# MONTENEGRO



COUNTRY ASSESSMENTS

## HIGHLIGHTS

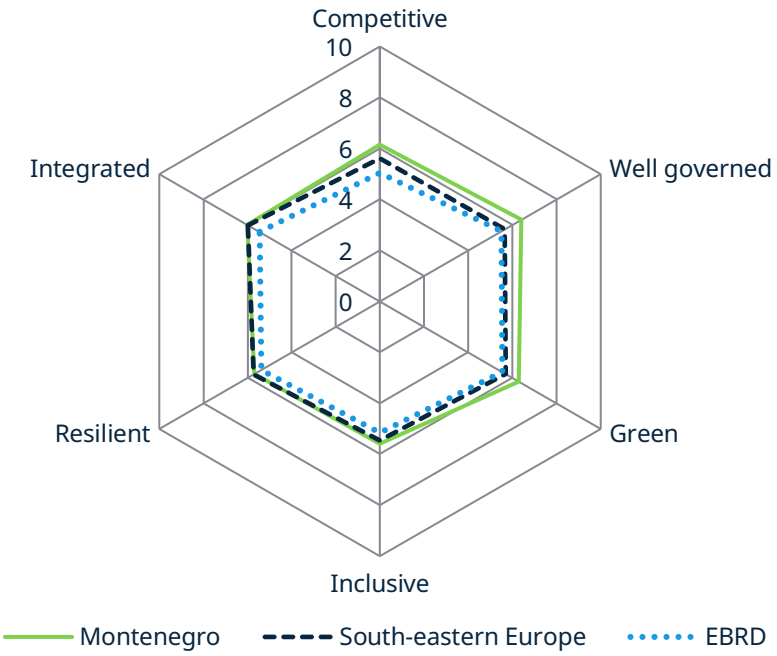
- **Real gross domestic product growth remained stable in the first half of 2026.** The 3.2 per cent year-on-year growth rate was driven by highway construction, higher electricity exports following the reconstruction of the Pljevlja plant, and tourism growth, while private consumption was held back by falling real wages.
- **The European Union (EU) accession process gained further momentum in 2026.** Since January, Montenegro has provisionally closed 9 new accession negotiation chapters, bringing the total number of provisionally closed chapters to 21. The drafting of the EU Accession Treaty officially began in May 2026. The European Commission also approved a third Reform and Growth Facility disbursement of €44.2 million.
- **The government strengthened the framework for public investment and infrastructure development.** In May 2026, Montenegro adopted the Infrastructure Investment Master Plan 2026-30, setting out around €5.7 billion of investments in transport, energy, healthcare, education, environmental protection and local infrastructure aimed at improving project prioritisation and public investment management.

*For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.*

## KEY PRIORITIES FOR 2027

- **Strengthen the fiscal framework and operationalise the Fiscal Council.** Montenegro still faces significant fiscal vulnerabilities, including high non-discretionary spending, large debt repayments and repeated breaches of fiscal rules. Medium-term budget planning should align with EU standards, rebuild fiscal buffers, comply with fiscal rules and create greater room for productive public investment while maintaining debt sustainability.
- **Accelerate the implementation of the Education Reform Strategy 2025-35.** Key measures include expanding work-based learning, strengthening higher-education links with employers and rolling out labour-market activation measures.
- **Advance state-owned enterprise (SOE) reforms** by professionalising management and closely monitoring fiscal risks, thus removing barriers to doing business, improving the investment climate, supporting private sector-led growth and enhancing competitiveness.

## ASSESSMENT OF TRANSITION QUALITIES (1-10)




*For more on reforms and transition qualities, see Chapter 5 of the Transition Report 2026-27.*

## KEY REFORMS AND POLICY DEVELOPMENTS[1]

**EU accession and Reform and Growth Facility implementation**

- Since the beginning of 2026 Montenegro has provisionally closed 9 new accession negotiation chapters, bringing the total to 21 provisionally closed chapters to date. Drafting of the country's EU Accession Treaty officially began in May 2026, marking a new phase in the accession process.

1 From the fourth quarter of 2025 to October 2026.

- Momentum was reinforced in May 2026, when the European Commission approved Montenegro's third Reform and Growth Facility disbursement, making €44.2 million available following a positive assessment of progress on business-climate reforms, digitalisation, innovation, energy efficiency, social policy and rule-of-law reforms.

**Green and sustainable bonds law**

- Montenegro adopted a dedicated legal framework for green and sustainable bonds in February 2026, establishing the regulatory basis for issuing debt instruments linked to environmental and sustainability objectives.
- The reform is intended to mobilise financing for climate-related investments, environmental projects and sustainable infrastructure, aligning Montenegro with emerging EU sustainable-finance standards and supporting the country's green transition ambitions.

**Progress on SOE governance reform**

- In June 2026 Montenegro adopted the Law on the Governance of State-Owned Enterprises, aiming to strengthen corporate governance, improve financial performance, reduce political influence over management decisions and establish a system for continuous monitoring of SOE performance and fiscal risks.
- The reform addresses longstanding systemic weaknesses and is intended to increase transparency, accountability and efficiency. The Ministry of Finance has also strengthened monitoring through regular fiscal risk assessments and reporting.

**Public financial control and audit reform**

- The provisional closure of EU negotiating Chapter 32 reflected the successful implementation of reforms in the areas of public internal financial control, auditing systems and the protection of national and EU financial interests.
- The reforms strengthen transparency and accountability across the public sector by improving internal audits, managerial accountability and external oversight.

**Constitutional amendments to strengthen judicial independence**

- In July 2026 parliament agreed draft amendments to the constitution to strengthen the independence of the Judicial and Prosecutorial Councils, after the government had previously approved the proposed changes. The initiative emerged from extensive discussions between the governing majority, opposition parties and EU representatives.
- The amendments are intended to reduce political influence over judicial governance and are viewed as some of the most important rule-of-law measures required for progress in Montenegro's EU accession negotiations.

**Infrastructure investment planning**

- The government adopted the Infrastructure Development Master Plan 2026-30, covering about €5.7 billion of investments in transport, energy, education, health, environmental protection and local infrastructure.
- The plan aims to improve project prioritisation and strengthen public investment management.

**Human capital and education reform**

- The government continued to implement the Education Reform Strategy 2025-35 and, in February 2026, launched the flagship “Better Schools for All” initiative. The reform programme targets weaknesses in educational quality, skills development and labour-market relevance.
- In addition, reforms of higher education strengthened opportunities for practical training and work-based learning to reduce skills mismatches and support productivity growth, thereby enhancing Montenegro's capacity to compete within the EU single market.