

Table 1.1. Montenegro: Summary Assessment

Phase/Institution		Strength	Effectiveness	Rec. #	Reform Priority	
A. Planning	1	Fiscal principles or rules	High: Multiple fiscal rules adopted in 2014. Current and capital spending presented in MTF.	Low: Debt rule not met since 2015 and budget process does not closely follow the framework established by the MTF.		Medium
	2	National and sectoral plans	Medium: Strategic framework structure follows a logical hierarchy but does not include investment-specific information or reliable costs.	Low: Limited guidance of investment priorities due to fragmented strategic planning and 89 sectoral strategies and limited link to budget envelope.	1	High
	3	Coordination between entities	Medium: Formal institutional mechanisms support coordination. Limited reporting of contingent liabilities to central government.	Medium: Major SNGs projects funded from the state budget. Government guarantees to major investment projects reported quarterly.	2, 6	Medium
	4	Project appraisal	Low: There is no methodology or central support guiding project appraisal.	Low: Few feasibility studies, most completed by lenders' request.	3, 4, 5	High
	5	Alternative infrastructure financing	Low: PPP Law adopted but policy and methodology not in place. Some market competition and consolidated PC reports not published.	Medium: Limited competition in markets for infrastructure provision. Some economic regulators were established. PPPs not fully integrated in the PIM process.	6	Medium
B. Allocation	6	Multi-year budgeting	Medium: Formal multi-year capital budget process in place (three-year ceilings), but only the first binding. Multi-year projections by programs, sub-programs, and projects.	Low: Fragmented strategic budgeting as multi-year ceilings and annual capital budget appropriations are for implementing administrations, not for policy ministries.	7	Medium
	7	Budget comprehensiveness and unity	High: No capital projects financed by extra-budgetary units. MoF prepares current and capital budgets in one document, including all central government projects.	Medium: Convoluted presentation of spending ministries' investment plans and overall capital expenditures. Capital projects undertaken by SOEs are not shown.	8, 9	Medium
	8	Budgeting for investment	Medium: Budgeting process for multi-year commitments not in place. Legislation prohibits virements from capital to current budgets.	Medium: Reasonable protection for on-going projects, and high compliance of virement prohibition. Total costs for projects have been included in the 2021 budget.		
	9	Maintenance funding	Low: Some methodologies exist for estimating maintenance needs, but not used for current and capital maintenance budgets.	Medium: Budget outturns have been stable over last four years, exceeding budget allocations.	10	High
	10	Project selection	Medium: No input from an independent expert. Published selection criteria but key parameters missing. Two project pipelines, one for IPAC and one for the Capital Budget.	Medium: Project reviews done with weak information hinders the selection process. Some projects have been selected without following the criteria.	11, 12	High
C. Implementation	11	Procurement	High: Transparent and competitive procurement framework is aligned with the EU acquis. E-procurement system in place.	Medium: The e-procurement system is in early stage of implementation and no major capital project tendered electronically.		
	12	Availability of funding	High: Monthly cash planning and timely cash release. Ceilings set for fiscal year, and donor accounts integrated in the TSA.	High: Timely cash releases have avoided project disruptions. Cash forecasts are done on monthly basis.		
	13	Portfolio management and oversight	Medium: Progress and cost monitoring of major projects done, but no central oversight or ex-post project reviews conducted. Fund re-allocation allowed and well-managed.	Low: Fragmented monitoring, with limited portfolio perspective or risk coverage. Weak reporting undermines decision-making. Policies not adjusted from lesson learned.	13, 14, 15	High
	14	Project implementation	Medium: Project are monitored, but reporting is inadequate. Cost adjustments allowed by law. Ex-post auditing of projects done, reported to Parliament, and published.	Medium: Lack of detailed progress reports. Project cost adjustment done according to law, but exceptions exist. No comprehensive implementation plans.	14, 15	Medium
	15	Management of public assets	Medium: Legal requirements to survey and report assets but not to provide information on assets in government accounts.	Low: The centralized register does not exist, value of the fixed assets is not set, and depreciation is not estimated.		