

*Nations in Transit 2006*  
**Serbia and Montenegro**

**MONTENEGRO**

**For 2006 ratings, see Serbia and Montenegro ratings page.**

**EXECUTIVE SUMMARY**

Montenegro's anticipated 2006 referendum on independence dominated the political debate in 2005. Despite a stable governing majority, the opposition claimed the referendum could not be free and fair under the current government, and a number of spirited local election campaigns were subject to unsubstantiated accusations of voter intimidation and bribery. Despite these distractions, the Montenegrin Parliament managed to pass some key reform legislation and began to exercise limited oversight functions. But there are additional pieces of stalled reform legislation. Political pressure on the media—especially public service television—in the run-up to the formal launch of the referendum campaign represented a step back in the establishment of an independent media. Excessive political polarization and lack of funds somewhat hindered the decentralization process, and the judiciary continued to face political interference as well as long procedural delays. Despite advancing the formalities of integration, the European Union (EU) continued to highlight deep-rooted levels of corruption as a key obstacle in Montenegro's accession process.

Overall, Montenegro continues to put in place the necessary legal framework for democratic consolidation, but slow implementation continues to be an obstacle. Problems of implementation are sometimes deliberate, but more often they result from the small-town nature of Montenegrin society, where family, connections, and friendships among a population of 670,000 have traditionally governed relationships that the law now seeks to regulate. Although the machinery of the Communist system is being dismantled, the mentality of one-party rule still influences public perceptions and interferes with the development of an open society that respects the rule of law and demands accountability from its elected leaders.

**National Democratic Governance.** Montenegro completed its third year of membership in the State Union of Serbia and Montenegro in 2005. An already dysfunctional state broke down further in September 2005 with a public procurement scandal in the Ministry of Defense and mutual recriminations between the two member states. However, it was the debate over the referendum on state status—whether or not the opposition would participate, whether it would be held or not, under what conditions—that dominated debate in Montenegro in 2005. In an effort to draw attention away from this issue, the EU sped up its integration process for Serbia and Montenegro. Although the governing system is stable, the inability of governing and opposition parties to enter into dialogue over a referendum without the participation of the international community does not bode well. Montenegro's Parliament adopted several important and long-awaited laws in 2005—namely, the Law on Police, Law on the Agency for National Security, and the Law on Free Access to Information. In another positive development, the Parliament held several debates on motions of no confidence with the serious participation of the government, debated reports from the Supreme Audit Institute and the supreme state prosecutor, and held its first “confirmation” hearings for the new chiefs of the Agency for National Security and the police. These steps

represented engagement of the opposition in the established institutions of the state. While the Parliament passed legislation important for depoliticizing the police and security services and for transparency in government, its implementation has hardly begun. The shocking murder of the head of the criminal police administration in August 2005 suggested that organized crime has deep roots in Montenegrin society. *For all these reasons, as well as that small advances in the behavior of the Parliament and personnel changes in the judiciary have not yet altered the dominance of the executive branch among the three branches of power, Montenegro's rating for national democratic governance remains at 4.50.*

**Electoral Process.** In 2005, Montenegro held four special municipal elections and one municipal vote of no confidence. The campaigns were intense battles that boiled down to mini local public opinion polls about the standing of the two opposing blocs. Each election represented a victory for the governing coalition. As in the past, each election was accompanied by unsubstantiated claims of vote buying and voter intimidation and unwillingness on the part of the losers to accept the initial outcome. Nonetheless, domestic election-monitoring groups judged the elections to be in line with international standards despite isolated problems at polling stations. *Owing to the mixing of state and political functions and an unwillingness among the ruling forces to acknowledge impropriety, Montenegro's electoral process rating worsens from 3.25 to 3.50.*

**Civil Society.** Despite reliance on international funding and weak volunteerism, nongovernmental organizations (NGOs) of all types proliferated in Montenegro because of an NGO law with few restrictions. There is growing awareness of the need to reform the NGO law to include tax privileges. In 2005, the most visible NGO was the Group for Changes, which increasingly styled itself as an opposition political party and declared its intention to participate in the next parliamentary elections. Its high political profile undermined the credibility of other genuine NGOs that advocate for reforms. Nonetheless, the government continued to rely on some NGOs for preparing laws, co-sponsoring education campaigns, and sharing the burden of social service provision. *Owing to a blurring of the line between NGOs and partisan political organizations pointing up the specific weaknesses of civil society, Montenegro's civil society rating worsens from 2.50 to 3.00.*

**Independent Media.** Montenegrins enjoy a diverse choice of print and broadcast media. Although more outlets favor independence, there is a widely read pro-union newspaper and limited pro-union broadcasters (pro-union indicating a range of views favoring some form of legal union with Serbia). In April 2005, scandal broke out over a media analysis leaked through government circles that included an assessment of media predilection to promote independence. The dismissal of the public TV program director and consequent resignation of the entire editorial team raised further fears about the independence of public service television in the run-up to the referendum. The tradition of self-censorship in the media continues, and quality investigative reporting remains limited. *Owing to the lack of substantive changes, Montenegro's independent media rating remains at 3.25.*

**Local Democratic Governance.** In 2005, implementation of new legislation on local self-government continued. Many municipalities increasingly reached out to include citizens in decision-making processes. Other local governments had still not enacted the basic provisions of these laws. Given the pending decision on Montenegro's state status, the goal of decentralization and depoliticization at the local level has not yet been achieved. Furthermore, individual municipalities operate with uncertain funding conditions and are burdened by bloated and politicized bureaucracies. *Because the continued political*

*polarization blocks effective decentralization, Montenegro's local democratic governance remains at 3.50.*

**Judicial Framework and Independence.** The independence of the judicial system remained challenged in 2005. The slow investigation of a case on the deportation of Muslims to Bosnia and Herzegovina in 1992 suggested political interference. Additionally, the hospitalization of 18 prison inmates after a police raid raised questions of brutality and resulted in a change in prison administration. The election of new presidents of the Constitutional Court and Supreme Court was met with accusations of political cronyism, but the new heads quickly started to work on improving court efficiency and accountability. One of the most significant developments was the submission of the *2004 Annual Report on the Work of the Supreme State Prosecutor*, debated publicly in the Parliament in October 2005, which represented the first step toward an effective system of governmental checks and balances. The efforts of the newly established Administrative Court represented another significant development. Accusations of political interference and complaints of lengthy judicial processes continued to plague the judicial and prosecutorial systems. By the end of 2005, no visible progress had been made toward solving either the criminal police chief's murder or any of the other gangland-style murders of the last 10 years. *Despite the report of the Office of the Supreme State Prosecutor and the effective functioning of the Administrative Court, Montenegro's judicial framework and independence rating remains at 4.25 owing to continued accusations of political influence on the judiciary.*

