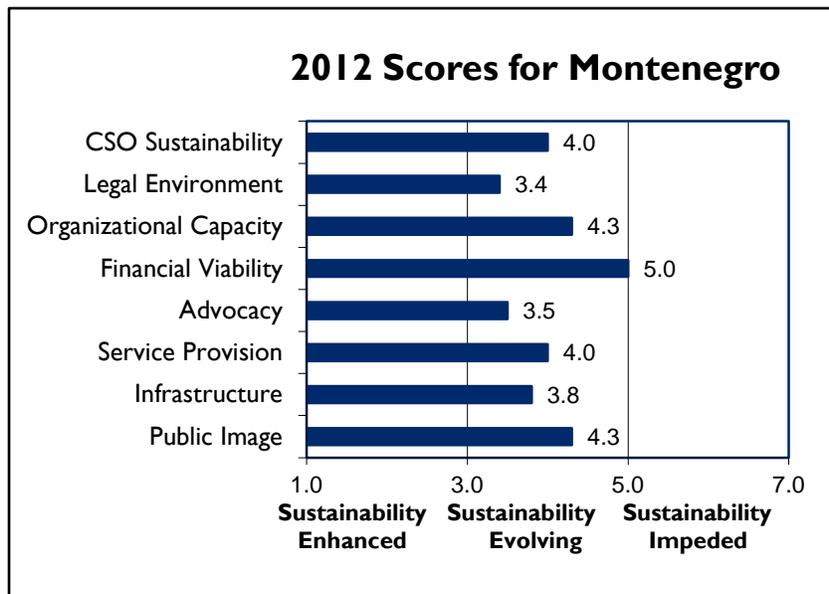


MONTENEGRO



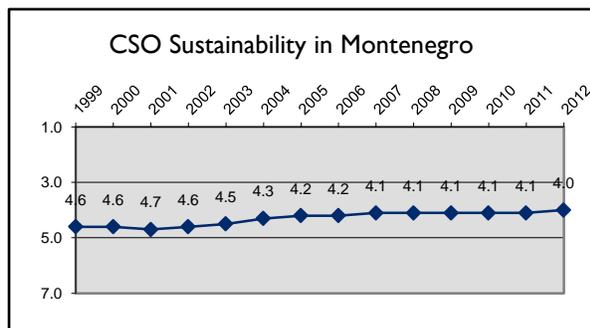
Capital: Podgorica

Population: 653,474

GDP per capita (PPP):
\$11,700

Human Development Index: 52

CSO SUSTAINABILITY: 4.0



Civil society in Montenegro experienced some improvements in 2012, although significant problems remain. It became apparent during 2012 that the Prime Minister's 2011 declaration of closer cooperation between state authorities and CSOs was made solely for political purposes. Although CSOs now participate in more working groups and other governmental bodies, and are even included in the working groups for EU negotiations, their voices are not regularly heard and their proposals are rarely adopted.

Procedures for public hearings are not sufficiently transparent, and final reports often lack detailed explanations of why CSOs' proposals were not adopted.

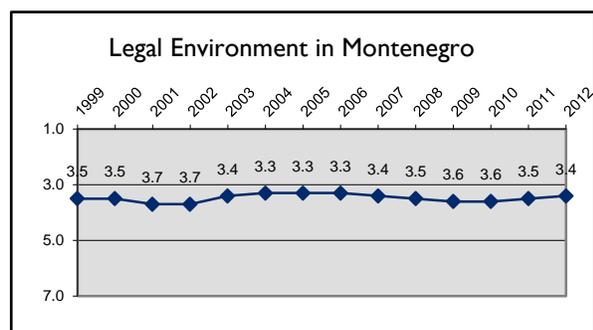
Procedures for public hearings are not sufficiently transparent, and final reports often lack detailed explanations of why CSOs' proposals were not adopted.

Financial problems continue to plague CSOs in Montenegro. Foreign donor support has declined, while state funds for the sector are insufficient to meet the sector's needs.

The number of CSOs in Montenegro declined significantly in 2012. Although there is no official information about the number of active CSOs in the country, of the almost 6,000 CSOs registered in 2011, over 4,500 failed to harmonize their statutes with the new Law on Non-Government Organizations (NGO Law) in 2012 and were therefore deleted from the registry. Previously, a number of for-profit entities were registered as CSOs, which distorted the overall picture of the sector and its contribution to the development of Montenegrin society.



