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IEG **CASCR Review**
Independent Evaluation Group

1. CAS Data	
Country: Montenegro	
CAS Year: FY2005	**CAS Period**: FY05- FY07
CASCR Review Period: FY05-FY07	**Date of this review:** May 21, 2007

2. Executive Summary

Montenegro proclaimed its independence on June 3, 2006, having previously been part of the Union of Serbia and Montenegro (SaM). The FY05-07 CAS for SaM contained clearly identified components for Montenegro. The main objectives were to help: (1) create a smaller, more sustainable, more efficient public sector; (2) create a larger, more dynamic private sector, and (3) reduce poverty levels, and improve social protection and access to public services. These were relevant objectives in view of Montenegro's objective of achieving independence, its desire to move towards a closer relationship with the EU, and its development needs.

The CAS projected total Base Case lending at US$54 million, of which US$42 million was to be on IDA terms and US$12 million on IBRD terms. In the event actual lending amounted to US$32 million, all IDA, as Montenegro declined to accept the IBRD lending (all of which had been proposed for FY07 projects) to keep within its financial envelope. In addition to these actuals, a Sustainable Tourism project for US$10 million, all IDA, is under preparation for Board presentation later in FY07. Eleven AAA tasks were proposed, of which eight were delivered as projected and three delivered but with delays. Two new AAA tasks were added to the program to support financial sector development and governance.

One project exited the portfolio during FY05-07 and its outcome was rated Moderately Satisfactory by IEG, with substantial Institutional Development Impact and Likely Sustainability. (Another (SAC2) is currently being evaluated by IEG.) The region-wide average by value for ECA for these years is a satisfactory outcome rating of 90.7 percent, and for the Bank, 87.8 percent. For FY07, two ongoing projects out of six are rated by QAG as at risk.

There are no QAG reviews of AAA, but the products appear to be of satisfactory quality and well targeted to priorities.

FC's assistance focused on the financial sector with investments in two banks, post-privatization support, private sector participation in infrastructure, and private sector investments, including in the pharmaceutical and paper sectors, as well as technical assistance primarily to assist the SME sector.

The CASCR rates the outcome of the first two objectives as satisfactory, and the outcome of the third objective as moderately satisfactory. This CASCR Review concurs with those ratings. Both the CASCR and this Review rate the outcome of the overall Bank program as *satisfactory* and also rate Bank performance as *satisfactory*.

CASCR Reviewed by:	**Peer Reviewed by:**	**Group Manager**
Michael Lav, **Consultant, IEGCR**	**Helena Tang,** **Lead Evaluator, IEGCR**	**Ali Khadr,** **Senior Manager, IEGCR**

3. CASCR Summary

Overview of CAS Relevance:

Montenegro proclaimed its independence on June 3, 2006 from the Union of Serbia and Montenegro (SaM), of which it had been a member since 2003. Montenegro became a new member of the World Bank on January 18, 2007, as Serbia became the successor state for SaM.

The Bank's country strategy for Montenegro, as a constituent of SaM, was guided by the FY05-07 CAS, discussed by the Board in November, 2004. The FY05-07 CAS for Serbia and Montenegro proposed a clearly identifiable program for Montenegro, and it is that component which is the object of the CASCR and this CASCR Review. Subsequent references to the FY05-07 CAS will be taken to refer only to this component.

The strategy and objectives of the FY05-07 CAS and its lending and non-lending programs were realistic, building on the FY02-04 Transitional Support Strategy for the Federal Republic of Yugoslavia (which became the Union of Serbia and Montenegro in 2003), prepared in 2001 and updated in 2002 and 2004. Implementation of these reforms began under SAC 1, which had a satisfactory outcome. The FY05-07 CAS was grounded in Government priorities, as reflected the objectives and reforms envisaged under the European Union Stabilization and Association Process (SAP) and the Government's Development and Poverty Reduction Strategy Paper (DPRSP) contained in the Government's Economic Reform Program 2005-2007.

The main objectives of the FY05-07 CAS were: (1) creating a smaller, more sustainable, more efficient public sector; (2) creating a larger, more dynamic private sector, and (3) reducing poverty levels, improving social protection and access to public services.

The proposed program was realistic. It focused on continued macro and sectoral reforms begun under SAC 1 and continued under SAC 2 (approved by the Board in September, 2004), and investment lending to address key constraints. However, it overestimated implementation capacity with the result that implementation of investment, and, to a lesser extent, adjustment operations lagged somewhat, and additional efforts needed to be undertaken by the Region to achieve satisfactory outcomes.

