

October 2017

MONTENEGRO

COUNTRY PAPER

This publication is part of the project “**Western Balkan CSOs for Global Development**” financed by the Austrian Development and HORIZONT3000 through its partner organisations. The sole responsibility for the content of this document lies with the authors. It does not necessarily reflect the opinion of HORIZONT3000 or the Austrian Development Cooperation. This paper has been authored by Zorana Markovic, Center for Development of Nongovernmental Organisations ([CRNVO](#)), based on the TRIALOG Country paper: The Former Yugoslav Republic of Macedonia (2012) by Emilia Nunnari.

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1. Introduction

Montenegro is on its way of becoming a member state of the European Union (EU) in the foreseeable future. The membership will require a shift from being recipient to becoming a donor-country with the aim of contributing to global development through financial and nonfinancial resources. To accomplish this complex task, development co-operation policies and humanitarian aid should be strategically planned, coordinated, implemented, and monitored, involving all key stakeholders including CSOs.

The aim of this paper is to provide a coherent and in-depth information of the state of affairs in Montenegro in regards to the progress made in the field of development cooperation at the national level in terms of policies, legislation and mechanisms towards harmonization with EU legislation. The paper puts special emphasis on involvement of the civil society in development cooperation and is based on TRIALOG Country paper: Montenegro (2012) by Emilia Nunnari¹.

The paper contains analysis of primary and secondary sources. Desktop research was conducted in order to review documents and available statistics. The research included national strategic and policy documents, European Commission progress reports, reports provided by national and international civil society actors, as well as official statistics provided by the World Bank (WB) and the Organisation for Economic Co-operation and Development (OECD) databases. Furthermore, input for the document was provided through the communication with the Ministry of Foreign Affairs (MFA) and through networking events with various CSOs interested or working on global development issues.

The document consists of five parts. The first chapter provides information on the country profile. The relationship between Montenegro and the European Union, including its achievements in the sphere of development cooperation, is described in the second chapter. Benefits of Montenegro being an aid recipient country are explained in the third chapter that also enlightens role of Montenegro in providing humanitarian aid. The role of civil society in promoting development cooperation is explained in the fourth chapter. The last chapter contains conclusions and recommendations for establishment of effective development cooperation and humanitarian aid mechanisms at national level.

¹ Nunnari, E. (2012) TRIALOG Country Paper The Former Yugoslav Republic of Macedonia. TRIALOG Internet access: http://www.trialog.or.at/images/doku/trialog_countrypaper_macedonia.pdf [accessed 2017-08-18]

2. Country profile

Montenegro is one of the newest countries in Europe. On the 3rd of June 2006 the Montenegrin parliament declared independence from the State Union of Serbia and Montenegro, following a referendum that was held in May 2006 in favor of independence. The UN General Assembly voted on June 28, 2006 to admit Montenegro as a new member state. Since the 2006 declaration of independence, the European Union, Serbia, and all permanent members of the UN Security Council have recognized Montenegro. Until 2016, 182 countries have recognized Montenegro.

Montenegro is the smallest state in the Western Balkans, with a size of 13,812 km² and a population of 622,303² with a multiethnic composition: the majority is represented by Montenegrin 45%, followed by Serbs 29%, then by Bosnians 9%, Albanians 5%, Muslim 3%, and Croats 1%.³ The name Montenegro (Crna Gora) means "Black Mountain". It has a coast on the Adriatic Sea to the south and border with Italy and borders with Croatia to the west, Bosnia and Herzegovina to the north-west, Serbia and Kosovo to the north-east, and Albania to the south-east. Its capital and largest city is Podgorica, with almost one third of the total population of Montenegro. The official language is Montenegrin, but Serbian, Bosnian, Albanian and Croatian are also recognized in usage.

Montenegro is an upper middle income economy, with a Gross Domestic Product (GDP) of EUR 3,773 billion in 2016, according to preliminary results⁴ of MONSTAT. Montenegro ranked 48 out of 187 in the 2016 Human Development Index⁵ and was on the official 2014-2015 OECD Development Assistance Committee (DAC) list of Official Development Assistance recipients⁶.

The unemployment rate reached nearly 23% in May 2017, while youth unemployment was at 18.5% in first half of 2016, according to the Montenegrin Statistical Office. Almost 25% of unemployed are persons have a higher education.

Below the poverty line 8.6% of Montenegrin people were living in 2013, also being the latest data on poverty published. More than 30% of the poor population lives in the northern region of Montenegro⁷. In addition, there is a significant disparity in incomes between the rural, ex-industrial northern regions of Montenegro and the more prosperous central and coastal regions.

The current constitution of Montenegro, that replaced the constitution of 1992, was ratified and adopted by the parliament of Montenegro on 19 October 2007 and was

² Montenegro Statistical Agency MONSTAT

<http://www.monstat.org/userfiles/file/demografija/procjene%20stanovnistva/2016/Release%202016.pdf>

³<https://www.monstat.org/userfiles/file/publikacije/CG%20U%20BROJKAMA/Monstat%20%20CG%20u%20Brojkama%202015.pdf>

⁴ http://www.monstat.org/userfiles/file/GDP/2016/Saopstenje_BDP_4Q2016.pdf

⁵ <http://hdr.undp.org/en/countries/profiles/MNE>

⁶<http://www.oecd.org/dac/stats/documentupload/DAC%20List%20of%20ODA%20Recipients%202014%20final.pdf>

⁷https://www.monstat.org/userfiles/file/analiza%20siromastva/2013/ANALIZA%20SIROMA%C5%A0TVA%20U%20CRNOJ%20GORI%20U%202013_godini.pdf

officially proclaimed as the Constitution of Montenegro on 22 October 2007⁸. According to the first article of the Constitution, Montenegro is an independent, sovereign state with republican form of government, democratic and environmentally compliant state of the social justice ruled by the law⁹. The Parliament of Montenegro is the unicameral legislature of Montenegro with 81 deputies elected for four years. The system of the house is proportional representation. The prime minister is elected by the assembly, while the president is elected by direct vote for up to two five-year terms. Recent elections, held in 2016, were organized in line with a political agreement on the organization of free and fair elections and led to the establishment of a "government of electoral trust". Despite persisting polarization of the political environment, this has demonstrated the capacity to reach compromises between the government and parts of the opposition.¹⁰ The parliamentary elections were conducted under a substantially revised legal framework and were largely considered free and fair by international observers.