**Corruption.** In 2005, the legal framework to combat corruption was strengthened, although much of the adopted legislation and strategies have not yet been implemented. In particular, the government adopted a strategy against corruption and organized crime; new drafts of improved public procurement and conflict of interest legislation are nearly ready for adoption; the salaries for members of Parliament (MPs) and high-level officials will increase more than 50 percent in 2006; and the Law on Free Access to Information was adopted. The privatization of several large state companies was completed, continuing to reduce the state's involvement in the economy. For the first time, 1,692 public officials submitted reports on their income and property. Nonetheless, most of the political parties failed to comply with the provisions of the Law on Political Party Financing without facing any repercussions. But the most distressing event in 2005 was the assassination of Slavoljub Scekic, head of the criminal police administration in charge of investigating the 2004 murder of *Dan* editor Dusko Jovanovic and other murders from the last 10 years. *Although the preparation and adoption of the legal framework for combating corruption and, especially, the adoption of the Law on Free Access to Information would seem to warrant an improved corruption rating, the murder of the chief investigator of the most notorious crimes in Montenegro suggests that the corruption rating should remain unchanged at 5.25.*

**Outlook for 2006.** The referendum on Montenegro's state status is expected in May 2006, if the government and opposition can agree to compromise on referendum conditions, including the important issue of a qualified majority. The government claims that the referendum campaign will not slow progress on negotiations with the EU for a Stabilization and Association Agreement, but significant legislation adopted in 2005 has yet to be implemented. Other distractions in the implementation phase will come from local elections in 13 municipalities and regularly scheduled parliamentary elections in October. There is no doubt that the resolution of the state status issue will change the political dynamics in Montenegro, enabling it, as Prime Minister Milo Djukanovic says, to "assume responsibility for its own destiny" and hopefully proceed quickly along the road of democratic consolidation and EU integration.

## MAIN REPORT

### National Democratic Governance

2004	2005	2006
n/a	4.50	4.50

Montenegro adopted its governing Constitution, which defines the country as a republic within the Federal Republic of Yugoslavia, on October 12, 1992. With the adoption of the Constitutional Charter of the State Union of Serbia and Montenegro on February 4, 2003, Montenegro became one-half of the two-state union. The charter left authority for defense and foreign policy in the hands of the joint state while ceding all other responsibilities to the two member states. The Parliament of the State Union includes 35 members from parliamentary parties in Montenegro who are chosen based on their proportional strength in the Assembly (Parliament) of Montenegro. This body meets infrequently to approve international treaties and trade and loan agreements and to make State Union personnel appointments.

According to the Constitutional Charter, both member states were expected to bring their Constitutions in line with the charter within six months of adopting it—that is, by early August 2003. In Montenegro, this provision awaits implementation. Likewise, politicians in the member states have ignored a number of other provisions over the past three years—sometimes with the blessing of the international community—or implemented provisions imperfectly, undermining the legitimacy of the State Union and its institutions and contributing to its dysfunction.

As an example, the charter declares that the ministers of defense and foreign affairs cannot be from the same member state and that after two years the member state not occupying the ministerial post should assume this role. The first provision was violated in 2003 with the blessing of the international community in order to ensure the formation of a government in Serbia, and the two-year deadline for swapping positions passed almost unnoticed this year. Similarly, the Court of the State Union was not constituted until May 2004 and barely functioned in 2005. Since Montenegro has not secured premises for the court, it currently functions out of temporary premises in Belgrade, despite efforts to have the charter specify that it would operate out of the Montenegrin capital, Podgorica.

The most apparent shortcoming in 2005 was the unobserved March 5 deadline for holding direct elections to the State Union Parliament. In 2004, the government of Montenegro insisted that implementing this provision would be a waste of time since the referendum was a year away. It also knew that it would be difficult to entice sympathetic voters to the polls given the general disdain for State Union institutions. Unable to negotiate a solution with Serbia, the mandates of the State Union MPs expired at the beginning of March, although parliamentarians met to pass a number of pressing issues on March 21 while the EU helped broker an agreement between Serbia and Montenegro. Finally, on April 7 the EU high representative for common foreign and security policy, Javier Solana, arrived in Belgrade to participate in signing amendments to the Constitutional Charter. This action postponed direct elections to the State Union Parliament until the next republic-wide election in the respective member state and requires that the member state holding the referendum “cooperate with the EU on incorporating internationally recognized standards for referendum.”

These amendments—adopted by the three Parliaments in June—unleashed debates over Montenegro’s independence referendum that dominated the rest of 2005. Despite EU and Council of Europe calls for dialogue within Montenegro to establish internal consensus on conditions for the referendum, the opposition refused to have a dialogue directly with the regime, claiming the referendum was not necessary and impossible to hold in an atmosphere that it deemed thoroughly undemocratic. Some members of the opposition—the Socialist People’s Party (SNP) and the People’s Party (NS)—expressed their willingness to discuss the referendum with Europe. Finally, in December Solana appointed a personal envoy to mediate the dialogue over referendum conditions, with the result that the SNP and NS—joined by the opposition Democratic Party of Serbs (DSS)—agreed to enter into an “indirect” dialogue with the governing parties that would continue into 2006.

For political and practical reasons, most of Montenegro’s governance system is located at the republic level with a Parliament of 75 members, in which the governing Democratic Party of Socialists (DPS) and Social Democratic Party (SDP) enjoy an absolute majority and the support of the small Citizens’ Party and the two ethnic Albanian parties, Democratic Union of Albanians and Democratic Alliance in Montenegro. Prime Minister and DPS president Milo Djukanovic leads a cabinet of 3 deputy prime ministers and 17 ministers, and the directly elected president of the republic, Filip Vujanovic, also hails from the ranks of the DPS.

Despite this stable governing majority—confirmed in the October 2002 elections, which the Organization for Security and Cooperation in Europe/Office for Democratic Institutions and Human Rights (OSCE/ODIHR) deemed “generally in accordance with international standards”<sup>1</sup>—four parliamentary opposition parties deny the legitimacy of the governing authorities, claiming they are involved in international organized crime and corruption. After a 16-month boycott in 2003 and 2004, the opposition currently participates in institutions, including the Parliament, and in 2005 referred several issues to the Administrative Court and the Constitutional Court, demonstrating that their branding of the government as illegitimate is more a political move than a destabilizing one. Fundamentally, a lack of consensus about the nature of the state exists among the competing political parties. One side believes Montenegro is a sovereign republic that agreed to share certain powers with the sovereign republic of Serbia, while the other side sees the State Union of Serbia and Montenegro as the sovereign state that has ceded certain governing powers to the republics.

The 1992 Constitution broadly defines a system of checks and balances among the branches of government in Montenegro, although the executive clearly dominates the other official bodies. This is due partly to the fact that both the legislature and the judiciary depend on the government for their budget and revenue transfers, but it also reflects a tradition in the country’s governance of vesting supreme power in the executive body.

Thus, although the Parliament of Montenegro possesses defined control functions—such as the ability to initiate a vote of no confidence, the right to pose questions to ministers at the beginning of each sitting, and the opportunity to hold hearings or initiate investigations—the opposition rarely uses these tools, and when it does, the governing majority can easily block them. However, 2005 introduced some changes. The opposition succeeded in moving for a vote of no confidence in the president of the Parliament, as well as in the government as a whole and in the president.<sup>2</sup> The government no-confidence vote, in particular, represented a significant step forward. The prime minister and ministers attended a multiday session and demonstrated a sense of accountability by seriously answering accusations—if not to the opposition, then at least to the viewing public. Similarly, in September the president

submitted to significant challenges from the opposition and defended his actions as being in the public interest.

