

PUBLIC DEBT

06

According to Ministry of Finance preliminary data, *gross public debt*⁵¹ of Montenegro amounted to 4,76 billion euros or 58.59% of estimated GDP (table 6.1) at end-September 2025, which is an increase by 186.50 million euros or 4.08% compared to end-2024.

Public debt structure reveals that government debt accounted for 4.71 billion euros (98.84%), while the local self-government debt accounted for 55.01 million euros (1.16%).

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 4.18 billion euros at end-September 2025 or 51.41% of the estimated GDP. Compared to end-2024, net public debt decreased slightly (by 0.28%).

Table 6.1

Structure of the public debt of Montenegro on quarterly level, in million euros						
	September 2024	December 2024	March 2025	June 2025	September 2025	Change in % (September 2025 / December 2024)
Domestic debt	356.48	331.30	321.06	300.77	287.63	-13.18%
External debt	4,046.07	4,183.48	4,129.75	4,459.06	4,417.70	5.60%
Government debt (gross)	4,402.55	4,514.78	4,450.81	4,759.83	4,705.33	4.22%
Share of gross government debt in GDP	57.59%	59.06%	54.78%	58.58%	57.91%	
Local self-government debt	61.82	59.06	57.55	55.86	55.01	-6.86%
Public debt (gross)	4,464.37	4,573.84	4,508.36	4,815.69	4,760.34	4.08%
Share of gross public debt in GDP	58.40%	59.83%	55.49%	59.27%	58.59%	
Deposits of Ministry of Finance, including 38,477 ounces of gold	617.94	385.36	300.06	567.76	583.55	51.43%
Government debt (net)	3,784.61	4,129.42	4,150.75	4,192.07	4,121.78	-0.19%
Share of net government debt in GDP	49.51%	54.02%	51.09%	51.60%	50.73%	
Public debt (net)	3,846.43	4,188.48	4,208.30	4,247.93	4,176.79	-0.28%
Share of net public debt in GDP	50.32%	54.79%	51.80%	52.28%	51.41%	
NOTE: Montenegro's GDP (for 2025 estimation)	7,644.53	7,644.53	7,644.53	7,644.53	8,124.70	

Source: Ministry of Finance

⁵¹ 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."

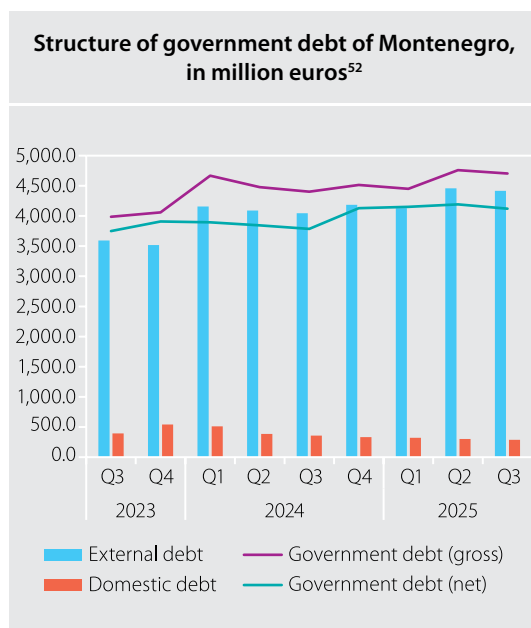
The available data for the first nine months of 2025 show that Montenegro's public debt recorded moderate growth on a gross basis, while net indebtedness remained almost unchanged, pointing to a relatively balanced debt dynamic. The increase in gross public and central government debt resulted mainly from external borrowing through the issuance of Eurobonds, while at the same time the rise in Ministry of Finance deposits had a cushioning effect on net debt developments. The structure of the debt remains favourable, given the high share of debt denominated in euros and the prevailing fixed interest rates, thereby limiting currency and interest rate risks. However, the high level and structure of external debt point to a pronounced dependence on international financial markets. In the context of persistently restrictive global monetary policies and elevated financing costs, it remains important to preserve fiscal discipline, carefully manage the refinancing of obligations, and strive for a further reduction in the debt-to-GDP ratio in order to strengthen overall macroeconomic stability.