Montenegro is organized in central and local self-governments, and is moderately engaged with the reform of its public administration. Some progress has been made, notably, with the adoption of the public administration reform strategy 2016-2020, the public financial management reform programme, the entry into force of the new law on salaries and the simplification of administrative procedures. However, strong political will is needed to effectively address the de-politicisation of public service and right-sizing of the state administration.¹¹

The rule of law sector is still lacking in independence and efficiency. The capacity of the Judicial and Prosecutorial Council has improved. However, the new legislative framework for increasing the independence, accountability and professionalism of the judiciary, as well as the code of ethics, have not yet been fully implemented.¹²

Corruption is considered to be widespread, but during the accession period Montenegro has achieved some level of preparation in the fight against corruption. Corruption remains prevalent in many areas and continues to be a serious problem. According to EU Montenegro 2016 Report, the process of institution building is largely complete, the Anti-Corruption Agency started its work in 2016. Despite some further steps taken, the track record both on successful investigations and convictions, in particular in high-level corruption cases, and on prevention of corruption remains limited, and all institutions should demonstrate a more proactive attitude to fulfilling their mandate.

⁸ The Constitution of Montenegro and the constitutional law for the implementation of the constitution of Montenegro, October, 2007, P.2,

http://www.comparativeconstitutionsproject.org/files/Montenegro_2007.pdf

⁹ <http://www.skupstina.me/images/documents/constitution-of-montenegro.pdf>

¹⁰ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_montenegro.pdf

¹¹ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_montenegro.pdf

¹² https://ec.europa.eu/neighbourhoodenlargement/sites/near/files/pdf/key_documents/2016/20161109_report_montenegro.pdf

3. Montenegro and the European Union

3.1 Montenegro – EU relations

Montenegro and the European Union (EU) established formal relations through the Stabilization and Association Process (SAP) in July 2001¹³. In 2003, during the Thessaloniki European Summit, Montenegro, together with five other Western Balkans countries, was recognized as a potential candidate for European Union (EU) membership. As a part of the State Union with Serbia, Montenegro started the process of accession to the European Union in November 2005, when negotiations over a Stabilization and Association Agreement began. After independence, separate negotiations were launched with Montenegro in September 2006. A legal foundation for relations with the EU was established after signing the Stabilization and Association Agreement (SAA) with the European Union in October 2007, and unanimously supported and ratified in the Parliament of Montenegro on 13 November 2007. Following the ratification in all EU member-States, the SAA entered into force on 1 May 2010.

In order to start the preparations for upcoming challenges and tasks, in line with obligations arising from SAA, a National Programme for Integration (NPI) 2008–2012¹⁴ was adopted in 2007. The NPI defines measures for alignment with the EU *acquis*, and a basis for reform-oriented activities and drafting of the Government work programmes.

Montenegro presented its application for membership to the European Union on 15 December 2008. In November 2010, the European Commission recommended that Montenegro be approved as an EU candidate country, but at the same time identified seven key priorities that would need to be addressed for negotiations to begin.¹⁵

Montenegro was granted candidate country status in December 2010. In December 2011, the Council launched the accession process with a view to opening negotiations in June 2012. The accession negotiations with Montenegro formally started in June 2012, at the first Intergovernmental Conference. Even before accession negotiations formally started, in March 2012, the European Commission (EC) started the screening process - the analytical examination of laws for harmonization with the EU legislation or the *acquis communautaire* - and in June 2013, another important milestone was reached when screening process was finished for all 33 negotiation chapters (for two chapters screening is not being done 34 – Institutions, 35 – Other issues).

Montenegro was the first candidate country *negotiating* with the EU under the „*new approach*“, which implies that Chapter 23 Judiciary and Fundamental Rights and Chapter 24 Justice, Freedom and Security are opened at the start of negotiations and remain open until all other chapters are closed. The first two chapters that were officially launched and provisionally closed were: Chapter 25 - Science and research in December 2012 and Chapter 26 - Education and culture in April 2013. In December 2013 negotiations were

¹³ <https://www.eu.me/en/montenegro-and-eu/montenegro-eu-relations>

¹⁴ http://www.esiweb.org/pdf/montengro_National%20Program%20for%20Integration%202008%202012.pdf

¹⁵ Enlargement Strategy and Main Challenges 2011-2012, Brussels, 2011, P. 3, http://ec.europa.eu/enlargement/pdf/key_documents/2011/package/mn_rapport_2011_en.pdf,

opened on chapters 23 – Judiciary and fundamental rights and 24 – Justice, freedom and security, as well as three other chapters: Chapter 5 - Public procurement, Chapter 6 - Company law and Chapter 20 - Enterprise and industrial policy.

The Programme of Accession of Montenegro to the EU 2014-2018 (PPCG) was adopted on 26th December 2013 and revised in 2014 and 2016. This strategic document gives an overview of the current state and defines the framework and pace of reforms that are needed for Montenegro's further alignment with the EU's legislation, human resources required for implementation and cost assessment for the implementation of all the measures/activities¹⁶. This is one of the key documents that list responsibilities of Montenegrin authorities in terms of adopting laws and strategic documents, establishing institutional mechanisms and ensuring administrative capacities during accession negotiations. A total of 13 quarterly reports on Programme's implementation have been adopted so far. While the level of its implementation in 2014¹⁷ was modest, namely 51 per cent of defined measures, greater engagement of all responsible actors led to significantly higher, 88 per cent of implemented measures in 2015¹⁸ and 72 per cent in 2016¹⁹ respectively.

