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IMPLEMENTATION COMPLETION REPORT
(IDA-37050)

ON A

CREDIT

IN THE AMOUNT OF SDR 11.9 MILLION (US$ 15 MILLION EQUIVALENT)

TO

SERBIA AND MONTENEGRO

FOR A

STRUCTURAL ADJUSTMENT CREDIT (REPUBLIC OF MONTENEGRO)

August 5, 2004

CURRENCY EQUIVALENTS

(Exchange Rate Effective)

Currency Unit	=	Euro for Montenegro
Euro 0.82	=	US$ 1
US$ 1	=	Euro 0.82

FISCAL YEAR
January 1 to December 31

ABBREVIATIONS AND ACRONYMS

DFID	Department for International Development, U.K.
EPCG	Electric Power Industry of Montenegro
EU	European Union
FDI	Foreign Direct Investment
FIAS	Foreign Investment Advisory Service
GOM	Government of Montenegro
GDP	Gross Domestic Product
IAS	International Accounting Standards
IDA	International Development Association
IMF	International Monetary Fund
MTEF	Medium Term Expenditure Framework
PRGF	Poverty Reduction and Growth Facility
SAC	Structural Adjustment Credit
TAL	Technical Assistance Loan
SME	Small and Medium Enterprises
SOE	State-Owned Enterprise
TSS	Transitional Support Strategy
TSSU	Transitional Support Strategy Update
USAID	United States Agency for International Development
WTO	World Trade Organization

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SERBIA AND MONTENEGRO
SAC I (Montenegro)

CONTENTS

Project ID: P076764	*Project Name:* SAC I (Montenegro)
Team Leader: Bruce J. Courtney	*TL Unit:* ECSPE
ICR Type: Core ICR	*Report Date: August 5, 2004*

1. Project Data

Name:	SAC I (Montenegro)	*L/C/TF Number:*	IDA-37050
Country/Department:	SERBIA AND MONTENEGRO	*Region:*	Europe and Central Asia Region

Sector/subsector: Central government administration (35%); Power (20%); Compulsory pension and unemployment insurance (20%); General industry and trade sector (15%); Law and justice (10%)

Theme: Debt management and fiscal sustainability (P); Public expenditure, financial management and procurement (P); Infrastructure services for private sector development (P); Social risk reduction (S); Legal institutions for a market economy (S)

KEY DATES			*Original*	*Revised/Actual*
PCD:	11/19/2001	*Effective:*	09/30/2002	03/12/2003
Appraisal:	05/01/2002	*MTR:*	11/01/2004	11/01/2004
Approval:	08/08/2002	*Closing:*	09/30/2003	01/31/2004

Borrower/Implementing Agency: FEDERAL REPUBLIC OF YUGOSLAVIA/REPUBLIC OF MONTENEGRO

Other Partners:

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2. Principal Performance Ratings

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HL=Highly Likely, L=Likely, UN=Unlikely, HUN=Highly Unlikely, HU=Highly Unsatisfactory, H=High, SU=Substantial, M=Modest, N=Negligible)

Outcome:	S
Sustainability:	L
Institutional Development Impact:	SU
Bank Performance:	S
Borrower Performance:	S

	QAG (if available)	ICR
Quality at Entry:		S
Project at Risk at Any Time:	No	

3. Assessment of Development Objective and Design, and of Quality at Entry

3.1 Original Objective:

Background. A review of recent political history is required to appreciate the setting for the Montenegro Structural Adjustment Credit (SAC). The Federal Republic of Yugoslavia (FRY) was established on April 27, 1992. FRY consisted of two republics, Serbia and Montenegro. Out of a total population of 10.6 million (including Kosovo), Montenegro accounts for about 616,000, or 6 percent of the total. Montenegro's GNP per capita is about $2,500. About 10 percent of Montenegro's population is estimated to live in absolute poverty.

Following elections in 1997, the Government of Montenegro began to overtly oppose many policies of FRY President Slobodan Milosevic. Montenegro took a neutral stance during the Kosovo conflict in 1999 and, with the support of the international community, began concerted stabilization efforts and launched a structural reform program. In 1999 and 2000 the European Union (EU), USAID and other donors responded by actively supporting Montenegro's reform program. One pillar of this program was the introduction of the Deutsch Mark (DM) as the sole legal tender. Almost all fiscal links were severed with the rest of FRY, leaving Montenegro with nearly full macroeconomic autonomy. Generous foreign grants covered Montenegro's fiscal deficit**.**

However, this high level of donor financing put Montenegro at risk of becoming aid dependent. In 2000, the consolidated republican deficit reached 8.0 percent of Montenegro's Net Material Product. By late-2000, the preclusion of monetary financing of the budget due to the adoption of the DM, a decline in foreign financing and increased wages and social transfers forced a renewed focus on fiscal consolidation. The IMF was the first to support the fiscal reform through an Emergency Post-Conflict Facility for FRY approved in December 2000. This was followed by a Stand-by Arrangement (SBA) for FRY in June 2001 which covered the period through March 2002.

On March 14, 2002, the Republics of Serbia and Montenegro signed an agreement entitled the *Basis for the Settlement of Relations between Serbia and Montenegro* (the Belgrade Agreement) in which the FRY was replaced with a looser union called Serbia and Montenegro (SAM). The Constitutional Charter and the Law on its implementation were enacted nearly one year later by the republican and federal parliaments on February 5, 2003.

The Montenegro Structural Adjustment Credit (SAC) of US$15 million equivalent was approved by the Board on August 8, 2002 to support the Government of Montenegro's (GOM) economic reform program. The SAC was a two tranche operation and became effective on March 12, 2002 with the release of the first tranche. The second tranche was disbursed on January 22, 2004. When the SAC was designed, Montenegro faced the challenges of restoring macroeconomic stability and external balance, stimulating growth and creating the basis for a sustainable supply response and improving the social well-being of the most vulnerable. The Transitional Support Strategy (TSS – Report 22090-YU, June 26, 2001) for FRY proposed a broad program of support for FY02-04 focused heavily on policy reform. Due to the highly devolved nature of FRY and the different starting points and pace of reforms in the two constituent republics, the reform agenda areas described in the TSS are differentiated. The TSS Updates (TSSU) of July 18, 2002 and February 18, 2004 confirmed the approach whereby the policy reform program – and the Bank's planned adjustment lending – is structured to address the specific needs of each republic. This approach envisioned credits provided to SAM and on-lent to the republics, to back primarily republic-level reforms. Such a differentiated approach addresses the different starting points, reform challenges and pace of reforms in the two republics and avoids the risk of delaying disbursements to one republic due to a lagged reform effort in the other.

