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Reform Agenda Update - Pilot Reform Monitor

FIRST SEMESTER 2025 - AS OF JUNE 2025



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This Reform Agenda Update: Pilot Reform Monitor is the first in the series of national monitoring reports within the Reform Monitor project.

This first Reform Agenda Update: Pilot Reform Monitor is a preliminary update intended as a mid-semester snapshot (alert!) rather than a detailed evaluation. As the project team pilots the methodological approach and the indicators, further policy developments in the coming weeks may shift the status of currently pending reforms.

The Reform Monitor tracks the implementation of selected reform steps from the Reform Agenda. The selected reform steps are organised in so-called “*policy domains*” that fall within the policy areas and sub-areas of the Reform Agendas. These “*policy domains*” are developed following an additional level of reform identification and coding of reform steps by the project team. This approach was chosen to focus on reform steps common across the WB region and to enable regional-level analyses, benchmarking and comparability, given the available human resources and the thematic expertise of the TEN network. For methodological notes and the reform steps selection process, see the [draft methodology note](#).

This Pilot Reform Agenda Update follows a structure aligned with the Reform Monitor’s methodology, covering: (1) a high-level Executive Summary; (2) procedural compliance under the RGF; (3) reform steps implementation status per policy domain; and (4) narrative and analysis of key progress and challenges. Each section provides a snapshot of progress and obstacles related to Montenegro’s Reform Agenda implementation.

Please note that the cut-off date for data collection and assessment for this update is 30 June 2025. Developments occurring after this date are not reflected in this report but will be considered in subsequent updates.

EXECUTIVE SUMMARY

During the first semester of 2025, Montenegro made significant progress in implementing its Reform Agenda. Key processes and procedures for establishing the legal and technical framework—including the formal submission of the Reform Agenda to the European Commission, ratification of agreements, formation of the Coordination Body for monitoring the implementation of the Agenda, and publication of the first semi-annual report—have been largely completed, thereby establishing an institutional foundation for further reform implementation.

However, progress regarding certain procedural steps—such as the establishment of the Supervisory Committee and the adoption of the Communication and Visibility Strategy—remains incomplete or unclear due to limited public access to information and the absence of official data.

As a result, Montenegro met the eligibility criteria and received pre-financing funds amounting to EUR 26.8 million.

In this report, the Reform Monitor tracked 12 out of a total of 25 reform steps planned for completion by December 2024 and June 2025.

There has been visible progress, especially in the areas of green energy and digitalisation, as well as in the judiciary and in state-owned enterprises.

On the other hand, challenges such as administrative delays and political obstacles have slowed the pace of reforms in certain areas.

Overall, the reform programme can be assessed as on track for this semester, with important foundations laid for the next phase of implementation and for achieving the targets set for June 2025.

Key Achievements

- » **Achievement 1:** Transparency of the Government in reporting on the implementation of the RA by making the semi-annual reports publicly available.
- » **Achievement 2:** Using the RA to address long-standing issues related to good governance and transparency, such as those concerning state-owned enterprises.
- » **Achievement 3:** Establishment of the new e-Government portal.
- » **Achievement 4:** Montenegro received EUR 26.8 million in pre-financing under the EU Growth Plan.

Key Challenges

- » **Challenge 1:** Despite some processes being implemented, they have been characterised by a lack of transparency. This is evident in the appointment of the President of the Supreme Court, where key supporting documents—such as the list of candidates, records from interviews, and evaluation criteria—were not made public.
- » **Challenge 2:** There are ongoing limitations in the implementation of reforms related to inter-institutional cooperation and databases, as illustrated by the continued lack of full connectivity between the Special State Prosecutor's Office and the Revenue and Customs Administration.
- » **Challenge 3:** There are delays in advancing the legislative framework, as the Law on Public Institutions remains unfinished and the amendments to the Constitution are still in parliamentary procedure.

RGF PROCESS MONITORING: LEGAL AND ADMINISTRATIVE STEPS

The RGF Process Monitoring tracks whether Montenegro has fulfilled the necessary procedural milestones, i.e. the legal and administrative steps set out under the Reform and Growth Facility (RGF) framework, which are necessary to enable access to EU financial support. This part of the monitoring tracks the national government's initial and ongoing procedural compliance, using a straightforward binary scoring system: **Achieved** or **Not Achieved**.

Setting Up National Institutional Structures

The implementation of the RGF is coupled with several policy documents and arrangements that lay down the applicable principles and conditions for accessing RGF funding through loans. Some of these steps represent foundational requirements that Montenegro must complete before receiving any RGF disbursements. Montenegro can access funding once these documents have entered into force. Achieving these indicators is essential for initiating the reform funding process.