3.2 Montenegro's current accession process

As a candidate for European Union membership since 2010, Montenegro has made gradual steps towards democratization and strengthened the legal and institutional framework of the rule of law and fundamental rights. Significant progress has been made mostly on the level of legislation. However, implementation is deficient. The main concerns are related to the politicization of the judiciary and shortcomings in the functioning of law enforcement institutions, in particular in fighting organized crime and corruption. The institutions are still too weak to deal with fragile economy, corruption, abuse of power, misuse of public resources and excessive employment within public administration.

At the ninth meeting of the Accession Conference with Montenegro at ministerial level that was held in Luxembourg in June 2017 negotiations on chapter 1 - Free movement of goods and chapter 22 - Regional policy and coordination of structural instruments were opened. As of 20 June 2017, with 28 chapters opened for negotiations out of 35 negotiation chapters, out of which 3 chapters have already been provisionally closed, Montenegro is recognized as a leader in the region and enjoys a widespread support among EU members' officials. In its 2016 assessment of the accession progress, the European Commission has

¹⁶ Montenegro's Programme of Accession to the EU and progress reports: <http://www.eu.me/en/accession-negotiations>

¹⁷ www.eu.me/mn/crna-gora-i-eu/dokumenti/category/218-program-pristupanja-crne-gore-evropskoj-uniji?download=1662:cetvrti-kvartalni-izvjestaj-o-realizaciji-obaveza-iz-programa-pristupanja-crne-gore-evropskoj-uniji-za-period-2014-2018

¹⁸ www.eu.me/mn/crna-gora-i-eu/dokumenti/category/218-program-pristupanja-crne-gore-evropskoj-uniji?download=1658:cetvrti-kvartalni-izvjestaj-o-realizaciji-obaveza-iz-programa-pristupanja-crne-gore-evropskoj-uniji-za-period-2015-2018

¹⁹ www.eu.me/mn/crna-gora-i-eu/dokumenti/category/218-program-pristupanja-crne-gore-evropskoj-uniji?download=1687:cetvrti-kvartalni-izvjestaj-o-realizaciji-obaveza-iz-ppcg-2016-2018

identified Montenegro as having the highest level of preparation for membership among the negotiating states²⁰.

Five years after beginning of negotiation process in June 2012, Montenegro is facing the most challenging period in the accession process. Although significant efforts have been undertaken by the Montenegrin government, measurable progress towards meeting the interim benchmarks set in the rule of law chapters will be key for further progress in the overall negotiation process. In this respect, in December 2014 the Parliament of Montenegro adopted a comprehensive set of laws for prevention of corruption. The set included: a Law on Prevention of Corruption; a new Law on Lobbying; a new Law on Financing of Political Parties and Election Campaigns, amendments to the Law on Prevention of the Conflict of Interest; amendments to the Law on Public Procurement; and a new Law on General Administrative Procedure. The Parliament also adopted an Ethical Codex for their members. New laws and amendments significantly strengthen the legislation framework in this area.²¹ Also, in line with National Strategy for Fight against Corruption for 2010-2014 new institutions were established the Agency for Fight against Corruption and Special Prosecutor's Office.

According to the Program of Montenegro's accession to the European Union for the period 2017-2018 which defines further obligations of Montenegro in the accession process, 82 strategic documents and 737 legislative pieces are supposed to be adopted in this two years period. In addition to the need to fully harmonize national legislation with the EU *acquis*, it is necessary for Montenegro to achieve visible and measurable results in applying these laws. An independent, depoliticized and efficient judiciary is a prerequisite for a country to have complete rule of law. The fight against corruption is in the focus of all EU member states, so Montenegro will have to show the ability to effectively enforce laws, both in preventing corruption and in its repression. Regarding fundamental rights, it is expected that the EU candidate country will demonstrate the ability to guarantee all fundamental rights and be prepared to provide protection in the event of their violation. Every progress in this chapter affects the strengthening of legal security and citizens' trust in the judicial system, as well as raising the awareness of all citizens about respect and realization of fundamental rights.

3.3 Progress of negotiations on development policy and humanitarian aid

Chapter 30 on external relations which includes notably trade, as well as development policy and humanitarian aid was opened on 30 March 2015 after the screening since 2013. In the EU Common Negotiation Position, a benchmark for Montenegro to provisionally close this chapter was defined. Following this benchmark, the Montenegrin Government adopted an action plan in October 2016 aimed at further alignment of legislation with the *acquis communautaire* and strengthening institutional and

²⁰ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_montenegro.pdf

²¹ <http://www.skupstina.me/index.php/me/sjednice/zakoni-i-drugi-akti>

administrative capacities.²² According to the plan, adoption of the Law on Development Cooperation and Humanitarian Aid is due by the end of 2017.

Chapter 30 - External relations, was provisionally closed at the ninth meeting of the Accession Conference with Montenegro at ministerial level that was held in Luxembourg in June 2017. However, the EU underlined that it would devote particular attention to „monitoring all specific issues mentioned in its common position” and that “will, if necessary, return to this chapter at an appropriate moment.”²³

3.4 Euro-Atlantic Integration - Montenegro and NATO

Shortly after the Montenegrin parliament formally declared independence the NATO Allies invited Montenegro to join the Partnership for Peace (PfP)²⁴ at the Riga Summit. Montenegro joined the Partnership for Peace in December 2006 and at the Bucharest Summit, and in April 2008, allied leaders agreed to start an Intensified Dialogue with Montenegro on its membership aspirations and related reforms. During this process Montenegro has been undertaken a wide-ranging programme of structural and institutional reforms. The instruments available within the PfP greatly assisted in this process.