Objective. The overarching goal of the Republic of Montenegro's SAC was to support the GOM's structural reform program with the main objectives of enhancing medium-term fiscal sustainability and improving the prospects for growth as a basis for sustained poverty reduction. The SAC supported reforms in five areas: public expenditure management, pensions, the energy sector, labor markets, and the business environment. The objectives specific to these areas were to: (i) improve public expenditure management to deliver greater macro-fiscal control and accountability of the public financial management system; (ii) improve the fiscal sustainability of the pension system; (iii) improve the efficiency of the power sector; (iv) enhance the flexibility of the labor market and (v) improve the business environment.

The SAC objectives were fully consistent with the principles in the June 2001 TSS and subsequent TSS Updates. The strategy was based on (i) restoring macroeconomic stability; (ii) private sector growth; (iii) protecting the vulnerable and developing human capital; and (iv) developing institutional capacity. The objectives appropriately reflected the need to reduce macroeconomic imbalances, improve social protection, and improve the business environment, both administratively and through increased labor market flexibility. (See Section 3.5 for additional assessment of the SAC's design).

3.2 Revised Objective:

The objective was not revised.

3.3 Original Components:

The components of the SAC consisted of:

1. Public Expenditure Management
2. Pension Reform
3. Energy Sector
4. Labor Market
5. Business Environment

The rationale and scope of individual components were as shown below. Specific tranche release conditions that comprise each component are found in Table 3.

1. Public Expenditure Management

Following the enactment of the Law on the Budget System (LBS) and the establishment of the Treasury in 2001, the focus of this reform component was to help implement the changes introduced by the LBS. Improved monitoring and management of public expenditures would help limit unplanned expenditures and achieve the development objective of greater macro-fiscal control. Specifically, the SAC supported the three key areas of improved management of public expenditures: (i) budget formulation, through the development of a comprehensive medium-term macro/fiscal framework for budget planning; (ii) budget execution, through the continued implementation of the new Treasury system; and (iii) audit and control, through the establishment of an Internal Audit Department (IAD).

2. Pension Reform

The SAC measures aimed at greater fiscal sustainability of pensions through reforms to the existing pension system and improved implementation. Reforms would include the enactment of a new Pension Insurance Law which would: (i) increase the retirement age; (ii) change indexation of pensions from wages to wages and cost of living; (iii) lengthen the work history included in the pension calculation; and (iv) tighten eligibility conditions for disability pensions. The Government would also avoid pension arrears and would eliminate non-pension benefits from the Pension Fund budget.

3. Energy Sector

The SAC supported program focused on the goal of restoring the electricity utility to financial self sufficiency and introducing the first steps in developing a legal and institutional framework to consolidate the sectors' medium-term financial sustainability and ensure that it would contribute to Montenegro's growth potential. The program focused on electricity price reforms to enable prices to cover operating and debt service costs. The SAC program focused on 2 consecutive years of increases in the winter tariff. To cushion the social impact of this reform, a lifeline tariff on the first 500 kWh for poor consumers would also be introduced. Collections would be improved by disconnecting non-payers. An Energy Law would be submitted to Parliament which would establish an energy regulator and establish the functional unbundling of the electricity sector.

4. Labor Market

The SAC supported the adoption of a new Labor Law designed to increase the flexibility of Montenegro's labor market. The new Labor Law would: (i) limit and differentiate severance pay; (ii) alter special leave entitlements; (iii) introduce alternative mechanisms for dispute resolution; and (iv) reduce the statutory minimum maternity leave. The SAC also supported measures to improve incentives for job search, providing an adequate, flat-rate unemployment benefit and to improve the provision of information on vacancies, counseling and job search assistance.

5. Business Environment

The SAC supported program focused on the legal and institutional foundations for business which would reduce the barriers to entry. Enactment of the Law on Business Organization (Enterprise Law) would mark the first tranche benchmark and the implementation of this law would mark the second tranche benchmark. Administrative barriers would be reduced through the streamlining of procedures for registering new business, converting it from a system of approval to a system of notification. The business registration process would also be handled by a Central Registry rather than the commercial courts. The SAC program also focused on reducing barriers to restructuring and exit. Enactment of a new law on Business Organization Insolvency (Bankruptcy Law) would mark the first tranche benchmark and the implementation of this law. The implementation of the Bankruptcy Law would focus on increasing capacity in dealing with insolvency through training of a core group of commercial judges, bankruptcy administrators, attorneys, and accounts. The SAC also supported the drafting and future implementation of the Law on Secured Transactions. This law would provide the legislative framework for collateral in Montenegro.

These components were consistent with the TSS. In addition, prior to the SAC, there was already a large USAID and, to a lesser extent, EU presence in Montenegro. As a result, many reform areas were already being intensively addressed by other donors either in terms of policy advice or capacity building. The SAC components comprised reform areas where the Bank had extensive experience in other countries and where the activities of other donors could be leveraged.

3.4 Revised Components:
The SAC's components were not revised.

3.5 Quality at Entry:

Quality at entry was very good and is rated satisfactory. (There was no QAG conducted for this operation). The SAC was prepared early in the three year period of the TSS following nearly a decade of disengagement. Coming so early in the re-engagement of country dialogue, the SAC team did not have a deep stock of ESW to draw on. However, the preparation of the SAC did benefit from the analysis done in the TSS itself as well as the first Country Report for FRY after readmission to active World Bank Membership ("Breaking with the Past: The path to Stability and Growth"). The preparation of the SAC also benefited from the very high level of donor activity in Montenegro which preceeded the readmission of FRY to Bank membership. Finally, the SAC benefited from extensive country dialogue and a reform champion in the Minister of Finance. As outlined in the MOP, the SAC was designed to enhance recent stabilization gains by supporting up-front actions to tackle major fiscal imbalances and sectoral reforms to enhance medium-term fiscal sustainability. It was also essential to provide financing to close Montenegro's budgetary gaps and bolster external reserves. There was an active IMF Stand-by arrangement with FRY (later SAM) which included fiscal targets and structural benchmarks for the Republic of Montenegro. The SAC formulation and implementation embodied good coordination with the IMF including mutually reinforcing and complementary conditionality between the structural reforms of the SAC Policy Matrix and the Stand-By Arrangement. The Government was increasingly proactive in implementing the reform program, which resulted in the completion of the second tranche conditions.