Procedural Step	Status	Progress Details
Reform Agenda Submission to the EU	Achieved	Montenegro formally submitted its Reform Agenda on 19 June 2024.
Reform Agenda Implementing Decision	Archived	The Implementing Decision was adopted by the European Commission on 23 October 2024.
Facility Agreement Ratification and Entry Into Force	Achieved	Parliament adopted the Law ratifying the Facility Agreement, which entered into force on 14 March 2025.
Loan Agreement Ratification and Entry Into Force	Achieved	The loan agreement has now formally entered into force. The European Commission transmitted the final, agreed text to Montenegro, which was signed by the Montenegrin authorities and returned to the Commission. The Opinion of the Protector of Human and Legal Interests of Montenegro was then obtained and forwarded to the Commission. As soon as that Opinion was received in Brussels, the agreement automatically became effective.
National RA Coordinator Appointment	In progress	By decision of the Ministry of European Affairs dated 21 October 2024, a Coordination Body for Monitoring the Implementation of the Reform Agenda 2024–2027 under the EU Reform and Growth Instrument was established, with the Minister of European Affairs appointed as its Chair.
Anti-Fraud Coordination Service	No data	There is no publicly available information.
RGF Monitoring Committee Establishment	In progress	The Ministry of European Affairs has issued a public call for non-governmental organisations to nominate four representatives as members of the Monitoring Committee for Montenegro's participation in the European Union's Reform and Growth Instrument. The Committee will be co-chaired by a representative of the European Commission and the National Coordinator for the implementation of the Reform Agenda. The Committee meets at least once a year and may hold thematic meetings as needed. NGO representatives will have equal status in reviewing progress, providing recommendations, and contributing to the transparency and accountability of the Reform Agenda implementation process.
Technical Infrastructure for Monitoring and Reporting	Achieved	The Coordination Body for Monitoring the Implementation of the Reform Agenda 2024–2027, with the Ministry of European Integration as its secretariat, is tasked with monitoring and reporting.
Communication and visibility plan	Not achieved	According to the information publicly available and interviews conducted, the Communication and Visibility Plan is still in the preparation phase.

Analysis and Remarks

Between June 2024 and March 2025, Montenegro ticked off four major procedural milestones under its Reform Agenda: it submitted the Agenda (19 June 2024), secured the Commission's Implementing Decision (23 October 2024), ratified and brought the Facility Agreement into force (14 March 2025), and finalised the Loan Agreement's entry into force following signature exchanges and the Protector's opinion. The technical infrastructure for monitoring and reporting is likewise operational. Meanwhile, the Reform and Growth Facility Monitoring Committee is being established—NGO nominations have been invited and co-chairing arrangements have been agreed upon—while the Anti-Fraud Coordination Service and the Communication and Visibility Plan remain outstanding.

Request(s) and Release of RGF Funds

Each beneficiary, including Montenegro, has maintained eligibility for disbursements throughout the RGF lifecycle and is subject to several steps that recur semi-annually or annually. Each semester, these steps are reviewed and scored accordingly, using a binary scoring system: **Achieved** or **Not Achieved**.

Procedural Step	Status	Progress Details
Pre-Financing request	Achieved	Montenegro submitted the Request for prefinancing.
Pre-Financing disbursement	Achieved	The European Commission released the pre-financing on 15 May 2025.
Semi-annual payment request submission	Achieved	The semi-annual report was submitted on 14 March 2025.
Supporting documentation for reform completion (national semi-annual reporting)	Achieved	Montenegro submitted the first semi-annual report on 14 March 2025.
EC assessment on RA implementation	Not achieved	The procedure is ongoing, allowing for a 90-day period following the submission of the report. As the report was submitted on 14 March 2025, the EC is expected to issue its assessment by 12 June 2025, assuming no further comments or requests are raised.

Analysis and Remarks

Montenegro received EUR 26.8 million as pre-financing under the RGF, equivalent to 7% of the total EUR 383.5 million in allocated financial assistance. During the current reporting period, the EC made a major exception for all beneficiaries, including Montenegro, allowing them to complete the December 2024 reform steps with two-month extensions (twice), i.e. by the end of February 2025. Thus, delays in compiling the procedural steps are common across the region. In light of the above, Montenegro submitted semi-annual requests and supporting documentation on 14 March 2025, concerning the reforms due by December 2024. The European Commission is currently assessing the report within the standard 90-day review period. If no further clarifications or remarks are needed, the evaluation is expected to be finalised by 12 June 2025.

Unique in the region, the semi-annual report was published by the Government at the same time as it was sent to the European Commission. This was done [after a public promise made by the Minister of European Integration](#) that all reporting documents would be made public, as sought by local civil society.

REFORM AGENDA IMPLEMENTATION: STATUS OF REFORM STEPS IN FOCUS FIRST SEMESTER—2025

The table below provides an overview of the reform steps per policy domain that the Reform Monitor project tracks, with completion dates for December 2024 and June 2025. It highlights the progress in implementing each reform step and avoids repetition by showing both progress and completion status. Within the selected policy domains, Montenegro has a total of 14 reform steps for the first semester (December 2024) and 11 reform steps for the second semester (June 2025). As such, this Reform Monitor Update covers only 12 reform steps out of the total 25 reform steps scheduled for implementation by December 2024 and June 2025.

Reform (ID & Title)	Progress Details
Reform area: Rule of Law & Fundamental Rights - Policy Domain: Judicial Reforms (no. of reforms: two / no. of total reforms: three)	
Appointment of the Supreme Court President [December 2024]	The President of the Supreme Court was appointed in November 2024. Although the President of the Supreme Court has been appointed, certain transparency standards were not met during the appointment process. Key elements that would ensure full public oversight and clarity were missing—such as selection records, a publicly available ranking of candidates, the interview schedule, and clearly defined scoring criteria. While announcements from the Judicial Council sessions indicate that candidate lists were established and interviews conducted, no accompanying documentation has been made available to substantiate these steps or clarify the basis for the final decision.
Amended Constitution, in accordance with the acquis of the EU and European standards on the independence, responsibility, integrity, impartiality and professionalism of the judiciary and prosecution, including addressing existing recommendations of the European Commission, opinions of the Venice Commission, and recommendations of the Group of the States against corruption (GRECO) (June 2025).	The proposal to amend the Constitution has been prepared by the Government and submitted to parliamentary procedure .
Reform area: Rule of Law & Fundamental Rights - Policy Domain: Fight against organised crime (no. of reforms: one / no. of total reforms: three)	
Linking and access to the databases of the Revenue and Customs Administration and other state bodies with which Special Prosecution Office cooperates (June 2025).	The Supreme State Prosecutor's Office signed an Agreement on Enhancing Cooperation in the Field of Crime Suppression, which serves as the legal basis for access to various institutional databases, including the Revenue and Customs Administration. Verification activities included direct reviews and on-site visits to relevant institutions to confirm the functionality of the established access and the actual use of the databases by the Special State Prosecutor's Office. No significant limitations or deficiencies were identified that would hinder information exchange or reduce the effectiveness of prosecutorial investigations.