The October parliamentary debates over reports by the Supreme Audit Institute and supreme state prosecutor also represented important milestones in the development of the Parliament's oversight functions. Both reports resulted from laws that went into force in 2004. While polemics sometimes eclipsed both debates, the mere fact that an annual report was submitted and that several MPs had read the reports and discussed them seriously was significant for establishing the principles of government accountability.

As in many Central and Eastern European countries, public access to the Parliament is by appointment only, and there is no visitors' gallery per se. Nonetheless, public television and radio stations broadcast all plenary sessions live between 11:00 a.m. and 5:00 p.m., and these are reasonably well followed by the public. In most cases, committee presidents invite the media to cover the sessions; later, journalists package them into a condensed report. Sometimes committee presidents invite outside experts to attend the sessions, and they also regularly invite the responsible ministry representative. Thus, the Parliament operates as a public institution, and citizens can follow its activities through the media or by visiting its Web site.

Nonetheless, the Parliament is far from being an independent body. The governing majority rarely votes against—and the opposition rarely votes for—government-sponsored bills. Plenary debates rarely address ideological differences or varying policy directions in 2005, particularly in the highly charged atmosphere of the referendum debate and the opposition's prediction of the current regime's demise. Instead, parliamentary debate in Montenegro was used most often to score cheap points against opponents. Although such behavior can be attributed partly to the contentious nature of Montenegrin politics and complaints about the lack of alternative channels for spreading political messages, it is mostly fed by the low commitment and sparse resources given to serious legislative work.

Unfortunately, the Parliament's limited budget<sup>3</sup> does not provide the resources and capacity needed to fulfill its legislative and oversight functions. There are no more than 15 professional staff with legislative experience, and few speak foreign languages, use computers, or have traveled abroad. Given these deficits, the Parliament is in no position to exercise any control over the executive branch.

Parliament's Web site is used regularly by both journalists and citizens; it publishes draft legislation, adopted legislation, and minutes of plenary and committee sessions but is not updated regularly and has many gaps. Transcripts of plenary sessions are available to MPs within days of the session, and such members can share the transcripts with the public if they choose (or, more likely, if requested).

As the dominant governing body in Montenegro, the executive branch defines policy and writes and implements laws. The government as a whole maintains a Web site, and each ministry has its own page. Additionally, the rules governing the adoption of legislation provide a 15-day public comment period on most legislation, wherein the government reproduces the draft, distributes it via daily newspapers, and holds public and expert roundtables if necessary. Also, ministers make an effort to visit people and places outside of the capital city relevant to their area of responsibility.

That said, the EU in its April 2005 feasibility study directed its criticisms at the Montenegrin civil service, claiming it suffered from significant levels of corruption and lack of capacity for EU accession. The study also expressed concern over connections between organized crime and ruling bodies. Undoubtedly, the public administration—at the republic and local levels—is far too large and based significantly on patronage. Party affiliation or family connections often take precedence over professional expertise when hiring in the public sector. Dismissal of redundant civil servants is frequently avoided for fear of political ramifications. In July, the International Monetary Fund (IMF) noted that the public sector wage bill was almost 10 percent of the gross domestic product (GDP), which “is already too large as a share of the economy.” Thus, it urged the government “to lower current spending and create room for capital outlays,” to step up “civil service reform and reductions in public employment,” and to moderate “wage increases.”<sup>4</sup> The government did manage to reduce wage expenditures in 2005 by €5 million (US\$4.1 million), but wages still totaled 32 percent of state budget expenditures.<sup>5</sup>

Legislation on state employees went into effect on October 1, 2004. The law required each public institution to prepare a staff structure with clear job requirements in an effort to define a rational organization and reduce bloated bureaucracies or increase staff where needed. Many public institutions did not complete this task by the end of 2005. The government met its 2005 IMF commitments on reducing the size of public administration primarily through cuts in the army.

The fact is that out of Montenegro’s 154,300 employed persons,<sup>6</sup> close to 60 percent are employed in the public sector. The number of people dependent on the state for their livelihood can have an impact on their freedom to make decisions independently. Thus, a growing private sector and the creation of jobs are critically important to advancing a free society in Montenegro.

After more than two years of debate between the two governing parties, draft laws on police and establishing the Agency for National Security to replace the state security service were finally passed in April 2005. The compromise that solved the long-standing dispute between the DPS and SDP allows the government to nominate the heads of these institutions and for the Parliament to debate and offer a nonbinding opinion on the nominations. The compromise resulted in the first confirmation hearings (albeit closed) in the history of Montenegro’s multiparty democracy. In September 2005, after the murder of the criminal police chief, the head of the police held a closed-door session with the Parliament’s Committee for Security and Defense to brief MPs on the state of the investigation.

Implementation of the police laws should launch the depoliticization of these institutions. In a disappointing sign of failed reform in 2005, the new chief of police, Veselin Veljovic, was photographed at the local headquarters of the DPS on the day of elections in the municipality of Mojkovac. When asked to justify his actions and to state if he had arrived in Mojkovac in a state-owned vehicle, the police chief replied that he did not need to tell the opposition parliamentarian anything about his mode of transportation.<sup>7</sup> It is hoped that the incident was a temporary lapse in the process.

### **Electoral Process**

2004	2005	2006
3.50	3.25	3.50

The last parliamentary election in Montenegro was held in October 2002 and was based on a proportional representation system with one republicwide constituency, a 3 percent threshold, and the use of the D'Hondt method for allocating seats. The last presidential election was in May 2003, based on a direct, simple majority vote. In both cases, the OSCE/ODIHR judged the elections generally free and fair and the election administration sound. Likewise, domestic monitoring organizations did not find any reason to question the results. However, in its last preliminary report, the ODIHR noted "deep-rooted problems in the election environment," including "lack of confidence by opposition parties in the impartiality of certain State institutions," "incomplete separation of State and party functions at all levels," and a "perception that the livelihood of public employees depends on incumbents."<sup>8</sup>

The March 2004 Law on Political Parties required a reregistration of political parties within 12 months. By May 2005, the former list of 64 political parties had been reduced to 24.<sup>9</sup> Of these, 11 are represented in the Parliament. Montenegro's political parties generally divide into two camps—pro-independence governing parties and pro-State Union opposition parties. The exceptions are the Liberal Alliance and Liberal Party, which are both opposition and pro-independence. Bosniaks, Muslims, and Albanians have their own political parties and coalitions. Nonetheless, a majority of these ethnic minority groups tend to vote for the governing DPS or SDP. Because of a special constituency of 57 polling places where a majority of the voting population is ethnic Albanian, two ethnic Albanian parties have seats in the Parliament after receiving more than 3 percent of the vote (the national threshold) in that constituency. No special provisions are made for Bosniaks and Muslims, but they are represented in the Parliament on the lists of the DPS and SDP, as are some ethnic Albanian MPs.

<b>Party Name</b>	<b>Number of Seats in Parliament (out of 75)</b>
Democratic Party of Socialists (DPS)	31
Social Democratic Party (SDP)	7
<b>"Formal" Governing Coalition</b>	<b>38</b>
Citizens' Party	1
Democratic Union of Albanians	1
Democratic Alliance in Montenegro	1
<b>Government Allies</b>	<b>3</b>
Socialist People's Party (SNP)	19
People's Party (NS)	5
Serbian People's Party (SNS)	4
Democratic Party of Serbs (DSS)	2
<b>Pro-Union Opposition</b>	<b>30</b>
Liberal Alliance of Montenegro	3
Liberal Party of Montenegro	1
<b>Pro-Independence Opposition</b>	<b>4</b>

Sources: www.skupstina.mn.yu and the National Democratic Institute.