While the operational program for Montenegro was clearly identified in the FY05-07 CAS, key economic indicators and projections were only prepared for Serbia and Montenegro as a unit. Since the economy of Serbia is far larger than that of Montenegro, it is not possible to draw any conclusions or implications for Montenegro from this data. GDP, balance of payments, and many other data sets for Montenegro were not well defined so that many of the normal economic indicators are not available from standard sources, as might be expected for such a new country.

By contrast, the FY05-07 CAS did include, for Montenegro separately, specifications of CAS outcomes expected by the Bank and Intermediate performance indicators, many of which were specified in great precision. These were quite realistic and useful.

The lending and non-lending programs were consistent with the strategy. Key macro and sectoral reforms were to be addressed by the FY05 SAC 2 and a subsequent Development Policy Credit planned for FY07. The proposed FY06 Sustainable Tourism Project was seen as an important component of the private sector development objective. The FY05 Education Project was seen as addressing important objectives in reducing poverty levels and also to support growth.

The Base Case and the High Case for Montenegro were identical in terms of number of operations (including adjustment operations) but differed in that the High Case proposed an additional $15 million in IBRD lending (of which US$12 million for incremental funding for the proposed FY07 Development Policy Credit). The triggers for both the Base Case and the High Case were clearly spelled out.

Overview of CAS Implementation:

Lending proposed for FY05-07 under the Base Case was US$54 million (of which US$42 million IDA and US$12 million IBRD), including SAC 2 which was approved by the Board a month before the CAS was presented to it. Total lending approved as of the writing of this CASCR Review is US$32 million. The shortfall derives from two proposed operations. The Development Policy Credit (DPL3) planned for 2007 for US$10 million (US$4 million IDA and US$6 million IBRD) will not be prepared in view of Montenegro's improved budget and economic situation. The Sustainable Tourism project planned for FY06 for US$12 million (US$6 million for IDA and US$6 million for IBRD) has likewise not materialized as planned. Government requested this to be formulated as an IDA operation (now planned for end-FY07 for US$10 million, so that even without the DPL the total IDA allocation of US$42 million would be used) to be followed by an IBRD operation in FY08, thereby eliminating all IBRD borrowing in FY07 to keep within the Government's borrowing limits. The Bank determined that Montenegro was eligible for IBRD borrowing in 2007 in view of Montenegro's per capita income (US$ 3,800) and its creditworthiness. Thus actual lending is now at 59 percent of proposed Base Case lending by volume and 60 percent by number. Should an IDA tourism project be approved by the Board during the remainder of FY07 as is now planned, actual lending would then be at 78 percent of the proposed level, by volume, and 80 percent by number (see Annex Table 1) In addition, IFC lent US$5.2 million to the Opportunity Bank and assisted the Podgoricka Bank with equity/investment of US$8.5 million.

Non-lending tasks were largely delivered as planned. Eleven tasks were planned, and thirteen were delivered. Eight tasks were delivered on schedule, three were delivered with delays, and two new tasks were added to the program: the ROSC on Anti-Money Laundering which was delivered in FY07 and the CFAA/CPAR, which is scheduled to be delivered in FY08. The non-lending program was timely and well-targeted in its support for operations. For example, the FY05 CEM and the FY05 SAC2 were mutually reinforcing, while the FY06 PEIR helped implementation of parts of the program supported by SAC2. Dissemination was a priority. For example, the CEM was distributed in both English and Montengrin, and was launched with a presentation with simultaneous translation at the University of Montenegro led by the country manager and attended by 85 central government officials, mayors, central bank officials, private sector and labor officials, and representatives of NGOs and donors.

The one project which exited the portfolio during FY05-07 was rated by IEG has having a moderately satisfactory outcome with likely sustainability and substantial ID impact, placing the Montenegro program well above ECA and Bankwide averages. Another project, SAC2, has closed and is now being evaluated by IEG. Concerning ongoing projects, in FY05 there were no projects at risk, but in FY06 2 out of 7 ongoing projects were at risk, while in FY07, the comparable figure stood at 2 out of 6 ongoing projects (see annex table 4). For FY06, this represents about two-thirds of commitments at risk in terms of value, and one-third for FY07.

There is one QAG review of quality at entry for the FY04 Health Improvement Project. It found quality at entry to be moderately satisfactory. Fiduciary aspects of the project were highly satisfactory, but policy and institutional aspects detracted from project quality (because the basis for a health program in key government strategy/policy documents was weak), as did implementation arrangements (including a government management arrangement which was evaluated by QAG as likely to lead to problems in implementation).