Reform Area: Green Transition and Digitalisation - Policy Domain: Renewables (no. of reforms: three / no. of total reforms: four)	
Announce a three-year auction plan of at least 400 MW and launch the first auction (June 2025).	According to the Ministry of Energy, following the adoption of the Law on the Use of Energy from Renewable Sources, competitive auctions have been introduced for awarding market premiums. Although the Law requires a three-year auction plan, it also allows the first auction to be held before the plan is adopted. To launch the first auction, the Ministry of Energy and Mining prepared several by-laws, including the following: • Rulebook on unit charges for balancing deviations (adopted). • Decree on the methodology for setting the ceiling price. • Decree on auction quota allocation rules. • Government decision on the ceiling price for the first auction. At the same time, the Ministry developed the public call and tender documentation for the first auction, which will allocate 250 MW of solar photovoltaic (PV) capacity. The documentation includes bidder instructions, qualification criteria, a draft market premium contract, required bid and performance guarantees, and technical requirements. A draft three-year auction plan has also been prepared, aiming for 400 MW of new renewable energy capacity. Under this system, investors compete by offering the lowest price for selling electricity, and successful bidders receive a market-based premium. Once the National Energy and Climate Plan is finalised, conditions will be in place to formally adopt the three-year auction plan. The Law also allows the Government to set the quota for the first auction ahead of the plan's adoption.
Adopt legislation in line with the Renewable Energy Directive (RED II), including a regulatory framework for prosumers and the streamlining of permit-granting procedures (e.g. designation of a single contact point) (December 2024).	The Law on the Use of Energy from Renewable Sources has been adopted, creating the conditions for the implementation of a new incentive system for the use of renewable energy and the launch of the first auction. No formal public consultation was held for this Law; instead, roundtable discussions were organised. The EC requested supplementary information, although in its first semi-annual report the Government reported it as completed.
Operationalise the system of guarantees of origin (June 2025).	The Law on the Use of Energy from Renewable Sources defines all aspects related to guarantees of origin and their potential future use, which are further regulated by the Rulebook on the Detailed Manner of Issuance, Use, Transfer, and Expiry of Guarantees of Origin for Energy Produced from Renewable Sources. The main role in the operational implementation of the guarantees of origin system lies with the Montenegrin Electricity Market Operator (COTEE), which is responsible for establishing the system for issuing and transferring guarantees of origin. The software solution for guarantees of origin has been operational since July 2024, thereby providing the technical conditions for the system's establishment. In parallel, and in accordance with the Law, COTEE adopted the Rules on Guarantees of Origin in June 2025, which define in detail all procedures for registration in the system and actions related to the issuance, transfer, and expiry of guarantees of origin. The Rules were approved by the Energy Regulatory Agency in June 2025. By completing these activities, COTEE has met all requirements for participating in the regional guarantees of origin market. COTEE is a member of the Association of Issuing Bodies (AIB), and its application for full membership is currently under review.

Reform area Green Transition and Digitalisation - Policy Domain: Energy efficiency (no. of reforms: two/ no. of total reforms: five)	
Ensure the issuing of Energy Performance Certificates (in line with the Energy Performance of Buildings Directive (EPBD)) and amend relevant legislation to enable effective decision-making on energy efficiency investments for homeowners (December 2024).	The following rulebooks have been adopted: the Rulebook on Minimum Energy Efficiency Requirements for Buildings, the Rulebook on the Certification of Energy Performance of Buildings, and the Rulebook on Determining the Fee for Issuing Energy Performance Certificates for Buildings. In addition, a national software tool for calculating the energy performance of buildings in Montenegro—MEEC (Montenegrin Energy Efficiency Certification)—has been developed and is available at https://meec.me/index.php/m .
Long-term renovation strategy and action plan adopted, with retrofitting of existing public buildings ongoing and aligned with the annual 3% renovation target (June 2025).	The Government of Montenegro adopted a Decree on the Renovation of Public Buildings, increasing the annual renovation target for state-owned administrative buildings from 1% to 3%, in line with obligations under the Energy Community. Following the revised Decree, in September 2024, the Government adopted the Public Building Renovation Plan for the period 2024–2026, outlining the buildings to be renovated to meet the new target. Implementation of the Plan will be supported by the ongoing project “Improving Energy Efficiency in Public Buildings,” financed by KfW (loan and REEP grant), as well as the “Decarbonization of the Energy Sector in Montenegro” project funded by the IBRD. Additionally, the Ministry of Energy and Mining, with support from the World Bank, has developed a Long-Term Building Renovation Strategy. The final version of the Strategy was completed in consultation with the Energy Community Secretariat, which provided recommendations for its improvement. Key findings and recommendations from the Strategy have been incorporated into the final draft of the National Energy and Climate Plan, currently under public consultation.
Reform area Green Transition and Digitalisation - Policy Domain: Digital Public Services (no. of reforms: one / no. of total reforms: four)	
Plan for full deployment of transactional national- and local-level public electronic services for 2025–2027, adopted by the Government (additional to services piloted by 2024); e-Government platform and inter-operability of registers are functional (December 2024).	A full implementation Plan for Transactional Public e-Services at the national and local levels (2025–2027) has been prepared, accompanied by a Report on the Plan's Development with a Government conclusion. Additionally, a new e-Government portal has been established: https://euprava.gov.me .
Reform area Green Transition and Digitalisation - Policy Domain: Digitalisation cybersecurity (no. of reforms: one / no. of total reforms: four)	
Adoption of the Law on Information Security by the Parliament in full alignment with the NIS2 Directive (December 2024).	A public debate was held, and the Law was adopted in November 2024.
Reform area—Business Environment - Policy Domain: State-owned enterprises (no. of reforms: two/ no. of total reforms: five)	
Keeping a publicly available and up-to-date register of SOEs and companies with state participation, including municipal companies. The register should be regularly updated with all relevant data on the financial performance of SOEs (liquidity, profitability, solvency), as well as data on the results of external audits (December 2024).	The Ministry of Finance carried out a series of verifications, including the collection of data from official financial statements submitted by the companies themselves, cross-checking the accuracy of information with relevant regulatory and financial bodies, and assessing key financial indicators such as liquidity, solvency, and profitability. A review of the data was conducted to determine compliance with legal and regulatory requirements. A public register of state-owned enterprises and companies with majority state ownership is available (https://www.gov.me/clanak/registar-javnih-preduzeca-i-privrednih-drustava-u-vecinskom-vlasnistvu-drzave), as well as a register of enterprises at the local level (https://www.gov.me/clanak/registar-privrednih-drustava-na-lokalnom-nivou).

