle 26: Public administration bodies manage resources in an effective and compliant manner to achieve their objectives.

Awarded points per element in sub-indicator 2: Availability and comprehensiveness of budgetary documentation²³

Indicator elements	Element type	Score
E 2.1 There is a strategic document in force that envisages improvement of the transparency of budgetary documentation	Strategy and policy	1/1
E 2.2 Enacted annual budget includes a medium-term perspective illustrating how revenue and expenditure will develop beyond the next fiscal year	Practice in implementation	3/3
E 2.3 Budget documentation presents the budget implications on the priority policy areas	Practice in implementation	0/2

²³ The second sub-indicator focuses on the following SIGMA sub-principles: The government stimulates citizen engagement in the budgeting process by making a complete set of budget documentation publicly available, preparing a citizen budget and using open budgeting tools; The annual budget documentation is comprehensive and includes all public expenditures and revenues, fiscal risks, tax expenditures and multi-annual commitments; The budget is presented in administrative, economic, functional, and programmatic terms, and makes use of non-financial performance information. Expenditures related to policies such as green transition and gender equality are tracked to assess the impact of initiatives where there are relevant targets or goals; The ministry of finance monitors the execution of the budget throughout the financial year and regularly publishes budget execution information to enable effective decision-making and transparency; The government publishes its annual financial report no later than six months after the end of the financial year. The supreme audit institution audits the report, and the parliament discusses it before the next budget debate; The annual financial report of the government is comprehensive and based on an appropriate financial reporting framework, is in a format mirroring the format of the budget, explains variations from the budget figures, includes an analysis of state assets and liabilities, and contains non-financial performance information comparing results with performance targets; The government, in its annual financial report or a separate report, provides information on the significant economic, social and environmental impacts of its policies, procurements and operations; The government provides information on capital investment in its annual financial report or a separate report; A single ministry co-ordinates implementation of internal control, reviews progress and reports annually to the government on the development of internal control in the public sector.

Indicator elements	Element type	Score
E 2.4 Citizen Budget is regularly published online	Practice in implementation	2/2
E 2.5 In-year budget execution reports are published in a timely manner and are easily accessible online	Practice in implementation	2.25/3
E 2.6 Mid-year budget execution reports are published in a timely manner and are easily accessible online	Practice in implementation	3/3
E 2.7 In-year and mid-year budget execution reports contain data on budget spending by different expenditure classifications	Practice in implementation	2/3
E 2.8 Year-end budget execution reports are published in a timely manner and are easily accessible online	Practice in implementation	0.75/3
E 2.9 Year-end budget execution reports contain data on budget spending by different expenditure classifications	Practice in implementation	3/4
E 2.10 Year-end budget execution reports or separate reports contain information on the significant impacts of the budget implementation on the priority policy areas	Practice in implementation	0/2
E 2.11 Year-end budget execution reports or separate reports contain information on capital investment	Practice in implementation	0.5/3
E 2.12 Consolidated annual reports on internal financial control and internal audit are timely published and easily accessible online	Practice in implementation	1/2
E 2.13 Budgetary data is published in open data format	Practice in implementation	2/2
E 2.14 Key non-state actors consider that the budgetary documentation is comprehensive and enables further research	Outcomes and impact	0/3
E 2.15 Citizens' perception of availability of budget execution information	Outcomes and impact	0.5/2
Total score for sub-indicator 2		21/38

The assessment of Montenegro's budget transparency and reporting practices shows a mixed picture, with progress in formal reporting regularity but persistent weaknesses in usability, accessibility, and performance orientation. Key strategic documents, including the Public Administration Reform Strategy and the Public Finance Management Programme 2022–2026, recognise shortcomings in budget transparency and outline measures to improve fiscal reporting and coherence, particularly through programme budgeting and improved reporting standards.

In practice, however, programme budgeting remains at an early stage of implementation, and budget documentation lacks clear projections on how allocations contribute to policy priorities such as economic development, green and digital transition, human capital, and the rule of law. While annual and in-year budget execution reports are generally published in a timely manner, quarterly and monthly reports are more readily accessible and easier to use, while final annual reports are less user-friendly and mostly available in technical PDF formats.

Open budget data is only partially available: although some monthly and quarterly execution data are published in open formats, core documents such as the annual budget and year-end reports are not. Reporting on capital investments has improved in 2024 through the introduction of more citizen-friendly summaries and visual elements, primarily by introducing the publication of quarterly reports, following the Parliament's conclusion. Yet detailed information on progress in project implementation and justification of in-year changes to budget allocations of projects remains insufficient.

Findings from key informants and public perception surveys reinforce these conclusions, pointing to limited usability of budget documents, weak performance reporting, and low public confidence in how information on public spending is communicated.

Lack of transparency of budgetary documentation, as well as measures for improvement, are recognised by current strategic documents - PAR Strategy and PFM Programme. Enhancing high-quality fiscal transparency across public authorities is one of the activities planned with the Action plan for 2026-2027 of the PAR Strategy (activity 4.2.9). This activity aims to result in the preparation of a plan to strengthen budget transparency in line with international and European standards, as well as the implementation of a pilot plan in at least 20 public authorities across different categories. In addition, the Action Plan seeks to establish stronger links between the Government's medium-term work programme, annual work programmes, strategic documents, and programme-based budgeting and reporting, with the aim of further improving budget

transparency. One of the expected result indicators is the development of a methodology for medium-term planning of the work of the Government and ministries, with clearly defined links between plans and the budget.

The Public Finance Management Programme 2022–2026 also recognises budget transparency as one of its key objectives. The Programme outlines a set of goals and activities aimed at increasing budget transparency, with particular emphasis on budget reporting. Specifically, Objective 3.3.1 focuses on establishing a process for publishing transparent annual and periodic reports on budget execution. Key activities envisaged to achieve this objective include: Upgrading the Budget Management Information System (BMIS) to improve annual and periodic reports on budget execution; (3.3.1.1) and Increasing transparency and improving the visualisation of budget statements, including the development of a “Budget for Citizens” (3.3.1.2)

When it comes to the practice and medium-term budget planning, a review of the annual enacted budgets for 2024²⁴ and 2025²⁵ shows that both documents include a medium-term budgetary perspective on the expenditure side for three years. The year estimations of both expenditures and revenues are presented in budget documentation.

Although Montenegro introduced programme budgeting at the central level in 2021, it is still in the early development stages.²⁶ Our monitoring indicates that the budget and explanation of the budget do not include projections on how the budget will affect policy priorities/objectives. Specifically, the research examined whether the budgetary documentation provides information on the impact of the budget on the following policy areas: 1) Private Sector Development and Business Environment 2) Green and Digital Transition 3)

²⁴ The Law on Budget for 2024 which was adopted in the Parliament on 28th December 2023 includes a medium-term budgetary perspective on the expenditure side, which is segregated both per budget users and programmes. The projection includes expenditure overview for years 2024, 2025 and 2026. (page 445 of the Law). Explanation of the budget for 2024 include fiscal framework for 2024-2026 where narratively it is described the projected developments in budget revenues by category over the upcoming medium-term period (pages 39-41 of the Explanation of the Budget) <https://zakoni.skupstina.me/zakoni/web/dokumenta/zakoni-i-drugi-akti/109/3267-18479-33-23-8.pdf>

²⁵ The Law on Budget for 2025 which was adopted in the Parliament on 7th February 2025 includes a medium-term budgetary perspective on the expenditure side, which is segregated both per budgets users and programmes. The projection includes the years 2025, 2026 and 2027. (page 480 of the Law) Explanation of the budget for 2025 include fiscal framework for 2025-2027 where narratively it is described the projected developments in budget revenues by category over the upcoming medium-term period (pages 39-41 of the Explanation of the Budget)

²⁶ OECD, Strengthening Public Financial Management in Montenegro, June 2025. Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/08/strengthening-public-financial-management-in-montenegro_91e3c424/db0104bb-en.pdf

Human Capital 4) Fundamental Rights and Rule of Law. Budget documentation contains a section on key budget programmes and their allocation for the medium term period, but does not present non-financial information (goals, targets, indicators) within areas and subareas. There is also a detailed overview of each institution's programme budget, but many of them lack non-financial information completely, or have them in very poor quality.

The publication of the reader-friendly presentation of the annual budget is assessed as regular, given that PowerPoint presentations containing key budget information for 2024²⁷ and 2025²⁸ were published on the official Government website. In addition, the Parliament of Montenegro published a Citizen's Budget, a Guide to the Budget of Montenegro for each of the years 2024²⁹ and 2025³⁰, prepared by the Parliamentary Budget Office.