The MOP also carefully elaborated number of risks. The constitutional structure of the Federation was in the process of being redefined and the relationships between the constituent republics had not yet been sorted out. The constitutional details following the March 2002 Belgrade Agreement on a looser federation had not yet been agreed upon. The potential inability to reach agreement between the republics could have impeded the reform agenda. Also, implementation capacity in Montenegro could have slowed the pace of reform. Other main risks cited by the MOP were a slowdown in the economy of key trading partners which could threaten exports, foreign direct investment and other capital inflows. The MOP noted the risk of potential conflicts in the governing coalition of Montenegro that could have led to a change of government. Finally, a public expecting rapid improvements in living standards could have eventually tired of the sacrifices which often accompany reforms. The appraisal report for the SAC described most of these risks to the reform program. As elaborated below, many of these risks did materialize in one form or an other. The mitigation strategy in the MOP was limited to maintaining intensive policy dialogue. In the end, this mitigation strategy proved sufficient since all condition were met with just a four month extention of the closing date.

The strengths of the SAC were that it was a well-focused operation with several, high impact measures, e.g., budget consolidation, pension sustainability and increasing the flexibility of the labor market. This strategy had the advantage that reform efforts could be focused on a few key areas where reforms were politically difficult and at a time when the government was working out fundamental constitutional issues. (see Lessons Learned below).

4. Achievement of Objective and Outputs

4.1 Outcome/achievement of objective:

The achievement of development objectives is rated **satisfactory**. The main achievements of the SAC supported program were the development of increasingly fully functioning public sector institutions such as the Ministry of Finance, the achievement of significantly greater fiscal control through improved budgeting and pension reform, and the establishment of legislative foundations for a more flexible labor market and an improved business climate. Many of these measures are part of a long-term capacity building agenda that is supported by IDA lending and considerable technical assistance (TA). This TA has been closely coordinated with other donors. The SAC supported program has also improved the ability of the Government to fight poverty. The reforms which enhanced the transparency of public finances and the pension reform and energy reforms which have advanced prospects for sustained fiscal consolidation leave room for the Government to focus on anti-poverty expenditures. This process was advanced earlier this year when Montenegro published its first Poverty Reduction Strategy Paper (PRSP). The PRSP process has been a collaborative effort between the Government and NGOs. The authorities are also working with the Bank and other donors to develop the data and analytical capacity required to ground future adjustment operations in a deeper understanding of various policies on the living standards of the poor. Montenegro's PRSP still needs to be better aligned with the budget process, but the SAC supported reforms will help this endeavor. Through the implementation of SAC 2 the Bank will continue to assist in strengthening this alignment. The Government also demonstrated its capacity to manage the negative social impacts of reform when it introduced following electrify tariff increases a program covering the first 500 kWh of monthly consumption for those families eligible for the main means-tested social assistance program. Finally, as the recent Poverty Assessment emphasized, the shallowness of poverty in Montenegro suggests that even small economic shocks can have potentially large effects on poverty. A positive shock, such as sustained economic growth, is likely to result in a disproportional decline in poverty, while a negative shock, such as a recession, is likely to result in a disproportional increase in poverty. The SAC supported reforms have bolstered prospects for growth and left the Government with more fiscal space to fight recessions.

The detailed assessment of outcomes first looks at the overall macroeconomic picture and then examines the results to date with respect to each of the major development objectives.

Macroeconomic Stability

TABLE 1: Macroeconomic Indicators 2000-2003
(Montenegro and the Union of Serbia and Montenegro)

Indicators	2000	2001	2002	2003
Real GDP growth for SaM (percent change) /a	5.0	5.5	4.0	3.0
Real GDP growth (percent change) b/	na	1.5	3.6	2.3
CPI, percent (end of period) b/	22.5	24.0	9.4	6.7
Unemployment Rate (%), LFS b/	15.8	19.9	17.9	na
FDI, % of GDP /a	0.3	1.4	3.6	6.7
Gross Domestic Investment, % of GDP /a	14.2	13.6	16.1	15.3
Government Overall Cash Balance, % of GDP /c	na	-4.7	-4.3	-5.2
Public Debt, % of GDP /a	119.1	123.2	84.5	76.6
Total External Debt, % of GDP /a	132.5	103.2	75.6	69.0
CAD, after grants, % of GDP /a	-3.9	-4.6	-8.8	-10.2
Exports of GNFS, % of GDP /a	29.6	23.7	20.7	19.2
Imports of GNFS, % of GDP /a	46.5	44.6	43.7	41.8
Gross Official Reserves (months of imports) /a a) for Serbia and Montenegro b) for Montenegro c) for Montenegro: General Government consolidated data	1.7	2.9	4.3	5.4

Source: World Bank, MOF

Montenegro satisfactorily maintained a stable macroeconomic framework. Data reliability in many areas such as balance of payments, national accounts, and the monetary survey remain inadequate in Montenegro. Fiscal data has improved substantially. Available data, combined with data at the federal level for Serbia and Montenegro indicate that macroeconomic performance has been mixed. While growth has been fairly steady, it has been too slow to meet the expectations of the population. Inflation has fallen substantially to 6.7 percent in 2003 from 24.0 percent in 2001, when SAC-supported measures were initiated. However, unemployment remains fairly high at 17.9 percent (2002). The consolidated budget deficit was cut from about 8 percent of republican GDP in 2000 to about 5.2 percent in 2003 and has remained consistent with targets established in the IMF programs. The renewal of outlays to cover expenditures on Union-level functions placed new pressure on fiscal accounts in 2003. Excluding these outlays, the underlying budget deficit for 2003 fell to about 3 percent of republican GDP. Montenegro's 2004 Budget envisages a consolidated deficit of 4.4 percent of republican GDP, or 1.6 percent of GDP excluding the outlays to cover expenditures at the Union level.