Corporate governance and accountability. Amend corporate law or adopt a new law/bylaw to introduce new rules and criteria for the nomination and selection of board members of SOEs. The nominations should be subject to an open, independent, and merit-based selection process, while also increasing diversity and the number of independent board members. Strengthen the governance, ownership function, and oversight of SOEs by establishing performance-based incentives to assess the efficiency of SOEs based on mandatory annual financial reports, which should be available in the register of SOEs (June 2025).	Parallel processes are underway for the preparation and adoption of two laws: the Law on the Registration of Business and Other Entities (under the competence of the Ministry of Finance) and the Law on Business Organisations (under the competence of the Ministry of Economic Development). Both draft laws are currently being aligned with the EU acquis and are at the stage of receiving the European Commission’s opinion, expected in July 2025. For both laws, public debates were held in June 2023 and May 2024.
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Note: If any reform step originally planned for a future period was **completed ahead of schedule** during this semester, include it above with an indication of its original timing (e.g., “Completed two quarters early”). Conversely, reforms not scheduled in that year are not listed unless significant progress was made unexpectedly.

PROGRESS BY REFORM STEPS
IN FOCUS PER POLICY DOMAINS

Policy Area I: Rule of Law and Fundamental Rights

Policy Domain: Anti-Corruption									
Deadline	Dec 24*	June 25	Dec 25	June 26	Dec 26	June 26	Dec 26	June 27	Dec 27
No. of reforms	1	1	0	0	0	0	0	0	1

Reform efforts in the area of judicial reform have focused on three key priorities: ensuring appointments to the highest judicial bodies through a transparent and merit-based procedure, amending the Constitution in alignment with EU legal standards, and revising the Law on the Judicial Council and Judges and the Law on the State Prosecution, which should enable the full implementation of a system for the appointment, performance evaluation, and career advancement of judges and state prosecutors. These priorities have been consistently emphasised in the European Commission’s annual reports on Montenegro, with particular attention given to constitutional amendments, which are crucial for fulfilling the final benchmarks under Chapter 23.

During the first semester, Montenegro made notable progress in strengthening the rule of law framework, although certain governance measures experienced delays. In November 2024, the President of the Supreme Court was appointed, while the proposal to amend the Constitution is currently under parliamentary procedure.

- » **Reform step: Appointment of the Supreme Court President (December 2024):** The President of the Supreme Court was appointed in November 2024. While the appointment marks an important institutional development, certain transparency standards were not fully upheld during the selection process. Key documentation necessary for ensuring public oversight and procedural clarity was lacking—specifically, records of the selection process, a publicly accessible ranking of candidates, the interview schedule, and clearly defined scoring criteria. Although [announcements from Judicial Council sessions confirmed](#) that a list of eligible candidates was compiled and [interviews were conducted](#), no supporting documentation has been published to verify these steps.
- » **Reform steps: Amended Constitution, in accordance with the *acquis* of the EU and European standards on the independence, responsibility, integrity, impartiality, and professionalism of the judiciary and prosecution, including addressing existing recommendations of the European Commission, opinions of the Venice Commission, and recommendations of the Group of States against Corruption (GRECO) (June 2025):** The proposal to amend the Constitution has been [under parliamentary procedure](#) since 30 May 2025 but is not yet adopted. The proposed amendment concerns the composition of the Judicial Council, specifically that the majority of its members should be judges elected by their peers, that the Minister of Jus-

tice should no longer be a member of the Council, and that non-judicial members should be selected based on their professional qualifications and integrity, in accordance with objective and measurable criteria, in order to contribute meaningfully to the work and constitutional and legal responsibilities of the Judicial Council. The rationale for the constitutional amendment highlights concerns over potential political influence stemming from the current constitutional provision that includes the Minister of Justice as a member of the Judicial Council. These concerns regarding the composition of the Council have also been raised in the recommendations of relevant international bodies, primarily the Group of States against Corruption (GRECO), which recommends taking additional measures to strengthen the independence of the Judicial Council and to eliminate undue political influence. These include removing the Minister of Justice as an ex officio member of the Council, ensuring that at least half of the Council's members are judges elected by their peers, and appointing one of these judges as the Chairperson. In May 2024, the Government of Montenegro issued an Information Note regarding the Minister of Justice's decision not to attend the Judicial Council sessions or vote on matters within its competence until constitutional amendments are adopted to exclude the Minister from Council membership formally. This measure was intended to provide necessary guarantees that the Minister's participation would not pose a risk of political influence in the work of the Judicial Council pending the constitutional changes. There is no official procedure for consulting the public in preparation for the amendments. The Venice Commission was not consulted about the proposed amendments.

