

PUBLIC DEBT

06

According to Ministry of Finance preliminary data, *gross public debt*⁴⁶ of Montenegro amounted to 4,51 billion euros or 56.93% of estimated GDP (table 6.1) at end-March 2025, which is a decline by 65.48 million euros or 1.43% compared to end-2024.

Public debt structure reveals that government debt accounted for 4.45 billion euros (98.72%), while the local self-government debt accounted for 57.55 million euros (1.28%).

When we excluded deposits of the Ministry of Finance along with 38.477 ounces of gold, the *net public debt* of Montenegro would amount to 4.21 billion euros at end-March 2025 or 53.15% of the estimated GDP. Compared to end-2024, net public debt increased by mere 0.47%.

Table 6.1

Structure of the public debt of Montenegro on quarterly level, in million euros						
	March 2024	June 2024	September 2024	December 2024	March 2025	Change in % (March 2025 December 2024)
Domestic debt	511.29	386.71	356.48	331.30	321.06	-3.09%
External debt	4,156.65	4,091.32	4,046.07	4,183.48	4,129.75	-1.28%
Government debt (gross)	4,667.95	4,478.03	4,402.55	4,514.78	4,450.81	-1.42%
Share of gross government debt in GDP (in%)	61.06%	58.58%	57.59%	59.06%	56.21%	
Local self-government debt	66.34	62.42	61.82	59.06	57.55	-2.56%
Public debt (gross)	4,734.29	4,540.45	4,464.37	4,573.84	4,508.36	-1.43%
Share of gross public debt in GDP (in%)	61.93%	59.39%	59.40%	59.83%	56.93%	
Deposits of Ministry of Finance, including 38,477 ounces of gold	774.24	633.56	617.94	385.36	300.06	22.14%
Government debt (net)	3,893.71	3,844.47	3,784.61	4,129.42	4,150.75	0.52%
Share of net government debt in GDP	50.93%	50.29%	49.51%	54.02%	52.42%	
Public debt (net)	3,960.05	3,906.89	3,846.43	4,188.48	4,208.30	0.47%
Share of net public debt in GDP	51.80%	51.11%	50.32%	54.79%	53.15%	
NOTE: Montenegro's GDP (for 2025 estimation)	7,644.53	7,644.53	7,644.53	7,644.53	7,918.50	

Source: Ministry of Finance

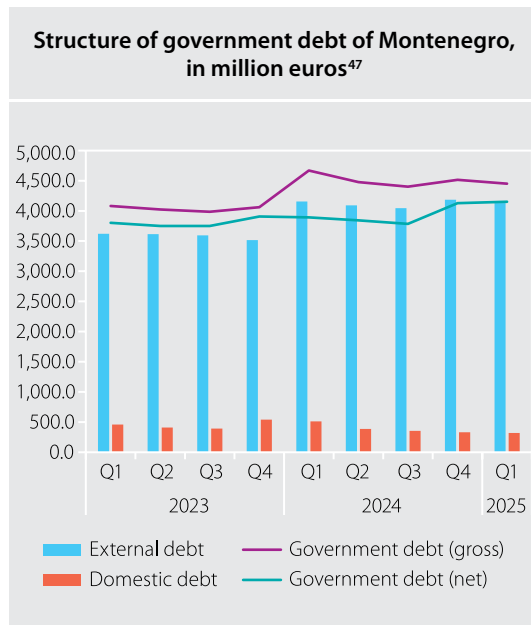
⁴⁶ The Ministry of Finance began publishing quarterly public debt data in July 2024, starting with the report titled "Report on State and Public Debt as of 30 June 2024."

6.1. Government debt

At end-March 2025, **gross government debt** of Montenegro amounted to 4,45 million euros or 56.21% of estimated GDP and it decreased by 1.42% compared to the end of the previous year due to now new borrowings and regular settling of due credit liabilities.

Out of the total amount of gross government debt, 4.13 billion euros or 92.79% referred to external debt, while the remaining 321.06 million euros or 7.21% referred to domestic debt.

Graph 6.1



Source: Ministry of Finance

When we excluded deposits of the Ministry of Finance along with 38.477 ounces of gold, the **net government debt** of Montenegro would amount to 4.15 billion euros at end-March 2025 or 52.42% of the estimated GDP. Compared to the end of the previous year, it increased slightly (by 0.52%), while government deposits decreased (by 85.30 million euros or 22.14%).

The currency structure of the government debt is still relatively favourable. Thus, debt in euros accounted for 99.44% of the total currency structure of the government debt, while 0.29% of the debt was in special drawing rights, and 0.27% in US dollars.

The interest rate structure is favourable considering that more than three quarters of the government debt (loans and bonds) are serviced at fixed interest rates (83.51% of the debt).