Over the years, and owing to accusations of fraud, the legal framework for elections has undergone a number of changes with the consensus of all parties. Nonetheless, the losers in each election consistently allege voter intimidation, vote buying, voter list manipulation, and other unfair campaign practices, all of which remain unproven for the most part. Four special municipal elections and one local vote of no confidence in 2005 were no exception. While

unconfirmed reports corroborate some of these accusations, reports also indicate that both sides use such techniques when possible. For example, the opposition regularly complains of bias in the public media in republic elections. Nonetheless, in the December local elections in Cetinje, where opposition parties were incumbent, the local public radio station, contrary to the Law on Radio Diffusion, was used in the interest of the incumbent administration to demonize its challengers.<sup>10</sup>

In each municipal election in 2005, the governing DPS-SDP coalition ousted the former local coalitions of opposition parties. In some cases, the results represented an overwhelming victory, as in Budva, where the DPS-SDP mayoral candidate received 62 percent of the vote to the SNP-SNS-NS-NSS's 38 percent (NSS is the People's Socialist Party, headed by the former Montenegrin president Momir Bulatovic). In other cases, such as Mojkovac in December, the DPS-SDP mayoral candidate won with 62 votes. Each election campaign turned into a referendum on the republic government or Montenegro's future state status. While domestic monitoring organizations noted election irregularities at some polling places and the inability of some municipal election commissions to overcome political divisions, these organizations determined that the irregularities could not have impacted election outcomes.<sup>11</sup>

In Montenegro, elections capture the attention of the population; many people hold political party membership cards, and political parties actively engage in door-to-door campaigning. Given the limited employment opportunities in Montenegro and the underdeveloped private sector, each election is a winner-take-all event that determines who will have jobs in the coming four years. Campaigning is vigorous, and turnout is high. Unfortunately, the appeal for votes is rarely made based on a substantive platform. Whether or not voters are intimidated, the implicit stakes in the election compel voters and campaigners to make choices on the presumption that their actions are being recorded. As such, voters—especially in more isolated areas—have retained a “big brother” mentality despite the introduction of new rules.

The dominant DPS is the primary beneficiary of this mind-set, such that competitive multiparty elections in Montenegro have never produced a rotation of power at the republic level. The overarching electoral problems highlighted by the OSCE/ODIHR in May 2003 continue to prevail and will be important factors in the upcoming referendum on Montenegro's state status.

### Civil Society

2004	2005	2006
2.75	2.50	3.00

According to the Ministry of Justice's register of NGOs and political parties, there are close to 3,000 registered NGOs in Montenegro, of which perhaps 100 actually function as real nongovernmental actors. The 1999 Law on NGOs establishes the legal and regulatory framework for domestic and international organizations. At the time of its passage—when the existence of NGOs and their activities were threatened in Croatia, Serbia, and Slovakia—international experts hailed Montenegro's law as the most liberal. Unfortunately, the law has proven itself too liberal, especially without the adoption of prescribed sublaws.

Registering an NGO requires the names of five individuals and an address in Montenegro. The law doesn't define grounds for denying registration and gives very few details about

revoking registration. It also places few requirements on the NGO sector in terms of financial reporting and, at the same time, provides it with few privileges. The law had anticipated the adoption of a number of sublaws to define tax and reporting obligations related to income and expenditures, but most of these have not come into force. In some cases, the laws that have come into force—for example, the Law on Economic Societies—say little about NGO obligations. Thus, NGOs have operated largely in a legal vacuum since 1999. As a result, a number of organizations on the NGO register were inactive in 2005. Furthermore, the thousands of registered NGOs include cafés, kindergartens, and other for-profit businesses that use their NGO status to avoid reporting their income and paying taxes.<sup>12</sup>

The NGO sector is underdeveloped and dependent primarily on international funding. Since Montenegrin tax law does not provide incentives to the private sector for philanthropy, NGOs derive very little funding from local sources. The republic and municipal governments budget annually for NGO funding. The Parliament and municipal assemblies have established multiparty committees to manage the distribution of these funds. These committees have limited criteria, and complaints arise every year about favoritism in the distribution process. In 2005, the Committee for Distributing Funds to NGOs in the Parliament received more than 350 grant applications and distributed €289,523 (US\$237,409) to 157 NGOs in 14 of 21 municipalities, for grants ranging from €300 (US\$246) to €8,500 (US\$6,970).<sup>13</sup>

Given the challenging economic situation, there is a very limited tradition of volunteerism. In fact, starting an NGO and competing for funds can serve as a method of self-employment. Consequently, only a minority of registered NGOs can be considered effective in terms of research, advocacy, civic education, watchdog activities, and other social services. The government is willing to work with NGOs in most cases to prepare laws, co-sponsor education campaigns, and share the burden of providing social services. But public institutions do not respond positively to criticism from NGOs and sometimes ostracize those that are too critical. Equally, opposition political parties often refuse to cooperate with certain NGOs, as the former accuse the latter of being instruments of the government. Like so much of Montenegro, many NGOs tend to be too close to the government—or the opposition—and undermine their own claims to independence. In the run-up to the referendum, pro-independence NGOs are sometimes hard-pressed to challenge the government so as not to appear unpatriotic. Thus, the small civil society of Montenegro creates difficult conditions for effective advocacy campaigns and watchdog efforts.

In 2005, one particularly vocal NGO—Group for Changes (GzP)—undermined the credibility of the NGO sector at large. GzP models itself on the Serbian NGO G-17, which divided into an NGO and a separate political party when it entered politics as a competitor. Initially, GzP concentrated on the privatization process and general lack of transparency in government. In 2005, GzP decided that leading a change of government was the only way to oust the current political administration, which “after 15 years has not succeeded to find its own model of peaceful democratic transition and extract itself from the one-party society and command economy and to transform into a civil citizen’s society with rule of law, respect for human rights and freedom with socially responsible and efficient market economy.”<sup>14</sup> Therefore, it declared its intention to compete in the next parliamentary elections, while operating as an NGO pressure group trying to overcome the “crisis situation.” In an effort to mobilize people for its cause, GzP leaders penetrated the ranks of the workers, especially those in bankrupt or privatized firms. Offering to represent the workers’ interests, GzP often unrealistically radicalized their demands and escalated confrontations between workers and the government or private owners.

A case in point would be the recently privatized telephone company Telekom Crne Gore, which began negotiations with employees on a social program in the last quarter of the year. The executive director of GzP Nebojsa Medojevic convinced the workers' trade union to hire him to represent their interests in the negotiations for a percentage. Within a month, the union had cut off contact with management and was threatening to strike via the media, claiming their demands were being ignored; meanwhile, management claimed that negotiations had barely begun and that it was still open to dialogue. The trade union, however, refused discussions.<sup>15</sup>

The public confusion that GzP created between its NGO, political party, and business activities has damaged the credibility of the Montenegrin NGO sector. For instance, the legitimate advocacy activities conducted by the Network for Affirmation of the NGO Sector (MANS), another NGO pressure group that focuses on corruption in government, were characterized as “the opposition’s attempt to instrumentalize MANS in an effort to bring down” the government. It is unfortunate that the confusing activities of a single NGO wishing to compete in elections has blurred the line between NGOs pushing for real reform and opposition parties.