Nevertheless, the Venice Commission provides some general remarks on this matter in response to questions raised in the online meetings. The Venice Commission recalls that, in principle, the presence of members of the executive branch does not, in itself, undermine the independence of the Judicial Council. In particular, the presence of the Minister of Justice may be useful in facilitating dialogue among different actors within the system. However, care must be taken to ensure that including ex officio members does not increase the risk of the Judicial Council being dominated by the political majority. More importantly, the Minister of Justice should not have the right to vote or participate in decision-making processes when it comes to decisions concerning the transfer of judges and disciplinary measures against judges. Regarding the presence of the Minister of Justice in the Judicial Council, the Venice Commission reiterates that this is not regulated at the legislative level; therefore, any change to this provision would have to be carried out through a constitutional amendment.

Policy Domain: Fight against Organised Crime									
Deadline	Dec 24*	June 25	Dec 25	June 26	Dec 26	June 26	Dec 26	June 27	Dec 27
No. of reforms	0	1	0	0	0	0	0	1* December 2026–June 2027	1* June 2026–December 2027

Reform efforts in the fight against organised crime have focused on institutional improvements within the Special State Prosecutor's Office (SSPO), particularly concerning its access to centralised databases maintained by state authorities. Currently, the SSPO lacks the technical capacity to independently retrieve all necessary information and must rely on formal written requests to various institutions. This process significantly hampers evidence collection, slows investigations, and negatively impacts the quality and timeliness of prosecutorial decisions.

Recognising the SSPO's role in tackling organised crime and corruption, the key reform objectives include enabling direct access to the databases of the Revenue and Customs Administration and other relevant public bodies, thereby streamlining the flow of critical information needed for investigations and criminal proceedings. In parallel, strengthening the human resources capacity of the Criminal Investigation Sector—particularly the Special Police Unit—through the recruitment of additional staff is expected to improve the responsiveness and efficiency of law enforcement in executing prosecutorial orders. These reforms are especially important in addressing crimes such as cigarette smuggling, money laundering, drug trafficking, the illicit trade in weapons and explosives, and human trafficking.

During the first semester, Montenegro encountered delays in implementing these reforms, particularly in securing access to the centralised databases of the Revenue and Customs Administration.

- » **Reform steps: Linking and access to the databases of the Revenue and Customs Administration and other state bodies with which the Special State Prosecutor's Office (SSPO) cooperates (June 2025):** According to [the Second Semi-Annual Report from the Ministry of European Affairs](#), the Supreme State Prosecutor's Office signed an Agreement on Enhancing Cooperation in the Field of Crime Suppression, which serves as the legal basis for access to various institutional databases, including the Revenue and Customs Administration. Queries, memos, and requests for information regarding evidence that the database access is indeed functional have not received any response.

Policy Area II: Green Transition and Digital Transformation

Policy Domain: Renewables									
Deadline	Dec 24*	June 25	Dec 25	June 26	Dec 26	June 26	Dec 26	June 27	Dec 27
No. of reforms	1	2	0	0	0	1	0	0	0

Reform efforts in the field of renewable energy focused on increasing and diversifying the share of renewable energy in total energy consumption, as well as on creating and implementing economically sustainable support and incentive programmes for self-consumption-based renewable energy production. Three key activities during the reporting period were the implementation of a multi-year renewable energy auction plan, the adoption of secondary legislation aligned with the Renewable Energy Directive (RED II), and the establishment of a fully functional system for Guarantees of Origin (GOs) for renewable energy.

In the renewables sector, certain progress has been made, although some measures are yet to be fully implemented.

- » **Reform steps: Announce a three-year auction plan of at least 400 MW and launch the first auction (June 2025).** The first auction has not been announced yet. Following the adoption of the [Law on the Use of Energy from Renewable Sources](#), Montenegro introduced competitive auctions for awarding market premiums. While a three-year auction plan is required, the Law permits the first auction to be conducted in advance. To initiate this process, the Ministry of Energy and Mining adopted key by-laws and developed tender documentation for a 250 MW solar PV auction, including technical and financial criteria. A draft three-year auction plan targeting 400 MW of new renewable capacity has also been prepared. Investors will compete by offering the lowest electricity prices in exchange for a market-based premium. The plan will be formally adopted once the National Energy and Climate Plan is finalised. Meanwhile, the Government may define the first auction quota by decision.
- » **Reform step: Adopt legislation in line with the Renewable Energy Directive (RED II) including a regulatory framework for prosumers and the streamlining of permit-granting procedures (e.g. designation of a single contact point) (December 2024–February 2025, extended to June 2025):** In August 2024, the Parliament of Montenegro adopted [the Law on the Use of Energy from Renewable Sources](#), which incorporates the main requirements of the Renewable Energy Directive (RED II), as well as a statement and a correspondence table on alignment with the EU acquis. The Law was subject to a public debate process, [and a report summarising all submitted comments and suggestions was published as part of the Draft Law](#). The adoption of this Law created the legal basis for implementing a new incentive scheme for renewable energy use and launching the first renewable energy auction. According to the Law, the Ministry of Energy has been designated as the single point of contact for renewable energy projects. Based on this, a **Guide on Permitting Procedures for Power Plant Construction** was prepared and published. The Guide provides information on permitting procedures for large-scale renewable energy projects, small installations, and prosumer systems in accordance with the requirements of the RED II Directive. The Law on the Use of Energy from Renewable

Sources has transposed the main requirements of the RED II Directive concerning the use and production of biofuels and bioliquids. Sustainability and other relevant aspects will be regulated through the adoption of by-laws, the preparation of which is supported by the Energy Community Secretariat.