6.1. Government debt

At end-September 2025, **gross government debt** of Montenegro amounted to 4.71 billion euros or 57.91% of estimated GDP and it increased by 4.22% compared to the end of the previous year due to borrowings from issuing Eurobonds.

Out of the total amount of gross government debt, 4.42 billion euros or 93.89% referred to external debt, while the remaining 287.63 million euros or 6.11% 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 4.12 billion euros at end-September 2025 or 50.73% of the estimated GDP. Compared to the end of the previous year, it decreased slightly (by 0.19%), while government deposits increased (by 198.19 million euros or 51.43%).

The currency structure of the government debt is still relatively favourable. Thus, debt in euros accounted for 99.71% of the total currency structure of the government debt, while 0.23% of the debt was in US dollars, and 0.06% in special drawing rights.

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 (85.79% of the debt).

⁵² Quarterly data represents the amount of debt at the end of the quarter.

6.2. Domestic government debt

At end-September 2025, domestic debt amounted to 287.63 million euros (3.54% of GDP), being 43.67 million euros or 13.18% lower year-over-year. 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).

Table 6.2

Structure and changes of the domestic debt of Montenegro at end-September of 2025 compared to the end-September and end-December 2024								
Domestic debt structure	Debt balance	Debt balance	Debt balance	Change in relation to	Change in relation to	Change in relation to	Change in relation to	Share in domestic debt
	30.09.2024	31.12.2024	30.09.2025	30.09.2024	31.12.2024	30.09.2024	31.12.2024	30.09.2025
	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	3.48
Restitution	75.06	75.91	66.45	-8.61	-9.46	-11.47	-12.46	23.10
Loans with commercial banks	191.34	165.50	135.24	-56.10	-30.26	-29.32	-18.28	47.02
Accrued pensions	1.89	1.89	1.89	0	0	0.00	0.00	0.66
T-bills	0.00	0.00	0.00	0	0			0.00
Domestic bonds	50.00	50.00	50.00	0	0	0.00	0.00	17.38
Legal persons and companies	28.08	27.99	24.05	-4.03	-3.94	-14.35	-14.08	8.36
TOTAL	356.48	331.30	287.63	-68.85	-43.67	-19.31	-13.18	100.00

Source: Ministry of Finance

The structure of domestic debt as at 30 September 2025 shows that the main share was of loans payable to commercial banks (47.02%). It was followed by the share of liabilities rising from restitution (23.10%) and the share of issued domestic bonds (17.38%). The remaining 8.36% were liabilities to legal persons and companies, liabilities for frozen foreign currency deposits (3.48%), and liabilities for accrued pensions (0.66%).

6.3. External government debt

According to the Ministry of Finance data, external debt amounted to 4.42 billion euros or 54.37% of GDP at end September 2025. Compared to the end of 2024, it recorded an increase of 234.22 million euros or 5.60%, mainly due to the borrowing from issuing Eurobonds⁵³.

During the reporting period, a total of 942.09 million euros were withdrawn from the issued Eurobonds and credit arrangements with international institutions, with the following breakdown:

- Withdrawal of funds based on the bond issuance on the international market in the amount of 850 million euros;
- Withdrawal of funds from BPI France / Société Générale – Kership in the amount of 41.76 million euros (for the procurement of two OPV 60 patrol vessels);
- Disbursements of funds from the European Commission in the amount of 17.22 million euros (for the implementation of EU support to Montenegro under the Reform and Growth Facility);
- Withdrawal of IBRD funds in the amount of 10.05 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”);
- Withdrawal of 10 million euros from the EIB (for the “Project of Reconstructing main roads in Montenegro”);
- Withdrawals of KfW funds in the amount 7.86 million euros (for the projects “Construction of waste water treatment plants - Pg Promo and Phase V of the component 2”, and “Energy efficiency programme in public buildings - phase III”);
- Withdrawal of 5.20 million euros from the EBRD (for the “Project of Reconstructing main roads in Montenegro” 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 63.10%. At the same time, the Chinese EXIM Bank stands as the largest individual creditor with a share in the external debt of 12.98% (table 6.3).

⁵³ Government bond issue on the international market in the amount of 850 million euros at the beginning of April this year, with a seven-year maturity and an interest rate of 4.875%.