The Ministry of Finance produces both monthly and quarterly reports on budget execution, which differ in format and content. Monthly reports include data on organisational, programme and economic classification, as well as data on budget reserve usage. Quarterly reports also include a narrative explanation. Separately, the Treasury publishes monthly files with budget transactions. Monitoring shows that reporting on execution of the budget is mostly regular. On the website of the Ministry of Finance there is a specific section "State budget and public debt"³¹ where monthly and quarterly reports are published. Monthly or any kind of in-year budget execution reporting is not a legal obligation in Montenegro. However, as part of the participation in the IMF General Data Dissemination System (GDDS), the Ministry of Finance issues the monthly GDDS charts that, among other things, contain data on budget revenues and expenditures, on a monthly basis. All monthly reports are published on the last day of the month for the previous month.

During the monitoring window (September, October and half of November 2025) Ministry of Finance has published monthly execution reports for August³²

²⁷ Government of Montenegro, Power Point Presentation on the Occasion of Presenting the Draft Budget for 2024. Available here:

<https://www.gov.me/dokumenta/b8e2adf0-f790-4baf-95fb-839aa64941b0>

²⁸ Government of Montenegro, Power Point Presentation on the Occasion of Presenting the Draft Budget for 2025. Available here: <https://www.gov.me/dokumenta/1185ed99-c58a-463e-81d0-e121f227af2a>

²⁹ Parliamentary Budget Office, Guide for Budget of Montenegro for 2024 (Budget for Citizens). Available at: <https://pbk.skupstina.me/wp-content/uploads/2024/03/Vodic-kroz-Budzet-Crne-Gore-za-2024.-godinu---Budzet-za-gradane-2.pdf>

³⁰ Parliamentary Budget Office, Guide for Budget of Montenegro for 2025 (Budget for Citizens). Available at: <https://pbk.skupstina.me/vodic-kroz-budzet-crne-gore-za-2025-godinu-budzet-za-gradane/>

³¹ Ministry of Finance, "State budget and public debt", available at: <https://www.gov.me/mif/drzavni-budzet-i-javni-dug>

³² Published on 30 September 2025, available here:

<https://www.gov.me/clanak/izvjestaj-o-izvršenju-budzeta-crne-gore-avgust-2025-godine>

and September³³2025, as well as III quarterly report for 2025³⁴. Monthly reports are published timely - within four weeks of the month end, while quarterly report was published with short delay - on 18th November (instead to be published in October, according to the methodology). All reports are easily accessible online, on three clicks.

There is no legal obligation for the Ministry of Finance to prepare mid-year budget execution reports, nor is there practice of preparing them, while the Ministry of Finance reports on a quarterly basis. Although mid-year reporting is not obligatory, quarterly reports for the II quarter contain information about the revenues and incomes in the first half of the year. Quarterly reports in 2024 and 2025 that were part of our monitoring were assessed as published and easily accessible.³⁵

Monitoring shows that monthly budget execution reports include all three expenditure classifications in line with the methodology – administrative, economic and functional.³⁶ In addition, the report also presents budget execution based on programme classification.

Quarterly budget execution reports are for both the central and the local level. They include information based on economic classification, as well as execution overall; however, they do not provide data based on functional classification.³⁷

With regard to year-end reporting, during the monitoring period year-end budget report for 2024 was in the parliamentary procedure³⁸ but not yet adopted by the Parliament. Monitoring included 2023 and 2023 year-end budget report. According to the methodology, which considers reports timely if published within six months after the end of the fiscal year, the year-end

³³ Published on 31st October 2025, available here:

<https://www.gov.me/clanak/izvjestaj-o-izvršenju-budzeta-crne-gore-septembar-2025-godine>

³⁴ Published on 18th of November 2025, available here:

<https://www.gov.me/clanak/analiza-konsolidovane-javne-potrosnje-za-treci-kvartal-2025-godine>

³⁵ II Quarterly report for 2024, published on 28th of August 2024, available here:

<https://www.gov.me/clanak/analiza-konsolidovane-javne-potrosnje-za-drugi-kvartal-2024-godine>

II Quarterly report for 2025, published on 20 of August 2025, available here:

<https://www.gov.me/clanak/analiza-konsolidovane-javne-potrosnje-za-drugi-kvartal-2025-godine>

³⁶ The monthly report for September available here:

<https://www.gov.me/clanak/izvjestaj-o-izvršenju-budzeta-crne-gore-septembar-2025-godine>

Administrative: <https://www.gov.me/dokumenta/218eef48-0b42-458b-b9be-4f7cab34489a>

Economic: <https://www.gov.me/dokumenta/e6d7d5c5-85da-46e6-b036-8090c981ca54>

Functional: <https://www.gov.me/dokumenta/8a19ab58-d07c-4041-a818-cca78cc3eaac>

³⁷ Report for III Quarter 2025, available here:

<https://www.gov.me/clanak/analiza-konsolidovane-javne-potrosnje-za-treci-kvartal-2025-godine>

³⁸ 2024 Budget execution report in parliamentary procedure, available at:

<https://zakoni.skupstina.me/zakoni/web/app.php/akt/3824>

budget report for 2023³⁹ was published in a timely manner since it was adopted by the Government in June 2024. The year-end budget report for 2022 was published in June 2023 and adopted in November 2023.⁴⁰ Although both reports are available on the websites of the Government and the Parliament, they do not meet the criterion of easy accessibility, as they can be accessed within three clicks only by using the search function; therefore, in line with the methodology, the research team assigned no points.

When it comes to content of reporting, year-end reports present spending at economic and organisational level, but no functional classification is present except functional codes present in the economic classification. Programme reporting lacks in quality and is not uniformly presented across institutions. There is an uneven level of quality of information presented about the targets and outcomes at the level of individual institutions. Programme reporting includes details on description of activities conducted and indicator results, presented both in narrative and quantitative manner. There is some data on the activities of the institutions with some activity indicators of their work. For example, the number of decisions adopted or reviewed by a certain body, the number of organised trainings, summarised information about the activities of the institutions by their programs. Our findings confirm the OECD's assessment that reporting on performance budgeting remains of insufficient quality to effectively inform budgetary decision-making.⁴¹

With regard to reporting on capital investments, the year-end budget report only includes details regarding the financial aspect of the projects - table overview of the capital budget execution. Implementation of the capital projects is shared among Administration for Capital Projects⁴² and Transport Administration. In 2024, more citizen-friendly reporting on capital investment in Montenegro started. In the process of adopting the 2024 budget, the Parliament, on 28 December 2023, adopted a Conclusion that the Government needs to report to it about the implementation of the capital budget (public infrastructure budget), on a quarterly basis. It is the first time that such in-year reporting has been done towards the Parliament. The Ministry of Finance published reports on the capital budget implementation for 2024, while the Parliamentary Budget Office has prepared summaries of Government's reports for the MPs, which are also made available for public. Researchers could not

³⁹ Year-end budget report for 2023, adopted by the Government in June 2024. Available here: <https://zakoni.skupstina.me/zakoni/web/app.php/akt/3525>

⁴⁰ Year-end budget report for 2022, adopted by the Government in November 2023. Available here: <https://zakoni.skupstina.me/zakoni/web/app.php/akt/3216>

⁴¹ OECD, Strengthening Public Financial Management in Montenegro, June 2025. Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/08/strengthening-public-financial-management-in-montenegro_91e3c424/db0104bb-en.pdf

⁴² With new reorganisation of the Government, Administration for Capital Projects in April 2025 was transformed to the Ministry of Public Works.

find publicly available report for 2023. The report for 2024 prepared by the Ministry of Finance⁴³, contains information on executed funds related to the implementation of capital investment projects, and includes infographics, charts on the funds' execution by quarters, as well as a comparison for 2024 and 2023. The report includes a citizen-friendly element in the form of photographs of ten completed projects, with information on their names, locations, and the total capital budget executed in the respective year. The overview of this report, prepared by the Parliamentary Budget Office⁴⁴, summarises the main points of the budget execution on the capital investment projects and in a tailored, citizen focused fashion. Such dual reporting practices and a combination of detailed financial data with citizen-friendly summaries help create more space for informed public scrutiny.

Our monitoring also looked at whether budget reporting documentation on capital investments provide detailed information on the five largest capital investment projects. Detailed information was defined as data on the physical progress of major investment projects, explanations of deviations from original budget allocations, and the presentation of key implementation information in a citizen-friendly format, including the use of infographic and visual tools. As regards to the major infrastructure project, the report for 2024 contains only one, the biggest infrastructure project singled out with very detailed narrative details on progress in that project. In the table overview there is a short information on current status in each capital project.⁴⁵ However, as the report does not contain more detailed information on progress in the implementation for the five major investment projects according to the methodology, and while financial variations are presented without an accompanying explanation or rationale, no points were awarded for this element.

