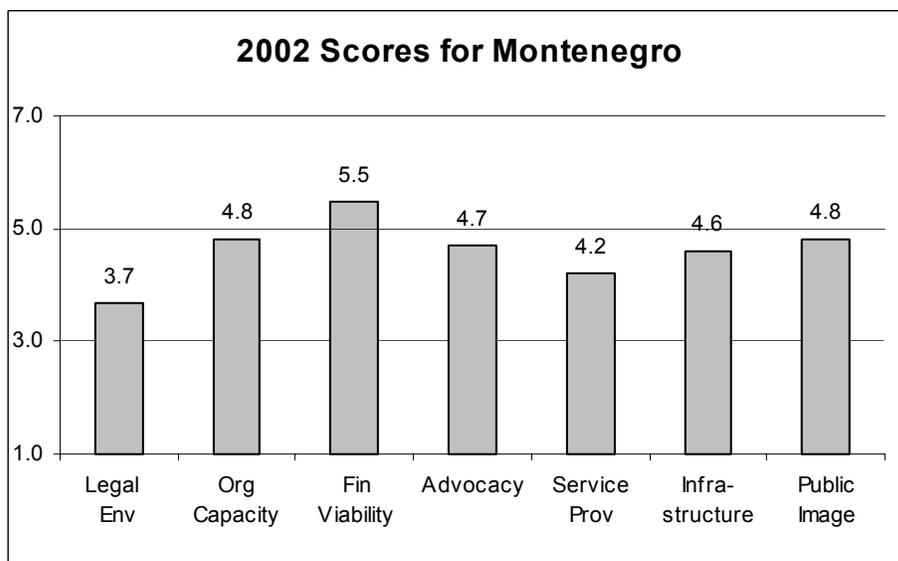

MONTENEGRO



Capital:
Podgorica

Polity:
Parliamentary
democracy

Population:
650,000

**GDP per capita
(PPP):** \$1,277

NGO SUSTAINABILITY: 4.6

While Montenegro's Index score has dropped since last year, the state of the NGO sector in Montenegro has not necessarily worsened.

NGO SUSTAINABILITY

2002	4.6
2001	4.7
2000	4.6
1999	4.6

On the contrary, there has been a visible engagement of the NGO sector in the Republic's reform process over the past year. For example, the NGO sector has been involved in the drafting of and consultation on various draft laws, including the Law on Courts, Law on Police, Media Laws, Law on Conflict of Interest, and Public Administration Reform. The NGO sector is also striving to remain engaged in debate on these laws at the implementation stage, either in a collaborative or advocacy role.

Furthermore, in the past year NGOs have

gained a greater understanding of what constitutes NGO best practices according to international standards. NGOs increasingly are being challenged by donors to demonstrate greater organizational transparency and accountability, as well as to develop the skills, expertise, and credibility required to advance the public policy dialogue critical to the reform process. Similarly, surveys and polls demonstrate that citizens are largely dissatisfied with the government's slow pace of reform, and are demanding an alternative, which the NGO sector is still not in a position to deliver.

The NGO sector in Montenegro has been operating under a project- and donor-driven modus operandi with little emphasis on building the sector's organizational capacities, including boards of directors, strategic plans, internal operating systems, public relations, fundraising, and financial management. To date, the sector's man-

agement and operational practices have been influenced more by the struggle for day-to-day survival and the reality of dependence on donor-driven projects, and less on the real needs of communities. A

critical mass of NGOs will need to adopt longer-term NGO international best practices to promote sustainability within the sector.

LEGAL ENVIRONMENT: 3.7

The 1999 Montenegrin NGO Law prescribes simple registration procedures and

LEGAL ENVIRONMENT	
2002	3.7
2001	3.7
2000	3.5
1999	3.5

allows NGOs to operate free of state control and threat of dissolution for political or arbitrary reasons. While the government does not systematically harass NGOs, there is a lack of understanding amongst government authorities regarding the role of the NGO sector, in particular at the local level. There are instances of undue influence on NGOs by the ruling party in smaller municipalities.

As the NGO sector matures, the existing law needs better defined guidelines for forming an NGO organizational structure that includes a board of directors, management-staff relations with the board, and resolution of conflict of interest issues according to international standards.

Few lawyers are sufficiently familiar

with NGO law to provide relevant legal advice as there is no incentive for lawyers to specialize in NGO law or NGO-related legal issues. The few lawyers that do specialize in NGO law are mainly concentrated in Podgorica and only rarely in the secondary cities.

NGOs can earn income from the provision of good and services, receive tax exemptions on grants and profits less than \$4,000. However, Article 27 of the NGO Law, which provides tax exemptions and other privileges, is inconsistent with a recent set of tax laws adopted in Montenegro. For example, there are no tax exemptions for individual or corporate donors, nor other kinds of incentives for potential donors.

The Procurement Law allows for any legal entity, including NGOs, to compete for government contracts and procurements at the local and central levels. Unfortunately, there are few NGOs capable of delivering services under local or national government contracts.

ORGANIZATIONAL CAPACITY: 4.8

ORGANIZATIONAL CAPACITY	
2002	4.8
2001	5.0
2000	5.0
1999	5.0

It is still rare for NGOs to have clearly defined missions to which they adhere and few NGOs not incorporate strategic planning techniques in their decision-making process.

While still uncommon, a few NGOs are beginning to build constituencies for their initiatives.

NGOs typically do not have a clearly defined management structure, including a recognized division of responsibilities between the Board of Directors and staff members. In the few NGOs where internal

management structures exist, they exist only as a formality and do not serve to improve the organizational capacity of the NGOs.