Table 6.3

Structure of Montenegro's external debt as of 30 September 2025				
Creditor	Debt balance	External debt GDP	Share in external debt	Share in government debt (4,705.33 million euros)
	million euros		%	
EUROBOND	2,787.76	34.31%	63.10%	59.25%
Chinese EXIM Bank ⁵⁴	573.24	7.06%	12.98%	12.18%
International Bank for Reconstruction and Development (IBRD)	250.87	3.09%	5.68%	5.33%
Syndicated loan – PBG 2	141.82	1.75%	3.21%	3.01%
European Investment Bank (EIB) ⁵⁵	110.20	1.36%	2.49%	2.34%
Syndicated loan - PBG ⁵⁶	80.00	0.98%	1.81%	1.70%
European Commission	77.22	0.95%	1.75%	1.64%
EBRD	65.21	0.80%	1.48%	1.39%
Council of Europe Development Bank	60.18	0.74%	1.36%	1.28%
BPI France / Société Generale - purchase of ships	57.86	0.71%	1.31%	1.23%
OPEC Fund (Development Policy Loan)	50.00	0.62%	1.13%	1.06%
Agence Française de Développement - AFD (Development Policy Loan)	50.00	0.62%	1.13%	1.06%
Kreditanstalt für Wiederaufbau – Germany (KfW) ⁵⁷	41.43	0.51%	0.94%	0.88%
Member countries of the Paris Club of Creditors	36.84	0.45%	0.83%	0.78%
Deutsche Bank	20.00	0.25%	0.45%	0.43%
HAPOALIM - armoured vehicles	8.95	0.11%	0.20%	0.19%
International Development Association (IDA)	2.75	0.03%	0.06%	0.06%
IFAD	2.36	0.03%	0.05%	0.05%
Loan from Poland ⁵⁸	1.01	0.01%	0.02%	0.02%
TOTAL	4,417.70	54.37%	100.00%	93.89%

Source: Ministry of Finance

It should be noted that there are granted credit line funds which have yet to be withdrawn (table 6.4). Total amount of available and non-withdrawn funds amounted to 690.14 million euros, whereby the largest share refers to the funds of the European Commission (256.21 million euros) and the European Bank for Reconstruction and Development (133.19 million euros).

⁵⁴ Loan for construction of a “Bar - Boljare” highway section.

⁵⁵ EIB loans amounting to 47 million euros in total servicing public enterprises (“Monteput”, “Airports of Montenegro” and “EPCG”) are not calculated in the external debt, but are treated as guarantees.

⁵⁶ Loan arrangement with the Trade 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.

⁵⁷ Loans from KfW for the needs of water supplies are used by municipalities, but they are considered a part of external debt.

⁵⁸ Loan agreement signed with the Government of Poland for the needs of the Railway Infrastructure of Montenegro.

Table 6.4

Structure of external debt of Montenegro and non-withdrawn funds, in million euros		
Creditor	Debt balance at end-September 2025	Amount of non-withdrawn funds ⁵⁹
	million euros	
EUROBOND	2,787.76	
Chinese EXIM Bank	573.24	
International Bank for Reconstruction and Development (IBRD)	250.87	77.03
Syndicated loan – PBG 2	141.82	
European Investment Bank (EIB)	110.20	71.70
Syndicated loan - PBG	80.00	
European Commission	77.22	256.21
EBRD	65.21	133.19
Council of Europe Development Bank	60.18	8.50
BPI France / Société Generale - purchase of ships	57.86	59.65
OPEC Fund (Development Policy Loan)	50.00	
Agence Française de Développement - AFD (Development Policy Loan)	50.00	
Kreditanstalt für Wiederaufbau – Germany (KfW)	41.43	66.99
Member countries of the Paris Club of Creditors	36.84	
Deutsche Bank	20.00	
HAPOALIM - armoured vehicles	8.95	16.87
International Development Association (IDA)	2.75	
IFAD	2.36	
Loan from Poland	1.01	
TOTAL	4,417.70	

Source: Ministry of Finance

6.4. Issued government's guarantees

As at end-September 2025, the total issued government's guarantees amounted to 121.18 million euros, which represents a 7.81% decrease in relation to end-2024. The share of government's guarantees in GDP was 1.49%, which is 0.23 percentage points lower compared to the previous year. With the inclusion of issued government guarantees, Montenegro's public debt amounted to 4.83 billion euros or 59.41% of GDP.