LEGAL ENVIRONMENT: 3.4



Montenegro adopted the new NGO Law in July 2011. The first year of the new law's implementation was marked by the introduction of an online registry of NGOs. The online registry provides basic information about existing NGOs, but does not provide a way for organizations to register online. Registration may take ten days or longer, depending on whether the submitted registration documents comply with the law. If they do not, they must be corrected and resubmitted to the Ministry of Interior (MoI).

All previously registered CSOs were required to harmonize their statutes with the new law by August 13, 2012. Many CSOs felt that the new legislation's requirements were not publicized sufficiently. As a result, many small regional and local organizations failed to meet the deadline and were therefore deleted from the registry. In a few cases, the MoI used the previous law's requirements to register NGOs established after the new law became effective; these organizations were also deleted after August 13.

In contrast to the old law, the new NGO Law does not require organizations to have websites and only obligates organizations with annual incomes of more than €10,000 to publish annual financial reports online. This brings the legal requirements regarding accountability in line with the European Convention on Human Rights.

The new law calls for a centralized system for financing CSOs at the state level, but this system was not established in 2012. This system would involve the creation of a centralized state commission that provides organizations with all relevant information on state funding, such as the total amounts granted, projects supported, reasons they were chosen, and criteria for evaluating project proposals.

In 2012, the government started preparing the Strategy for Cooperation with CSOs for 2013 to 2015, although most work on the strategy will be done in 2013. Two CSO representatives were included in the working group drafting the strategy and implementation plan. The working group also met with CSOs to gather their input. CSOs can also email the group with proposals and suggestions.

The 2012 Decree on the Manner and Procedure of Co-operation of the State Administration and CSOs, which formalized the Prime Minister's 2011 declaration for cooperation with the civil sector, resulted in some positive developments. For example, the Ministry of External Affairs and European Integration appointed two CSO representatives to the EU-Montenegro Joint Consultative Committee. In general, however, the decree has not been implemented, suggesting that promises for closer cooperation with CSOs were made just for political gain. Not all state bodies comply with the decree's requirements. For example, in 2012, only six of thirty state bodies consulted with CSOs on documents and acts or invited CSOs to join working groups or other bodies. Only fourteen state bodies published their annual working programs, leaving CSOs without proper information about the activities of the other sixteen. In addition, there are still state bodies that have not appointed contact persons for communication with CSOs. There is, however, a list of the contact persons for forty-seven state bodies on the website of the Office for Cooperation with NGOs, although it is difficult to find.

In February, the government adopted the Decree on the Procedure and Manner of Conducting Public Hearings in the Process of Preparing Legislation, which defines how civil society should be included in the legislative procedure. The decree became effective in March 2012. Although it allowed civil society to become more involved in decision making, there were many problems with implementation during the year. Ministries failed to prepare and publish lists of the documents and acts that needed to go through the public hearings procedure, and when public hearings were conducted, proper reports on each point discussed, including

proposals of CSOs, were often not prepared. Still, some changes were seen in practice, including a greater willingness on the part of the state to consider CSO proposals.

In February 2012, the Law on Volunteerism was amended to allow a person to volunteer in order to get the special skills and work experience necessary to pass professional exams. This opportunity was mainly used by those aiming to work in the judiciary.

CSOs fear that tax and other inspections can be used to pressure those that criticize the government. When the leader of the strongest environmental CSO, Green Home, decided to leave the sector and start a political party earlier this year, the Tax Administration visited the organization without proper notice. Furthermore, it violated the law by reviewing the organization's finances for the last few years, despite the fact that the organization's finances were just reviewed in 2011. Criteria for choosing organizations to inspect, inspection reports, and findings are not made public.

The Income Tax Law generally exempts CSOs from taxation on foreign grants and donations. In addition, imported humanitarian goods are not subject to VAT.

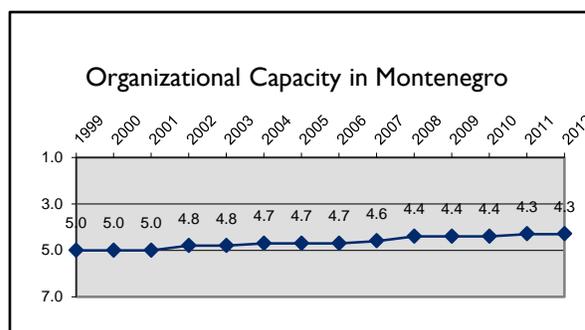
A CSO is permitted to engage in economic activities that are envisaged by its statute and registered with the registry of commercial entities. All income earned must be invested in the organization's main statutory activities. The income earned from economic activities cannot exceed 20 percent of a CSO's budget for the previous year.