*Objective 1: Improve public expenditure management to deliver greater macro-fiscal control and accountability of the public financial management system***.**

The outcome is **satisfactory**. The measures to consolidate the budget and better track how finances were flowing throughout the budget was an essential first step toward improving fiscal discipline. Building on the passage of the LBS in 2001, the Government continued reforms and consolidated line ministry and other direct spending unit (DSU) budgets under a single treasury account. The transparency of budget processes has improved substantially. Transactions between public enterprises and the Government are now publicly reported and are carried on a cash basis as opposed to the former practice of using offsets. The multi-year indicative fiscal framework now accompanies each annual budget law. The Internal Auditing Department (IAD) was established after a delay which required an extension of the closing date of the SAC by four months. Despite this delay, the IAD is now fully functioning and is benefiting from intensive TA from USAID. In all, a clearer picture of Montenegro's fiscal stance has been gained while the underlying fiscal deficit has declined substantially, despite sluggish growth and is clearly on a path of fiscal consolidation which envisages an elimination of the budget deficit by 2008**.**

Objective 2: Improve the sustainability of the pension system especially through linking of contributions to benefits.

The outcome is **satisfactory**. Under SAC, the pension system was identified as one of the sources of fiscal instability. In response, the Law on Pension Insurance was adopted in September 2003. The law tightened key parameters of the existing PAYGO system. These changes (effective in January 2004) (i) increased the retirement age by five years for men and women (65 and 60 respectively) over a ten-year period; (ii) widened the calculation period from ten best years to full career over a 15 year period; (iii) changed the indexation pattern from wage to a combination of wages and prices; (iv) introduced a point formula and lowered the accrual rates from more than 2 percent to 1 percent per year of service; (v) tightened disability conditions; and (vi) eliminated most social-related benefits from the pension system. These changes should lower the pension deficit to less than 1 percent of GDP by 2005 and eliminate the pension deficit by 2007. The declining path of the pension to GDP ratio will eventually create the fiscal space for the next round of reforms which could eventually involve the introduction of funded pillars. In addition to reform of the PAYGO parameters, the legislation also introduced a number administrative changes in the system, such as the transfer of collection and enforcement functions from the Pension Fund to the Internal Revenue Service (DPR) by 2005 and the transfer of reporting requirements by employers from the Pension Fund to DPR. The Bank is following up on these reforms with a pension project which will provide TA to the DPR to help it undertake its new role.

*Objective 3: Improve the efficiency of the power sector through tariff adjustments and establishment of a regulatory body***.**

The outcome is **satisfactory.** The financial viability of the state electricity company (EPCG) has been improved through tariff adjustments. In fact the tariff increase went beyond what was envisaged in the SAC program. Average residential power tariffs were increased from 2.4 Euro cents/kWh in 2000 to 4.1 Euro cents in 2003 and are now at a level sufficient to cover marginal cost. The SAC supported program did not envisage a unification of seasonal tariffs. However the lower summer tariffs were abolished in early 2003 and the higher winter tariff has prevailed ever since. Similarly, the Government ultimately exceeded the other core second tranche condition in this area by enacting the Law on Energy in mid-2003. This law requires the establishment of the energy regulator by mid-2004 and the functional unbundling of the EPCG by end-2004. The implementation of these measures are currently part of the proposed SAC 2 program. The energy regulator has been established and has begun to issue licenses. The functional unbundling of EPCG is on track for implementation by end-2004. However, the non-core component of the SAC program in the energy sector has not been implemented as successfully as the tariff adjustments and the Energy Law. The program envisaged improving payments discipline through the reduction of barter and offsets and an increase in the ratio of collections to billings. Here progress has been more modest than envisioned in the SAC program. A Bank investment project on metering, billing and collections is following up to build capacity to achieve further loss reduction. Ultimately, participation in the regional energy market is expected to increase the efficiency of the power sector and lead to Montenegro's longer term goal of EU accession. Finally, it should be noted that the SAC did not focus on high voltage customers. By far the largest consumer of electricity in Montenegro is the aluminum company. It accounts for nearly half of total energy consumption in the republic, but it contributes only 30 percent of EPCG revenue. The price paid by this company for electricity has been well below the marginal cost of supply. This low power tariff not only strains the cash flows of EPCG, it also jeopardizes system security in Montenegro. The Bank is following up on this issue in the proposed SAC 2, which envisages a significant increase in the power tariff to the aluminum company.

Objective 4: Enhance the Flexibility of the Labor Market.

The outcome is **satisfactory.** Major progress was achieved in the legal framework to bring about increased flexibility of the labor markets, which will be a key for long-term economic growth. The key measure was the passage of the Labor Law, which was adopted in July 2003 and became effective in January 2004. The provisions of this Labor Law are fully consistent with those laid out in the SAC program. As of now, there are no data to measure possible employment effects, and, in any case, it is not realistic to expect such effects so soon after effectiveness. However, it is clear that the law has reduced rigidities in the labor market by reducing the costs of firing workers (severance pay), special leave entitlements, and the duration of maternity leave.

*Objective 5: Improve the business environment***.**

The outcome is **satisfactory**. The strategy to improve the business environment in Montenegro was similar to that in neighboring countries: (i) reduce the cost of entry by establishing a business registry; (ii) reduce the cost of exit by passing a new Law on Insolvency to facilitate bankruptcies; and (iii) reduce the cost of access to finance through passing a Law on Secured Transactions. Ultimately, effective enforcement of the laws over time will be necessary to ensure the expected outcomes will be achieved. Still, there has been palpable progress in each of these areas. Business registration is no longer conducted through the courts.

It is now a simple administrative matter. Thus registration times have been cut significantly. The Enterprise Law allows for four days, but now registrations are routinely done in one day. Since the adoption of the Enterprise Law in August 2002, nearly 4000 limited liability companies, 70 joint stock companies, and 300 partnerships have been registered. The bankruptcy process is improving though more time will be needed before the exit mechanism is efficiently functioning. USAID is providing technical assistance and training. The number of bankruptcy cases initiated since the Bankruptcy Law was adopted in August 2002 stood at 852 at end-July 2004. While many reorganization plans have been negotiated, few have yet been resolved. Since the establishment of the pledge registry in January 2003, 130 pledges have been registered with an approximate value of Euro 23 million. The process is transparent and all information on registered pledges are publicly available on the internet (www.rzcg.cg.yu). A new Law on Mortgages adopted in July 2004 further streamlines the process for registering liens on immovable property, in line that for movable property in the Law on Secured Transactions.