In addition to the Law, numerous by-laws have been adopted in the previous period to further regulate various aspects necessary for the transposition of the RED II Directive into the national legal framework, including:

- » Rulebook on the content of the application for issuing an energy permit, required documentation, application forms, and the register of issued energy permits
 - » Rulebook on detailed conditions to be met by legal entities for the assessment and measurement of renewable energy potential
 - » Rulebook on the detailed content and manner of maintaining the register of privileged producers
 - » Rulebook on the content of the application for the transfer of the status of a privileged electricity producer and the evidence required to prove eligibility for the status transfer
 - » Rulebook on the unit charge for positive or negative balancing deviations of privileged producers under the market premium system
 - » Rulebook on the detailed manner of issuance, use, transfer, and expiry of guarantees of origin for energy produced from renewable sources
- » **Reform step: Operationalise the system of guarantees of origin (June 2025):** The Law on the Use of Energy from Renewable Sources and its accompanying Rulebook regulate guarantees of origin (GOs) for renewable electricity in Montenegro. The Montenegrin Electricity Market Operator (COTEE) is responsible for implementing the system, which became operational in July 2024 with the launch of a dedicated software platform.

In June 2025, COTEE adopted, and the Energy Regulatory Agency approved, the Rules on Guarantees of Origin, which detail all procedures related to the registration, issuance, transfer, and expiry of GOs. With these steps completed, COTEE has fulfilled all conditions for participating in the regional GOs market and is currently undergoing the process for full membership in the Association of Issuing Bodies (AIB).

Policy Domain: Energy Efficiency									
Deadline	Dec 24*	June 25	Dec 25	June 26	Dec 26	June 26	Dec 26	June 27	Dec 27
No. of reforms	1	1	1	0	1	1	0	0	1* December 2025/2026/2027

Reform efforts in Energy Efficiency focused on continuing legislative changes, particularly ensuring the ongoing alignment of the Law on Efficient Use of Energy and its secondary legislation with the European Union acquis. The focus moving forward is on implementing the law's provisions, especially those related to the Energy Performance of Buildings Directive (EPBD). Key priorities include establishing a functional system for energy certification of buildings, adopting a long-term building renovation strategy, and launching support programmes to improve energy efficiency across various sectors—primarily in the building sector. The objective of the reform is to foster an environment conducive to increased investment in energy efficiency for buildings and other energy-consuming facilities, through the implementation of concrete support mechanisms. In the area of energy efficiency, steady progress has been made in advancing green and digital initiatives, supporting Montenegro's gradual alignment with the EU single market standards in sustainable energy and digitalisation.

- » ***Reform 2.3.4.1. Ensure the issuing of Energy Performance Certificates (in line with the EPBD Directive), and amend relevant legislation to enable effective decision-making on energy efficiency investments for homeowners (December 2024):*** According to the Decree on the Selection of Representatives of Non-Governmental Organizations in Working Bodies of State Administration Authorities and on Conducting Public Consultations in the Preparation of Laws and Strategies, there is no legal obligation to conduct any form of public consultations in the preparation of by-laws. In the case of legislation within the framework of this reform, no consultations were carried out in any form.

The Ministry of Energy has adopted a new framework for the energy efficiency of buildings under the Law on the Efficient Use of Energy. In line with this, several by-laws have also been adopted:

- » The Rulebook on Minimum Energy Efficiency Requirements for Buildings introduces new criteria for the construction of new buildings and the renovation of existing ones.
- » The Rulebook on the Certification of the Energy Performance of Buildings, which, for the first time in Montenegro, establishes mandatory certification of building energy performance.
- » The Rulebook on Determining the Fee Amount for Issuing Energy Performance Certificates for Buildings.

The **Register of Issued Energy Certificates**, established with the support of the Fraunhofer IBP Institute, plays a role in **monitoring and ensuring quality control** in the certification process. The register is accessible through the MEEC software and serves as a tool for verifying the **energy performance of buildings across** Montenegro. The software can be downloaded from <https://www.meec.me/index.php/en/> after user registration.

Efforts have also been made to strengthen institutional and professional capacity in this field. In 2024, 19 new professionals successfully completed training programmes in energy performance certification.

- » **Reform steps: A long-term renovation strategy and action plan have been adopted and are being implemented, with the retrofitting of existing public buildings ongoing and aligned with the annual 3% renovation target (as of June 2025).** According to the letter from the Ministry of Energy, in line with the obligations arising from the Energy Community Treaty and based on the Law on the Efficient Use of Energy, the target for mandatory renovation of public buildings has been updated through the Regulation amending the Regulation on the Renovation of Official Buildings. This amendment raises the annual renovation target for state-owned official buildings from 1% to 3%. Additionally, the Ministry of Energy and Mining, with support from the World Bank, developed a Long-Term Building Renovation Strategy. Its key recommendations have been integrated into [the draft National Energy and Climate Plan](#), currently [under public consultation](#).

Policy Domain: Digital Public Service									
Deadline	Dec 24*	June 25	Dec 25	June 26	Dec 26	June 26	Dec 26	June 27	Dec 27
No. of reforms	1	0	1	0	1	0	0	0	1

Reform efforts in **Digital Public Services** focused on the development of new platforms, software systems, and advanced electronic services that primarily meet the needs of citizens. Data in the public sector is generally generated and stored across numerous institutions. To ensure that the Government consistently provides high-quality services, it is essential to establish an infrastructure that enables access to accurate information at the right time. This requires full interoperability of systems through interconnected registers. The ultimate goal is to provide services transparently, inclusively, and equitably for all citizens.

