



Republic of Montenegro  
Government of the Republic of Montenegro  
Directorate for Anti-Corruption Initiative

## **PROGRESS REPORT**

PREPARED FOR THE  
**9<sup>TH</sup> SPAI Steering Group Meeting**

Ohrid, November 2005

## SUMMARY

- Successful completion of all activities which were agreed upon during **SPAI RSLO Regional Tour/Visit to Republic of Montenegro** (February 2005).
- During June 2005, **GRECO Evaluation Team** visited Republic of Montenegro, in order to complete I and II Evaluation Rounds.
- In accordance with **PACO Impact Work plan**, activities were undertaken in order to achieve project's specific goals.
- The Parliament of the Republic of Montenegro adopted the **Law on Changes and Amendments to the Law on Prevention of Money Laundering**, introducing the issue of financing of terrorism, in accordance with the requirements of FATF.
- Changes and amendments to the Law on Conflict of Interest were adopted by the Parliament.
- The Parliament also adopted the **Law on Police** and **Law on National Security Agency**.
- The Government of the Republic of Montenegro adopted, on July 27<sup>th</sup> 2005, the **Programme for the Fight against Corruption and Organized Crime**.
- The process of ratifying the **UN Convention against Corruption** and **Council of Europe Civil Law Convention on Corruption** was initiated.

## **PROGRESS MADE IN THE LAST SIX MONTHS IN ACHIEVING THE SPAI OBJECTIVES**

### **- Adoption and implementation of European and other international instruments**

In light of the fact that the UN Convention against Corruption comes into force on December 14<sup>th</sup> 2005, it should be stated that the process of ratification has been initiated. It is expected that the Convention, as one of the crucial benchmarks that expresses global approach to curbing corruption, will be ratified by the Parliament of the State Union of Serbia and Montenegro by the end of 2005.

It should be acknowledged that, upon ratification, the member states Serbia and Montenegro will be in charge of its implementation. The Republic of Montenegro is ready to undertake all necessary steps towards this, as soon as the Convention comes into force. However, assessment of the national legislation, particularly regarding the compliance with the Convention, would be a useful tool in paving the way for a successful implementation of this instrument.

Furthermore, the procedure was initiated which will lead to the ratification of the Council of Europe Civil Law Convention on Corruption (signed in Helsinki, on April 4<sup>th</sup> 2005).

At this point, it should be mentioned that, during GRECO on-site visit (June 2005), evaluators met with more than 20 institutions and state bodies, as well as several NGOs, in order to assess Montenegrin legislative and institutional capacities in implementation of CoE Criminal Law Convention on Corruption, in accordance with the 20 Guiding Principles.

Regarding activities under PACO Impact's Work plan, several successful results ought to be mentioned. Regional Workshop on implementation of international documents for fighting corruption (Council of Europe Criminal and Civil Law Conventions and UN Convention), as a continuation of supporting the countries of the Region in their efforts to incorporate these international mechanisms in national legislation, was organized jointly by Council of Europe and SPAI RSLO. Furthermore, through PACO Impact, a significant donation was given to the Department for Suppression of Organized Crime/Supreme State Prosecutor's Office, aiming at the creation of necessary technical preconditions for tackling organized crime in the Republic of Montenegro (September 2005).

**- Promotion of good governance and reliable public administrations**

The Human Resources Directorate has been set up, pursuant to the Public Administration Reform Strategy in Montenegro 2002-2009, in order to properly deal with matters of expert training of civil servants and to administer all other relevant aspect of public administration employment. This Directorate is currently leading a number of activities in the area of HR Information System, assessment of civil servants' performance of duties, building the administrative capacities through education of civil servants and state employees, etc.

With regard to the promotion of good governance, some additional points should be highlighted. Primarily, the Government of the Republic of Montenegro adopted, during its session held on July 27<sup>th</sup> 2005, the Program for the Fight against Corruption and Organized Crime. The competent state authorities have delegated representatives to the Working group, tasked with drafting the Action plan for implementation of the Program. Furthermore, Ministry of Interior will, in cooperation with aforementioned institutions and civil society, establish a Commission for monitoring the implementation of the Program and its Action plan.

The Program, in section 6.3.1, clearly sets the priorities in achieving a higher level of transparency and public control, accountability, decentralization, deregulation, fiscal and financial control, control over public procurement procedures, etc.