⁴³ Ministry of Finance, Report on Capital Budget for projects implemented by both administrations for 2024. Available here

<https://wapi.gov.me/download-preview/d5009eba-fab9-48b3-98ad-6ff4a73e9760?version=1.0>

⁴⁴ Parliamentary Budget Office, Overview of the report on capital budget execution for 2024. Available at: <https://pbk.skupstina.me/wp-content/uploads/2025/06/Prikaz-lzvjestaja-o-realizaciji-kapitalnog-budzeta-Crne-Gore-za-2024.-godinu.pdf>

⁴⁵ State of play is mostly summarised in sentences such as: Work on the section in question is ongoing; Unresolved property legal relations slowed down the execution of works within the deadlines defined by the contract; or: Phase I works completed, except for part of the facade renovation; The Ministry of Interior has supplemented the project documentation and resolved the expropriation; After a repeated tender, a contract was concluded with the contractor and supervision.

Overview of the data presented for five largest capital investment projects		
Project name	Project status (descriptive)	Budget information (2024)
Highway Bar–Boljare	The expropriation procedure has been initiated, and decisions on the registration of real estate have been issued. Hearings of property owners before the Real Estate Administration in the Kolašin and Andrijevića divisions are ongoing. Activities carried out in the reporting period relate to the payment of obligations for the completed section of the highway, as well as for the expropriation of the new section, including legal and notary services.	Planned budget: EUR 40,236,000.00
Helping Local Governments Solve Infrastructure Problems	Project implementation activities are carried out by municipalities. Contracts with municipalities have been concluded in line with the amounts approved by the Ministry of Finance, up to the total estimated value of EUR 20 million.	Planned budget: EUR 15,285,001.00
Reconstruction of the Main Road M-2 Rožaje–Špiljani (including rehabilitation of tunnels and bridges)	Works have been completed, and the technical inspection is currently underway.	Planned budget: EUR 11,150,000.00
Reconstruction of the Berane–Kolašin Road, Section Lubnica–Jezerine	Amendment No. 4 to the works contract was signed in December. The facility has been put into temporary operation, and the procedure for obtaining the occupancy permit is ongoing.	Planned budget: EUR 8,425,426.68
Rehabilitation of the Critical Point Sokolovina on the Đurđevića Tara–Mojkovac Road	Works are ongoing and are being implemented in accordance with the agreed schedule.	Planned budget: EUR 5,343,190.00

Monitoring of reporting on internal control and internal audit shows that these reports are published in a timely manner. Based on the Law on Public Sector Management and Internal Controls, the Ministry prepares an annual consolidated report on management, internal control, and internal audit, which is submitted to the Government by the end of June for the previous year. The

assessment covered the consolidated reports for 2023⁴⁶ and 2024⁴⁷. However, despite their timely publication, the reports do not meet the criterion of easy online accessibility, as they can be accessed from the Ministry's homepage only by using the search function and cannot be found through the navigation menu alone.

Budgetary data is only partially published in open data format. The annual budget and the year-end budget report are not published in any open data format and remain available exclusively in PDF format. However, monthly budget execution reports (GDDS) and quarterly budget reports are published in Excel format. In addition, while not all relevant datasets are available on the official open data portal, some budget execution data are published, including quarterly budget execution data for 2024 and selected monthly execution datasets for 2025⁴⁸. Although the datasets are not adequately named and lack clear time references, the existence of any budget-related data in open format led the researchers, in line with the methodology, to award points for this indicator. Furthermore, the Ministry of Finance regularly publishes monthly overviews of payments from the State Treasury, with transaction-level data available in open format.

Key informants expressed divided views regarding the comprehensiveness and usability of budgetary documents. One key informant tended to disagree, while two others tended to agree that annual budgets are sufficiently comprehensive. Similarly, two key informants tended to disagree, while one agreed that available annual budgets provide adequate information for the purposes of research, analysis, and policy monitoring. Opinions were also divided with regard to annual budget execution reports. One key informant tended to disagree, while two others tended to agree that annual execution reports are comprehensive enough. At the same time, two key informants disagreed, while one agreed that available annual budget execution reports provide sufficient information for research, analysis, and policy monitoring.

While the overall format and structure of the budget and related reports were assessed as generally satisfactory, key informants highlighted the need for further improvements. In particular, they noted the lack of breakdowns by sub-accounts and expenditure units. One informant further emphasised that although annual budgets and execution reports are publicly available online,

⁴⁶ Consolidated Report on Management and Internal Controls in the Public Sector of Montenegro for 2023 (27.06.2024) <https://www.gov.me/dokumenta/73d6ebdf-d873-42ee-a8b9-2fdd17a46c3d>

⁴⁷ Consolidated Report on Management and Internal Controls in the Public Sector of Montenegro for 2024 (26.6.2025) <https://www.gov.me/dokumenta/985d5988-4c6c-4dcc-bf7a-alf9b2484ebb>

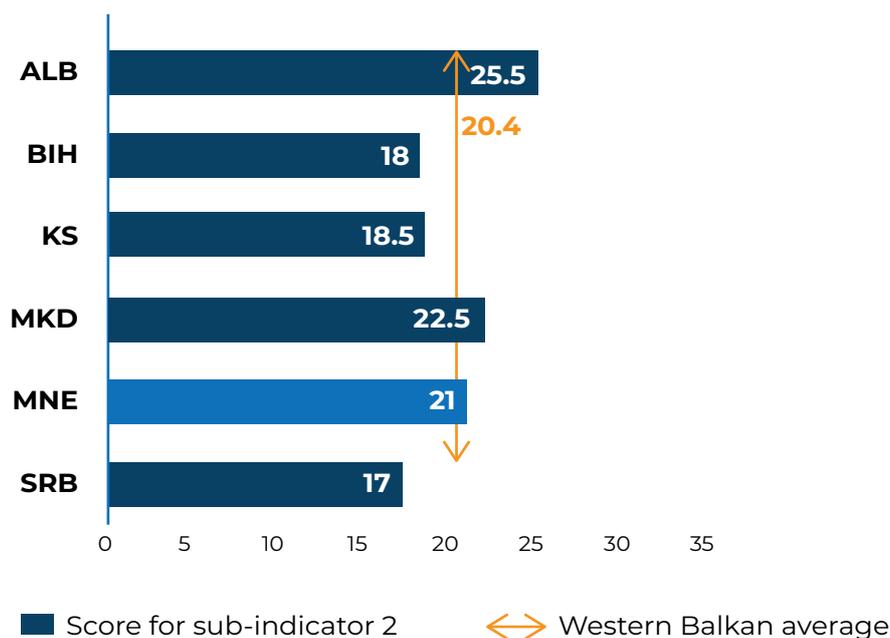
⁴⁸ Data sets published on the official open data portal (on 15. 11.2025): Quarterly execution budget report for 2024; Monthly execution reports for February, March and April 2025 (separately based on classifications). Available here: <https://data.gov.me/group/finansije>

they are not easy to locate or navigate. Budget documents are often published in large PDF formats without clear structure or user-friendly navigation, making them difficult to understand for non-experts. In addition, insufficient contextual explanations, limited use of visualisations, and the absence of clear summaries and comparisons with previous years were identified as key shortcomings. The lack of machine-readable formats was also highlighted as a significant obstacle to conducting more detailed analysis.

These qualitative findings are broadly reflected in the survey results, where 25.8% of respondents strongly disagree and 36.3% disagree that state authorities publish information on how the public funds are spent. At the same time, 25.1% of respondents agree and 4.5% strongly agree with this statement, while 8.3% do not know or have no opinion.

How does Montenegro do in regional terms?

Sub-indicator 2: Availability and comprehensiveness of budgetary documentation (maximum score 38)



II.3 Transparency and competitiveness of the public procurement system

Principle 28: Public procurement legislation, including public-private partnerships and concessions, is based on principles of equal treatment, non-discrimination, transparency, proportionality and competition, and supported by a sound governance framework.

Principle 29: Contracting authorities conduct public procurement operations, including public-private partnerships, efficiently and economically.

Awarded points per element in sub-indicator 3: Transparency and competitiveness of the public procurement system⁴⁹

Indicator elements	Element type	Score
E 3.1 There is a strategic document in force that envisages improvement in transparency and competitiveness of the public procurement system	Strategy and policy	1/1
E 3.2 Regulations stipulate transparency and competitiveness as the key principles of public procurement processes	Legislation	1/1
E 3.3 No special legislation creates exceptions from the general law on public procurement	Legislation	0/1.5
E 3.4 There is a designed central procurement body that supports transparency and competitiveness of public procurement processes	Institutional set-up	2/2

⁴⁹ The third sub-indicator focuses on the following SIGMA sub-principles: The public administration has clear and comprehensive policies in place for the longer-term development of the public procurement system, including PPPs and concessions; Public procurement legislation, including public-private partnerships (PPPs) and concessions, reflects internationally recognised principles, such as value for money, free competition, transparency, non-discrimination, equal treatment, mutual recognition and proportionality; A body with a clear political and legal mandate at central level is entrusted with a policy-making function to steer and manage public procurement reform. The key functions and responsibilities to implement the public procurement system are clearly distributed among central procurement institutions, which have the necessary authority and resources; A central procurement body monitors, oversees and evaluates the procurement system and identifies possible improvements. It provides public access to consolidated data on public procurement operations (including both contract award and performance); Contracting authorities widely use e-procurement, which covers all stages of the procurement process; The public procurement market is competitive and attracts interest of domestic and international economic operators, especially small and- medium-sized enterprises; Contracting authorities develop annual or multi-annual procurement plans, aligned with budget planning, and publish them on time. A thorough needs analysis and market research guide the preparation of individual procurement, including definition of desired outcomes; Competitive procedures are standard procurement methods, and contracting authorities use other procedures only in duly justified exceptional circumstances.