Legal advice for local CSOs is only available from national-level support organizations.

ORGANIZATIONAL CAPACITY: 4.3

Most CSOs are donor-driven, modifying their missions and activities to match available funding. Many CSOs engage in activities beyond their missions, essentially acting as "catch all" organizations. Few CSOs value strategic planning.

CSOs are disconnected from their constituents, as evidenced by the fact that organizations look for project ideas primarily in the European Commission's Progress Report, rather than examining their constituent needs.



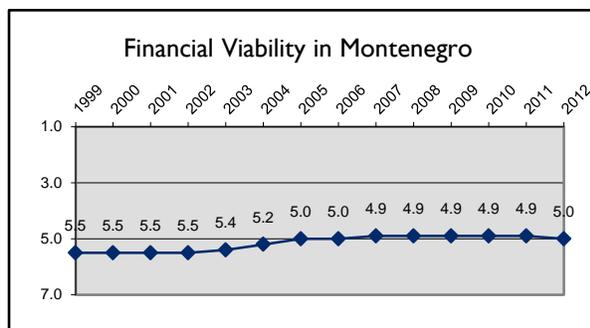
CSOs still focus primarily on political and social issues that can attract the attention of the public and the international community. However, only the biggest CSOs, predominantly from Podgorica, can address these issues effectively. At the same time, only professional CSOs have the qualified personnel needed to write proposals for and manage large projects. This widens the gap between the small number of professional and influential CSOs and the large number of small, institutionally weak CSOs.

Only a few CSOs can maintain permanent, paid staff. The sector is not seen as a steady career path, but only a transitional phase for professionals. In 2012, the central government initiated a vocational training program to provide young graduates with the practical experience needed to pass state professional exams. While not focused specifically on CSOs, this program could help CSOs employ more professionals and strengthen their capacities.

Only a handful of CSOs have democratic governance structures. Most CSOs lack boards of directors and most decisions are made by executive bodies.

Most Montenegrin CSOs are equipped with basic technology, such as computers, phones, Internet access, and to a lesser extent, fax machines.

FINANCIAL VIABILITY: 5.0



CSOs in Montenegro continue to be highly dependent on foreign donors. Philanthropy remains very limited, and only a few CSOs are able to earn income through the provision of services. As a result, proposal writing remains the dominant way that CSOs seek to sustain their operations.

Foreign support for the sector continued to decrease in 2012. The Foundation Open Society Institute – Regional Office in Montenegro has not granted funds since 2011. CSOs’ ability to apply for EU funds

decreased. CSOs can now apply with only one project idea at a time for both national Instrument for Pre-Accession Assistance (IPA) and European Instrument for Democracy and Human Rights (EIDHR) funds. In 2012, CSOs in Montenegro received approximately €600,000 in funding from EIDHR and €1.2 million from IPA. Information is not available about the funding levels of other EU-funded programs.

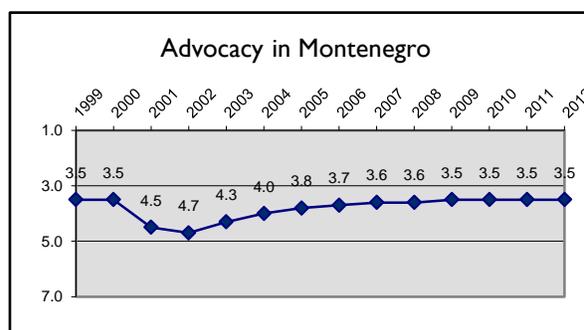
Public funding priorities do not reflect the priorities established in official strategic documents, like EU action plans, integrity plans, or action plans against corruption and organized crime. As mentioned above, the government has not yet created the centralized commission to finance CSO projects envisioned by the NGO Law. Once created, the commission will only have a budget of around €200,000, which CSOs do not feel is sufficient to support the sector. At the same time, the allocation of revenue to CSOs from games of chance has been cut almost in half: CSOs received just over €2 million in 2012, while the total amount was supposed to be around €4 million.