Data on public officials' income and property, pursuant to the provisions of the Law on Conflict of Interest, is published on the web page of the Commission for Determination of Conflict of Interest ([www.konfliktinteresa.cg.yu](http://www.konfliktinteresa.cg.yu)), thus allowing public scrutiny.

Regarding decentralization, it should be noted that the Government of the Republic of Montenegro is firmly set on extending the competences of the local self-government bodies (which will be achieved through the implementation of the Law on Local Self-Government and Law on State Administration).

Within the framework of PACO Impact project work plan for Montenegro, more specifically the activity foreseen under Output II – Assistance on strengthening the capacities of Directorate for Anticorruption Initiative to monitor and coordinate anticorruption efforts, the Council of Europe is currently commissioning a research officer to assist and support the building up the framework for enhancing cooperation between the citizens and competent authorities for fighting corruption.

**- Strengthening of legislation and promotion of the rule of law**

The SPAI Compact requirements regarding criminalization of corruption and money laundering have been met. The fight against these offences has been enhanced through successful functioning of the Department for suppression of organized crime and Department for suppression of economic crime within the Ministry of Interior, the Special Prosecutor for suppressing organized crime and the FIU. The use of special investigative means, provided by the Criminal Procedure Code, will bridge over the difficulties in obtaining evidence to support prosecution in these matters. Further more, the Law on Witness Protection, pursuant to which the Protection Unit was set up, will secure a more effective fight against corruption and organized crime.

The recent legislative activities also include the adoption of the Law on Police and Law on National Security Agency. The Law on Police provides for three-fold control of the Police: parliamentary, civil and internal. These control mechanisms are set up following the recommendations of international organizations, mainly OSCE.

Regarding the Law on Conflict of Interest, recent changes were introduced regarding the membership of public officials in commercial companies owned by the state, which do not completely conform with the international standards in this area (March 2005). However, a parliamentary working group prepared, in July 2005, the new Draft Law on Conflict of Interest. Among others, this Draft extends the list of prohibited activities of public officials, as well as the number of public officials obliged to declare income and property.

In March 2005, the Parliament adopted the Law on Changes and Amendments to the Law on Prevention of Money Laundering, introducing the measures for detection and suppression of money laundering and terrorism financing. Consequently, the FIU became a member of Egmont group in July 2005, allowing the exchange of information and enhanced cooperation with other FIUs.

As a follow-up of the SPAI RSLO Regional Tour, Supreme State Prosecutor, Special Prosecutor for Suppression of Organized Crime and a team of prosecutors, visited USKOK/Croatia, in a twinning project with the aim of sharing practices and experience in prosecuting cases of corruption and related criminal offences.

Furthermore, in October 2005, Supreme Court of the Republic of Montenegro announced the institution of two offices which will deal with complaints to the work of courts. Citizens will be able to report any misconduct, including corrupt activities of judges or court employees. These two offices will become operational on November 1<sup>st</sup> 2005.

- Promotion of transparency and integrity in business operations

Identified shortcomings in the rules that regulate public procurement have triggered the drafting of the new Law on Public Procurement. This Draft, prepared with regard to the EC Directives in this area, was presented on the Regional Conference on Efficient Implementation of European Standards in Public Procurement: Legislative Framework and Best Practices (Budva, September 24<sup>th</sup> and 25<sup>th</sup>). The Conference was organized jointly by SPAI RSLO, OSCE Office in Podgorica and Public Procurement Commission of the Republic of Montenegro.

Financial control (independent, external, objective, expert, institutionalized) is performed by the National Auditing Institution.

- Promotion of an active civil society

The cooperation of the Montenegrin governmental bodies with non-governmental organizations, civil society and business associations is maintained, at the central and local level. This cooperation is realized through numerous activities, such as joint development of certain legal projects, participation in public campaigns and debates, organization of joint round tables and similar.

In this regard, a recently held conference is to be mentioned. The Conference: Corruption, its Impact and Monitoring, organized jointly by Directorate for Anticorruption Initiative, Council of Europe/Office in Podgorica, UNDP Liaison Office in Podgorica and NGO MANS (the Network for Affirmation of NGO Sector) was another successful example of cooperation between governmental structures and civil society. The Conference gathered participants from relevant ministries, international and diplomatic community, media and civil society and provided a forum for discussion and exchange of opinions.

Another key subject which is going to be addressed in cooperation with NGOs is the issue of recent changes to the regime of political parties' financing. Some irregularities and deviations from the international standards have been identified which call for the procedure of changes and amendments to the Law – an activity where Directorate for Anticorruption Initiative will provide support to CEMI.