### **Independent Media**

<b>2004</b>	<b>2005</b>	<b>2006</b>
3.25	3.25	3.25

Montenegro has a vibrant independent media. In addition to two public TV channels, there are five private TV stations (two with republicwide coverage), one republicwide public radio station, many local public and private radio stations, several local public TV stations, four national daily newspapers, and a number of weeklies and monthly magazines.<sup>16</sup> Additionally, there is an independent news agency and one Internet service provider. Newspaper distribution is privately controlled, and although no legislation on media concentration exists at present, ownership of private media is generally well distributed. In 2005, the Broadcasting Agency held a successful competition for frequencies.

There are three professional journalist associations, as well as an association of broadcasters. The Montenegrin Media Institute, created with international assistance, supports the professional development of journalists and journalistic standards. Although the 2003 criminal code abolished prison sentences for insult, slander, and libel, penalties range from €5,000 (US\$4,100) to €10,000 (US\$8,200), which is quite high for individual journalists. Ignoring the imposed fine can result in imprisonment. Journalistic associations have long advocated for the decriminalization of libel and slander.

In terms of political viewpoints represented in the media, one of the four daily newspapers reflects the views of the opposition, while most other newspapers side with pro-independence forces—if not the government. Radio and TV news broadcasts are neutral or favorable toward the government in most cases. Even so, the opposition also receives airtime and is portrayed objectively.

In April 2005, a media analysis focusing on the favorable coverage of the independence campaign circulated through government and was leaked to the public, causing a huge scandal and opposition protests. The document suggested “directing money” to certain media and “having talks” with others. It also offended a good part of the media community in Montenegro, whose immaturity became clear in its declaration to “boycott” the minister

accused of ordering and circulating the analysis. The government claimed that the document presented an interesting analysis but denied any intention of acting on its suggestions.

Despite the fact that the entire media community knew or suspected who wrote the document, not a single media outlet printed or broadcast the name, demonstrating one of the biggest weaknesses in the media: its limited curiosity and investigative capacity. The political, social, business, cultural, and local events of the day are broadcast, but with few in-depth reports on specific issues of interest and little effort to unearth hidden facts or provide a critical analysis. In part, this is due to an established culture of self-censorship in service to the forces of one's preferred state-status choice or fear of the reaction of powerful interest groups.

At the end of 2005, the dismissal of the public television program director for a minor failure to meet a legal deadline led to suspicions of government efforts to reassume control of the editorial policy prior to the referendum. The station's entire editorial board resigned, calling the dismissal politically motivated. The dismissal reportedly followed several months of behind-the-scenes pressure put on the editor in chief by the government.<sup>17</sup> The Friends of Public Service Broadcasting, a coalition of NGOs led by the Association of Young Journalists (AYJ), called for the resignation of the Council for Radio TV Montenegro and will closely follow developments in 2006 in an effort to prevent the nearly transformed public TV from once again becoming a tool of the authority.

### **Local Democratic Governance**

2004	2005	2006
n/a	3.50	3.50

A major step toward decentralization began with the passage of the Law on Local Self-Government, the Law on the Election of Mayor, and the Law on Local Self-Government Financing in July 2003. Unfortunately, implementation is uneven. Some municipalities have adopted each of the nine ordinances required by the Law on Local Self-Government, while other municipalities have adopted only a few of these ordinances. Furthermore, limited financial resources, bloated bureaucracies, and lack of appropriately skilled staff hamper effective operations in a number of municipalities.

Currently, municipal government adopts its own budget and plans for development, construction, urban, capital improvement, and environmental projects. It also takes care of social and child welfare, sports and recreation facilities, libraries, communal services, and public transport.

According to law, there are several ways for citizens to get involved in the process. First, citizens elect their representatives every four years. Under the new laws, municipal mayors are elected directly, while councillors are elected according to a municipalitywide proportional representation system. As a result of the regular and special local elections held since the enactment of the local government laws, 8 of 21 municipalities now function with a directly elected mayor and an appointed city manager. In each case, these municipal elections registered high levels of participation—as much as 85 percent—as the political parties concentrated their efforts on turning them into a referendum either on Montenegro's state status or on the current government. The 13 other municipalities will hold elections under the new system in 2006.

The Law on Local Self-Government also provides for citizen initiatives, community referendums, municipal referendums, and citizen assemblies in order to provide input into local decision making. Unfortunately, in June 2005 opposition parties used the instrument of municipal referendum in an effort to dismiss the DPS mayor and provoke a new election. Thus, the intended depoliticization of the local government in the pursuit of basic public interests remains in the beginning stages and will require decreased political tensions at the republic level and an improvement in the local economic situation.

Still, a number of municipalities have begun to encourage input from the public in the decision-making process. Most municipalities have adopted the ordinance on citizen participation that generally establishes such a system over time. Several municipalities have signed cooperation agreements with local NGOs and have provided an “empty chair” to NGOs to participate in municipal assembly discussions without the right to vote. Some municipalities even open assembly discussions to interested citizens. Additionally, a number of municipalities have recently adopted a rule book with a commitment to publish data every six months on the activities of the municipal assembly and, importantly, on individual councillors. A growing number of municipalities have developed Web sites containing information useful to the public, and municipalities increasingly organize public consultations, especially over contentious issues such as urban planning.

At the end of 2005, the government established a Coordination Body for Local Government Reform, which should become operational in 2006. It will facilitate planning and decision-making processes between the central and local authorities. Additionally, in October 2005 the Parliament adopted the Law on the Capital City of Podgorica, which fulfills a long-standing promise of the DPS government to the ethnic Albanian parties that have supported the government for the past seven years. Namely, the law creates the opportunity for the predominantly ethnic Albanian town of Tuzi, situated within the Podgorica municipality, to attain the status of a “city municipality.” According to news reports, Tuzi would have guaranteed access to 20 percent of Podgorica’s budget.

Despite many positive developments, the two biggest continuing obstacles to effective functioning of local government and real decentralization are (1) continued politicization at the local level, producing weak administrations and political polarization; and (2) lack of sufficient and reliable funding. First, the political polarization that characterizes relations at the republic level filters down to the municipal level, where there is a winner-take-all system based on political patronage. The local government turnover from opposition parties to governing parties in four municipalities in 2005, reportedly, was not massive. Still, key leadership posts in the municipality and in local government directorates and companies did change hands. Often, especially in small municipalities, the individuals nominated based on party affiliation do not have the skills necessary to fulfill their assigned tasks. Furthermore, the proportional representation system used to elect municipal councillors results in a failure to act in the public interest. Instead, councillors serve the interests of the political parties they represent.

In the one municipality where governing parties controlled the mayor and opposition parties held the majority in the municipal assembly in 2005, the fight over patronage fully blocked the decision-making system as the opposition tried to force the mayor to act according to its will. Instead of yielding, the governing parties introduced an amendment to the Law on Local Self-Government to circumvent the municipal assembly, giving the mayor greater power.