At the local level, the situation is even worse. Municipal budgets have been cut, leaving far less money for CSO projects. In 2011, municipalities allocated €370,044 for CSOs, while in 2012 that number dropped to €199,017. In Nikšić, public funds were allocated to CSO projects, but never disbursed. Personal relationships are still the primary factor in municipal funding decisions, regardless of the quality of projects. Private and corporate philanthropy are non-existent.

CSOs have not improved their financial management. While leading CSOs have one or two staff members dedicated to financial operations, most CSOs have weak financial management practices. CSOs try to be transparent about their finances to donors, but rarely publish annual reports with financial statements or undergo independent financial audits.

ADVOCACY: 3.5

In contrast to 2011, when civil society saw improved cooperation with state entities, in 2012 CSOs expressed great disappointment in the lack of cooperation with the government. This disappointment led to mass protests against the government in the first half of 2012 organized by MANS, as well as student and workers unions. Protesters openly called for the resignation of the prime minister and his government. In response, Prime Minister Lukšić threatened to inform MANS’



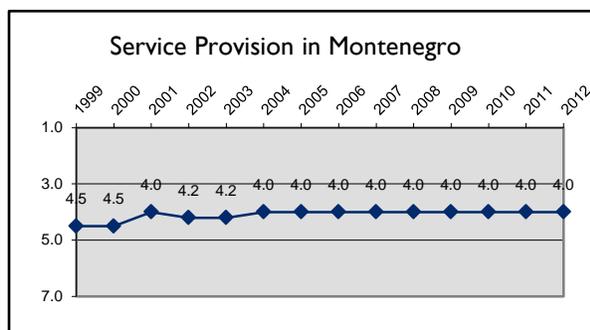
donors that it was operating like an opposition political actor.

Despite these unfavorable conditions, CSOs still actively use all the available legal tools, such as the Free Access to Information Law, to make the government more accountable. For example, the Center for Democratic Tradition (CDT) focuses on the financing of political parties and the Civil Alliance monitors courts. In 2012, the government formed several working groups for different chapters of the negotiation process with the EU. Almost all the groups include CSO representatives, which is exceptional among countries applying for EU membership.

While CSOs can participate in government working groups, these efforts are largely inefficient. CSOs can influence decision making within ministries, but they lose influence when the bill reaches the parliament. For example, in 2011, MANS, CDT, and the Center for Monitoring and Research (CEMI) were part of a working group that recommended legislation on financing political parties, but it was substantially amended in parliament. Furthermore, as described above, the two 2012 decrees that were expected to increase CSO engagement in the policy process have not been fully implemented.

On the local level, a grassroots environmental movement organized a referendum against the building of a regional dump in the town of Berane, but the referendum was not acknowledged as legitimate by local or state authorities.

SERVICE PROVISION: 4.0



The scope of CSO service provision in Montenegro did not change significantly in 2012. Legal assistance to women and minorities, informal education, and social services to children with disabilities, women and children, and victims of domestic violence are among the most recognized services provided by CSOs.

The vast majority of funds for service delivery continue to come from international donors. Despite the law's requirements, local governments have small budgets and do not identify clear priorities or allocate

funds transparently. In addition, local governments do not contract CSOs even for services that they lack the necessary knowledge and expertise to provide.

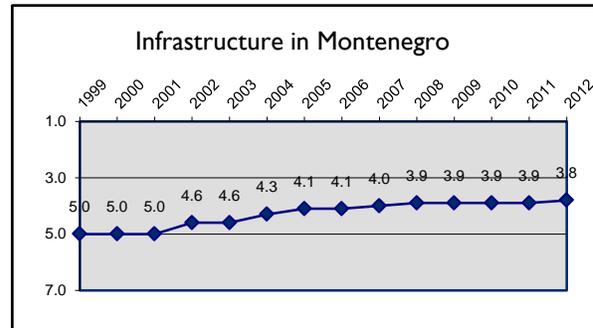
The advice, products, and recommendations of environmental organizations are not generally recognized by national or local governments. While service delivery organizations might have good cooperation with some branches of the government, their cooperation with the Ministry of Labor and Social Care remains unsatisfactory. CSOs still provide the majority of training to state and local administration in project writing, public relations, and preparation of strategic documents, but the demand for such services and cost recovery are poor. No official data is available regarding the fees charged for such services.