Key triggers to stay in the Base Case were that there be: no more than two problem projects; durable reductions in public expenditure as a share of GDP; continued on-track performance under the IMF program; completion of the sale of Podgoricka Banka (a state-owned bank with branches throughout Montenegro and assets of more the €50million); steady progress in resolving non-performing loan assets held by the MoF; and progress on the PRSP action plan and to establish and maintain periodic poverty monitoring and analysis. These were all met.

For the High Case, the triggers were: implementation of the public administration reform strategy (adoption and application of merit-based recruitment and promotion, gradual increase in the range of salaries for civil servants to at least 1:6, and conversion of management-level posts to career civil service posts); accelerated efforts to divest government holdings in large enterprises (reduction in the state share in economic activity, and resolution of the state share in the large aluminum company, Kombinat Aluminijuma Podgorica (KAP)); and aggressive implementation of energy sector reform (strong progress on electricity company (EPCG) restructuring, and signature of an acceptable power purchase agreement (PPA) between EPGC and KAP). These were all met, except for the civil service salary decompression. The CAS proposed High Case lending of US$69 million (US$42 million IDA and US$27 million IBRD). However, the key component of the High Case, the proposed FY07 DPL (for US$4 million IDA and US$18 million IBRD under the High Case), did not eventuate as discussed above, and the IDA component was added to the proposed Sustainable Tourism project scheduled for Board presentation at end-FY07.

There are no apparent safeguard or fiduciary issues.

There were no exogenous shocks which would have caused a change in the Bank's assistance strategy.

Overview of Achievement by Objective:

Objective A: Creating a smaller, more sustainable, more efficient public sector. Substantial Achievement. The key target for this objective was to reduce the ratio of public expenditure to GDP from 48 percent in 2002 to 43 percent in 2007. This was met as public expenditures decreased to 46.1 percent in 2003 and to 42.3 percent in 2006. This compares to a ratio of public expenditure to GDP in Croatia of about 49 percent and in Bulgaria of about 40 percent for these years. In addition, the public sector wage bill as a percentage of GDP declined from 13.2 percent in 2003 to 11.2 percent in 2006. However, there were no performance targets concerning efficiency and no performance indicators in the CASCR, though the reforms supported by Bank assistance would seem to have improved efficiency. Specific reforms aimed towards this objective include:

a. *Civil service reform:* The objective of wage decompression was to reach 1:6, but this was defined for SaM, not specifically for Montenegro. While a new salary system for civil servants was adopted, the base salary compression ratio for Montenegro did exhibit some decompression, but from 1:4.1 to 1:5.1 in 2005, so that an opportunity to do more was missed. The Civil service Agency (CSA) has been established and staffed. The new Law on Civil Service brings Montenegro closer to EU standards by clearly defining the boundaries between political appointees and civil servants and establishing the main conditions for the development of a professional civil service. Competencies of the CSA in relation to other ministries have been established, thereby aiding recruitment and personnel management.
b. *Pension reform*: Pension contribution collections were up by 5% by 2007 (target was for 2006). However, the objective of reducing the ratio of staff to processed pension registrations was not achieved, and there was no improvement in this measure of efficiency. Expenditure on pensions as a share of GDP declined from 11.6 percent in 2003 to 10.4 percent in 2005, meeting the goal at least in that year.
c. *Health sector reform*: Reforms helped control Health Insurance Fund (HIF) expenditures on prescription drugs, but drug spending by hospitals is increasing. HIF deficits were still in excess of 2 million Euros in 2003 and 2005, although HIF had a small surplus in 2004.
d. *Treasury management reforms:* As supported by SAC2, a law was adopted on consolidated reporting and control for social security contributions, personal income tax and surtax.

SAC 2 and the FY05 Country Economic Memorandum were important in assisting implementation of many of these reforms. The FY04 Health Project assisted in implementation of health sector reforms, and the pension reforms were assisted by the FY04 Pension System Administration Project.