6.2. Domestic government debt

At end-March 2025, domestic debt amounted to 321.06 million euros (4.05% of GDP), being 10.24 million euros or 3.09% lower y-o-y. The main reason for the reduction in debt to residents in this period was the repayment of debts for loans to commercial banks (table 6.2).

In the structure of domestic debt as at end-March 2025, the main share was of loans payables to commercial banks (49.02%), followed by the share of liabilities rising from restitution (23.59%) and the share of issued domestic bonds (15.57%). The remaining 11.82% were liabilities to legal persons and companies (8.11%), liabilities for frozen foreign currency deposits (3.12%), and liabilities for accrued pensions (0.59%).

⁴⁷ Quarterly data represents the amount of debt at the end of the quarter.

Table 6.2

Structure and changes of the domestic debt of Montenegro at end-March of 2025 compared to the end-March and December 2024								
Domestic debt structure	Debt balance 31.03.2024	Debt balance 31.12.2024	Debt balance 31.03.2025	Change in relation to 31.03.2024	Change in relation to 31.12.2024	Change in relation to 31.03.2024	Change in relation to 31.12.2024	Share in domestic debt 31.03.2025
	1	2	3	4 (3-1)	5 (3-2)	6 (3/1)	7 (3/2)	8
	million euros						%	
Foreign currency deposits	10.11	10.01	10.00	-0.11	-0.01	-1.09	-0.10	3.12
Restitution	74.99	75.91	75.75	0.76	-0.16	1.01	-0.21	23.59
Loans with commercial banks	220.85	165.50	157.39	-63.46	-8.11	-28.73	-4.90	49.02
Accrued pensions	1.89	1.89	1.89	0.00	0.00	0.00	0.00	0.59
T-bills	30.00	0.00	0.00	-30.00	0.00			0.00
Domestic bonds	142.44	50.00	50.00	-92.44	0.00	-64.90	0.00	15.57
Legal persons and companies	31.01	27.99	26.03	-4.98	-1.96	-16.06	-7.00	8.11
TOTAL	511.29	331.30	321.06	-190.23	-10.24	-37.21	-3.09	100.00

Source: Ministry of Finance

6.3. External government debt

According to Ministry of Finance data, external debt of Montenegro amounted to 4,13 billion euros or 52.15% of GDP at end-March 2025, and compared to the end of the previous year, it recorded a decrease of 53.73 million euros or 1.28%, due to the repayment of the eighth instalment of the loan from EXIM Bank for constructing the highway “Bar-Boljare” and the repayment of the third instalment of loan from Deutsche Bank⁴⁸.

In Q1 2025, there were the following withdrawals of funds arising from loan arrangements with international institutions, in the total amount of 15.74 million euros:

- Withdrawal of EIB funds in the amount of 10 million euros (for the project “Main Roads Rehabilitation Program”),
- Withdrawal of IBRD funds in the amount of 3.48 million euros (for the projects “Energy Sector De-carbonization Project”, “Revenue Administration Reform Project”, “Institutional Development and Strengthening of Agriculture in Montenegro - MIDAS 2”, “Energy Efficiency in Montenegro - MEEP 2” and “Integrated Development of the Sava and Drina River Corridors Using a Multi-Phase Program Approach”) and
- Withdrawal of EBRD funds in the amount of 2.26 million euros (for the project “Main Roads Rehabilitation Program” and “Improving Energy Efficiency in Education System”).

The structure of external debt shows that the highest share belongs to liabilities arising from issued Eurobonds of 59.03%, while the Chinese EXIM Bank stands as the largest individual creditor with a share in the external debt of 14.61% (table 6.3).

⁴⁸ The Ministry of Finance of Montenegro concluded a loan agreement with Deutsche Bank in March 2023 in the amount of 100 million euros, intended for financing budget obligations for that year. Two instalments (of 20 million euros each) remain to be repaid, in September of the current year and in March 2026.

