

**Consolidating Public Sector Financial Statements: Includ  
Local Governments and SOEs**

***Monitoring of financial performance of State-  
Owned Enterprises in Montenegro and Aggregate  
report***

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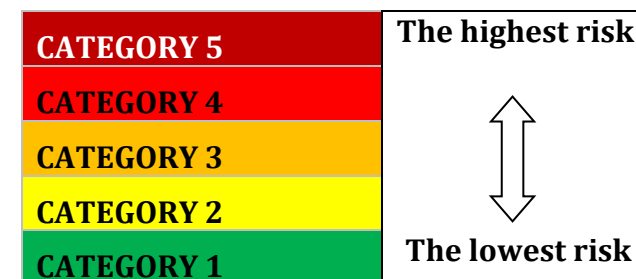
**MINAS TRUBLJANIN,  
MINISTRY OF FINANCE  
MONTENEGRO**

## *Establishing a system for Monitoring fiscal risks of SOE sector*

- ❑ The Division for Monitoring Fiscal Risks of SOEs is a relatively new Organizational Unit within the Directorate for Central Harmonization and the Development of Internal Controls. Since its establishment, it has enjoyed **significant support from the IMF**.
- ❑ Between 2022 and 2024, the Ministry of Finance ensured technical assistance and, in cooperation with the IMF, launched the initiative “*Strengthening Oversight of State-Owned Enterprises*.” To date, four online missions have been conducted, each of substantial importance for further developing the Ministry’s economic and analytical capacities.
- ❑ In January 2025, an IMF mission was held within the framework of IMF FAD Fiscal Reforms in Southeast Europe, Phase III (SEE III). The mission was organized with the aim of improving operations of state-owned enterprises, with a particular focus on measuring quasi-fiscal risks, and resulted in the development of a Fiscal Risk Statement using the SOEHCT platform.

## *Establishing a system for Monitoring fiscal risks of SOE sector*

- ❑ In cooperation with the IMF, and on the basis of the platform for determining the financial health of enterprises "SOEHCT" (State-Owned Enterprises Health Check Tool), significant progress was made in strengthening institutional capacities through enhancing employees' practical skills in identifying, analyzing, managing, and disclosing various sources of fiscal risk.
- ❑ Namely, on the basis of the platform for determining the financial health of enterprises "SOEHCT" (State-Owned Enterprises Health Check Tool), risk thresholds and risk categorization by coefficients were defined, which range from „**CATEGORY 1**” which represents **the lowest risk** to „**CATEGORY 5**” which represents **the highest risk**.
- ❑ Using the SOE Health Check Tool, financial analyses are being prepared for all State-Owned Enterprises under the oversight of the Division for Monitoring Fiscal Risks of SOEs.



## ***ESTABLISHING REGISTER OF SOEs***

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- ❑ In line with the recommendations of the EU Commission and the conclusions of the Government of MNE, the Ministry of Finance has established:
  - ✓ a ***Register of State-Owned Enterprises and Companies with Majority State Ownership***, as well as,
  - ✓ a ***Register of Municipally-Owned Enterprises***.
- ❑ Both registers have been published on the official website of the Ministry.
- ❑ The establishment of public registers of State and Municipally Owned Enterprises ensures transparency in business operations and financial data of companies with majority ownership by the state or local governments.
- ❑ This enhanced transparency is expected to lead to greater managerial accountability, thereby contributing to a more functional system of planning, monitoring, reporting, and oversight of these enterprises.