TABLE 2: SAC Tranche Releases

Tranche	Expected Date	Actual Date	Planned Amount (million of SDR)	Actual Amount (million of SDR)
1	9-30-2002	3-12-2003	5.95	5.95
2	9-30-2003	1-22-2004	5.95	5.95
Total			**11.9**	**11.9**

4.2 Outputs by components:

The outputs for the SAC are considered **satisfactory**. All 10 core first tranche conditions were fully met as were all 9 core second tranche conditions. Table 3 describes these conditions and the results to date.

TABLE 3: Overview of SAC Core Components, Issues, Actions and Major Outcomes

Component Issue/Objective	Board Conditions	Second Tranche Conditions	Outcomes/ Results
1. PUBLIC EXPENDITURE MANAGEMENT (SATISFACTORY)			
Improve public expenditure management to deliver greater macro-fiscal control and accountability of the public financial management system.	Two pilot direct spending units (DSUs) and the payroll of all DSUs have been successfully transferred to the Treasury.	The Ministry of Finance (MOF) has developed a comprehensive medium-term macro/fiscal framework including major policy commitments, and used this framework in the process of formulating the 2003 budget.	Budget for line ministries and other DSUs has been consolidated into one treasury account. This allows more accurate and transparent budgeting. A multi-year budget framework (MTEF) is in place.
	All budget users financed from the republican budget are using a standard	The Government of Montenegro has designed and implemented a	The Treasury system is fully functioning.

	budget classification as provided by the new Law on the Budget System (LBS).	satisfactory Treasury system and has transferred accounts of Government of the Republic of Montenegro budget-financed ministries and agencies into a single treasury account. The MOF has established and staffed the Internal Audit Department (IAD), outlined its functions, and adopted its procedures and the annual audit plan for 2003.	 The IAD was established and staffed in December 2003. USAID is following up with TA in this area, including a resident advisor. The IAD is now fully functioning.
2. PENSION REFORM (SATISFACTORY)			
Increase sustainability of pensions by linking benefits more closely to contributions.	The Government has accepted and submitted for public discussion a draft law on pension and disability insurance, satisfactory to the Bank.	The Republic of Montenegro has enacted a law on pension and disability insurance, satisfactory to the Bank.	The Pension Law was adopted in September 2003 and became effective in January 2004. The actuarial soundness of the pension system has been significantly improved.
3. ENERGY SECTOR (SATISFACTORY)			
Improve the efficiency of the electricity sector.	The Government has established an average 2001/2002 winter tariff for electricity (excluding KAP) of 37 EUR/MWh (representing a 50 percent increase from the winter of 2000/2001) and cancelled the traditional reversion to lower summer tariffs for 2002.	The Government has submitted to the Parliament of the Republic of Montenegro a bill on a law on energy, satisfactory to the Bank. The Government of Montenegro has established and maintained a satisfactory to the Bank	The Law on Energy was enacted in June 2003. An electricity regulatory authority has been established and licenses have begun to be issued. The next major task is the restructuring of the EPCG, which is underway. The 2002/2003 winter tariff were increased and the summer tariff was eliminated.

	EPCG has announced a program including specific performance benchmarks for disconnecting non-payers, with demonstrated early progress in implementation.	average level of electricity tariffs during 2002/2003 winter.	A Bank investment project on metering, billing and collections is following up to build capacity to achieve further loss reduction.
4. LABOR MARKET (SATISFACTORY)			
Increase labor market flexibility by making it less expensive to fire workers	The Government has submitted a draft law on labor, satisfactory to the Bank, to the Montenegrin Parliament.	The Republic of Montenegro has enacted a law on labor, which includes provisions on severance pay, maternity leave and special leave entitlements, and which is satisfactory to the Bank.	The Labor Law was enacted in July 2003. Severance pay and maternity leave were reduced to lower the costs of hiring and firing employees.
	The Montenegrin Parliament has adopted an Employment Law, satisfactory to the Bank.		The Employment Law was adopted.
5. BUSINESS ENVIRONMENT (SATISFACTORY)			
Lower the costs of doing business by reducing entry and exit costs and improving access to finance.	The Montenegrin Parliament has adopted a Law on Business Organizations (Enterprise Law) satisfactory to the Bank.	The Government of Montenegro has adopted and begun to implement registration procedures for new enterprises, developed in accordance with the Law on Business Organizations.	The Enterprise Law was adopted. The new business registration procedures are in place. Business registration has been significantly expedited.
	The Montenegrin Parliament has adopted a Law on Business Organization Insolvency (Bankruptcy Law), satisfactory to the Bank.		The Bankruptcy Law was adopted.
	The Government has submitted a draft Law on Secured Transactions, satisfactory to the Bank, to the Montenegrin Parliament.	The Republic of Montenegro Pledge Registry has been established and staffed.	The Law on Secured transactions was adopted. The Pledge Registry was established in January 2003 and is fully functioning.

4.3 Net Present Value/Economic rate of return:
Not applicable.

4.4 Financial rate of return:
Not applicable.

4.5 Institutional development impact:
The overall IDI was **substantial**. At the beginning of the operation most institutions in Montenegro had not been sufficiently developed to assume the responsibility required for the sudden and extensive devolution of policy making to the republican level. For example, the Ministry of Finance at the beginning of the country dialogue had only about a dozen staff and was operating more like a regional branch of a finance ministry rather than a national institution charged with conducting independent fiscal policy for the republic. That situation has improved substantially in the relatively brief SAC implementation period. The MOF and the Treasury were consolidated, budgeting became more rational and transparent and reporting more consistent. Fiscal policy is conducted exclusively at the republican level. There was also significant institution building in the areas of internal audit, business environment (with a much stronger legal framework, which is lowers the costs of business entry and operation) and energy sector regulation. Bilateral donors have been providing intensive TA in each of these areas and also in other areas of the civil service.