In December 2015, at the NATO foreign ministers meeting in Brussels allies decided to invite Montenegro to begin accession talks to join the Alliance²⁵. They stated that they expect further progress on reforms, especially in the area of rule of law. The Accession Protocol was signed by Allied foreign ministers on 19 May 2016 and once all 28 Allies had ratified the Accession Protocol, Montenegro could accede to the Washington Treaty and become a full member of the Alliance. At the NATO Summit in Warsaw, in July 2016, in which Montenegro has been participating in all working meetings of NATO as an observer, allied leaders underlined that democratic values, rule of law, domestic reforms, and good neighborly relations are vital for regional cooperation and for the Euro-Atlantic integration process.

In line with Montenegrin Government position that Euro-Atlantic integration is the best way to ensure long-term, self-sustaining security and stability in the region Montenegro became a full member of the Alliance, when the instrument for its accession to the Washington Treaty (or the North Atlantic Treaty) was formally deposited with the US State Department on 5 June 2017.

²² www.gov.me/ResourceManager/FileDownload.aspx?rId=255739&rType=2

²³ Source: www.consilium.europa.eu/en/press/press-releases/2017/06/20-montenegro-9th-accession-conference-mtg/

²⁴ PfP is a programme of practical bilateral cooperation between individual Euro-Atlantic partner countries and NATO

²⁵ www.nato.int/cps/en/natohq/news_125370.htm

4. Development cooperation of Montenegro

4.1 Montenegro as a recipient of Official Development Assistance

Montenegro is a small economy aspiring to join EU by 2020. In the DAC List of ODA recipients, Montenegro is included among the Upper Middle Income Countries and Territories²⁶. As a part of the Federal Republic of Yugoslavia and State Union of Serbia and Montenegro, Montenegro was isolated from the international community during the 1990s. During this period Montenegro received international humanitarian aid. Also, until 1998, the European Commission provided Montenegro with humanitarian assistance, support for democratization and independent media. In the period from 1998 to 2000, assistance was provided through the program OBNOVA (“Reconstruction”) and ECHO (European Civil Protection and Humanitarian Aid Operations - humanitarian aid). The OBNOVA program was established in 1996 by the Council of the European Union Regulation 1628/96, and open to Bosnia and Herzegovina, Croatia, FR Yugoslavia and Macedonia and total funds for the period 1996 to 2000 were 400 million EUR. The funds were foreseen mainly to encourage the return and reintegration of refugees and displaced persons but also for economic and political reform and support to development of agriculture, transportation, public administration and education. From 1998 to 2000 Montenegro received total of 46.5 million EUR from the OBNOVA fund. By 2000, donor support consisted mainly of humanitarian assistance and emergency reconstruction of infrastructure²⁷. From 2000 onwards, it moved gradually towards the provision of development assistance to support structural reforms and to build institutional capacities in support of Montenegro European integration process. Through the CARDS program (Community assistance for reconstruction, development and stabilization, an instrument of technical and financial assistance that is intended to support the stabilization process and the association of Western Balkan Countries) that was established by the Council of the European Union Regulation no. 2666/2000 in the period from 2001 to 2004 Montenegro received 60.8 million EUR.²⁸

Between 2013 and 2015 Montenegro was number 10 of ODA recipients in Europe and received 317 million USD, with an average distribution of 106 million USD per year²⁹.

There is no unified database and publicly available dates of development cooperation and humanitarian assistance that Montenegro has received by bilateral and multilateral donors.

²⁶<https://www.oecd.org/dac/stats/documentupload/DAC%20List%20of%20ODA%20Recipients%202014%20final.pdf>

²⁷ http://www.cb-cg.org/slike_i_fajlovi/fajlovi/fajlovi_publikacije/radne_studije/Fondovi_i_programi_pomoci_EU_sa_osvrtom_na_a_CG.pdf

²⁸ Fondovi i programi pomoći EU sa osvrtom na Crnu Goru
http://www.cb-cg.org/slike_i_fajlovi/fajlovi/fajlovi_publikacije/radne_studije/Fondovi_i_programi_pomoci_EU_sa_osvrtom_na_CG.pdf

²⁹ Development aid at a glance – Statistics by region,
<http://www.oecd.org/dac/stats/documentupload/Europe-Development-Aid-at-a-Glance.pdf>

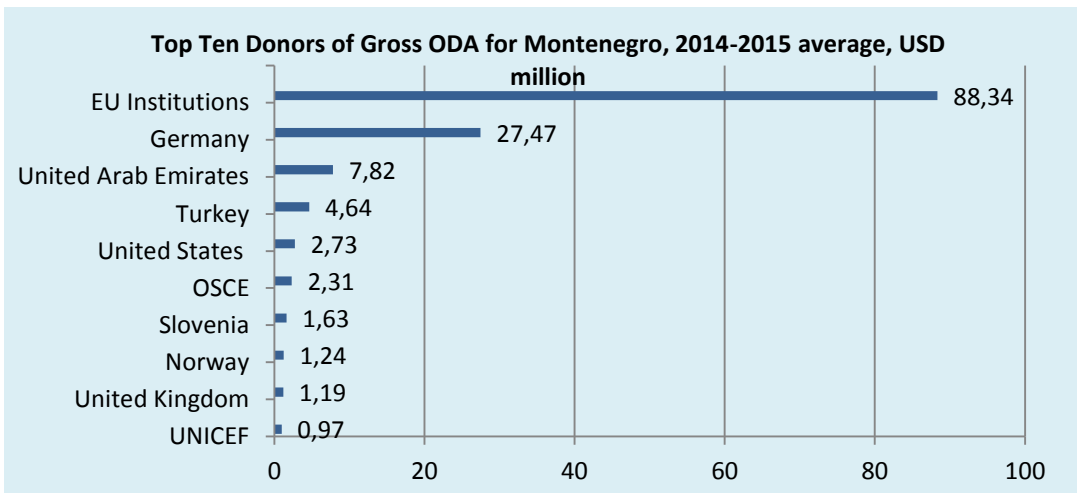


Chart 1. Top Ten Donors of Gross ODA for Montenegro, 2014-2015 average, USD million, Source: OECD

As the OECD Recipient Aid Chart shows, the Net Official Development Assistance received in Montenegro was reported at 100 million USD in 2015. The data chart shows the Top Ten donors of ODA for Montenegro. The main donors are EU Institutions, with a contribution of about 88.34 million USD (2014-2015 average); the second Germany, with about 27.47 million USD followed by the United Arab Emirates, with contributions of 7.82 million USD, and Turkey with 4.64 million USD. Other ODA Donors are: United States (2.73 million USD), OSCE (2.31 million USD), Slovenia (1.63 million USD), Norway (1.24 million USD), United Kingdom (1.19 million USD) and UNICEF (0.97 million USD).

