

Defence budget of Montenegro has undergone fluctuations in the past years, both in terms of absolute increase and budget structure. This is partly a consequence of the country joining NATO and modernizing the Army to meet the NATO standards, but also due to political crisis and changes of governments.<sup>1</sup> Data for 2023 suggests a stabilization of defence expenditure compared to initial budget.

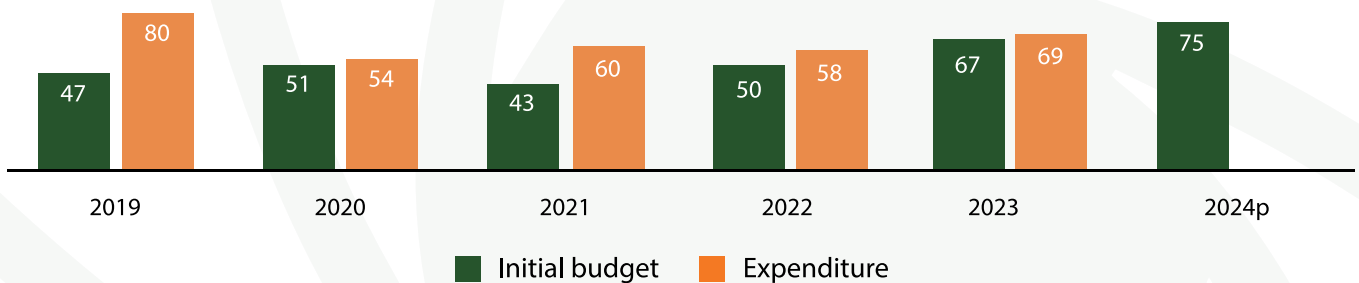
## 2023

Share of GDP **1.08%**

Share of total government expenditure **2.63%**

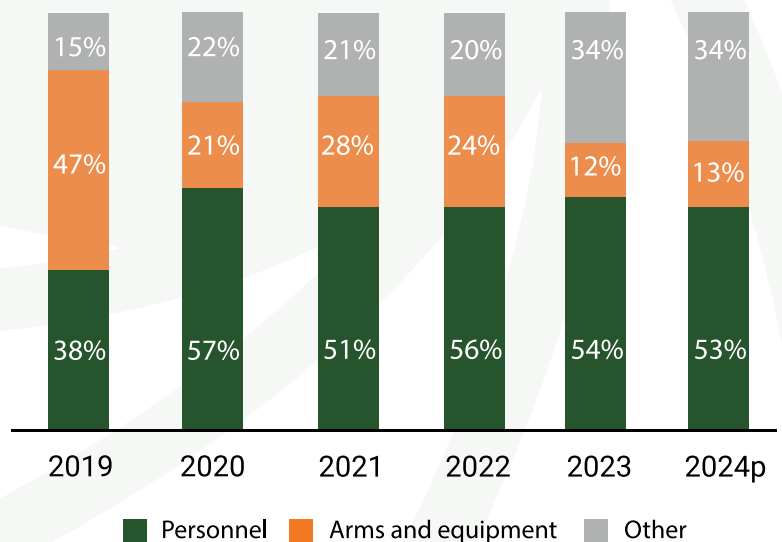
Budgets for the upcoming year are usually adopted by the Parliament in November or December, albeit the 2021 Budget was adopted with a six-month delay. Balance sheets submitted by the Government have never been adopted by the Parliament, with the 2021 Balance sheet failing to pass the competent parliamentary Board and 2022 Balance sheet still being in procedure.

Initial budgets and defence expenditure (in million EUR)



With the exception of 2018 and 2019, more than half of defence expenditure goes on personnel. Larger percentage of spending on arms and equipment in those two years is due to procurement of Bell helicopters and Oshkosh JLTV armoured vehicles. Except for 2023, expenditure structure greatly differs from initial budget structure – in 2022, 7.6 percent was planned for arms and equipment, but the balance sheet shows almost 24 percent of budget being spent. This gap was even larger in 2021. Upcoming procurements include 120mm vehicle-mounted mortar system from Israel worth 20 million USD. Montenegrin budget is among the most transparent in the region and has improved in 2023 by including NATO, EU and UN missions as specific budget activities. Transparency and disaggregation could be further improved, including by referring to specific procurements.

Budget structure



<sup>1</sup> In 2020 election, the Democratic Party of Socialist, which governed Montenegro for 30 years, lost the elections. The succeeding government lasted only until 2022, when it lost the Parliament's confidence, followed by another short-lived government which spend most of its governing in a technical mandate. The institutional deadlock caused by the controversial changes to the Law on the president and a non-functional Constitutional court soon followed. The incumbent government led by the movement "Europe now" was formed in October 2023, after the June 2023 parliamentary elections.