Objective B: Creating a larger, more dynamic private sector. Substantial Achievement. GDP growth appears to be increasing from about 2 percent to 6.5 percent during the last five years. With a shrinking public sector, it appears as though private sector activity increased. While private sector growth seems satisfactory, it is not possible to confirm the impact of reforms on the business environment for the private sector with the usual range of indicators, since Montenegro is a new country for which many indicators of the private sector environment available for other countries are not available. Nevertheless, specific reforms supported by the Bank's program point to an improved private sector environment, including:

a. *Privatization* – The government's shares in the Podgoricka Banka were sold and the banking sector is now 92 percent privately owned. IFC supported this initiative as noted above. Government shares in Montenegro telecoms and KAP were both sold, thereby fully meeting the CAS objective.
b. *State-Owned Enterprise Restructuring*: EPGC is being restructured with transmission, generation, distribution and supply components functionally unbundled in 2005. Collections as a share of billings improved from 84 percent in 1997 to 90 percent in 2005. A financial management system has been implemented supported by the FY03 Emergency Stabilization of Electricity Supply Project.
c. *Subsidies:* The overall CAS objective for SaM as a unit was a reduction in subsides and net lending as a share of GDP by 1.1-1.4 percentage points, so the objective was not specified for Montenegro alone. However, subsidies and net lending for Montenegro are only about 0.9 percent of GDP. However, the issue for Montenegro is that subsidies are not transparent.
d. *Improved access to finance.* With the increased privatization of the banking sector, credit growth increased by 130 percent in 2006, although this was from a low base and credit is still equivalent to only 40 percent of GDP. It is also fully funded from deposits. However, there is no indication in the CASCR of any impact of this on the small-and medium-sized enterprise (SME) sector sub-objective under this pillar of the assistance program. The SAC 2 condition to establish a Financial Intelligence Unit (FIU) was met, and the FIU is operating and has applied for membership in the Egmont group.
e. *Trade and Customs*: According to the CASCR, customs revenue doubled (from US$0.3 million to US$0.6 million). While it is unclear (because of a lack of data) how much of this might be due to an increase in imports, it would appear that a substantial part of this increase would have been related to more efficient and honest application of customs duties. This observation is supported by a customs survey which indicated significant progress in efficiency and professionalism between 2002 and 2006. However, export and import costs are still a concern, though information is not available to fully disentangle public sector costs from private sector costs. Import clearance time at a pilot terminal decreased from 252 minutes at end-2005 to 100 minutes at the end of 2006.
f. *Sustainable development*: While not a specific CAS objective, there was an increase in the use of commercially sustainable and more ecological solid waste collection and disposal facilities, supported by the Environmentally Sensitive Tourist Areas Project. From a baseline of 0 percent at the start of the CAS period, now 36 percent of solid waste is being collected and properly disposed of in the Lovanja landfill which collects 90 percent of the sold waste produced in three of the largest coastal municipalities of Montenegro. Two (out of four) wild dumps have been closed.

Objective C: Reducing poverty levels, and improving social protection and access to public services.— Modest Achievement. The latest data available on poverty levels is from the Living Standard Measurement Surveys (LSMS) for 2002-2004, which suggest that about 9 to 12 percent of Montenegrins live in poverty. No data is available to assess whether any changes in poverty levels occurred during CAS implementation. However, the FY2005 CEM notes that poverty is related to structural unemployment, and little appears to have changed in this regard. Health outcomes are reported in the FY07 CAS to be comparable to other middle income countries with the likelihood that health sector MDGs (for example, maternal mortality and child mortality) will be met. Sectoral aspects of this objective include:

a. *Strengthened capacity in education* to make continuous improvements, especially in the quality of teaching and learning. In 2006, 70 percent of trained teachers were observed using the skills and knowledge acquired through training under the FY2005 Education Project. However, no indicators are available to evaluate whether this has had an impact on the quality of education.
b. *Financial and budget reforms in education.* Education sector payment arrears were eliminated ahead of schedule. Concerning a second CAS objective, there is no data as to whether non-salary current expenditure as a percentage of total government spending for primary and secondary education increased from the baseline of 15 percent.
c. *Improved health care service delivery.* Waiting times have been reduced generally by half from a baseline of one hour for basic health services, while the duration of the average PHC consultation increased to 15 minutes as prescribed by the PHC HR norms and standards benefits package. A second objective was an increase in the percentage of patients registered with chosen PHC. The CASCR reports that at the pilot site of Podgorica, 72 percent of the total population has accepted the reform and registered with chosen doctors, but does not specify the increase during the CAS period.

Achievement of CAS Objectives

Objectives	CASCR Rating	IEG Rating	Explanation / Comments
Objective A: Creating a smaller, more sustainable, more efficient public sector.	Satisfactory.	Satisfactory	The public sector now accounts for a smaller proportion of GDP. A new Law on Civil Service brings Montenegro closer to European standards and defines the boundaries between political appointees and civil servants. The education and health sectors are on a sounder financial footing.
Objective B -Creating a larger, more dynamic private sector	Satisfactory.	Satisfactory	Privatization, especially of the aluminum company, Podgoricka Banka, and telecoms is a major achievement.
Objective C - Reducing poverty levels, and improving social protection and access to public services.	Moderately Satisfactory.	Moderately Satisfactory	Reforms have been introduced which appear to be improving service delivery in the health sector. While the Education project appears to be improving the quality of teaching, the CASCR offers no outcome data concerning educational achievement.