Table 6.3

Structure of Montenegro's external debt as of 31 March 2025				
Creditor	Debt balance	External debt GDP	Share in external debt	Share in government debt (4,450.81 million euros)
	million euros	%		
EUROBOND	2,437.76	30.79%	59.03%	54.77%
Chinese EXIM Bank ⁴⁹	603.41	7.62%	14.61%	13.56%
DPL 2024	180.00	2.27%	4.36%	4.04%
International Bank for Reconstruction and Development (IBRD)	173.37	2.19%	4.20%	3.90%
Syndicated loans – PBG 2	157.27	1.99%	3.81%	3.53%
European Investment Bank (EIB) ⁵⁰	114.85	1.45%	2.78%	2.58%
Syndicated loan - PBG ⁵¹	104.29	1.32%	2.53%	2.34%
EBRD	66.34	0.84%	1.61%	1.49%
Council of Europe Development Bank	64.39	0.81%	1.56%	1.45%
European Commission ⁵²	60.00	0.76%	1.45%	1.35%
Kreditanstalt für Wiederaufbau – Germany (KfW) ⁵³	41.71	0.53%	1.01%	0.94%
Deutsche Bank	40.00	0.51%	0.97%	0.90%
Member countries of the Paris Club of creditors	38.57	0.49%	0.93%	0.87%
BPI France /Soc. Generale - purchase of ships	17.90	0.23%	0.43%	0.40%
HAPOALIM - armoured vehicles	12.69	0.16%	0.31%	0.29%
Rapid Financing Instrument - IMF	9.29	0.12%	0.22%	0.21%
International Development Association (IDA)	3.62	0.05%	0.09%	0.08%
IFAD	2.51	0.03%	0.06%	0.06%
Loan from Poland ⁵⁴	1.36	0.02%	0.03%	0.03%
Loan from Spain for the construction of landfill	0.23	0.00%	0.01%	0.01%
Export Development Canada (EDC) ⁵⁵	0.19	0.00%	0.00%	0.00%
Loan from France - Natixis ⁵⁶	0.00	0.00%	0.00%	0.00%
TOTAL	4,129.75	52.15%	100.00%	92.79%

Source: Ministry of Finance

For individual contracted credit lines, there are funds that have not yet been withdrawn (table 6.4). Total amount of available and not-withdrawn funds amounted to 338.39 million euros, whereby the largest share refers to the funds of the BPI France / Soc. Generale (101.41 million euros), the German Reconstruction Credit Institute (Kreditanstalt für Wiederaufbau - KfW) (75.50 million euros) and the European Investment Bank (71.70 million euros).

⁴⁹ Loan for construction of part of the highway “Bar - Boljari”.

⁵⁰ EIB loans amounting to 47 million euros in total serviced by public enterprises (“Monteput”, “Airports of Montenegro” and “EPCG”) are not calculated in the external debt but treated as guarantees.

⁵¹ Loan arrangement with the unions of banks (OTP, Credit Suisse, CKB and Societe Generale) with the World Bank guarantee with the value of 80 million euros for the needs of state budget financing.

⁵² Loan for limiting the economic consequences of the COVID-19 pandemic under the Macro-Financial Support Program, totalling 60 million euros.

⁵³ Loans from KfW for the needs of water supplies are used by municipalities, but they are considered a part of external debt.

⁵⁴ Loan agreement signed with the Government of Poland for the needs of the Railway Infrastructure of Montenegro.

⁵⁵ Credit for the purchase of three helicopters.

⁵⁶ Merchandise loan - EPCG.

Table 6.4

Structure of external debt of Montenegro and non-withdrawn funds, in million euros		
Creditor	Debt balance at end-March 2025	Amount of non-withdrawn funds ⁵⁷
	million euros	
EUROBOND	2,437.76	
Chinese EXIM Bank	603.41	
DPL 2024	180.00	
International Bank for Reconstruction and Development (IBRD)	173.37	44.70
Syndicated loans – PBG 2	157.27	
European Investment Bank (EIB)	114.85	71.70
Syndicated loan - PBG	104.29	
EBRD	66.34	16.33
Council of Europe Development Bank	64.39	8.50
European Commission	60.00	
Kreditanstalt für Wiederaufbau – Germany (KfW)	41.71	75.50
Deutsche Bank	40.00	
Member countries of the Paris Club of creditors	38.57	
BPI France /Soc. Generale	17.90	101.41
HAPOALIM - armoured vehicles	12.69	20.25
Rapid Financing Instrument - IMF	9.29	
International Development Association (IDA)	3.62	
IFAD	2.51	
Loan from Poland	1.36	
Loan from Spain for the construction of landfill	0.23	
Export Development Canada (EDC)	0.19	
Loan from France - Natixis	0.00	
TOTAL	4,129.75	338.39

Source: Ministry of Finance

6.4. Issued government guarantees

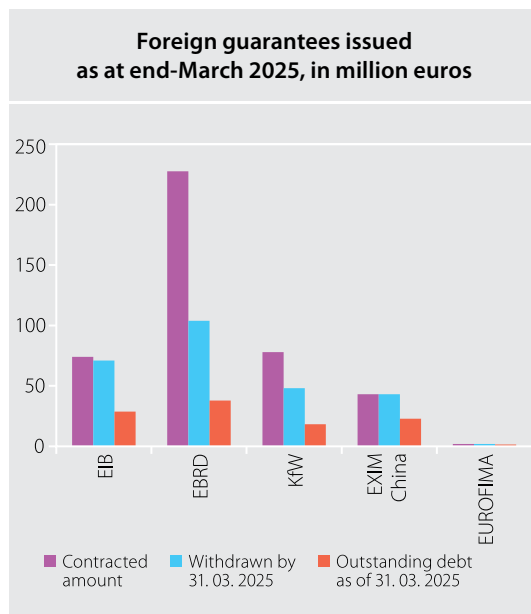
At the end-March 2025, government guarantees amounted to 125.64 million euros and they were 4.42% lower compared to the end of the previous year and accounted for 1.59% in the GDP structure, which represents a decrease of 0.13 pp. With the inclusion of issued government guarantees, Montenegro's public debt amounted to 4.58 billion euros or 57.79% of GDP.