Indicator elements	Element type	Score
E 3.5 Central procurement body regularly reports to the public on the implementation of overall public procurement policy	Practice in implementation	2/2
E 3.6 Reporting on public procurement policy by the central procurement body is citizen-friendly	Practice in implementation	1.5/1.5
E 3.7 Central review body regularly reports to the public on procedures for the protection of the rights of bidders in public procurement	Practice in implementation	2.5/2.5
E 3.8 Public procurement portal is user-friendly	Practice in implementation	1/3
E 3.9 Central-level contracting authorities regularly publish up-to-date annual procurement plans that are easily accessible online	Practice in implementation	3/3
E 3.10 Central-level contracting authorities regularly publish annual procurement reports that are easily accessible online	Practice in implementation	0/3
E 3.11 Open procedures represent a standard public procurement method	Practice in implementation	0/2
E 3.12 Public procurement processes are competitive	Practice in implementation	1/2
E 3.13 Public procurement data is available in open format(s)	Practice in implementation	0/2
E 3.14 Key non-state actors consider public procurement system as competitive and transparent	Outcomes and impact	3/3
E 3.15 Key non-state actors consider exceptions from public procurement law as adequately regulated and applied in practice	Outcomes and impact	3/3
Total score for sub-indicator 3		21/32.5

Montenegro has established a public procurement system that emphasizes transparency and competition through the Law on Public Procurement and key strategic documents—the Public Financial Management Reform Program 2022–2026 and the Strategy for the Development of the Public Procurement and Public-Private Partnership System 2021–2025. However, in practice, in terms of competitiveness certain exemptions from public procurement legislation still persist, a concern also highlighted by the European Commission.

Although the chapter on public procurement was provisionally closed in June 2025, the European Commission introduced three new recommendations in its report for this year. This confirms that the temporary closure does not imply that all work in this area has been completed. The Commission expects further amendments to the law to broaden the definition of corruption in public procurement, introduce direct misdemeanor liability and budget inspection oversight, and further enhance the electronic procurement system by implementing an early-warning mechanism for detecting irregularities in procurement procedures. Particular attention is drawn to the recommendation that international agreements with the United Arab Emirates and other countries must not circumvent EU public procurement standards.

The Directorate for Public Investment Management and Public Procurement Policy within the Ministry of Finance is responsible for overall policy coordination and monitoring of the public procurement system. The Directorate publishes semi-annual and annual public procurement reports containing key data. According to the 2024 Annual Public Procurement Report, 84.29% of contracts were awarded through open procedures. More than 60% of procurement procedures involved more than one tender. Also, the Commission for the Protection of Rights in Public Procurement Procedures regularly publishes annual reports on its website.

The Montenegrin Electronic Public Procurement System (CEJN) provides free access to complete tender documentation and allows searches by notice type, contracting authority, and time period; however, it still does not allow searches by bidders. The Portal does not provide a user guide, nor a glossary of key public procurement terms. Although all documentation available on the portal is searchable, it is not yet available in an open format. Public procurement data is not available on the Open data portal.

The principles of transparency and competitiveness in public procurement are incorporated through the main law, **Law on Public Procurement**⁵⁰ and two key documents - **Public Financial Management Reform Program 2022–2026**⁵¹ and **Strategy for the Development of the Public Procurement and Public-Private Partnership System 2021–2025**⁵².

One of the operational objectives of the Public Financial Management Reform Program - **Improvement of the Public Procurement System** includes an indicator related to improving transparency: the share of transparent procedures in the total number of conducted public procurement procedures, for which the responsible institution is the Ministry of Finance (the target value for 2026 is 95%, while the baseline value was 89%).

Furthermore, competitiveness is measured by the average number of bidders per procurement procedure, an indicator overseen by the Ministry of Finance, with a target of 3 by 2026 (up from a baseline of 2.82 in 2021). Although the competition index is at the level of the European Union, efforts still need to be made to increase the number of bidders per procurement procedure, particularly by reducing the number of procedures with only one bid. According to the Public Procurement Report for 2024⁵³, Ministry of Finance reports only on the value of procurement for contracted public procurement with one single bid (number of contracts and value), not on the number of procedures. The contracted value of procurement with a single bid amounted to EUR 330,224,323.68, representing 38.96% of the total value of procurements for 2024, which amounts to EUR 847,582,273.86, or 61.04% in which more tenderers participated.

The Strategy for the Improvement of Public Procurement Policy and Public-Private Partnerships includes an operational objective titled **“Improvement of the e-procurement platform.”** This objective requires support and engagement of the Ministry, contracting authorities, the business sector, and other relevant stakeholders in the system to contribute to increased transparency. Progress is measured through indicators such as the introduction of new functions within the Electronic Public Procurement system, the number of actively registered business entities, and the number of bids submitted in public procurement procedures.

⁵⁰ Law on Public Procurement, "Official Gazette of Montenegro", No. 74/2019, 3/2023, 11/2023, 84/2024, available at:

<https://wapi.gov.me/download-preview/f6fdd8c8-7f85-4364-b7e2-3442a3b5b21b?version=1.0>

⁵¹ Public Financial Management Reform Program 2022-2026, available at:

<https://wapi.gov.me/download-preview/64a083fe-6cea-43cc-86bc-c11e0c922a92?version=1.0>

⁵² Strategy for the Development of the Public Procurement and Public-Private Partnership System 2021-2025, available at:

<https://wapi.gov.me/download-preview/5444222f-cfc8-4966-8db9-2a888a043443?version=1.0>

⁵³ Public Procurement Report for 2024, Ministry of Finance, June 2025, available at:

<https://www.gov.me/dokumenta/c7bcdae3-1e06-45cc-9601-3048fa02c554>

Additionally, the operational objective **“Encouraging the use of framework agreements, centralized public procurement, green and sustainable procurement, and promoting the participation of SMEs in public procurement procedures—with particular emphasis on increasing the participation of women-led businesses in public procurement and contracts”** sets out goals related to strengthening competitiveness.

The Law on Public Procurement also recognizes the principles of transparency and competitiveness. Transparency is ensured through the electronic public procurement system (CEJN), as well as through the mandatory documentation required for conducting public procurement procedures. The principle of competitiveness is upheld through the obligation to ensure competition among economic operators in public procurement procedures. In this regard, the contracting authority must not restrict or hinder competition, and in particular must not prevent an economic operator from participating in a public procurement procedure through the unjustified use of the negotiated procedure, the application of discriminatory conditions and criteria, or through measures that favor certain economic operators.

All three key informants also agree that the public procurement system, as established by the public procurement legislation, is transparent and competitive. However, one of key informants stated: “The overall transparency is good thanks to the electronic procurement system. The biggest issue for monitoring is the phase of the implementation of procurement contracts. There is not enough information on it, while reports on completed procurement contracts are not detailed and do not provide a basis for good monitoring if the contract is implemented according to the public procurement tender procedure.” Moreover, they pointed out that repressive institutions should be more acknowledged and specialised in investigating possible corruption or deals before publishing the procurement procedure. They stated that “There are mechanisms but they are not used enough. We have a very small number of criminal complaints/police cases or cases in the court regarding the corruption in public procurement.”

In addition to the Law on Public Procurement, there are also specific laws that provide for exemptions in the implementation of public procurement procedures. The Law on Ratification of the Agreement on Cooperation in the Field of Tourism and Real Estate Development⁵⁴ between the Government of Montenegro and the Government of the United Arab Emirates is one example of those special laws. This Law was adopted in June 2025 and it provides that the legislation of both countries is exempted from application for any

⁵⁴ Law on the Ratification of the Agreement on Cooperation in the Field of Tourism and Real Estate Development, available at: <https://zakoni.skupstina.me/zakoni/web/app.php/akt/3687>

procedure related to procurement. The Draft Law on the National Security Agency (NSA)⁵⁵ which has been under procedure since July 2025, also aims to introduce a complete exemption from the application of public procurement regulations for the realisation of all NSA procurements.⁵⁶ When asked whether exceptions are applied strictly within the legal framework or if there are cases where they are used more broadly, the key informant replied: “I honestly don't know, considering the shadow of secrecy behind it.”