## ***IMPROVED REGULATORY FRAMEWORK***

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- ❑ *New Law on Accounting*
- ❑ *New Law on Auditing*
- ❑ *The Government of Montenegro adopted the **Analysis of the Institutional and Regulatory Framework for the Operation of State-Owned Enterprises and Companies with Majority State Ownership.***
- ❑ *Drafted new Law on the Governance of SOEs and the State Ownership Policy.*
- ❑ *Drafted Strategy on Corporate Governance of SOEs*

**- Significant support from the World Bank team**

## *Aggregate report*

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- Government of Montenegro adopted the ***Aggregate Analysis of the Financial Performance of the State-Owned Enterprise Sector for 2023, along with the Statement on Fiscal Risks***. The analysis was based on financial results from 50 SOEs and utilized the SOE.
- This marks the FIRST TIME that Montenegro has published such a Fiscal Statement in accordance with the IMF methodology, and going forward, it plans to update it annually and expand the scope of data, in pursuit of aligning with advanced IMF practices.
- ***Aggregate Analysis of the Financial Performance of the State-Owned Enterprise Sector for 2024, along with the Statement on Fiscal Risks prepared***

# Aggregate report 2023

## Annual revenues of state-owned enterprises in Montenegro for the period 2018-2023 in millions of euros and % of GDP

Year	Annual revenues of SOEs in millions of euros	Annual revenues of SOEs in % of GDP	GDP in millions of euros*
2018	790,68	16,96	4.663
2019	832,18	16,81	4.951
2020	681,32	16,28	4.186
2021	818,13	16,51	4.955
2022	1.144,75	19,32	5.924
2023	1.182,72	17,27	6.847

## Annual expenses of state-owned enterprises in Montenegro for the period 2018-2023 in millions of euros and % of GDP

Year	Annual expenses of SOEs in millions of euros	Annual expenses of SOEs in % of GDP	GDP in millions of euros*
2018	720,01	15,44	4.663
2019	776,87	15,69	4.951
2020	687,24	16,42	4.186
2021	823,84	16,63	4.955
2022	1.114,51	18,81	5.924
2023	1.022,10	14,93	6.847

## *Aggregate report 2023*

<b>SOEs- aggregate</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total revenue</b>	841,63	683,42	812,85	1140,96	1185,94
<b>EBITDA</b>	339,19	97,01	121,13	137,40	265,67
<b>Net profit</b>	40,89	-10,55	-7,37	36,41	115,62
<b>Total assets</b>	3832,97	3876,48	4327,79	4452,37	4712,54
<b>Total current assets</b>	627,75	567,94	616,67	742,16	684,71
<b>Total liabilities</b>	915,31	828,57	912,89	1072,85	1080,40
<b>Total current liabilities</b>	417,92	320,01	393,13	501,20	476,72
<b>Total equity</b>	2917,66	3047,91	3414,90	3379,52	3632,14

## Aggregate report 2023

<i>Distribution of SOEs in risk categories for period 2019-2023</i>					
<i>Risk category</i>	2019	2020	2021	2022	2023
Category 1	1	1	1	2	2
Category 2	15	14	13	10	17
Category 3	14	7	17	17	14
Category 4	6	16	15	18	12
Category 5	7	6	3	1	3

## ***HOW THE MINISTRY OF FINANCE MITIGATES FISCAL RISKS IN THE STATE-OWNED ENTERPRISE SECTOR***

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- ❑ Through the preparation of ***financial performance analyses*** of the SOEs sector using the SOEs Health Check Tool, and the development of the ***Fiscal Risk Statement***, the overarching goal is to reduce deviations from the fiscal indicators planned in the annual Budget Law.
- ❑ Timely identification of fiscal risks enables the MoF and the Government to implement their fiscal policy along with proposing measures to mitigate negative fiscal impacts.
- ❑ Taking into account the specific characteristics of the Montenegrin economy - a small and open system highly sensitive to changes in the geopolitical and economic environment - and the share and importance of SOEs for the national economy and citizens, a proactive approach to fiscal risk monitoring is essential. In this regard, the continuous activity of the **Division for Monitoring Fiscal Risks of SOEs** within the Ministry of Finance **plays a central role**.

# *QUESTIONS?*

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## **Contact:**

**Minas Trubljanin**

**Ministry of Finance**

Director General of Directorate for  
central harmonization and  
development of internal controls

E-mail: [minas.trubljanin@mif.gov.me](mailto:minas.trubljanin@mif.gov.me)