In the structure of the total issued guarantees at end-March 2025, foreign guarantees amounted to 109.19 million euros (graph 6.2) and they were 5.26% lower compared to the end of the previous year and they accounted for 1.38% in the GDP structure, which represents a decrease of 0.13 pp compared to 2024 year-end. If foreign guarantees were to be included into the external debt, the external debt of Montenegro would amount to 53.53% of GDP. The mentioned amount of issued foreign guarantees refers only to withdrawn loan funds, while the debt balance presented in graph 6.2 refers to the unpaid

⁵⁷ The debt balance shows the amount of withdrawn and unpaid funds for an individual creditor based on all active credit lines. In contrast, the amount of not-withdrawn funds represents the part of the funds of all credit lines with certain creditors that have not been withdrawn and, therefore, is not part of the debt. The debt balance may be greater than non-withdrawn funds from a given creditor, depending on the credit arrangement phase and the remaining amount of non-withdrawn funds and that there was another credit line with the same creditor in the previous period whose funds had been fully withdrawn. Current liabilities are those presented as debt balance in the table.

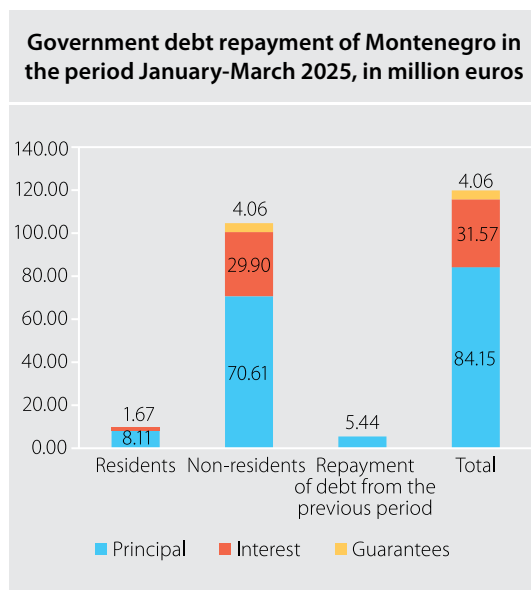
part of the withdrawn loan funds for which foreign guarantees were issued. When taking into account the total contracted amounts of loans, for which guarantees have been agreed, foreign guarantees reached 424.52 million euros or 5.36% of GDP.

Graph 6.2



Source: Ministry of Finance

Graph 6.3



Source: Ministry of Finance

The total amount of domestic guarantees at the end of March 2025 amounted to 16.45 million euros (0.21% of GDP), while the internal debt together with guarantees amounted to 4.26% of GDP. In the total amount of domestic guarantees, 8.97 million euros referred to the guarantees issued to municipalities for loans with domestic commercial banks for implementing their recovery plans⁵⁸. The remaining amount of domestic guarantees refers to a loan from Erste Bank and Prva Bank for the purpose of settling liabilities to the company “Strabag AG”, loan from Erste Bank for refinancing a loan from the Abu Dhabi Fund for Development and loan from Crnogorska komercijalna bank for the repair of rolling stock.

6.5. Government debt repayment

According to preliminary data from the Ministry of Finance, the total government debt⁵⁹ repayment in the first nine months of 2025 amounted to 119.79 million euros or 1.51% of the estimated GDP. The main share of the total amount of debt repayment referred to the repayment of debt principal to residents and non-residents in the amount of 78.72 million euros and the repayment of interest arising from loan arrangements to residents and non-residents in the amount of 31.57 million euros (graph 6.3). The repayment of liabilities from the previous period amounted to 5.44 million euros, of which frozen foreign currency deposits accounted for 0.01 million euros. During the first half of 2021, government guarantees in the amount of 4.06 million euros were activated and paid, based on the credit arrangement of “Barska and Crnogorska plovidba” with the Chinese EXIM Bank.

⁵⁸ Total underwritten amount of guarantees for loans used by municipalities for the resolution plan implementation is 34.55 million euros.

⁵⁹ Total debt repayment includes the repayment of debt arising from principal, interest and guarantees repayment due in the reporting year, and the repayment of debt from previous years.