INFRASTRUCTURE: 3.8

CSO infrastructure improved slightly in 2012. Several intermediate support organizations and CSO resource centers provide CSOs with basic training, learning and networking resources, legal assistance, as well as project writing and technical assistance. This year, the EU project Technical Assistance for CSOs (TACSO) opened an office in Podgorica that functions as a CSO resource center. However, CSOs still lack access to more advanced trainings in proposal writing, project management, organizational development, strategic planning, fundraising, volunteer management, board development, and creating partnerships with other sectors. Both new and experienced CSOs need continued learning, specialized consultations from experts,

and information on potential funding sources. In addition, the services provided by CSO resource centers are not systematic or of high quality, and do not meet the real needs of CSOs at the local level.

CSOs in only three municipalities, including the capital, have access to support services on a regular basis, as the rugged terrain of the country makes travel difficult and expensive. CSOs in outlying regions and difficult-to-reach municipalities suffer from limited access to information, donor resources, and contacts with the central government.

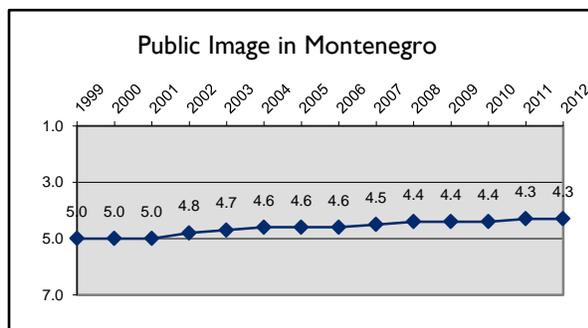


The CSO coalition Together towards the Goal is becoming more active and is establishing local branches. In addition, two new CSO coalitions were established in 2012. The Coalition for Monitoring of EU Accession Negotiations in Acquis Chapters 23 and 24 focuses on the rule of law and human rights, while the Network of Women’s CSOs that Support Victims of Family Violence is working to establish SOS phone lines.

In 2012, the Fund for Active Citizenship (FAKT) and the Center for the Development of NGOs (CRNVO) regranted €100,000 and €80,000, respectively, of EU IPA funds to small CSOs. FAKT also regranted about €170,000 in funds from its traditional international donors.

Intersectoral relationships continue to improve, with many of the larger, more developed CSOs at the national level working directly with private companies and private media outlets on joint initiatives. For example, CDT and TV Vijesti collaborated on the project of Financing of Political Parties, while MANS, Monitor, Vijesti, and Dan worked together on the project Under the Magnifying Glass. While CSOs rarely enter into formal coalitions with media companies, they cooperate informally on specific projects. CSOs and the government also collaborate on projects such as the Portal for Persons with Disabilities, which will present the work and activities of persons with disabilities

PUBLIC IMAGE: 4.3



According to a poll conducted by CEDEM in September 2012, public confidence in the CSO sector dropped from 50 percent last year to just 34 percent. This is likely due to the politicization of some prominent CSO figures who founded political parties or organized protests. The public perceives CSOs as being in constant opposition to the government.

In 2011, the Prime Minister publicly identified CSOs as partners in Montenegro’s accession to the European Union. This attitude changed dramatically during the

protests in 2012, when Lukšić reacted negatively to CSOs’ actions, even threatening to inform donors that CSOs are behaving like opposition political actors. Accordingly, many government officials, both at the national and local levels, now view CSOs as political actors. Moreover, since 2011, when MANS filed a criminal complaint against a Deputy Prime Minister, the government has accused CSOs of creating an atmosphere that is driving investors away from the country. This rhetoric continued in 2012, both during and after the protests.

Media coverage of CSO activities increased again in 2012, both in terms of quantity and quality. CSOs generally enjoy positive media coverage both at the local and national levels. Large, well-known CSOs in particular have easy access to media, while small and regional CSOs struggle to obtain proper media coverage.

An exception this year was the campaign in Berane against building a regional dump, which gained wide public attention and media coverage.

CSOs' public relations tend to be weak and are characterized by unclear messages. However, CSOs and the media enjoy a mutually beneficial relationship, with a strong two-way flow of information. Some CSOs have become very skilled at using the media to effectively communicate some of their project specific goals to the public.

There is little self-regulation in the sector. Although one CSO coalition, Together towards the Goal, has a code of ethics, there is no sector-wide code of ethics. Few CSOs make their annual reports publicly accessible.