Regarding the distribution of ODA by sector, education receives little more than 8% of ODA, economic infrastructures and services receive about 34% of ODA, production about 0.6%, multisector about 1%, less than 2% is destined to action relating to debt and about 2% to Other and unallocated/unspecified. The main recipient sector is “Other Social Sector”, with 52% of ODA.³⁰

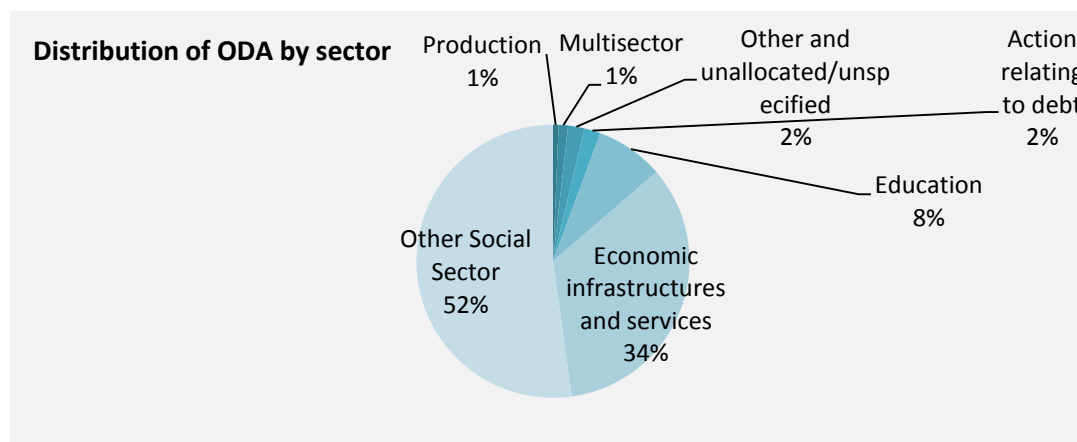


Figure 1. Distribution of ODA by sector, Source: OECD

³⁰ Source: OECD - DAC : <http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/aid-at-a-glance.htm>

4.2 Remittances

According to the data from the Study “Migration Profile – Country Perspective” that was prepared on the basis of Central Bank of Montenegro’s information releases, the remittances of Montenegrins working abroad to their families increased by almost 5% in 2013, reaching a total of 353 million EUR. According to the bank’s information, the diaspora sent remittances worth about 342.8 million in 2012, about 321.34 million in 2011 and nearly 281 million in 2010, adding up to a total of 1.3 billion euro. Most of the remittances that were sent home through the banking system came from Serbia, Italy, Germany, Greece and Britain. Update estimates of remittance flows published in April 2014 by the World Bank’s Migration and Remittances Unit agree with data of the Central Bank of Montenegro. The World Bank estimates a weight of remittances on GDP of 7.9%.³¹

There is a very limited scope of literature on remittances and the impact they have on decreasing poverty, improving living standard and country's performance in Montenegro.

4.3 Montenegro as a donor of development and humanitarian assistance

Although Chapter 30 – External relations has been provisionally closed in June 2017, Montenegro still needs to set up a legal and institutional framework in line with EU development policy. In accordance with the action plan for chapter 30, Montenegro is supposed to adopt the Law on Development Cooperation and Humanitarian Aid by the end of 2017, which will ensure alignment with the EU *acquis*. This Law will also govern the area of development policy and set the basis for adoption of the methodology to allocate financial resources for humanitarian and development assistance, based on generally accepted OECD/DAC principles for ODA. The Action plan listed several priorities in the area of development assistance and humanitarian aid. These include the establishment of an organizational unit within the Ministry of Foreign Affairs (MFA) equipped technically and with personnel to monitor, plan and coordinate development cooperation and humanitarian aid, in accordance with the new Law on Development Cooperation and Humanitarian Aid.

Although Montenegro will go from being a recipient of Official Development Assistance (ODA) to becoming a donor country during the EU accession process, the EC Montenegro 2016 Report shows that the Montenegrin government will need to further improve its institutional and financial capacity on development policy and humanitarian aid. Humanitarian contributions are still decided on a case-by-case basis in the absence of a legislative framework.³²

No statistics on Montenegrin development aid interventions is available. Within the Ministry of Foreign Affairs, a Directorate General for Economic and Cultural Cooperation

³¹ Source: Migration Profile-Country Perspective Montenegro at www.southeast-europe.net/document.cmt?id=969

³² https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_montenegro.pdf

(DGECC) has been established with the key task to implement development and humanitarian aid policy. DGECC is also supposed to collect data on provided aid, prepare the methodology of calculating its value and shall aim at establishing the legal framework for operations. Upon consultations with relevant stakeholders on methodology of data collection³³, the Ministry initiated the development of a comprehensive database on development cooperation and humanitarian aid in 2016.

The database would track both the incoming donor assistance and Montenegro's allocations for development cooperation and humanitarian assistance.³⁴ The first advanced version of the data base was expected to be prepared by November 2016, but this database had not yet been created. These four elements (drafting the Law, establishing a data base and institutionalizing the inter-sectoral working group, along with strengthening administrative capacities within the MFA), will contribute to the fulfilment of preconditions for Montenegro's transition to a donor country.