As for funding, local governments can collect taxes, are entitled to a portion of joint taxes and fees, and receive transfers from the republic budget, but the municipalities have difficulty securing a stable source of funding for basic operating costs. One reason is that separate laws define a number of joint taxes, fees, and the way funds are divided between the government and municipalities. As an example, the Law on Tourism Organizations determined that 80 percent of fees paid to support these organizations should go to the National Tourism Organization and the municipal tourism organizations, while 20 percent should be returned to the municipalities to spend. This determination, made in 2004, was a great disappointment to tourist municipalities, which had planned to use the tourist tax as a major source of financing.

Situations like the tourist tax led municipalities to complain that the republic government provides itself with easy-to-collect revenues, leaving municipalities with the “privilege” of collecting real estate taxes. The tourist tax can easily be factored into the price of a hotel room, but there is frequent tax evasion in the case of real estate, as it is politically difficult to confiscate family homes and property.

In other cases, there are indications that the republic government makes every attempt to hold on to revenue that belongs to the municipalities by law. As an example, the Law on Local Self-Government Financing states that municipalities are entitled to 30 percent of all concession fees collected on its territory. After a multiyear battle to compel the Ministry of Agriculture to acknowledge that the law’s new provisions supersede the old Law on Forestry, which gave municipalities only 10 percent of the concession fee, the ministry changed its argument, saying that forests were not a concession.

Additionally, the nonadoption of laws leaves a legal vacuum allowing the government to continue to collect and use revenue, such as in the Law on Gambling Taxes, which entered parliamentary procedure only in December 2005. Finally, opposition-controlled municipalities accuse the government of withholding or delaying money transfers. Although this accusation may have been true several years ago, the establishment of a central treasury should have eliminated the ability to withhold transfers.

### **Judicial Framework and Independence**

<b>2004</b>	<b>2005</b>	<b>2006</b>
4.25	4.25	4.25

The 1992 Constitution guarantees fundamental political, civil, and human rights, including freedom of expression, religion, association, and business and property rights, which are respected by the state. The Parliament adopted a new Law on Courts in 2002; the Law on Criminal Procedure, a new criminal code, and the Law on the Supreme State Prosecutor in 2003; and the Law on Civil Procedure in 2004. As with many reforms in Montenegro’s 15 years of transition, the challenge begins at the implementation stage.

The *2004 Annual Report of the Ombudsman* noted that 46 percent of complaints related to the length of the judicial process and nonenforcement of court decisions, while another 38 percent related to economic, social, and cultural rights.<sup>18</sup> Many judicial delays related to inefficiencies in the court and prosecutorial systems, which should be addressed by full implementation of the previously mentioned laws.

In particular, the Administrative Court and the Appellate Court began work in 2005. In its first year, the Administrative Court received 842 unresolved cases from the Supreme Court

and registered 1,887 new cases in 2005. By December 31, the court had issued 1,279 decisions. While many cases were minor election-related issues, more than 800 were significant decisions related to the work of public organs.<sup>19</sup> Significantly, for the first time the Administrative Court published all of its decisions on its Web site and in print. Similarly, the Appellate Court will be able to interpret new laws and establish precedents that will make deciding cases easier; it also serves as a second-instance court for decisions of the commercial courts, which have the potential to control the legality of the privatization process. Thus, both the Appellate Court and the commercial courts have the ability to increase the efficiency of the judicial process, to control the work of the executive branch, and to establish a body of precedents that will expedite the judicial process.

In 2005, the judicial framework underwent personnel changes that may contribute to the depoliticization and professionalization of these institutions. The Parliament elected a new president of the Constitutional Court in June and a new president of the Supreme Court in October. Additionally, there were a number of personnel changes in the Office of the Supreme State Prosecutor. The appointment of the court presidents led to accusations of political cronyism. On the one hand, the new Constitutional Court president had been a close adviser to Svetozar Marovic, president of the State Union of Serbia and Montenegro (a Montenegrin), since 2003 and had been president of the DPS executive board in 2000 and 2001; on the other hand, the opposition accused the new president of the Supreme Court of having falsified voter rolls in 1997. Despite these charges, both appointees have actively pursued their responsibilities since their appointments. The Supreme Court president in particular immediately embarked on a tour of the Montenegrin court system, assessing the quality of the municipal courts, demanding resignations, initiating dismissals, and generally insisting on accountability from the judicial system. If sincere, these steps may bear fruit in 2006.

The process of appointing judges continues to be an obstacle to the establishment of a truly independent judiciary. According to the Law on Courts, the Judicial Council (made up of six judges, two law professors, and two well-known legal experts) nominates and dismisses judges, and the Parliament confirms the decisions. In the last two years, a number of bench vacancies went unfilled because the Parliament refused to approve certain nominations—some say because the nominee lacked the appropriate political connections, while others suggest objections to the nominee's background. The European Commission and local observers attribute the problem to “the absence of clearly defined criteria for the appointment of judges and prosecutors.”<sup>20</sup> Meanwhile, some argue that the responsibility for nomination and dismissal should rest solely with the Judicial Council. It is unlikely that this issue will be resolved before the adoption of a new Constitution.

Another obstacle to judicial independence and its depoliticization is the lack of an independent budget for the judicial system. Like the Parliament, the judiciary depends on the government for its budget and for budget transfers, which makes long-term planning difficult. The need to negotiate with the executive and the inability to decide fully on raising salaries or infrastructure investments creates a level of political dependence that can interfere in balancing powers among the various branches of government.

In 2005, the supreme state prosecutor submitted (for the first time) to the Parliament the *2004 Annual Report on the Work of the Supreme State Prosecutor*, as required by law. The parliamentary debate on this report was lively and substantive and represented the first time that the supreme state prosecutor was called to account as a result of the 2003 Law on the State Prosecutor. In the report, the supreme state prosecutor noted that the court system has

an inexplicably high number of unresolved investigations (57 percent) and unresolved indictments (69 percent), some dating back to 1987.<sup>21</sup> The report also noted that although the special prosecutor for organized crime had taken a number of positive steps, these developments had not yet reduced the influence of organized crime in Montenegro.<sup>22</sup> The mere sense of accountability created by the publication of the first annual report represents a significant step forward in creating an effective system of checks and balances in Montenegro.

In 2005, international attention was drawn to a civil suit brought against Montenegro by 27 families from Bosnia and Herzegovina whose relatives were rounded up by the police in Montenegro in May 1992 and deported back to the Foca region, where they were killed. The supreme state prosecutor opened a criminal investigation to establish responsibility for the alleged war crime and to help in deciding the civil suit. The lawyer of the relatives has accused the Office of the Supreme State Prosecutor of politically motivated sluggishness in pursuing the case. By the end of 2005, the criminal case was still under investigation.<sup>23</sup>

Additionally, a disturbing event at the main penitentiary in Montenegro occurred in September after the murder of the head of the criminal police administration. Police raided the prison at Spuz after midnight, and 18 inmates were hospitalized, claiming the police had beaten them. Although the police’s culpability has yet to be established, the event and conditions at the prison—in particular certain privileges extended to high-security prisoners—led to a change in the prison administration. The new director of prisons has since ordered a full investigation of the police raid and prison conditions.