Only a small number of NGOs have a permanent paid staff. Volunteer recruitment is dependent on specific project requirements. Volunteers normally receive symbolic compensation in the form of travel costs, per diems, and meals. Significant improvements need to

be made in the recruitment and use of volunteers within the sector.

Few NGOs have resources that allow for modernized basic office equipment, such as relatively new computers and software, functional fax machines, and Internet access. It would be useful to establish resource centers in secondary cities and smaller communities to allow NGOs access to communication facilities (Internet, fax, photocopying), which might improve NGOs' communication and constituency outreach capabilities.

FINANCIAL VIABILITY: 5.5

FINANCIAL VIABILITY	
2002	5.5
2001	5.5
2000	5.5
1999	5.5

Local funding is not a significant source of funding for NGOs. While the government of Montenegro is obliged to allocate funding for NGO programs, this has not

happened in the past two years. This is due both to a lack of interest on the part of the government and a Constitutional Court decision that the NGO Law contradicts the Montenegrin Constitution in terms of how this fund should be allocated. Furthermore, in the past, the application process for this fund lacked transparency. A small

number of NGOs received favorable treatment and were not subject to any reporting or monitoring requirements.

NGOs in Montenegro typically do not have diversified sources of funding and usually depend on one or a small number of international donors, which provides them with only short-term financial viability. As foreign donors will not remain in Montenegro forever, NGOs need to develop the skills and abilities to raise funding from other sources. This will require training in community and constituency building, fundraising techniques, and financial management.

ADVOCACY: 4.7

ADVOCACY	
2002	4.7
2001	4.5
2000	3.5
1999	3.5

Grassroots activism is not yet a reality in Montenegro, as economic survival continues to be the predominant concern among citizens. The bulk of NGOs, excluding a few visible

and well-connected groups, do not believe that the government will listen to their rec-

ommendations. In part, this is because NGOs lack the skills to influence public policy. At the same time, however, the state does not fully understand the role NGOs can play in policy formulation.

Nevertheless, there have been notable instances in which government authorities have collaborated with the NGO sector in drafting major reform legislation. In par-

ticular, this year a 'National Working Group' composed of media professionals, NGOs, and government representatives cooperated on drafting a set of progressive media laws that was endorsed by the Council of Europe. In September 2002, the parliament adopted the media package, consisting of the Media Law, the Broadcasting Law, and the Law on State Broadcasting Services.

Presently, the Union of Independent Broadcasters of Montenegro is continuing their advocacy efforts during the delicate stage of the media laws' implementation.

Similarly, the Ministry of Interior identified the Law on Police as a priority, and invited members of the NGO sector and international community to assist in drafting the law. The Anti-Corruption Agency has also made steps to draft a conflict of interest law with NGO participation, with the aim of combating corruption and improving transparency and accountability. As of this writing, the government had not yet approved the Agency's draft Conflict of Interest Law.

SERVICE PROVISION: 4.2

A report by the Center for Democracy and Human Rights (CEDEM) entitled "*The Non-Governmental Sector in Montenegro, 2000 -2001*"

SERVICE PROVISION	
2002	4.2
2001	4.0
2000	4.5
1999	4.5

concludes that the majority of the NGO sector operates sporadically, without continuity, relying on donor projects. Roughly 70 percent

of NGOs carry out humanitarian or service delivery-related activities.

Organizations such as the Association of Blind Persons of Montenegro and the Association of Persons with Hearing Problems of Montenegro provide specific ser-

vices for their members as well as for the general blind and deaf population. These organizations existed in the former Yugoslavia and were a part of the social care system supported by the state, but are currently registered as regular NGOs. Other organizations provide services to vulnerable groups like victims of domestic violence. These organizations do not receive any funding from the state, and most reflect the needs of their constituents. Overall, most NGOs are not service-oriented, leaving great room for improvement.

INFRASTRUCTURE: 4.6

INFRASTRUCTURE	
2002	4.6
2001	5.0
2000	5.0
1999	5.0

There are a few intermediate support organizations (ISOs) and NGO resource centers that provide limited means for

NGOs to access information, technology,

training and technical assistance. These ISOs and resource centers still need to develop their capacity to earn some of their operating revenue from earned income (such as fees for service) and other locally generated sources.

The most visible coalition over the past year has been the Akcija Coalition, composed of a core group of leading NGOs, academics, experts, and alternative media organizations that inform citizens about the reform process and the impact that reforms are likely to have on the lives of average citizens. The coalition's efforts have mostly been donor-driven but have played a significant role in informing citizens about the reform process.

There are a few examples of intersectoral partnerships. As mentioned previously, over the past year the National Working

Group drafted the media laws and rigorously advocated to have the laws enacted in Parliament in September 2002. Functioning under extreme political pressure, just before the Parliamentary elections on October 20, 2002, the National Working Group, composed of media experts, government representatives, and NGOs, unleashed a powerful public campaign on behalf of the progressive media law package that had faced stiff opposition in Parliament.

PUBLIC IMAGE: 4.8

The media does not cover NGO activities in a significant and thorough manner. Except for a 15-minute weekly report on state

PUBLIC IMAGE	
2002	4.8
2001	5.0
2000	5.0
1999	5.0

TV about NGO activities, media programs do not regularly cover NGO work. Some NGOs have tried to develop skills in public relations and access to media, but journalists are not well-educated about the role of the NGO sector.

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While the public image of NGOs still needs improvement, the intense media-driven Akcija initiative has helped to improve the way NGOs are perceived by the public, government, and businesses. In addition, USAID-funded IREX has been providing development support for a television station known as MBC (the Montenegro Broadcasting Company) with the aim of positioning MBC as a voice for unbiased and factual news in Montenegro. Part of MBC's development will be to produce shows that profile the NGO sector's work in a positive light.