Although Montenegro is still a recipient of development and humanitarian aid, at the same time the government gives development and humanitarian aid, except that there are currently no centralised records about it as both the coordination of donor assistance to Montenegro and development allocations by the country. As an example, the Montenegrin Government provided humanitarian aid to the countries in the region such as Macedonia, Serbia and Albania that were affected by floods in the period from 2014 to 2016. Additionally, Montenegro was an ad-hoc humanitarian aid donor for Syria, Pakistan, Sierra Leone and Palestine in the period from 2008 to 2013.³⁵

In Montenegro, several institutions are still involved in humanitarian aid policy: the Ministry of Foreign Affairs, the Ministry of Sustainable Development and Tourism, the Ministry of Labour and Social Welfare (Office for Refugees) and the Ministry of the Interior – Directorate for Emergency Management (Direction for Civil Protection and Humanitarian Aid). Montenegro engages in humanitarian aid on an ad-hoc basis since 2006 by the Cabinet of the Prime Minister, and later by the MFA.

Montenegro became a participating state to the Union Civil Protection Mechanism (Law Ratifying the Agreement between Montenegro and the European Union on the participation of Montenegro in the EU Civil Protection Mechanism, Official Gazette of Montenegro – International Agreements 3/15) in June 2015, Montenegro appointed the representatives of the Ministry of Interior – Directorate for Emergency Management who would be the contact points with the competent EC Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO), as well as the Operational Communication Centre 112 (OCC 112) of the Directorate for Emergency Management as the operational contact point toward ERCC. The Ministry of Interior – Directorate for Emergency Management is the body responsible for the area of civil protection.

³³ Initial consultations have been held with the Ministry of Finance on retrieving records of the country's multilateral contributions and the inflows of ODA, as well as with the UNDP regional office, OECD/DAC and International Aid Transparency Initiative (IATI) secretariat on the development of the most applicable methodology for data collection and analysis for the Montenegrin circumstances

³⁴ Report on the work of the Ministry of Foreign Affairs and European Affairs
Integration / Ministry of Foreign Affairs in 2016

³⁵ Bilateral Screening, Chapter 30-Presentation of Montenegro, available at www.eu.me

5. Civil society in Montenegro

5.1 Overview

By April 2015, 3,589 associations, 3,376 non-governmental organizations, 114 foundations as well as almost 100 foreign associations were registered in Montenegro, according to the latest official statement from the Ministry of Internal Affairs³⁶. In the first quarter of 2015 more than 150 new associations were registered.

Geographically, the majority of civil society organizations are based in the central region of the country, where most of the NGOs have their headquarters. Most of the NGOs, 1,522 of them, have headquarters in Podgorica, while 363 NGOs have headquarters in Niksic. They are followed by Bar with 253 NGOs and Bijelo Polje with 199 NGOs.³⁷

NGOs are registered in the field of culture (656), human rights (267), art (240), institutional and non-institutional education (233), agriculture and rural development (221), social and health care (239), civil society development and voluntarism (267), environment protection (254). The majority of the CSOs are oriented on service provision to the community. Apart from self-help services, the CSOs are active across the country providing a range of services regarding health, education, environmental protection and governance.

A majority of Montenegrin CSOs are small, poorly resourced, municipally based organizations, dedicated to addressing issues in the immediate local community. Most of them continue to concentrate on service provision in the community in areas such as: protection of the rights of persons with disabilities; environmental protection; and culture and youth. A fewer number of CSOs deal with issues of good governance such as rule of law, transparency in decision-making process and fight against corruption. At the national level, there is a core of renowned, organizationally mature NGOs engaged mainly in advocacy, research and monitoring and capacity building in fields such as the fight against corruption, state administration, poverty reduction and human rights. This small number of professional organizations exists in the contrast to the majority of semiprofessional, mostly voluntary NGOs working at the local level, which mainly provide services to the local community or to their members. Shortage of financial resources and dependence on short-term project funding determines that very few Montenegrin CSOs have continuous activities.

According to the data from the “Report on Economic Value of the Non-Profit Sector in the Western Balkans and Turkey”³⁸ the number of employees in the non-profit sector in

³⁶ <http://www.mup.gov.me/vijesti/148409/U-Crnoj-Gori-registrovano.html>

³⁷ http://www.tacso.org/data/dokumenti/pdf/doc2016_nar_mn_eng.pdf

³⁸ http://www.balkancsd.net/novo/wp-content/uploads/2015/11/Report-on-the-Economic-Value-of-the-Non-Profit-Sector-in-the-Countries_final.pdf

Montenegro is 11,739. However, it should be taken into account that that this is not the final number.

There are no official statistics providing comprehensive, reliable information on CSOs. By the legal regulations and internal procedures of the government authorities, records and statistics related to the NGOs has not been regulated. A worrying lack of official data on employees and volunteers, income like donations from domestic or foreign sources, economical activities, memberships etc., has been immanent.

5.2 Enabling environment of civil society

The legal and institutional framework for civil society that creates preconditions for the functioning of NGOs, is generally favorable and there are no formal restrictions regarding freedom of association, assembly or expression. However, after almost three years (the process of the developing of the Amendments of the Law on NGO started 2014) in 2017 key legislation reforms have been made in order to improve financial viability, transparency of NGOs, and involvement in decision making. Latest amendments of the Law are in line with recommendation form EC 2016 Report which stated that “Montenegro needs to establish a sustainable and efficient system of public funding for CSOs and an appropriate institutional and legal framework”⁴⁰.

Legal and strategic framework for development of NGOs

Basic principles for establishing and functioning of NGOs from the Law on NGOs that was adopted in 2011 (Official Gazette 39/11) remained the same and Montenegrin Law defines NGOs as non-governmental organizations and nongovernmental foundations, both regulated under a single unified law. It does not recognize grassroots as such, but freedom of association is a constitutional right, without the need to register. Un-registered organizations can operate freely, but cannot participate in public funding. They are free to obtain funds from other sources. A non-governmental organization is a voluntary, not-for-profit membership organization established by natural persons or legal entities, domestic or foreign, to accomplish certain joint or common goals and interests. The law stipulates that only one of the founders (natural persons or legal entities) needs to have domicile, residence or Head Office in Montenegro.