Since the reorganisation of the state administration in 2018, the Public Procurement Administration has ceased to exist and its function has been taken over by the Directorate for Public Investment Management and Public Procurement Policy in the Ministry of Finance.⁵⁷ This Directorate performs administrative and related professional tasks in the field of the public procurement system, which include: monitoring and reporting on public procurement implementation at the state level, professional support to the participants in the public procurement process and publishing relevant procurement documentation and materials online, including relevant regulations, manuals and forms to be used by participants in public procurement process. This Directorate regularly publishes both annual and semi-annual public procurement reports. The most recent annual report, published for 2024, contains a two-page executive summary presenting the key findings of the report, along with major trends compared to the previous year. Additionally, the annual report includes a “Public Procurement ID Card,” a one-page overview featuring all essential statistical information on public procurement (number of contracts, total expenditure, average number of bids, etc.). All reports are accessible⁵⁸ in three clicks from the homepage of the Ministry of Finance, under which this Directorate operates.

In 2024, 6929 open public procedures were carried out compared to total number of public procurement procedures conducted - 7001, which amounts 98.97% . But it should be noted that these numbers do not include direct procurement (non-competitive procedure) conducted in 2024, since there is only data about total number of these contracts/invoices (178759). Value of direct procurement in 2024 is 8,11% compared to total value.

⁵⁵ The Draft Law on the National Security Agency, available at: <https://zakoni.skupstina.me/zakoni/web/app.php/akt/3775>

⁵⁶ Prevent the NSA from conducting all procurement as classified, Institute Alternative, July 2025, available at: <https://institut-alternativa.org/en/prevent-the-nsa-from-conducting-all-procurement-as-classified/>

⁵⁷ Ministry of Finance, Directorate for Public Investment Management and Public Procurement Policy, available at: <https://www.gov.me/mif/politika-javnih-nabavki>

⁵⁸ All reports are available at: <https://www.gov.me/clanak/izvjestaji>

The Commission for the Protection of Rights in Public Procurement Procedures⁵⁹ is responsible for protecting rights in public procurement and public-private partnership award procedures. It is an independent body acting under the Law on Public Procurement and publishes annual reports, including those for last two calendar years, 2023⁶⁰ and 2024⁶¹.

The Montenegrin Electronic Public Procurement Portal (CEJN)⁶² is a platform where data on public procurement are available. The Portal does not require registration to search or view documentation. It provides free access to the complete tender documentation (with no subscription or other barriers). Its search function includes free-text search, publication type, contracting authority, and time-period filters, but it is not possible to perform a search by bidders. The Portal does not include explanations of key public procurement terms (a glossary) nor user guides for navigating its features (in either textual or multimedia format). There is a section dedicated to frequently asked questions. The Public Procurement Portal can be accessed via the Directorate's website. Public procurement data is not available on Open data portal.

According to a sample of the five contracting authorities⁶³ with the highest contracted procurement values in the previous calendar year, all procurement plans for both the previous and current calendar years (2024 and 2025) have been published on the Electronic Public Procurement System. All plans are accessible on the portal by searching for the contracting authority, in fewer than three clicks. All contracting authorities are required to submit reports on public procurement only through the electronic public procurement system, and there is no obligation to prepare individual annual reports.

Not all data can be downloaded in open formats. For example, procurement plans are published directly on the website itself (which is considered an open format). Documents can be downloaded, but primarily in searchable PDF format. The plans published on the website are also searchable. Other documents, such as tender documentation and contracts, are downloadable—typically in Word format or as searchable PDFs.

⁵⁹ Website of the Commission for the Protection of Rights in Public Procurement Procedures, available at: <https://kontrola-nabavki.me/>

⁶⁰ Report on the work of the Commission for 2023, available at: <https://komisija-nabavke.fra1.digitaloceanspaces.com/post/36/documents/69oXu9HesnOiDgIp-lrayecMWnBcO76aWHvBnHTFJHHK60JnZr3cO7FIJf99.pdf>

⁶¹ Report on the work of the Commission for 2024, available at: <https://komisija-nabavke.fra1.digitaloceanspaces.com/post/79/documents/ax8NujMHOjA-3RoOOAMnBMdhS3vfALIXNfHHLxQTbnIAT13xKeDeBSMOPCsRw.pdf>

⁶² The Montenegrin Electronic Public Procurement Portal (CEJN), available at: <https://cejn.gov.me/landingPage>

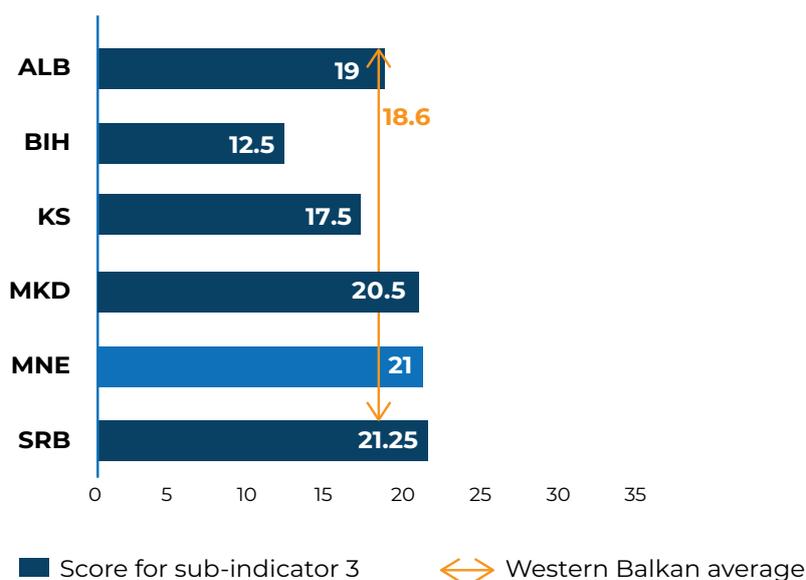
⁶³ Health institution of the pharmacy of Montenegro “Montefarm”, Capital Projects Administration, Traffic Administration, Montenegrin Electric Distribution System (CEDIS), Electric Power Company of Montenegro (EPCG).

Although the strategic and legal framework provides for transparency and competitiveness, certain shortcomings persist in practice and require further attention. One of the main indicators of transparency is the Montenegrin Electronic Public Procurement System - however, there is still significant room for improvement. One key informant noted that the biggest challenge for monitoring lies in the implementation phase of procurement contracts, as there is insufficient information available and reports on completed procurement contracts lack adequate detail.

Furthermore, the other key informant emphasized that, in order to ensure that exceptions to public procurement law serve their intended purpose without undermining competitive fairness or enabling corruption, Montenegro must continue to strengthen its legal provisions, enhance oversight institutions, leverage digital transparency tools, enforce strict procedural justifications, improve procurement planning, and foster an ethical procurement culture.

How does Montenegro do in regional terms?

Sub-indicator 3: Transparency and competitiveness of the public procurement system (maximum score 32.5)



II.4 Openness and transparency of state audit institution's work

Principle 31: All public funds are effectively audited by an independent auditor that provides assurance on the use of public resources and helps improve the functioning of the public sector.

Awarded points per element in sub-indicator 4: Openness and transparency of state audit institution's work⁶⁴

Indicator elements	Element type	Score
E 4.1 There is a strategic document in force that envisages enhanced communication and cooperation of SAI with external stakeholders	Strategy and policy	1/1
E 4.2 Regulations stipulate the transparency of the SAI's work	Legislation	1/1
E 4.3 SAI's annual activity reports are regularly published and easily accessible online	Practice in implementation	4/4
E 4.4 SAI's audit reports are citizen-friendly and easily accessible online	Practice in implementation	4/4
Indicator elements	Element type	Score
E 4.5 Data contained in the external audit reports are available in open format(s)	Practice in implementation	0/2
E 4.6 SAI uses a variety of channels for external communication and promotion of its activities and reports	Practice in implementation	1/2
E 4.7 Key non-state actors consider SAI's work as transparent and SAI's reports as easily accessible	Outcomes and impact	3/3
Total score for sub-indicator 3		14/17

⁶⁴ The fourth sub-indicator focuses on the following SIGMA sub-principles: Audit reports are concise and contain relevant and useful recommendations, and procedures are in place to follow up on audit reports; The SAI communicates widely on its activities and audit results through the media, websites and other means and makes its reports publicly available, in a timely manner.

Strategic and legal framework in Montenegro clearly prioritise improved communication and cooperation between the State Audit Institution (SAI) and external stakeholders. The SAI Strategic Development Plan 2023–2027⁶⁵ and the PFM Reform Program⁶⁶ introduced measures such as developing a Communication Strategy, strengthening cooperation with Parliament and civil society, and improving the clarity and visibility of audit results. These commitments are further operationalised through the SAI Communication Strategy⁶⁷, which sets concrete objectives and indicators.

The legal framework firmly supports transparency of SAI's work. The Law on the State Audit Institution⁶⁸ obliges public reporting and publication of audit outputs, while the SAI Rules of Procedure require timely publication of reports and the use of various communication channels. Together, they ensure that transparency is embedded in the SAI's work.