## Corruption

2004	2005	2006
5.25	5.25	5.25

The EU’s *Serbia and Montenegro 2005 Progress Report* continued to identify corruption as a “serious concern” and to assess Montenegro’s anticorruption activities as “still far from sufficient.”<sup>24</sup> While the government adopted a strategy against corruption and organized crime in August, implementation of the strategy had not begun nor was it publicly available by the end of 2005. Fundamentally, Montenegro’s system of patronage penetrates deep into the public sector at the republic and local levels and is a key source of corruption for governing as well as opposition parties. As long as the Montenegrin governance system operates without a professional, competitive civil service, corruption is likely to remain a concern.

Anxiety about corruption in government increased with the August 29 gangland-style murder of Slavoljub Scekic, head of the criminal police administration. Government critics claimed the assassination proved that organized crime groups had infiltrated the government and were more powerful than the government itself.

In fact, the Scekic murder and the May 2004 murder of *Dan* news daily editor Dusko Jovanovic appeared connected. By the end of 2005, no arrests or indictments had been made in the Scekic case, and the true motive behind Jovanovic’s murder had not been established. A witness protection law adopted in October 2004 has not yet been implemented because of what the EU describes as “insufficient cooperation between the judiciary and the police and inadequate financial support.”<sup>25</sup> Although unlikely to be a panacea, the application of a witness protection law and the whistle-blower provisions of the Law on Free Access to

Information (see following) may change the culture of self-imposed censorship over time in Montenegro and encourage people to speak out about corruption.

In the meantime, the government made significant progress this year in privatization, selling both the state telephone company (Telekom Crne Gore) to Hungarian Matav and the Aluminum Conglomerate (KAP) to a Russian-owned company, Salamon Enterprises, based in Cyprus. Additionally, many tourism sites on the coast were sold, such as hotels in Becici, Herceg Novi, and Ulcinj (where one hotel sale had to be annulled because of accusations of corruption). This is important given that the basis of independent Montenegro's economic survival is supposed to be tourism. The Agency for Economic Restructuring uses public tenders, auctions, increases in share capital or sales of shares, and other methods in the privatization process. Accusations of corruption in this process came from the nongovernmental sector, especially GzP, an NGO critical of the government that has already declared its intention to compete as a list of independent candidates (given the system of proportional representation) in the next election. Although no formal charges have ever been filed, there's a lack of transparency in negotiations with prospective buyers based on the claim that it protects business secrets. Consequently, rumors circulate about what privatization contracts actually entail. A major factor feeding these corruption accusations is the fact that several privatizations—such as KAP, which represents 40 percent of Montenegro's GDP and 80 percent of its exports<sup>26</sup>—have involved only one bidder, owing to the limited interest of foreign investors in Montenegro.

The Parliamentary Committee to Follow the Publicity and Transparency of the Privatization Processes met twice in 2005. In September, it considered and rejected the opposition-proposed resolution on “the protection of the interests of the Republic of Montenegro and its citizens in the process of the privatization of KAP”; and in November, it rejected a similar opposition-proposed resolution in the wake of the failed privatization of Niksic Ironworks.<sup>27</sup> In fact, in establishing the committee, the governing parties limited its mandate and effectiveness. Now, the committee meetings serve as a venue for the opposition to air its arguments about the criminality and corruption of the current government.

Montenegro continues to function under a highly criticized Law on Conflict of Interest, amended in March 2005. It prohibits members of the government, Constitutional Court judges, other judges, the supreme state prosecutor, and the deputy state prosecutor from being part of an economic entity owned by the state or a local government.<sup>28</sup> Unfortunately, all other public officials can continue to serve one economic entity “in exceptional circumstances.” On the positive side, by the December 31 deadline, 1,692 public officials (710 republic-level officials and 982 municipal-level officials) submitted reports on income and property for 2004 as required by law. Another 66 submitted incomplete data, and 310 (16 republic and State Union MPs and 294 local government officials and councillors) still had not complied with the law.<sup>29</sup> In another positive development, an ad hoc parliamentary committee worked throughout 2005 on an improved version of the law, finalizing the draft in October and sending it to the Council of Europe for commentary. The new draft should enter parliamentary procedure in 2006.

In May, the Parliament passed amendments to the Law on Political Party Financing, allocating more money from the state budget to political parties and distributing funds on the basis of political party affiliation, not parliamentarian/councillor club affiliation. In essence, the amendments ensured the distribution of funds to parties with only one representative in the Parliament or in a local assembly, bypassing established privileges for party clubs that must have two or more members. Furthermore, most political parties in Montenegro failed to

submit mandatory financial reports on electoral campaign spending within 30 days of the aforementioned municipal elections, and municipal election commissions and the Republic Election Commission refused to supply information to the public as mandated by law.<sup>30</sup>

A 2002 law governs the public procurement process in Montenegro and functions as well as can be expected. In the four years of its implementation, several provisions indicate the law's weakness. The most frequent loophole is the "shopping method," or breaking down a public procurement into segments of less than €10,000 (US\$8,200) so that the easier method of three bids, rather than public tender, can be employed. Typically, in seeking three bids, the official conducting the procurement will go to "friendly" companies. In September, the Commission for Public Procurement prepared a new draft law that if adopted would close some of the loopholes in the current law. Still, the commission president stated that in the first 10 months of 2005, the commission had received 91 complaints, twice as many as in the previous year, demonstrating an increasing level of confidence in the commission.<sup>31</sup> Although representing only a fraction of total procurements, 40 of the 91 complaints were accepted, 38 rejected, and 13 thrown out.<sup>32</sup>

After two and a half years, the government finally approved a draft Law on Free Access to Information, which the Parliament adopted in November. The law went into effect in December, at which point MANS, a Montenegrin NGO, sent 89 requests for information to 28 state institutions. By the deadline provided in the law, MANS had received 15 positive answers and no response to 31 of its requests. Similarly, the Association of Young Journalists sent 204 requests to 47 public institutions. It received 86 responses (76 positive, 10 negative). In 89 cases, the AYJ received no answer, and it failed to deliver 29 requests because it could not find any contact information for 6 public institutions. Both MANS and the AYJ report that some of the negative replies contradict the provisions of the law, such as asking organizations to explain why they need the information or claiming not to have certain information. MANS and the AYJ plan to continue to pressure the government to develop systems to comply with the law.<sup>33</sup>

Finally, in December the Parliament passed the Law on Salaries and Other Compensations for Members of Parliament and Officials, which will raise the salaries of high-level executive government employees, parliamentarians, prosecutors, and judges beginning in March 2006. Although salaries will remain low in comparison with those in neighboring countries,<sup>34</sup> the increase is an initial positive step in the elimination of corruption incentives.

Ultimately, the implementation of laws and the increasing independence of the prosecutor's office and the judiciary should enable the discovery and prosecution of corruption cases. In 2005, there were few high-level charges of corruption in the privatization process or other parts of the public service. The exception would be the initiation of an investigation of three basic court judges for abuse of office in the sale of public land in Ulcinj. Unfortunately, the failure of the Parliament to lift the judges' immunity has stalled the investigation.

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## Notes

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<sup>1</sup> *Statement of Preliminary Findings and Conclusions, Presidential Elections, Montenegro* (Podgorica, Montenegro: OSCE/ODIHR, May 12, 2003), p. 1.

<sup>2</sup> In May, there was a one-day no-confidence debate on the president of the Parliament and a three-and-a-half-day no-confidence debate in the government, while in September there were several days of debate on the president's decision to sign an agreement with Croatia compensating it for damage and looting during the 1991 attack on Dubrovnik.