Beyond SAC 1, the Bank continues to be engaged with the Govenment on institutional development issues in the public administration component of the proposed SAC 2. The Bank is working in close coordination with other donors. Much of this reform began during the SAC 1 implementation period. In 2003 the Government launched the process of comprehensive reform of public administration. The Government has designed, with donor assistance, an ambitious legislative and institutional reform agenda. The Law on State Administration and the Law on Inspection Scrutiny were enacted in the summer of 2003. The Law on State Administration foresees the reform of the structures of ministries, with policy-making functions to be separated from service delivery and regulatory functions by end-2004. The Law on Inspection Scrutiny sets out modern principles and procedures of inspection oversight of public administration and private companies and citizens. Furthermore, the Law on General Administrative Procedure and the Law on Administrative Dispute (Judicial Review) were adopted in October 2003. Finally, in March 2004, the Law on Civil Service and the Law on Salaries were enacted to depoliticize top level posts and establish a merit-based civil service system. A Civil Service Agency (CSA) will be established and staffed by Autumn 2004 and will be charged with implementing the horizontal human resource management system by end-2004.

5. Major Factors Affecting Implementation and Outcome

5.1 Factors outside the control of government or implementing agency:
As Montenegro emerged as a semi-autonomous republic, its institutional capacity was very low. During the decade of armed conflict and sanctions, many educated citizens of FRY left the country. In Montenegro the exodus of skilled labor was reinforced by the large number of citizens who attended university in Serbia and remained outside of Montenegro following graduation. With a population of about 620,000, such an exodus of educated citizens has posed a significant challenge to the Government as it attempts to establish an efficient civil service. During the time of SAC preparation, the main counterpart agency, the MOF, had only about a dozen staff. Such an insufficient staff-level made it especially challenging to implement a significant reform program that included major economic restructuring and basic institutional development.

Another factor was the simultaneous pursuit of a reform program and the working out of fundamental constitutional issues. This factor increased the challenge of implementation, but did not undermine the success of the reform program.

A postive factor was the widely-shared goal of eventual EU accession, which provided a major impetus to the reform program. This factor helps sustain reform motivation over the long-term. Candidacy for EU membership is still years away, but the Government is committed to continuing to prepare Montenegro for accession in the medium-term.

Another positive factor was the strong coordination of the Bank, the Fund, and other donors. Such donor coordination has helped to focus the Government set priorities and sustain a fairly rapid pace of reform.

5.2 Factors generally subject to government control:
No specific factors.

5.3 Factors generally subject to implementing agency control:
No specific factors.

5.4 Costs and financing:
The total original loan amount was SDR 11.9 million (US$15 million equivalent). The loan was fully disbursed by the extended closing date of January 31, 2004. The loan was made on modified IDA terms, including a maturity of 20 years, a 10-year grace period and no acceleration clause. The Borrower was the Federal Republic of Yugoslavia (later Serbia and Montenegro), though the ultimate recipient of the resources was the Republic of Montenegro.

The financial arrangement for disbursements of this operation were complicated by the fact that the proceeds would be on-lent from FRY to the Republic of Montenegro. Special arrangements were made to ensure that all negative list requirements were met given that the loan was denominated in Euro which is also the only legal tender in Montenegro. Despite the complexities of these flow of funds arrangements, audits of both disbursements found that all activities were conducted in accordance with the loan documents. The Bank is currently in the process of conducting a Fiduciary Assessment of the Central Bank of Montenegro (CBM). During SAC 2 negotiations it was agreed that the CBM would replace the National Bank of Serbia as the Depository bank when the Bank is satisfied that appropriate arrangements are in place.

6. Sustainability

6.1 Rationale for sustainability rating:
The sustainability of the SAC-supported reform program is rated **likely**. The Government completed all core conditions and in some cases exceeded the expectations set out in the SAC. Although the IAD component required additional time, it was ultimately completed and the IAD is now effectively conducting audits. The SAC-supported reforms have achieved important institutional and legislative gains that will be difficult to reverse in most cases. During the SAC implementation period there have been a few instances in which policies supported by the SAC appeared to be at risk, however, following discussions the Government ultimately pursued policy choices consistent with the reforms. Institutional growth has been substantial as Montenegro has continued to develop its economic institutions. One concern is related to public expenditure management. In early 2004, the Government proposed a large tax and contribution rate cut, not envisaged in the 2004 Budget. These cuts were to become effective abruptly in 2 stages during the same year without being integrated into a supplementary budget. In the end, the tax and contribution rate

cuts were reduced to a more affordable level and a supplementary budget was adopted simultaneously. Still, the impulsiveness of policy-making indicates that time will be needed for the Government to fully internalize sound principles of public expenditure management. Another area of concern arose out of the multi-tiered collective bargaining agreements signed at the end of 2003, which, while not undermining the specific reforms supported by the SAC, have not furthered the flexibility of the labor market. The next steps of reform are being supported by the planned SAC 2 in three main areas of the SAC-supported program, which are the macroeconomic framework, energy sector, and pension reform.

6.2 Transition arrangement to regular operations:

The long-term goals of completing the transition to a fully functioning market economy and eventually achieving EU membership are the driving forces behind the sustainability of the reform program. As Montenegro is following the transition to a market economy several years after other countries in the region, there is a useful history of good practices that will help make Montenegro's reform path smoother than if it were navigating without relevant reference points. The proposed SAC 2 will continue supporting Montenegro's reform program.

7. Bank and Borrower Performance

Bank

7.1 Lending:

The Bank's performance was **satisfactory**. The SAC was the first Bank operation in Montenegro after a hiatus of more than a decade. The SAC benefited from some ESW (including the CFAA and the Economic Recovery and Transition Program-ERTP). In addition, a number of donors had re-engaged in Montenegro several years ahead of the Bank As a result there was a large presence of USAID and to a lesser extent EU in Montenegro, giving policy advice and TA across a wide range of sectors. While leaving other areas such as privatization to donors who were already playing a role, the Bank focused on areas where its advice would complement the work of other donors and took the lead in other areas such as pension reform. Since Montenegro began its transition to a market economy nearly a decade after other countries in the region, the Bank did have the benefit of exhaustive experiences in the nature and sequencing of reforms to support such a transition. The Bank also coordinated closely with the IMF. The mutually supportive policy documents (Letter of Intent and the Policy Matrix) and the combined policy resources of both institutions were critical to gaining Government commitment and ultimately to a successful reform operation.