The provisions of the law allow NGOs to acquire part of revenues needed for their work by engaging in economic activities. The NGOs need to cumulatively meet the following conditions in order to conduct economic activity: economic activity must be determined by the organisation’s articles of association; gained revenues must be used exclusively to finance the statutory goals of the organization and on the territory of Montenegro; economic activity must be conducted in line with the regulations governing the area within which the economic activity is conducted and carrying out of the economic activity must be

³⁹ Statistical Office, Labour Force Survey 1st Quarter 2015;
<http://monstat.org/userfiles/file/ars/2015/1/Saopstenje%20-%20ARS%20I%20KVARTAL%202015%20konacno.pdf>

⁴⁰ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_montenegro.pdf

entered in the Central Register of the Commercial Court. Also, the income from economic activity in the current year should not exceed the prescribed limit of EUR 4,000.00 or if the income gained from the economic activity in that year does not exceed 20% of the total annual income in the previous year, NGO may continue to conduct the economic activity. Otherwise, the organization must establish a separate company through which it will conduct the economic activity.

The main shortcomings in the legal environment are related to the CSOs' access to financial resources. Amendments to the law on NGOs coming into effect from 1 January 2018⁴¹, prescribe the establishment of the new system of the public funding. This would be a combination of the centralized programming and decentralized implementation of financing; the government, at the proposal of relevant ministries, determines the priority areas for funding of NGO projects and programs each year, and thereby also defines the scope of projects in line with public policies. The law prescribes the percentage of the state budget (0.3 percent of the state budget for programs and projects of NGOs that are in public interest, 0.1 percent for programs and projects of NGOs dealing with persons with disabilities, and 0.1 percent for coo-financing EU funded projects) that will be allocated to the NGOs, so that the financing is predictable and sustainable.

A **Strategy for Development of NGO** for the time period of 2014-2016 and the Action Plan for the same period have been adopted in December 2013. This strategic document has embraced measures that have been developed in consultations with CSOs, and defines a clear allocation of responsibilities. The strategy's implementation was not at the satisfactory level, as key measures have not been implemented and there have not been any changes in the areas of the biggest importance of the CSOs development, such as financing of NGOs, volunteering, social entrepreneurship, etc.. In 2016, the Ministry of Interior formed a working group for drafting a new strategic document that will cover the period from 2017-2020. The process is still ongoing.

Institutional framework for development of NGOs

Montenegro has established a basic institutional framework for the coordination and cooperation between the government and civil society organizations comprised of Government's Office for Cooperation with NGOs, the Council for Development of NGOs and a network of contact persons in ministries and other state institutions.

The Office for Cooperation was established in 2007 on the basis of a political mandate provided in 2006 by the Government's document "Basis of Cooperation between the Government of the Republic of Montenegro and NGOs" and the accompanying Conclusion by the Government. This document, which was the first of the kind, established the basis for improving the traditionally poor government-civil society relations by establishing such an office. The office serves as administrative and technical support for the Government Council for Development of NGOs, and also coordinates the work of state bodies in the field of cooperation with NGOs. Until recently, the office had limited capacities to fulfill its given role. For the first time in 2015 there were funds allocated for the office, in the amount of 40,000 EUR⁴², which created the possibilities for planning and realization of the activities

⁴¹ Official Gazette of Montenegro 37/17

⁴² TACSO Needs Assessment Report Montenegro, Update 2016

that would affect not only better visibility of the office, but also the increased quality of the cooperation with NGOs. The work of the office is limited by numerous factors, it does not have a clear and precisely determined budget, also - being a part of the Government General Secretariat - it lacks the authority to act independently. As things stand at the present, the long-term sustainability and effectiveness of the Office is still a challenge.

The work of the office is limited by numerous factors, while the functioning of the network of contact persons is limited and inconsistent.

The Council for Development of NGOs was established in 2014⁴³. The Council represents an advisory body of the government that consists of 12 representatives of the ministries and 11 representatives of NGOs. The competencies of the Council include: monitoring of implementation of the Strategy for Development of NGOs and results of activities envisaged by the Action Plan for Implementation of the Strategy; providing opinion to the Government on draft regulations that affect institutional and normative framework for work of NGOs in Montenegro in order to create a supportive environment for their development and work; impacting improvement of complementarities and intensification of mutual relations in the definition of national public policies and their implementation; initiating adoption of new and amendments to the existing regulations in order to create a better normative and institutional framework for the work of NGOs and achievement of other objectives set forth by the Strategy; providing support to inclusion of relevant NGOs in the process of formulation and implementation of public policies, that is participation of NGOs in the discussions on regulations, strategies and programs; encouraging cooperation between the government and state administration bodies with NGOs in the country and abroad, as well as with relevant actors in the international community in defining and achievement of international and intersectoral cooperation; reviewing interim and annual reports of state administration bodies on cooperation with NGOs in certain areas and on allocated funds for projects of NGOs and reporting to the Government on the extent of achieved cooperation; initiating removal of potential obstacles in order to enable realization of specific activities from the Action Plan; reviewing other issues and documents related to implementation of the Strategy and activities set forth in the Action Plan.⁴⁴ The intersectoral structure and competency and experience of individual members have been recognized as a key strength of the Council. However, in the previous period, the Council has often, especially when deciding on very important matters, made decisions by outvoting CSO representatives, thus the government's Council for Development of NGOs did not contribute to the quality of CSO-related public policies and legislation and does not represent an effective mechanism for monitoring of Strategy and Action Plan implementation. In the second half of 2016, the NGO representatives in the Council have frozen their membership, dissatisfied with the way the conclusions and opinions of the Council had been presented to the government by the President, but also with the overall treatment of the body. Since July 2016, the Council had not held any session. NGO representatives required resignation of the President of the Council as well as other changes in the status and treatment of the Council. The Governments respond is still pending.