Practice largely aligns with these commitments. The SAI regularly publishes activity and audit reports, which are accessible and searchable on its website. Short online summaries accompany many reports, increasing their usability. However, audit reports are not available in machine-readable open formats, and no related datasets are published on the national Open Data Portal.⁶⁹ Communication beyond the website remains limited. The SAI does not use social media and relies mainly on press releases, events, and media coverage, resulting in mostly passive outreach.

Key informant interviews confirm that the SAI is generally transparent and that access to reports is straightforward, noting improvements in recent years. Still, stakeholders highlight the need for clearer, more user-friendly communication and stronger proactive engagement with the public and civil society.

Overall, the SAI has a solid foundation for transparency and cooperation, but further progress is needed in modernising communication practices and enhancing accessibility of audit data.

⁶⁵ The fourth sub-indicator focuses on the following SIGMA sub-principles: Audit reports are concise and contain relevant and useful recommendations, and procedures are in place to follow up on audit reports; The SAI communicates widely on its activities and audit results through the media, websites and other means and makes its reports publicly available, in a timely manner.

⁶⁶ Strategic Development Plan of the State Audit Institution 2023–2027, available at: <https://www.dri.co.me/storage/images/gallery/dokumenta/strateski%20plan/STRATE%C5%A-OKI%20PLAN%20RAZVOJA%20DRI%20za%20period%202023-2027.pdf>

⁶⁷ Communication Strategy of The State Audit Institution (2025-2028), available at: <https://www.dri.co.me/storage/images/gallery/dokumenta/Komunikaciona%20strategija%202025%20-%202028.%20godine.pdf>

⁶⁸ Law on the State Audit Institution, available at: 8b039db8-0885-4369-9942-2ae670686db3

⁶⁹ Open Data Portal, available at: <https://data.gov.me/>

Valid strategic documents clearly demonstrate that improving communication and cooperation between the SAI and external stakeholders is a defined strategic priority. **The Strategic Development Plan 2023–2027 of the SAI**⁷⁰ identifies this under **Strategic Goal 2**, which includes developing a **Communication Strategy**, improving timely and understanding public communication of audit results and strengthening cooperation with Parliament, civil society, institutions, and citizens. It also envisages regular meetings with stakeholders, mechanisms for receiving citizen inputs, and better presentation of audit findings. The **Public Finance Management Reform Program**⁷¹ further supports this by planning the **SAI Communication Strategy 2025–2028**⁷² (Q1 2025–Q1 2026). Collectively, these documents confirm the existence of concrete measures for enhancing both public communication and stakeholder cooperation.

When it comes to the legal framework, regulations in force show that transparency is clearly prescribed as a principle of the SAI's work. The **Law on the State Audit Institution**⁷³ requires the SAI to ensure transparent reporting to Parliament and the Government through annual reports, special reports, and advisory outputs which is prescribed by article 18, while articles 19 and 20 define the mandatory content of these documents. Importantly, **Article 50** obliges the SAI to make its annual report publicly available. The **Rules of Procedure of the SAI**⁷⁴ further strengthen this framework by explicitly stating that the Institution informs the public about its work (Article 61), notably by publishing the Annual Report and final audit reports on its website within seven days of their adoption, and by using additional communication channels such as press conferences and media statements. Taken together, both the Law and the Rules of Procedure incorporate clear provisions that ensure transparency in the SAI's operations.

⁷⁰ Strategic Development Plan of the State Audit Institution 2023–2027, available at: <https://www.dri.co.me/storage/images/gallery/dokumenta/strateski%20plan/STRATE%C5%A-OKI%20PLAN%20RAZVOJA%20DRI%20za%20period%202023-2027.pdf>

⁷¹ The Public Finance Management (PFM) Reform Programme (2022-2026), available at: <https://www.gov.me/en/article/public-finance-management-reform-program-2022-2026>

⁷² Communication Strategy of The State Audit Institution (2025-2028), available at: <https://www.dri.co.me/storage/images/gallery/dokumenta/Komunikaciona%20strategija%202025%20-%202028.%20godine.pdf>

⁷³ The Law on the State Audit Institution, available at: <https://wapi.gov.me/download-preview/8b039db8-0885-4369-9942-2ae670686db3?version=1.0>

⁷⁴ The Rules of Procedure of the State Audit Institution, available at: <https://www.dri.co.me/storage/images/gallery/dokumenta/zakon/Poslovnik%20Drzavne%20revizorske%20institucije.pdf>

The review of the SAI's website⁷⁵ shows that the institution regularly publishes its activity reports. The reports for the past two years⁷⁶ are publicly available, meeting the regularity criterion. They are also easy to locate - within no more than three clicks from the homepage - therefore fulfilling the accessibility criterion.

Researchers reviewed all 13 audit reports⁷⁷ published by the SAI during the period from March (including March) to September 2025, i.e., the six months preceding the PFM monitoring window. Each report allows the use of the "Control+F" search function and contains visual elements: more recent reports combine graphics and tables, while older ones rely primarily on tabular presentations. In addition, the SAI publishes accompanying website posts for each report, intended to serve as summaries.⁷⁸ Although these posts still use formal and technical language, they represent a clear effort to produce content that is not merely copied from the reports but instead provides a concise, readable overview of the audit's purpose, reasoning, and key findings.

External audits conducted by the SAI⁷⁹ are publicly available on the institution's official website. However, the reports are published exclusively in PDF format, which does not meet the definition of a machine-readable, open data format. Additionally, the national Open Data Portal⁸⁰ does not contain any datasets related to SAIs work and reports.

Researchers reviewed the SAI's activities in the twelve months preceding the PFM monitoring to assess whether the institution used communication channels other than its official website to promote the results of its work and engage with the public.⁸¹ The findings show that the State Audit Institution primarily communicates all activities promoting its work through its official website⁸², with the media typically picking up and republishing these announcements⁸³. The SAI is not present on social media platforms such as Facebook, Instagram, or Twitter. As one of the communication channels, the SAI organises its own press conferences, round tables, official visits, and similar events, which are announced on its website in the "Event Announcements" section⁸⁴.

⁷⁵ Official website, available at: <https://www.dri.co.me/>

⁷⁶ Annual reports, available at: <https://www.dri.co.me/godisnji-izvjestaj-dri>

⁷⁷ Audit reports, available at: <https://www.dri.co.me/revizorski-izvjestaji>

⁷⁸ Section updates on the official website, available at: <https://www.dri.co.me/aktuelnosti>

⁷⁹ External audits conducted by the SAI, available at: [revizorski-izvjestaji](https://www.dri.co.me/revizorski-izvjestaji)

⁸⁰ Open Data Portal, available at: <https://data.gov.me/>

⁸¹ The period from September 2024 to September 2025

⁸² Official website, available at: <https://www.dri.co.me/>

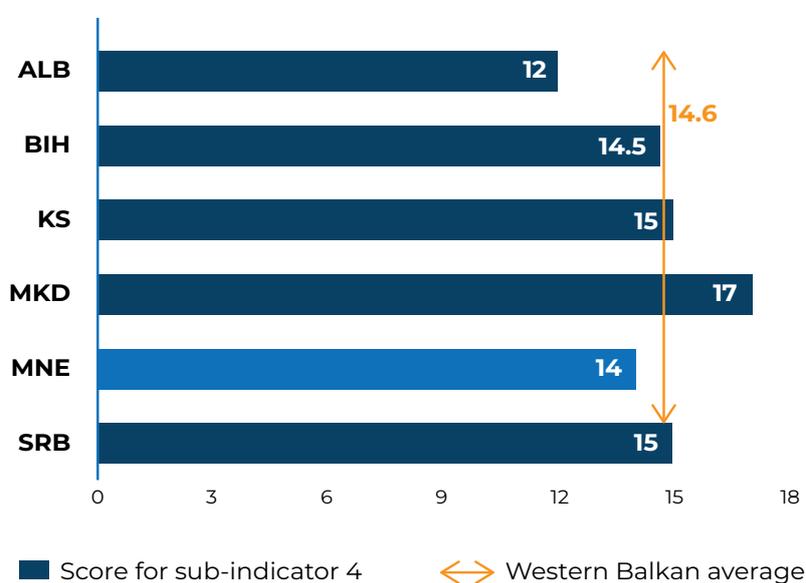
⁸³ For example: <https://www.vijesti.me/vijesti/ekonomija/728281/dri-zavrzni-racun-budze-ta-za-2023-dobio-negativno-misljenje-na-reviziju-pravilnosti-i-uslovno-na-finansijsku-reviziju>

⁸⁴ Event Announcements, available at: <https://www.dri.co.me/aktivnosti>

Key informant interviews conducted indicate generally positive perceptions regarding the transparency of the SAI's work and the accessibility of its reports. One key informant fully agreed, while two others tended to agree that the SAI's work is transparent. Similarly, two informants fully agreed and one tended to agree that the SAI's reports are easily accessible online. However, several areas for improvement were highlighted. Although the structure of SAI reports is generally adequate and includes clear findings and recommendations, the presentation of key results could be made more user-friendly, particularly for the wider public. Suggestions included simplifying language, offering summaries or contextual explanation, and improving navigation - especially since short, user-friendly summaries sometimes appear only as separate news articles rather than integrated components of the reports, which makes them difficult to locate for older publications. Nonetheless, they noted improvements in recent years, including the introduction of a new website, better report formats, and opportunities for CSO participation in the development of audit plans. Although communication practices are still not fully sufficient, stakeholders agreed that the SAI's transparency and accessibility have been progressing and are notably better than in the past.