7.2 Supervision:

The Bank's performance was **satisfactory**. Bank supervision was essential to the success of the program. In establishing the closing date for the project, Bank staff believed that it was allowing ample time for the fulfillment of tranche conditions. However, in the end, the Bank underestimated the time for implementation given the fundamental political changes Montenegro was undergoing. The limited human capital resources of the Government of Montenegro were distracted for nearly a year between the signing of the Belgrade Agreement in early 2002 and the adoption of the new Constitutional Charter in early 2003 in the protracted negotiations between the two member republics in this process of drafting and agreeing to this new constitutional arrangement. Also elections in Montenegro in the Fall of 2002 contributed to the delay in effectiveness. As cited in the risk section of the MOP, intensive policy dialogue was required to ensure effective implementation of a number of reforms. The Bank fielded regular supervision missions and called on the Belgrade office to maintain the policy dialogue under these challenging circumstances. Ultimately, all core second tranche conditions were met with only a four month extension of the closing date.

7.3 Overall Bank performance:

The Bank performance at all stages and overall is rated **satisfactory**.

Borrower

7.4 Preparation:

The Government's performance was **satisfactory**. The Government was committed to the SAC supported reforms, though it required intensive follow-up from the Bank especially in view of the political and constitutional challenges elaborated above. The Minister of Finance as well as the Minister of the Economy acted as reform champions. Both were willing to keep up the pace of reforms despite the low level of implementation capacity which existed at the outset of the reforms. The institutional development during the implementation period was substantial from this low base (see Institutional Development Impact). The Government agreed to a focused, but ambitious program that would improve the prospects for medium-term growth and make a serious attempt to curb high unemployment and consolidate government finances.

7.5 Government implementation performance:

The Government's performance was **satisfactory**. The Government made conscientious efforts to meet SAC conditions. In some cases, such as the enactment of the Energy Law and the elimination of the summer tariff, the Government exceeded the conditions set out in the SAC program. However, there were delays, as discussed, following the Fall 2002 parliamentary elections in Montenegro and in the midst of negotiations on the new constitutional arrangements. Also, during this time, the Government was faced with implementing politically divisive reforms, such as energy price adjustments, labor and pension reforms.

7.6 Implementing Agency:

The Government's performance was **satisfactory**. The main counterpart was the Minister of Finance, though several other ministries oversaw reforms in each of the sectors covered by the SAC. Implementing capacity was very low in all these ministries at the beginning of the SAC supported program. Consultants funded by other donors were the driving force behind the drafting of much of the legal framework for the business environment and pension reform. Because there was a general and strong Government commitment, however, and because the institutional capacity improved during implementation, the Government was able to pursue the next steps of making the legal framework operational. Politically difficult measures such as energy price adjustments, labor and pension reforms were adopted and continue to be enforced. The Government has continued to benefit from extensive donor-funded technical assistance and has continued to improve the capacity of its civil service. The Government launched a reform of its public administration in 2003, which the Bank is supporting with the proposed SAC 2.

7.7 Overall Borrower performance:

Having fully implemented the program, the Government's performance was **satisfactory**.

8. Lessons Learned

An adjustment operation focused on a few key reforms allows the Government to concentrate its political capital on the most urgent matters even if such reforms are politically contentious. The Montenegro SAC, unlike many adjustment operations, did not attempt to address structural problems at once across all major economic sectors. This strategy meant that pressure could be concentrated on politically difficult, but key reforms like labor market flexibility, pension reform, and electricity tariffs.

Coordination with other donors is critical, especially when other donors have a strong position in the country. Donor coordination in the SAC was good. As noted, several large donors had been active in Montenegro for more than a year ahead of the readmission of FRY to active World Bank membership.

USAID contributed to this coordination as the largest donor in Montenegro (the Bank's office is in Belgrade Serbia whereas USAID has offices in both Montenegro and Serbia) by arranging donor coordination meetings when Bank missions arrived. This coordination greatly enhanced the relevance of the SAC-supported program.

Regional consultants proved valuable and have good standing among Government counterparts. The Bank learned in some components (e.g., pensions) that consultants from the region had directly relevant sector experience, were highly capable and knowledgeable about local conditions. Government counterparts also appreciated working with them.

It is worthwhile to pursue a focused reform program, even when a country is drafting a new constitution. It may seem like an inopportune time to expect the Government to commit to economic reforms at a time when policy-makers will be fully occupied with such fundamental tasks. The conclusion might be to wait until constitutional issues are settled. The case of the Montenegro SAC demonstrated that with intensive policy dialogue over a sustained period, it is feasible to pursue meaningful economic reforms at such a time, particularly if the reforms are focused.

9. Partner Comments

(a) Borrower/implementing agency:

The following is the Government's assessment of the SAC.

Background and Objectives

The Montenegro SAC addressed the challenges of broad structural reforms. These included public expenditures management, pension and energy sector, labor market and business environment.

Implementation, Benefits

The Montenegro SAC provided necessary budgetary support for implementation of key structural reforms based on newly adopted legislative and institutional framework, to enhance medium term fiscal sustainability and improved the prospects for growth as a basis for sustain poverty reduction. The Government decision to tackle various issues from social and economic sphere resulted in a number of positive effects. Pension sector reform included the adoption of the new Law on Pension Insurance which prescribes adoption of multi-pillar system, extension of working age period, and new formula for pension calculation based on Swiss method. The business environment has been significantly improved by adoption of new Labor Law which increases flexibility and prepares the ground for employment increase. In the area of energy sector the Government of Montenegro adopted a new Energy Law, which envisaged establishment of Regulatory Agency. Additionally, increase electricity price improved financial position of EPCG. In the area of public expenditure management the Government of Montenegro established a more consolidated medium-term framework for budget preparation, to continue implementation of the Treasury system and to reinvigorate inspection and auditing procedures.

Relationship with the Bank

During the preparation stage the Bank has closely worked with Government of Montenegro. In our view the Banks performance in preparation, implementation and compliance was highly satisfactory.

Assessment of Outcome, Lessons Learnt

Based on cooperation with Bank from the previous period, we are now fully focused on continuation of reforms in these sectors. Since this was the first adjustment operation in Montenegro it was unique experience to learn and understand Banks procedure.