Comments on Bank Performance:

The Bank's strategy and interventions were relevant and realistic, especially considering the issues raised by creating an assistance strategy for Montenegro in the context of its membership in SaM for much of the CAS period, and the need to accommodate a program within the constraints of a small-country program. The three prongs of the strategy addressed major constraints to development. The lending program was largely implemented as planned. While the proposed FY07 development policy loan was dropped, this was on account of reasonable country financial considerations. The proposed AAA program also addressed key constraints, and was appropriately expanded to cover the financial sector and governance. Bank/IFC programs were well coordinated.

As noted in paragraph 11, the components of the lending and AAA programs were consistent and mutually reinforcing, especially concerning SAC2 and related AAA.

The lack of counterpart capacity requires large supervision inputs to maintain reasonable project implementation schedules. Implementation has sometimes lagged (for example, SAC2 required two extensions of its closing date), and there were delays in implementing the FY2004 Pension System Administration Project and the FY2004 Health Improvement System Project. However, in such cases, more hands-on project management by the Bank and adequate supervision resources had an important impact.

Donor coordination has been key since Montenegro receives large amounts of donor support. Coordination with the EU and its agencies has been important, for example, in the energy sector. Coordination has also been important with bilateral donors, such as with USAID in public sector reform. The Bank worked closely with the German Government, EBRD, and EIB in developing the tourism project.

There are no apparent safeguard or fiduciary issues.

4. Overall IEG Assessment

Outcome:	*Satisfactory*
Bank Performance:	*Satisfactory*

While all three objectives of the CAS were important, the first two objectives, afforded greater opportunity for advancement, while a lack of data may have precluded a more robust program to pursue the third objective. Therefore, this assessment gives slightly more weight to the first two objectives than to the third. Bank performance is assessed as satisfactory based on the coherence of the program, and the achievement of clear objectives at least for the first two pillars of the CAS. An added positive factor regarding Bank performance is the fact that this occurred during a transition period for the country which added to the challenges of formulating and managing the Bank's assistance program. Throughout the CAS period, the Government faced capacity constraints but improved its performance with a resulting improvement in project implementation.

5. Assessment of CAS Completion Report

The CASCR is consistent with the CAS in its coverage of objectives and implementation of the program. Given that the CAS was formulated for SaM, the CASCR does a good job of distilling its Montenegro-specific components and presenting a coherent picture of objectives, strategy, and lending and AAA. This said, information for several performance indicators is not presented (such as financial sector services, especially loan availability, for SMEs, or increases in export financing). The presentation of the material for Objective 3 is relatively weaker than that for the first two objectives, in terms of both the original performance indicators presented in the CAS as well as results.

Implementation is discussed in some detail and weaknesses are frankly noted, as well as corrective measures pursued in the course of implementation.

While the CASCR does not look into attribution of outcomes in depth, it presents adequate information on which to base an assessment.

IEG is in agreement with lessons of CASCR as far as they go. However, an additional focus on poverty reduction would be an important component of future Bank assistance, including better information about who the poor are and how best to address their needs, and this is not specifically mentioned in the lessons presented in the CASCR.

6. Findings and Lessons

The CASCR draws the important lesson that the Bank should increasingly assist Montenegro's integration with the EU and its capacity to utilize funding through the Instrument for Pre-accession Assistance (IPA). In parallel, it also notes that donor coordination needs to be intensified, especially with the EU.

Building on the CASCR's lesson that the Bank should be more realistic about capacity constraints, this Review suggests that the Bank should: (i) evaluate capacity constraints realistically and in depth as part of all project identification and preparation activities; and (ii) include capacity-building support in the assistance program to the extent feasible. It is more efficient to build realistic estimates of these resource envelopes into the CAS, rather than try to patch them into the program during implementation.

Bank resources should be devoted to better understanding poverty, to designing projects and programs with monitorable impacts on poverty (and not just monitorable intermediate performance indicators). Perhaps poverty data series such as those developed for the FY05 PRSP would be useful in this regard, updated as needed.

Finally, while "micro" and other very specific performance indicators are useful, CASs should also include outcome performance indicators which give a broader indication of progress in sectors.