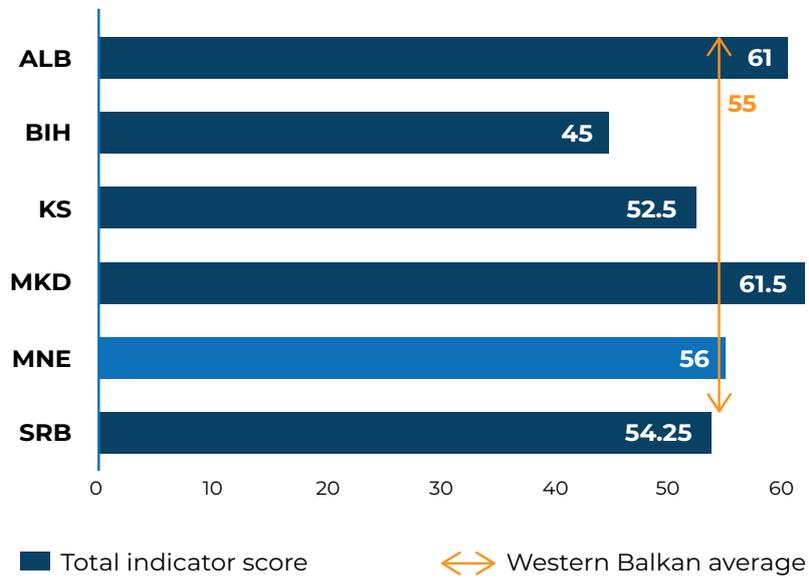
How does Montenegro do in regional terms?

Sub-indicator 4: Openness and transparency of State Audit Institution's work (maximum score 17)



Overall scores comparison in the Public Financial Management area

Indicator: Transparency and openness of public financial management



Regional overview report for Public Financial Management area, with results for all WB administrations is available at: www.par-monitor.org

II.5 Recommendations for the Public Financial Management area

II.5.1 TRACKING RECOMMENDATIONS FROM PAR MONITOR 2021/2022

<i>Recommendations</i>	<i>Type (short/medium/long term)⁸⁵</i>	<i>Status</i>	<i>Explanation</i>
A special section dedicated to budgetary documentation - all annual budget laws, their amendments, in-year spending reports and year- end budget reports - should be created within the website of the Ministry of Finance.	Medium term	Partially implemented	The practice of publishing budgetary documentation changed partially. On the website of the Ministry of Finance there is a special section “State budget and dept”, where monthly and quarterly reports are published. This recommendation is only partially implemented since annual budget laws, their amendments and year-end budget reports are not published within this section.
Year-end budget reports should provide performance information about the work of individual budget users. Although this is tied to broader programme and performance budgeting reforms, and depends on establishing precise and measurable goals in the budget plan, the necessity to present performance data to the public must be ingrained in these plans from the outset.	Medium term	Partially implemented	Monitoring showed that compared to the previous cycle there were some improvements due to programme budget reforms. However, programme budgeting remains at an early stage of implementation, operating in parallel with a traditional line-item budget, and budget documentation lacks clear projections on how allocations contribute to policy priorities. Looking more broadly at programme goals, although each programme area includes a dedicated section in the budget, what is listed as a goal to be reached is merely a listing of activities, which is difficult to differentiate from budget lines.

⁸⁵ Recommendations for which the assessed time for implementation is up to one year are labelled as short-term. Medium-term recommendations should be implementable within a period of one to three years. Long-term recommendations require more than three years to be implemented.

<p>The Law on Budget and Fiscal Accountability should be amended so as to prescribe publishing of monthly and mid-year budget spending reports as obligations of the Ministry of Finance, containing data based on functional, economic, programme and organisational classification.</p>	<p>Short term</p>	<p>Partially implemented</p>	<p>The Law has not been amended. There is no legal obligation for the Ministry of Finance to prepare mid-year reports. Although, practice shows that the Ministry of Finance regularly publishes both monthly and quarterly reports on budget execution. The monitoring shows that monthly budget execution reports include all three expenditure classifications in line with the methodology – administrative, economic and functional. Quarterly reports include information based on economic classification, as well as execution overall; however, they do not provide data based on functional classification.</p>
<p>The Ministry of Finance should commence with the practice of regular preparation of citizen-friendly versions of the annual budget.</p>	<p>Short term</p>	<p>Fully implemented</p>	<p>During the monitoring period, the publication of the reader-friendly presentation of the annual budget is assessed as regular, given that PowerPoint presentations containing key budget information for 2024 and 2025 were published on the official Government website. In addition, the Parliament of Montenegro published a Citizen's Budget, a Guide to the Budget of Montenegro for each of the years 2024 and 2025, prepared by the Parliamentary Budget Office.</p>
<p>The Ministry of Finance should publish all budgetary data in open data formats, using the new Open Data Portal.</p>	<p>Short term</p>	<p>Partially implemented</p>	<p>Budgetary data is only partially published in open data format. The annual budget and the year-end budget report are not published in any open data format and remain available exclusively in PDF format. However, monthly budget execution reports (GDDS) and quarterly budget reports are published in Excel format. In addition, while not all relevant datasets are available on the official open data portal, some budget execution data are published, including quarterly budget execution data for 2024 and selected monthly execution datasets for 2025.</p>

<p>SAI should provide the public with citizen-friendly summaries of each audit report that would explain the key information from the report in a jargon-free language.</p>	<p>Medium term</p>	<p>Fully implemented</p>	<p>SAI provides summaries of audit reports with key information from the mentioned reports. Our monitoring showed that recent SAI reports combine graphics and tables, while older ones rely primarily on tabular presentations. In addition, the SAI publishes accompanying website posts for each report, intended to serve as summaries. Although these posts still use formal and technical language, they represent a clear effort to produce content that is not merely copied from the reports but instead provides a concise, readable overview of the audit's purpose, reasoning, and key findings.</p>
<p>SAI should develop its communication and use tools such as infographics, videos, brochures, data visualisation and social media to promote its work and findings to a wider public.</p>	<p>Medium term</p>	<p>Partially implemented</p>	<p>This recommendation has been partially implemented in a formal sense, as the SAI has adopted a dedicated communication strategy. However, practical implementation remains very limited. Although the SAI does start using communication tools such as infographics and tables in the reports, there is still room for improving communication with citizens for promotion of its findings through videos, brochures, data visualisation and or social media.</p>
<p>SAI should develop and promote a channel for communication with citizens as well as devise procedures for handling citizen reports and complaints about misuse of budget funds or irregularities in the functioning of budget users.</p>	<p>Long term</p>	<p>No action taken</p>	<p>There has been no progress in this regard since The State Audit Institution (SAI) does not use official profiles on major social media platforms such as Facebook, LinkedIn, and X (Twitter) to move beyond passive information sharing. Through regular and accessible content on audit findings, processes, and activities, these channels should serve as tools for proactive outreach, public engagement, and improved visibility and trust in the institution.</p>

<p>SAI should introduce measures of cooperation with CSOs such as regular meetings and use their input as one of the risk indicators in annual work planning as well as rely on their findings in preparation for specific audits.</p>	<p>Long term</p>	<p>Partially implemented</p>	<p>State Audit Institution organise meetings with CSO to collect inputs for annual audit plan. This is also confirmed by key informants. They noted improvements in recent years, including the introduction of a new website, better report formats, and opportunities for CSO participation in the development of audit plans.</p>
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II.5.2 RECOMMENDATIONS FROM THE 2024/2025 MONITOR REPORT

Recommendations from the monitoring cycle 2024/2025 for the Public Financial Management area are listed below. The recommendations are grouped into three types, according to the estimated time needed for their implementation. Recommendations for which the assessed time for implementation is up to one year are labelled as short-term. Medium-term recommendations should be implementable within a period of one to three years. Long-term recommendations would likely require more than three years to be implemented.

Short-term recommendations

- Ministry of Finance should continue with practice of preparing and publishing quartal reports on realisation of capital budget, including citizen-friendly summaries and visual elements
- The Ministry of Finance should publish consolidated annual reports on internal financial control and internal audit in a way that ensures they are easily accessible online, within three clicks from the homepage.