Progress has been made in this area, most notably the establishment of the new **e-Government Portal**, along with the adoption of the **Plan for Transactional Public e-Services at the National and Local Level for 2025–2027**.

- » **Reform step: Plan for full deployment of transactional national- and local-level public electronic services for 2025–2027, adopted by the Government (additional to services piloted by 2024); e-Government platform and interoperability of registers are functional (December 2024):** After preparing the Plan for Transactional Public e-Services at the National and Local Level for 2025–2027, the Ministry of Public Administration formed an Operational Team to align the entire process with the new e-Government portal. This team worked on the digital transformation outlined in the Digital Services Plan 2025–2027. [The plan](#), which was later adopted, envisions the digitalisation of services over the next three years, focusing both on the enhancement of existing services and the digitalisation of new ones. A new [e-Government portal](#) has been established, along with the development of the Unified System for Electronic Data Exchange, which facilitates the exchange of data between institutions.

Policy Domain: Digitalisation—Cyber Security									
Deadline	Dec 24*	June 25	Dec 25	June 26	Dec 26	June 26	Dec 26	June 27	Dec 27
No. of reforms	1	0	3	0	0	0	0	0	0

Reform efforts in digitalisation and cybersecurity focused on enhancing both the technical capabilities and the legal framework necessary to block internet content that clearly falls within the criminal domain. Several challenges have been identified that hinder the effective criminal prosecution of cybercrime perpetrators. In many cases, it is practically impossible to determine the source of an attack or the individuals responsible. IP addresses used to trace locations can be easily spoofed, and responses from competent authorities in other countries may be negative or delayed, limiting bilateral and international cooperation in information exchange. Progress in this area was marked by the adoption of the Law on Information Security, which was submitted to the European Commission for an opinion in 2023 and was ultimately adopted in November 2024.

- » **Reform step: Adoption of the Law on Information Security by the Parliament in full alignment with the NIS2 Directive (December 2024):** The draft Law on Information Security received its first opinion from the European Commission in September 2023. Following the incorporation of recommendations in line with the NIS2 Directive, the Law was submitted to parliamentary procedure in May and adopted in November 2024, entering into force thereafter.¹ [Early consultations](#) were held for the purposes of this Law, followed by a public consultation process that included focus groups with representatives from state institutions, regulatory bodies, the private sector, and international partners. An open roundtable was also organised, during which nearly 100 comments were submitted. The New Law on Information Security establishes the Cybersecurity Agency, along with its competencies and procedures in the event of future cyber threats and incidents. Full compliance with NIS2 has not been achieved, as acknowledged by the Government in the bill rationale, particularly in the area of excluding state bodies from the supervisor's powers and administrative fines.

¹ Official webpage at the website of the Parliament, where adoption can be tracked, with correspondence table starting on page 78: <https://zakoni.skupstina.me/zakoni/web/app.php/akt/3406>

Policy Area III: Human Capital

Reforms in this area aim to improve the alignment between education and labour market needs by promoting lifelong learning and enhancing the employability of graduates. This includes expanding work-based practical learning opportunities, particularly for jobs in the green and digital economy. Continued and increased investment is planned across all levels of education, aiming to improve the quality, accessibility, and relevance of education in line with EU standards. The reform agenda focuses on expanding the Digital Academy model beyond public administration to society as a whole. It promotes inclusive digital literacy and supports the implementation of the Education System Digitalisation Strategy (2022–2027), along with its associated action plans.

Policy Area III: Human Capital							
Deadline	Dec 24*	June 25	Dec 25	June 26	Dec 26	June 27	Dec 27
Vocational education	0	0	2	0	0	0	2
Quality education	0	0	2	1	1	3	3