Annex Table 1: Actual vs. Planned Lending

Annex Table 2: Analytical and Advisory Work: actual vs planned

Annex Table 3: IEG Project Ratings

Annex Table 4: Portfolio Status Indicators by Year

Annex Table 5: IBRD / IDA Net Disbursements and Charges

Annex Table 6: Net Aid Flows (net or gross, ODA or ODA+OOD, as relevant)

Annex Table 7: Economic and Social Indicators

Annex Table 8: Millennium Development Goals

Annex Table 1: Montenegro – Base Case Planned and Actual Lending, FY05-07 (US$ million)

Programmed Projects	Planned FY	Approval FY	Planned $	Approved $
Structural Adjustment Credit 2 \1	2005	2005	18.0	18.0
Education	2005	2005	5.0	5.0
Energy Community of South East Europe APL #3 \2	2006	2006	9.0	9.0
Sustainable Tourism \3	2006	slipped to 2007	12.0	
Development Policy Credit (DPL3)	2007	dropped	10.0	
Total FY05-07			**54.0**	**32.0 \3**

\1 Approved prior to the CAS but included in the Base Case for the CAS

\2 Two thirds of the IDA financing for the regional energy project was provided through IDA regional funds on top of Montenegro's country allocation. This project was approved in FY06 (with the Union of Serbia and Montenegro as the borrower) prior to the independence referendum, but did not become effective. As a result, it will need to be re-approved in FY07 (with Montenegro as the borrower).

\3 According to the CASCR, the Sustainable Tourism operation will be submitted to the Board in FY07 as an IDA only credit for US$10 million, with additional IBRD financing of $5m to be provided in FY08. This reflects the Montenegrin Government's own borrowing limits during 2007

Source: Serbia and Montenegro CAS 2005 and WB Business Warehouse as of April 16, 2007.

Annex Table 2: Montenegro – Planned Non-Lending Program and Actual Deliveries, FY05-07

Programmed	Planned FY	Delivered FY
Montenegro Economic Memorandum (CEM)	2005	2005
Programmatic Poverty Work \1	2005-2007	2006
Montenegro Private Sector Financial Note	2005	2005
Debt Sustainability \1	2005	2007
Youth in SEE \1	2005	2005 /2
FSAP Montenegro	2005	2007
Programmatic PEIR	2006	2006
Support for the Roma decade of inclusion \1	2006	2006
Montenegro PEIR Update \1	2006	ongoing
Montenegro Social Protection	2006-2007	2006 /2
Poverty Update/Union of Serbia and Montenegro Poverty Assessment Update	2007	2007
Actual (not included in the CAS)	**Planned FY**	**Delivered FY**
ROSC ACCT & AUDIT - YF		2007
CFAA - CPAR UPDATE		2008

\1 Planned in CAS for the Union of Serbia and Montenegro
\2 According to the CASCR

Source: Serbia and Montenegro CAS 2005, WB Business Warehouse, IRIS, and Integrated Controller's Systems, as of April 13th, 2007.

Annex Table 3a: Montenegro - Project Ratings, Exit FY05-07

Exit FY	Project name	Net Commitments	IEG Outcome	IEG Sustainability	IEG ID Impact
2005	Montenegro Environmental Infrastructure	2.0	MODERATELY SATISFACTORY	LIKELY	SUBSTANTIAL

Annex Table 3b: Montenegro - Portfolio Ratings, Exit FY05-07

	Total Evaluated ($M)	Total Evaluated (No)	Outcome % Sat ($)	Outcome % Sat (No)	Inst Dev Impact % Subst ($)	Inst Dev Impact % Subst (No)	Sustainability % Likely ($)	Sustainability % Likely (No)
Montenegro	2.0	1	100.0	100.0	100.0	100.0	100.0	100.0
ECA	3995.5	97	90.7	85.4	76.4	64.6	94.8	91.2
Bank wide	**26273.9**	**419**	**87.8**	**81.3**	**63.1**	**56.3**	**90.1**	**83.9**

Source: WB Business Warehouse tables 4a.5 and 4a.6 as of April 16, 2007.