<sup>3</sup> In 2005, the Parliament's budget was €2.9 million (US\$2.37 million), or 0.1 percent of total government expenditures and €38,000 (US\$31,160) per MP. Law on Budget of Montenegro for 2005, December 28, 2004.

<sup>4</sup> International Monetary Fund Press Release No. 05/173, July 26, 2005.

<sup>5</sup> D.M.C., "PDV i privatizacija pune državnu kasu" (VAT and privatization fill the state coffers), *Vijesti*, February 20, 2005.

<sup>6</sup> *Labor Force Survey* (Podgorica, Montenegro: Monstat, October 2004), p. 67.

<sup>7</sup> D.M., "Odbor za bezbjednost odbacio opozicionu rezoluciju o zloupotrebi policije" (Board for Security threw out opposition resolution on police abuse), *Vijesti*, January 17, 2006.

<sup>8</sup> *Statement of Preliminary Findings and Conclusions, Presidential Elections, Montenegro* (Podgorica, Montenegro: OSCE/ODIHR, May 12, 2003), p. 1.

<sup>9</sup> "Ostalo samo 24 stranke" (Only 24 parties left), MINA News Agency, May 13, 2005.

<sup>10</sup> *Stop Avoiding Your Responsibility* (Podgorica, Montenegro: Center for Democratic Transition, December 7, 2005), p. 2.

<sup>11</sup> For examples, see among other reports *Preliminary Report of the Center for Democratic Transition, Elections on March 26* (Niksic, Montenegro: Center for Democratic Transition, March 27, 2005), p. 2; *Elections in Budva* (Budva, Montenegro: Center for Democratic Transition, May 23, 2005), p. 2.

<sup>12</sup> Milena Perovic, "Oporezuj me ako možeš," *Monitor*, November 18, 2005.

<sup>13</sup> *Spisak nevladinih organizacija koje su konkurisale za raspodjelu sredstava za 2005. godinu (List of nongovernmental organizations that competed for distribution of 2005 funds, September 7, 2005* ([www.skupstina.mn.yu](http://www.skupstina.mn.yu), Report from the Committee for distributing funds to NGOs); and *Odluka o raspodjeli sredstava nevladinim organizacijama za 2005. godinu (Decision on distribution of 2005 funds to NGOs), Broj(number) 360, Podgorica, Montenegro, September 26, 2005* ([www.skupstina.mn.yu](http://www.skupstina.mn.yu), Report from the Committee for distributing funds to NGOs).

<sup>14</sup> *Osnove Programa Prelazne Vlade* (Podgorica, Montenegro: Grupa za Promjene, July 2004), p. 4.

<sup>15</sup> "Završen Nacrt socijalnog programa" (Draft of the social program finished), *Mina Business*, October 17, 2005; "U pomoć zovu kolege," *Mina Business*, December 12, 2005; "Uprava: Sindikat izbjegava direktan dijalog" (Administration: Union avoids direct dialogue), *Mina Business*, December 19, 2005.

<sup>16</sup> A 2004 report of the Montenegrin Media Institute reported 108 active media in Montenegro, including 45 print publications, 43 radio stations, and 15 TV stations. *Quantitative Analysis of Montenegrin Media* (Podgorica, Montenegro: Montenegrin Media Institute, June 2004), p. 1.

<sup>17</sup> Nedjeljko Rudovic, "Montenegrians Fear Crackdown on State Broadcaster," *Balkan Insight*, January 21, 2006.

<sup>18</sup> *2004 Annual Report of the Ombudsman* (Podgorica, Montenegro: Ombudsman, Protector of Human Rights and Freedom, March 2005), pp. 32 and 33.

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<sup>19</sup> *Izveštaj o radu upravnog suda, 2005. godina (Report on the work of the Administrative Court, 2005)* (Podgorica, Montenegro: Upravni Sud Republike Crne Gore Administrative Court of the Republic of Montenegro, February 2006), pp. 4 and 5.

<sup>20</sup> *Serbia and Montenegro 2005 Progress Report*, SEC (2005) 1428 (Brussels: European Commission, November 9, 2005), p. 16.

<sup>21</sup> *Izveštaj o radu Vrhovnog Državnog Tužioca Republike Crne Gore za 2004. godinu* (Report on the work of the Supreme State Prosecutor of the Republic of Montenegro for 2004 (Podgorica, Montenegro: Office of the Supreme State Prosecutor, March 2005), pp. 11–13.

<sup>22</sup> *Izveštaj o radu Vrhovnog Državnog Tužioca Republike Crne Gore za 2004. godinu* (Report on the work of the Supreme State Prosecutor of the Republic of Montenegro for 2004 (Podgorica, Montenegro: Office of the Supreme State Prosecutor, March 2005), p. 57.

<sup>23</sup> *Montenegro Continues to Cover for Its 1992 War Crimes* (Podgorica, Montenegro: Prelevic Law Firm, April 2005); *Serbia and Montenegro: Compliance with Obligations and Commitments and Implementation of the Post-Accession Co-operation Programme* (Strasbourg: Council of Europe, July 13, 2005), p. 14.

<sup>24</sup> *Serbia and Montenegro 2005 Progress Report*, SEC (2005) 1428 (Brussels: European Commission, November 9, 2005), pp. 17 and 25.

<sup>25</sup> *Serbia and Montenegro 2005 Progress Report*, SEC (2005) 1428 (Brussels: European Commission, November 9, 2005), p. 16.

<sup>26</sup> Milka Tadic-Mijovic, “Bilans poraza,” *Monitor*, November 25, 2005.

<sup>27</sup> Midland Resources, a Russian-owned company registered in Great Britain, bought a controlling stake in Niksic Ironworks for €1,000 (US\$820) in June 2004. In November 2005, the Russian directors abandoned the company and its more than 2,000 workers and later asked to dissolve the contract. The preliminary audit report confirmed that Midland failed to fulfill its contractual obligations related to investments and left a debt of €2.6 million (US\$2,132,000) to the state. Source: *MINA Business*, November 9, 2005, and February 23, 2006.

<sup>28</sup> The governing parties introduced the amendments after the Constitutional Court ruled that the controversial “exception” inserted at the last minute into the 2004 law could not apply to high-level functionaries who are banned by the Constitution from holding more than one state position at a time.

<sup>29</sup> [www.konfliktinteresa.cg.yu/funkcioneri/funkcioneri.htm](http://www.konfliktinteresa.cg.yu/funkcioneri/funkcioneri.htm). The figures indicate the status of reports filed as of December 31, 2005, announced by the Commission for Determining Conflict of Interest.

<sup>30</sup> *Report on Breaching the Law on Political Party Financing* (Podgorica, Montenegro: Center for Monitoring Elections, CEMI, December 22, 2005).

<sup>31</sup> M. Milosevic, “Tender se namještaju,” *Vijesti*, October 26, 2005.

<sup>32</sup> Press Briefing No. 971/2005, Commission for Public Procurement, October 18, 2005.

<sup>33</sup> Interviews with Vanja Calovic, coordinator, Network for Affirmation of the NGO Sector, and Boris Darmanovic, executive director, Association of Young Journalists, in February 2006.

<sup>34</sup> For example, the prime minister’s base salary went from €402 (US\$330)/month to €609 (US\$499)/month. Source: *MINA Business*, December 28, 2005.