⁴³ Official Gazette of Montenegro 21/14

⁴⁴http://www.crnvo.me/attachments/article/7408/Odluka_o_obrazovanju_Savjeta_za_saradnju_sa_nevladini_m_organizacijama.pdf

Contact persons for NGOs in the ministries, other state administration bodies and local self-governments are designed as a specific mechanism of horizontal cooperation with NGOs. The system of coordination through the network of contact persons from public administration bodies is also functioning poorly. The contact persons are frequently changed, and newly appointed contact persons often have poor understanding of the civil society and lack of experience in work with CSOs. Consequently, it is necessary to build the capacities of newly appointed contact persons in state administration bodies. What should be noted is that there has been developed the Training Plan of the Contact Persons.

Key challenges in cooperation between the Government and NGOs

Government capacities for effective cooperation with the CSOs are not sufficient. Institutional mechanisms for cooperation that have been created, have limited impact and they have been used more for formality and less to practice real and substantive dialogue. Institutional mechanisms such as Council for Development of NGOs, Office for Cooperation with CSOs, as well as contact points in ministries do not possess enough capacities to deal with challenging issues in relation to civil society development.

Civil society organizations are still facing almost the same challenges as in previous years. At the moment, there is a lack of the overall national strategic document aimed at development of CSOs. The strategy is in the drafting phase and it should definitely reflect on the crucial challenges for CSOs. There is a need for reform of the existing institutional mechanisms: Council for development of CSOs, Office for cooperation with CSOs, in order to make their work more effective and efficient. Financial sustainability of the CSOs, especially when it comes to public sources of funding remains an open issue. Ensuring the implementation of the new provisions of the Law on NGOs is crucial for sustainability of active civil society which is able to play an active role in the public life and in the processes of social changes.

It can be noted that the process of European integration has created stronger bonds between government and civil society, and it has made the Government more open towards the inclusion of civil society in shaping public policies and in the decision-making processes. Previous experience have shown that the government is willing to make certain compromises, but only if “pressured” from the outside, meaning that in order for the improvements in the enabling environment for the CSOs to happen, it is necessary for the European Union to continue its pressure. A need for further improvement of cooperation between government and CSO’s is recognized in latest EC Montenegro 2016 Report “Some progress was made in improving cooperation between the government and civil society organisations (CSOs). Civil society’s active role in the accession process is now formally acknowledged, but full participation remains to be achieved. Additional resources and transparency are needed in government structures and procedures for collaboration with and consultation of CSOs. It is a matter of concern that smear campaigns and intimidation attempts continued against certain CSO activists. Conditions conducive to voluntary work, civic activism and social entrepreneurship need to be created”⁴⁵.

⁴⁵www.google.me/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKEwiM26P43qjXAhVM6qQKHTLrB70QFggjMAA&url=https%3A%2F%2Fec.europa.eu%2Fneighbourhood-enlargement%2Fsites%2Fnear%2Ffiles%2Fpdf%2Fkey_documents%2F2016%2F20161109_report_montenegro.pdf&usg=AOvVaw0MsTVbCaPNo0orMC14Fwab

6. Conclusions and recommendations

Despite the fact that Montenegro provisionally closed Chapter 30 on external relations, essential tasks are yet to be completed. In other words, improving capacities of existing institutional mechanisms, ensuring a full transparency of development cooperation and humanitarian aid processes and adopting the Law on Development Cooperation and Humanitarian Aid represent some of the key prerequisites to establish a sustainable system of development cooperation and humanitarian aid in Montenegro.

Furthermore, strengthening capacities of civil society organisations to take a more proactive role in development cooperation is needed to ensure their effective participation in future shaping and implementation of development cooperation and humanitarian aid policies. Capacity building activities have to go hand in hand with explaining benefits of their active engagement in complex global phenomena such as development cooperation and humanitarian aid are for their target groups. On the other hand, their willingness to take a more active participation in development cooperation issues will largely depend on their financial viability which seems to represent a crucial challenge for a vast majority of Montenegrin CSOs.

Finally, to make the system of development cooperation and humanitarian aid fully functional in Montenegro, it is necessary to explain and promote these concepts to Montenegrin citizens. This is the only way for citizens to get a sense of ownership over these processes and take an active participation.

Annex. List of CSOs involved in Western Balkan CSOs for global development project`s activities

1. Save House for women, Podgorica
2. Centre for Democracy and Human Rights – CEDEM, Podgorica
3. Centre for Civic Education, Podgorica
4. EXPEDITIO, Kotor
5. The Monitoring Center- CEMI, Podgorica
6. Institute Alternative, Podgorica
7. NGO Prima, Podgorica
8. Juventas, Podgorica
9. Queer Montenegro, Podgorica
10. SOS Helpline for Women and Children Victims of Violence, Niksic
11. Women`s Wrights Center, Podgorica
12. CAZAS, Podgorica
13. Activ zone, Cetinje
14. Bonum, Pljevlja
15. European Movement in Montenegro, Podgorica
16. Association of Youth with Disabilities , UMHCG, Podgorica
17. Human Rights Action, Podgorica
18. Red Cross of Montenegro
19. ADRA Montenegro

Western Balkan CSOs for Global Development

Project Lead: HORIZONT3000, Austria

Project Partners:

Balkan Civil Society Development Network (BCSDN)

Macedonian Center for International Cooperation (MCIC)

Centre for Development of Non-Governmental organizations (CRNVO) - Montenegro

Civic Initiatives - Serbia

Association People`s Parliament - Serbia

Institute for Democracy and Mediation (IDM) – Albania

Croatian Platform for Citizen Solidarity (CROSOL)

Slovenian NGDO Platform for Development Cooperation and Humanitarian Aid (SLOGA)

CONCORD – European NGO Confederation for Relief and Development

Pontis Foundation - Slovakia

Austrian Foundation for Development Research (OEFSE)

Funding: Austrian Development Cooperation, SlovakAid, HORIZONT3000 through its member organisations

Project Duration: December 2015 – November 2017