Annex Table 4: Montenegro Portfolio Status Indicators, FY05-07

Country/Fiscal year	2005	2006	2007
Montenegro			
# Proj	**7**	**7**	**6**
Net Comm Amt (US$ Million)	**42.6**	**51.6**	**39.2**
# Proj At Risk	**0**	**2**	**2**
% At Risk	**0.0**	**28.6**	**33.3**
Comm At Risk (US$ Million)	**0.0**	**35.0**	**12.0**
% Commit at Risk	**0**	**67.8**	**30.6**
Albania			
# Proj	14	16	18
Net Comm Amt (US$ Million)	224.4	250.8	291.7
# Proj At Risk	0	2	0
% At Risk	0.0	12.5	0.0
Comm At Risk (US$ Million)	0.0	18.5	0.0
% Commit at Risk	0.0	7.4	0.0
Bosnia Herzegovina			
# Proj	16	16	14
Net Comm Amt (US$ Million)	349.5	336.5	287.7
# Proj At Risk	4	4	1
% At Risk	25.0	25.0	7.1
Comm At Risk (US$ Million)	118.5	70.8	10.0
% Commit at Risk	33.9	21.0	3.5
Bulgaria			
# Proj	8	5	7
Net Comm Amt (US$ Million)	377.1	205.9	428.0
# Proj At Risk	1	0	0
% At Risk	12.5	0.0	0.0
Comm At Risk (US$ Million)	30.0	0.0	0.0
% Commit at Risk	8.0	0.0	0.0
Croatia			
# Proj	11	13	13
Net Comm Amt (US$ Million)	425.3	574.0	644.3
# Proj At Risk	0	1	0
% At Risk	0.0	7.7	0.0
Comm At Risk (US$ Million)	0.0	45.7	0.0
% Commit at Risk	0.0	8.0	0.0
Macedonia			
# Proj	10	10	9
Net Comm Amt (US$ Million)	84.4	121.9	136.9
# Proj At Risk	0	0	1
% At Risk	0.0	0.0	11.1
Comm At Risk (US$ Million)	0.0	0.0	19.4
% Commit at Risk	0.0	0.0	14.2
ECA			
# Proj	276	294	283
Net Comm Amt (US$ Million)	15675.5	16295.5	14857.6
# Proj At Risk	24	28	26
% At Risk	8.7	9.5	9.2
Comm At Risk (US$ Million)	1413.0	1177.8	1444.6
% Commit at Risk	9.0	7.2	9.7
Bank wide			
# Proj	1332	1345	1318
Net Comm Amt (US$ Million)	93211.7	92888.8	92098.2
# Proj At Risk	224	188	215
% At Risk	16.8	14.0	16.3
Comm At Risk (US$ Million)	12552.7	10849.8	13955.8
% Commit at Risk	13.5	11.7	15.2

Source: WB Business Warehouse Table 3a.4 as of April 13, 2007.

Annex Table 5: Montenegro - IBRD/IDA Net Commitments and Disbursements, FY05-07 (million US$)

FY	Net Commitment Amt.	Disb. Amt.
2005	NA	14.6
2006	NA	0.6
2007	39.2	1.2
Total	**39.2**	**16.4**

Sources: BW, Controller's, and Operations Portal as of April 16, 2007.
Note: Data does not reflect loans to Serbia and Montenegro.

Annex Table 6: Total Net Disbursements of Official Development Assistance and Official Aid to Montenegro 2005-07, (US $ Million)

Donor	Calendar years			
	2003	2004	2005	Total
Australia				
Austria				
Belgium				
Canada				
Czech Republic				
Denmark				
Finland				
France				
Germany				
Iceland				
Ireland				
Italy				
Japan			NA	
Korea				
Luxembourg				
Netherlands				
New Zealand				
Norway				
Portugal				
Slovak Republic				
Spain				
Sweden				
Switzerland				
United Kingdom				
United States				
All bilateral donors				
AfDF (African Dev.Fund)				
Arab Agencies				
Arab Countries				
EC				
GEF				
Global Fund (GFATM)				
IDA				
IFAD			NA	
SAF+ESAF+PRGF(IMF)				
UNDP				
UNFPA				
UNHCR				
UNICEF				
UNTA				
Nordic Dev. Fund				
WFP				
DAC Countries, Total				
DAC EU Members, Total				
Non-DAC Bilateral Donors, Total				
G7, Total				
Multilateral, Total				
All Donors, Total				

Source: OECD DAC Online database, Table 2a. Destination of Official Development Assistance and Official Aid Disbursements as of April 10, 2007

Annex Table 7: Montenegro - Economic and Social Indicators, 2000 - 2005

Series Name	Montenegro				
	2001	2002	2003	2004 (Est)	2005 (Est)
Fiscal Accounts (% of GDP)\1					
Total Revenue, before grants (% of GDP)	38.0	35.1	34.8	36.5	36.3
Total Expenditure (incl. adj. to cash, % of GDP)	38.6	35.5	34.0	34.0	32.4
Overall Budget Balance, before grants (% of GDP)	-4.7	-3.8	-4.9	-3.6	-2.7
Overall Budget Balance, after grants (% of GDP)	-1.6	-1.8	-4.0	-3.1	-2.4