(b) Cofinanciers:
n/a

(c) Other partners (NGOs/private sector):
n/a

10. Additional Information

TABLE 4: Summary of PSR Ratings for Montenegro SAC

Category	12/02	6/03	12/03
PDO	S	S	S
Implement	S	S	S
Proj. Mgmt.	NR	NR	NR
Financial Management	NR	NR	NR
Other Legal Covenants	NR	NR	NR
M&E	NR	NR	NR

Annex 1. Key Performance Indicators/Log Frame Matrix

See Text Table 3 for Log Frame Summary of Key Performance Indicators

Annex 2. Project Costs and Financing

Project Cost by Component (in US$ million equivalent)

Component	Appraisal Estimate US$ million	Actual/Latest Estimate US$ million	Percentage of Appraisal
BOP/Budget Support	15.00	16.90	112.7
Total Baseline Cost	15.00	16.90	
Total Project Costs	15.00	16.90	
Total Financing Required	15.00	16.90	

Note: Actual dollar amount was higher than appraisal because of increase in dollar value of SDRs.

Project Costs by Procurement Arrangements (Appraisal Estimate) (US$ million equivalent)

Expenditure Category	Procurement Method[1]				Total Cost
	ICB	NCB	Other[2]	N.B.F.	
1. Works	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2. Goods	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
3. Services	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
4. BOP/Budget Support	0.00 (0.00)	0.00 (0.00)	15.00 (0.00)	0.00 (0.00)	15.00 (0.00)
Total	0.00 (0.00)	0.00 (0.00)	15.00 (0.00)	0.00 (0.00)	15.00 (0.00)

Project Costs by Procurement Arrangements (Actual/Latest Estimate) (US$ million equivalent)

Expenditure Category	Procurement Method[1]				Total Cost
	ICB	NCB	Other[2]	N.B.F.	
1. Works	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2. Goods	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
3. Services	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
4. BOP/Budget Support	16.90 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	16.90 (0.00)
Total	16.90 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	16.90 (0.00)

Note: Actual dollar amount was higher than appraisal because of increase in dollar value of SDRs

1/ Figures in parenthesis are the amounts to be financed by the Bank Loan. All costs include contingencies.

2/

Project Financing by Component (in US$ million equivalent)

Component	Appraisal Estimate			Actual/Latest Estimate			Percentage of Appraisal		
	IDA	Govt.	CoF.	IDA	Govt.	CoF.	IDA	Govt.	CoF.
BOP/Budget Support	15.00			16.90			112.7		

Note: Actual dollar amount was higher than appraisal because of increase in dollar value of SDRs

Annex 3. Economic Costs and Benefits

Not applicable.

Annex 4. Bank Inputs

(a) Missions:

Stage of Project Cycle	No. of Persons and Specialty (e.g. 2 Economists, 1 FMS, etc.)		Performance Rating	
Month/Year	Count	Specialty	Implementation Progress	Development Objective
Identification/Preparation				
July 2001	*5*	TTL, E, PSD, L	S	S
December 2001	*5*	TTL, E, PSD, L	S	S
Appraisal/Negotiation				
March 2002	*8*	TTL, E, PSD, L	S	S
Supervision				
December 2002	*5*	TTL, E, L, PSD	S	S
May 2003	*3*	TTL, E, L	S	S
December 2003	*2*	TTL, E, PSD	S	S
March 2003	*3*	TTL, E, L	S	S
June 2003	*4*	TTL, E, L, PSD	S	S
ICR				
No mission	*1*	E	S	S

TTL - Task Team Leader, E - Economist, PSD - Private Sector Development Specialist, L- Labor Market Specialist

(b) Staff:

Stage of Project Cycle	Actual/Latest Estimate	
	No. Staff weeks	US$ ('000)
Identification/Preparation		
Appraisal/Negotiation	56.02	270,808.66
Supervision	46.65	183,745.11
ICR	4.00	6,300.00
Total	106.67	406,853.77

Note: Appraisal/Negotiation and Identification/Preparation inputs are combined.

Annex 5. Ratings for Achievement of Objectives/Outputs of Components

(H=High, SU=Substantial, M=Modest, N=Negligible, NA=Not Applicable)

	Rating
☐ *Macro policies*	○ *H* ○ *SU* ● *M* ○ *N* ○ *NA*
☐ *Sector Policies*	○ *H* ● *SU* ○ *M* ○ *N* ○ *NA*
☐ *Physical*	○ *H* ○ *SU* ○ *M* ○ *N* ● *NA*
☐ *Financial*	○ *H* ○ *SU* ● *M* ○ *N* ○ *NA*
☐ *Institutional Development*	○ *H* ● *SU* ○ *M* ○ *N* ○ *NA*
☐ *Environmental*	○ *H* ○ *SU* ○ *M* ○ *N* ● *NA*
Social	
☐ *Poverty Reduction*	○ *H* ○ *SU* ● *M* ○ *N* ○ *NA*
☐ *Gender*	○ *H* ○ *SU* ○ *M* ○ *N* ● *NA*
☐ *Other (Please specify)*	○ *H* ○ *SU* ○ *M* ○ *N* ● *NA*
☐ *Private sector development*	○ *H* ○ *SU* ● *M* ○ *N* ○ *NA*
☐ *Public sector management*	○ *H* ● *SU* ○ *M* ○ *N* ○ *NA*
☐ *Other (Please specify)*	○ *H* ○ *SU* ○ *M* ○ *N* ● *NA*

Annex 6. Ratings of Bank and Borrower Performance

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HU=Highly Unsatisfactory)

6.1 Bank performance	*Rating*
☐ *Lending*	○ *HS* ● *S* ○ *U* ○ *HU*
☐ *Supervision*	○ *HS* ● *S* ○ *U* ○ *HU*
☐ *Overall*	○ *HS* ● *S* ○ *U* ○ *HU*

6.2 Borrower performance	*Rating*
☐ *Preparation*	○ *HS* ● *S* ○ *U* ○ *HU*
☐ *Government implementation performance*	○ *HS* ● *S* ○ *U* ○ *HU*
☐ *Implementation agency performance*	○ *HS* ● *S* ○ *U* ○ *HU*
☐ *Overall*	○ *HS* ● *S* ○ *U* ○ *HU*

Annex 7. List of Supporting Documents

Transitional Support Strategy for the FRY.
Program Document for a Proposed Structural Adjustment Credit in the amount of US$15.0 to the Republic of Montenegro.
Loan Agreement for SAC.
Project Status Reports from supervision missions (project file).
Country Economic Memorandum: Federal Republic of Yugoslavia - *Breaking with the Past*.
IMF Staff Reports.
Other Project Files.