Medium-term recommendations

- The State Audit Institution does not publish audit data and reports in open data formats, which limits their accessibility, reuse, and potential for in-depth analysis by civil society, media, and researchers. To strengthen transparency and proactive disclosure, the SAI should publish its audit reports and related datasets in open, machine-readable formats and make them available through the national Open Data portal, ensuring that the information is standardised, easily accessible, and reusable by third parties.
- The Montenegrin Electronic Public Procurement System (CEJN) does not provide all public procurement data in an open format, which negatively affects the transparency of the public procurement process. The Ministry of Finance should publish all public procurement data in open formats, both on the electronic public procurement system and on the Open Data Portal, thereby making the data more accessible and ensuring it is standardised, readable, and reusable by third parties.

REPEATED RECOMMENDATIONS

- The Ministry of Finance's website section dedicated to the budget should be improved by publishing all budget documents - annual budget laws, their amendments and final accounts, not only execution reports.
- Final budget accounts through programme reporting should be further developed by fully integrating it into the budget framework and clearly linking programme allocations to measurable policy objectives, rather than activity-based descriptions.
- The Law on Budget and Fiscal Responsibility should be amended to prescribe an obligation for the Ministry of Finance to prepare and publish monthly and semi-annual budget execution reports, including data by functional, economic, program, and organizational classification.
- The Ministry of Finance should continue with the practice of preparing a citizen-friendly version of the annual budget.
- The Ministry of Finance should publish all budget data in open data formats, using the new Open Data Portal.
- SAI should further develop its communication and use tools such as infographics, videos, brochures, data visualisation, and social media to promote its work and findings to a wider public.
- SAI should develop and promote a channel for communication with citizens, as well as devise procedures for handling citizen reports and complaints about misuse of budget funds or irregularities in the functioning of budget users.
- SAI should introduce measures of cooperation with CSOs, such as regular meetings, use their input as one of the risk indicators in annual work planning, and rely on their findings in preparation for specific audits.

METHODOLOGY APPENDIX

For producing this report for Montenegro, the following research methods and tools were used for data collection and calculation of elements:

- Analysis of official documentation, data, and official websites
- Requests for free access to information
- Interviews with stakeholders and key informants
- Public perception survey.

Monitoring heavily relied on the analysis of official documents publicly available on the websites of administration bodies and on the data and information contained therein. However, in cases where the data was not available, researchers sent requests for free access to information to relevant institutions in order to obtain information necessary for awarding points for the elements.

Table x. FOI requests sent in Montenegro

Institution	Date of request	Date of reply to the request
Ministry of Finance	22/09/2025	30/09/2025

Interviews with key informants were conducted and used as a base for point allocation for elements 1.5, 2.14, 3.14, 3.15 and 4.7. Additionally, they were used to collect qualitative, focused, and in-depth inputs on monitored phenomena. Interviews with other stakeholders (such as representatives of public administration bodies) were additionally used in the research to complement and verify otherwise collected data and findings. Selection of interviewees was based on purposive, non-probability sampling, targeting interlocutors based on their expertise on the topic.

Key informant interviews were comprised of a set of up to four questions where the participants expressed their agreement on a four-point scale: fully disagree, tend to disagree, tend to agree and fully agree. Points under elements 1.5, 2.14, 3.14, 3.15 and 4.7 were allocated if all key informants stated that they tend to agree/fully agree with the statement. Additionally, a set of open-ended questions was used, allowing for a discussion with interviewees and on-the-spot sub-questions rather than strictly following a predetermined format. Interviewees were given full anonymity in terms of personal information and institutional/organisational affiliation.

Table x. Interviews conducted in Montenegro

Date	Interviewees
03.11.2025.	Key informant 1 - CSO representative member
06.11.2025.	Key informant 2 - CSO representative member
17.11.2025	Key informant 3 - SIGMA expert
20.11.2025.	Key informant 4 - CSO representative member
21.11.2025.	Key informant 5 - member of a consultating
26.11.2025.	Key informant 6 - CSO representative member

List of interview questions

Element 1.5

1. To what extent do you agree with the following statement: **The budget formulation process is transparent.**
 - a. fully disagree
 - b. tend to disagree
 - c. tend to agree
 - d. fully agree
2. To what extent do you agree with the following statement: **The budget formulation process is inclusive.**
 - a. fully disagree
 - b. tend to disagree
 - c. tend to agree
 - d. fully agree

Additional guiding questions (not used for point allocation, but relevant for providing qualitative insight necessary for the assessment):

1. Can you describe your experience, if any, with participating in the budget formulation process?
2. In your opinion, how open and accessible is the budget formulation process to non-state actors?
3. Have you observed any improvements or setbacks in transparency or inclusiveness over the past few years? If so, what triggered them?
4. Do you think that feedback from non-state actors is taken into account during the budget planning process? Please elaborate

Element 2.14

The following questions are used for point allocation for element 2.14. Point allocation is determined based on the ratio of fully agree/tend to agree responses. For each question where all key informants fully agree/tend to agree with the statement, 0.75 points are allocated.

1. To what extent do you agree with the following statement: **Available annual budgets are comprehensive enough.**
 - a. fully disagree
 - b. tend to disagree
 - c. tend to agree
 - d. fully agree

2. To what extent do you agree with the following statement: **Public procurement system, as established by the public procurement legislation, is competitive.**
 - a. fully disagree
 - b. tend to disagree
 - c. tend to agree
 - d. fully agree

Additional guiding questions (not used for point allocation, but relevant for providing qualitative insight necessary for the assessment):

1. Based on your experience, how would you describe the overall transparency of the public procurement system at the central level?
2. Do you believe that the current legal and institutional framework ensures fair competition in public procurement?
3. Have you observed any common practices or patterns that reduce transparency and competitiveness in procurement procedures?
4. Are there mechanisms in place that allow for meaningful oversight or public scrutiny of procurement processes? If yes, how effective are they?

Element 3.15

The following questions are used for point allocation for element 3.15. Point allocation is determined based on the ratio of fully agree/tend to agree responses. For each question where all key informants fully agree/tend to agree with the statement, 1.5 points are allocated.

1. To what extent do you agree with the following statement: **The public procurement law adequately regulates exceptions to its application.**
 - a. fully disagree
 - b. tend to disagree
 - c. tend to agree
 - d. fully agree
2. To what extent do you agree with the following statement: **Exceptions from the application of the public procurement law are in practice limited to those regulated by the law.**
 - a. fully disagree
 - b. tend to disagree
 - c. tend to agree
 - d. fully agree

Additional guiding questions (not used for point allocation, but relevant for providing qualitative insight necessary for the assessment):

1. How would you assess the clarity and adequacy of legal provisions regulating exceptions to the public procurement law?
2. In your experience, are exceptions applied strictly within the legal framework, or are there cases where they are used more broadly?
3. Do you think the use of exceptions has increased or decreased over time? What factors might have influenced this trend?
4. Are there sufficient oversight or control mechanisms to monitor the use of exceptions in public procurement?
5. What reforms or safeguards would you recommend to ensure that exceptions are used appropriately and do not undermine integrity of public procurement, transparency or competition?

Element 4.7.

The following questions are used for point allocation for element 4.17. Point allocation is determined based on the ratio of fully agree/tend to agree responses. For each question where all key informants fully agree/tend to agree with the statement, 1.5 points are allocated.

1. To what extent do you agree with the following statement: **The work of the SAI is transparent.**
 - a. fully disagree
 - b. tend to disagree
 - c. tend to agree
 - d. fully agree
2. To what extent do you agree with the following statement: **SAI's reports are easily accessible online.**
 - a. fully disagree
 - b. tend to disagree
 - c. tend to agree
 - d. fully agree

Additional guiding questions (not used for point allocation, but relevant for providing qualitative insight necessary for the assessment):

1. How would you assess the overall transparency of the SAI's work, including its audit and reporting practices?
2. In your experience, how easy is it to access SAI reports online? Are they published in a timely and user-friendly manner?

3. Do you find the content and structure of the SAI's reports suitable for understanding key findings and recommendations?
4. Do you think the SAI engages sufficiently with civil society, media, or the public to communicate its work and findings?

The public perception survey is based on a questionnaire targeting the general public (18+ permanent residents) of Montenegro. The survey was conducted through computer-assisted telephone interviewing (CATI) in combination with computer-assisted web interviewing (CAWI).

The survey was conducted between 1st and 12th of February 2025. The margin of error for the sample of 1010 citizens is $\pm 3.51\%$, at the 95% confidence level.

Table X: public perception survey questions in the area of Public Financial Management

Statement 20					
	Strongly disagree	Disagree	Agree	Strongly agree	<i>Don't know/ No opinion</i>
I have the opportunity to influence how money from the state budget funds is spent.					
Statement 21					
	Strongly disagree	Disagree	Agree	Strongly agree	<i>Don't know/ No opinion</i>
State authorities publish information about how money from the state budget funds is spent.	1	2	3	4	99

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