\1 Other data normally found in this table is not currently available

Source: IMF Serbia and Montenegro: 2006, 2005, and 2002 Article IV Consultations - Staff Reports, October 2006, July 2005, May 2002

Annex Table 8: Montenegro Millennium Development Goals

	1990	1995	2000	2005
Goal 1: Eradicate extreme poverty and hunger				
Income share held by lowest 20%	..	..	..	..
Malnutrition prevalence, weight for age (% of children under 5)[1]	..	0	1	1
Poverty gap at $1 a day (PPP) (%)	..	..	..	..
Poverty headcount ratio at $1 a day (PPP) (% of population)	..	..	..	..
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
Prevalence of undernourishment (% of population)				
Goal 2: Achieve universal primary education			**2000/01**	**2005/06**
Literacy rate, youth total (% of people ages 15-24)[2]	..	..	..	93
Persistence to grade 5, total (% of cohort)	..	..	..	..
Primary completion rate, total (% of relevant age group)	..	..	..	96
School enrollment, primary (% net)	..	..	97	97
Goal 3: Promote gender equality and empower women			**2000/01**	**2005/06**
Proportion of seats held by women in national parliament (%)	..	7	8	13
Ratio of girls to boys in primary and secondary education (%)	..	..	94 (104)	93 (100)
Ratio of young literate females to males (% ages 15-24)	..	..	..	..
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	..	..	..	20
Goal 4: Reduce child mortality				
Immunization, measles (% of children ages 12-23 months)[3]	..	..	92	90
Mortality rate, infant (per 1,000 live births)	17	12	11	10
Mortality rate, under-5 (per 1,000)	44	27	21	14
Goal 5: Improve maternal health				
Births attended by skilled health staff (% of total)	98	99	99	100
Maternal mortality ratio (modeled estimate, per 100,000 live births)	21	no cases	no cases	no cases
Goal 6: Combat HIV/AIDS, malaria, and other diseases				
Children orphaned by HIV/AIDS	..	..	..	..
Contraceptive prevalence (% of women ages 15-49)[2]	..	..	53	39
Incidence of tuberculosis (per 100,000 people)[3]	..	..	17	10
Prevalence of HIV, female (% ages 15-24)	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)[3]	..	..	..	0
Tuberculosis cases detected under DOTS (%)	..	..	..	..
Goal 7: Ensure environmental sustainability				
CO2 emissions (metric tons per capita)	..	..	..	..
Forest area (% of land area)	..	..	..	..
GDP per unit of energy use (constant 2000 PPP $ per kg of oil equivalent)	..	..	..	..
Improved sanitation facilities (% of population with access)[2]	..	82	98	99
Improved water source (% of population with access)[2]	..	86	96	98
Nationally protected areas (% of total land area)	7	7	7	7
Goal 8: Develop a global partnership for development				
Aid per capita (current US$)	..	..	..	..
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	..	..	..	..
Fixed line and mobile phone subscribers (per 1,000 people)	..	..	290	285 (872)
Internet users (per 1,000 people)	..	..	..	99
Personal computers (per 1,000 people)	..	..	..	..
Total debt service (% of exports of goods, services and income)	..	..	..	..
Unemployment, youth female (% of female labor force ages 15-24)	..	..	..	..
Unemployment, youth male (% of male labor force ages 15-24)	..	..	..	..
Unemployment, youth total (% of total labor force ages 15-24)	..	..	..	58
Other				
Fertility rate, total (births per woman)	..	..	..	..
GNI per capita, Atlas method (current US$)	..	..	..	..
GNI, Atlas method (current US$) (billions)	..	..	..	..
Gross capital formation (% of GDP)	..	..	..	..
Life expectancy at birth, total (years)	..	..	..	..
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..
Population, total (millions)	..	..	..	..
Trade (% of GDP)	..	..	..	..

Note: Estimate closest to date shown (+/- 2 years)
Source: Montenegro Statistics Agency (MONSTAT), unless otherwise specified
1/ UNICEF -MICS I (1996), MICS II (2000) and MICS III - Preliminary Report (2005) Number of children under age five that fall below minus 3 standard deviations from the median height for age of the NCHS/WHO standard (severe)
2/ UNICEF -MICS I (1996), MICS II (2000) and MICS III - Preliminary Report (2005)
3/ Institute for Public Health - Yearbook 2005