Policy Area IV: Business Environment and Private Sector Development

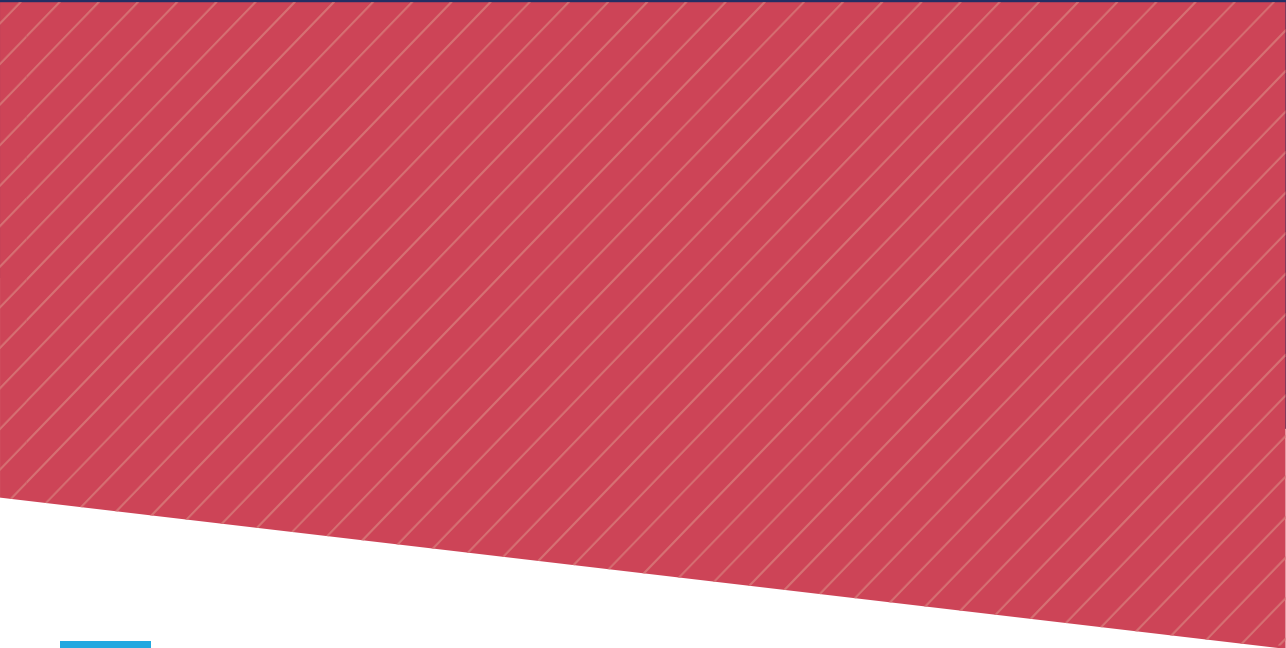
Reform efforts in this area focused on **reforming corporate governance in SOEs and financial instruments for business support**. Since 2010, Montenegro has harmonised the governance of its state-owned enterprises under the General Law on Companies, replacing the outdated 1991 statutes for public enterprises and institutions. More recently, reform efforts have centred on bolstering transparency and corporate oversight. In December 2024, the Ministry of Finance fulfilled the first milestone by publishing a comprehensive, publicly accessible register of all state-owned and municipal companies, complete with up-to-date financial indicators—liquidity, solvency, and profitability—and the results of external audits. The second milestone, due by June 2025, envisions a modernised corporate governance framework: an open, merit-based selection process for board members, enhanced board diversity, and performance-linked incentives underpinned by mandatory annual reporting. Drafts of the necessary laws on business registration and business organisations were submitted to the European Commission in December 2024 and refined through April–June 2025; the Commission’s opinion is anticipated in July 2025, after which national approval and parliamentary adoption will finalise this pivotal reform.

Policy Domain: State-Owned Enterprises							
Deadline	Dec 24*	June 25	Dec 25	June 26	Dec 26	June 27	Dec 27
State Aid Control	1	1	0	1	2	0	0

Reform efforts in *state-owned enterprises* are focused on institutional and legislative changes, with the understanding that since 2010, companies and public enterprises in which the state is a majority shareholder have been operating in compliance with the Law on Companies, separate laws, and their memoranda of association. Until 2010, public enterprises functioned in accordance with two laws from 1991: the Law on Public Enterprises and the Law on the Realisation of Public Interest in Public Enterprises and Public Institutions. More efficient management in this area involves two important measures implemented in the previous period: the establishment of a publicly available register of state-owned enterprises, including municipal companies, and the improvement of the legal framework, namely the adoption of a new law to introduce new rules and criteria for the appointment and selection of members of management/supervisory boards. Reforms within state-owned enterprises are being implemented with delays. Although registers at both the central and local levels have been published, the new law has not yet been adopted.

- » **Reform step: Keeping a publicly available and up-to-date register of SOEs and companies with state participation, including municipal companies. The register should be regularly updated with all relevant data on the financial performance of SOEs (liquidity, profitability, solvency), as well as data on the results of external audits (December 2024).** Based on the collected data, the Ministry of Finance has prepared a register of state-owned enterprises, which includes a register of companies at the local level. [The register of enterprises at the central level](#) contains information on the financial performance of companies, including key data on liquidity, solvency, and profitability, as well as the results of external audits. [The register of companies at the local level](#) includes enterprises founded or majority-owned by municipalities, with relevant financial data and information on the number of employees.

- » ***Reform step: Enhancing Corporate Governance and Accountability. Amend corporate law or adopt a new law/bylaw to introduce new rules and criteria for the nomination and selection of board members of SOEs. The nominations are to be subject to an open, independent, and merit-based selection process, while also increasing diversity and the number of independent board members. Strengthen the governance, ownership function, and oversight of SOEs by establishing performance-based incentives to assess the efficiency of SOEs based on mandatory annual financial reports, which should be available in the register of SOEs (June 2025):*** A new Company Law [was adopted in 2025](#), with a public consultation process that included a public call for inputs and a round table, during which 92 comments were formally registered and feedback was provided by the Ministry. Although some formal improvements regarding general reporting and corporate governance were included in the law, particularly regarding the code of corporate governance, wage policy, and audit committee composition, these provisions apply to SOEs only tangentially, as this matter is left for a special law to regulate. The new law on SOEs is currently in the process of preparation, with cooperation from the World Bank. A working group for drafting the law was established in 2024, comprising two representatives from NGOs. In September 2024, [an early public consultation process](#) was conducted. The Ministry of Finance plans to have the law proposal ready for submission to Parliament by the end of 2025.



FOLLOW THE MONEY (SEMESTER)

Under the Reform and Growth Facility (2024–2027), Montenegro's share of the EUR 6 billion envelope (comprising EUR 2 billion in grants and EUR 4 billion in loans) is EUR 383.5 million in total support (grants + loans). Beneficiaries may request a pre-financing of up to 7% of their total allocation. Montenegro received EUR 26.8 million in pre-financing by mid-May 2025.

Under Article 21 of Regulation EU 2024/1449, Montenegro may mobilise a gross support envelope of EUR 29,544,116.40 for the first 14 reform milestones, subject to a 7 % pre-financing deduction and a proportional adjustment for outstanding steps. The deferred instalment will be carried forward to the next reporting period (ending June 2025). It may be claimed within 24 months of the original reporting deadline, provided that the outstanding measures have been fully implemented.

No public decision on this tranche has yet been published by the European Commission, indicating the review is still ongoing.