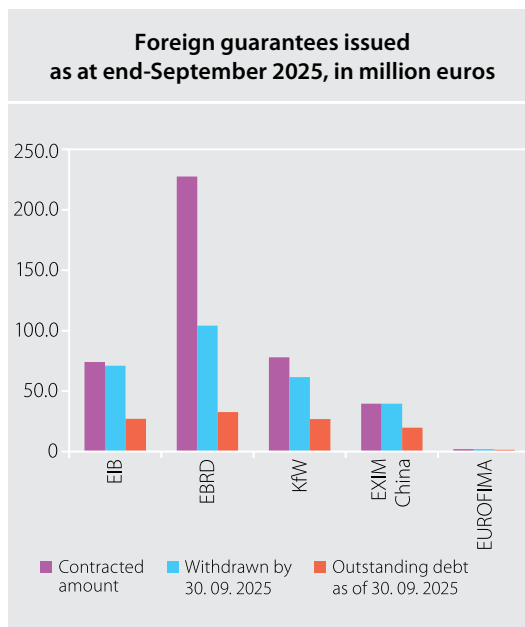
In the structure of the total issued guarantees at end-September 2025, foreign guarantees amounted to 107.83 million euros (graph 6.2). They were 6.44% lower compared to the end of the previous year and they accounted for 1.33% in the GDP structure, which represents a decrease of 0.18 pp. If foreign guarantees were to be included into the external debt, the external debt of Montenegro would amount to 55.70% of GDP. It should be noted that the above amount of foreign guarantees refers to withdrawn credit funds. The debt balance presented in graph 6.2 refers to the unpaid part of the withdrawn loan funds for which foreign guarantees were issued. When taking into account the total contracted

⁵⁹ 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.

amounts of loans including the non-withdrawn funds, foreign guarantees reached 421.13 million euros or 5.18% of GDP.

The total amount of domestic guarantees at the end-September 2025 amounted to 13.36 million euros (0.16% of GDP), while the internal debt together with guarantees amounted to 3.70% of GDP. In the total amount of domestic guarantees, 6.56 million euros referred to the guarantees issued to municipalities for loans with domestic commercial banks for the implementation of their recovery plans⁶⁰. 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 railway vehicles.

Graph 6.2

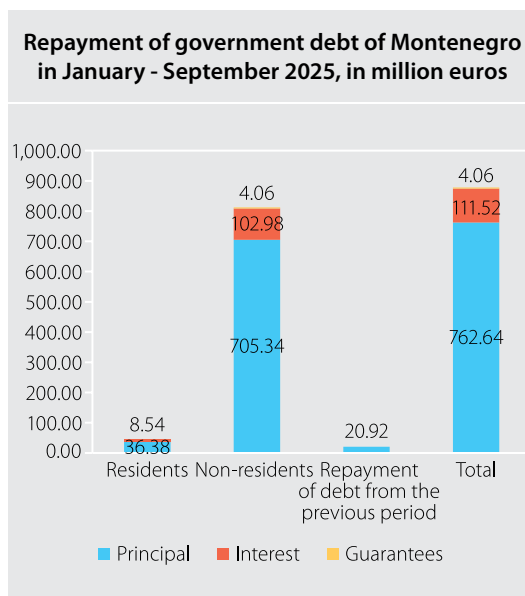


Source: Ministry of Finance

6.5. Government debt repayment

According to preliminary data from the Ministry of Finance, the total government debt⁶¹ repayment in the first nine months of 2025 amounted to 878.22 million euros or 10.81% of the estimated GDP. In total amount of debt repayment, the main share referred to the repayment of principal of debt to residents and non-residents in the amount of 762.64 million euros and the repayment of interest arising from loan arrangements to residents and non-residents in the amount of 111.52 million euros (graph 6.3). The repayment of debt from the previous period amounted to 20.92 million euros, of which frozen foreign currency deposits accounted for 0.01 million euros. During the first nine months of 2025, 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.

Graph 6.3



Source: Ministry of Finance

⁶⁰ Total underwritten amount of guarantees for loans used by municipalities for the resolution plan implementation is 34.55 million euros.

⁶¹ Total debt repayment includes the repayment of debt arising from principal, interest and guarantees repayment due in the reporting year, as well as the repayment of debt from previous years.