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MONTENEGRO

NEEDS ASSESSMENT OF THE CIVIL SOCIETY ORGANIZATIONS

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INTRODUCTION

This study is one of seven country assessments of civil society capacities conducted as a preliminary activity within the EC-funded project Technical Assistance to Civil Society (TACSO) in Western Balkans and Turkey (Technical Assistance to the Civil Society Organisations 2 (TACSO 2) from the IPA Beneficiaries; EuropeAid/133642/C/SER/Multi), implemented by SIPU International, during the period August 2013 – September 2017. This study has been developed by TACSO Office in Montenegro in cooperation with the Resource Centre for NGOs-Centre for Development of Non-Governmental Organizations (CRNVO). The aim of the study is to provide a comprehensive assessment of civil society in Montenegro and the environment that it works in, including its strengths and weaknesses, and its impacts to date and the challenges it faces to its further development. The study is based upon a combination of desk research embracing all relevant documentation, including legal and financial legislation applicable to civil society, previous civil society analyses and evaluations, policy documents and country-specific academic literature, and a consultative stakeholder analysis carried out by means of focus groups, interviews and questionnaire surveys with civil society organisations (CSOs), government actors, donor organisations and other institutional players.

For the needs of this report, TACSO has, in cooperation with Ipsos Public Affairs conducted a survey in the period February-April 2016. Survey with representatives of CSOs in this study was conducted using face-to-face methods, on a representative quota sample of CSOs in Montenegro. In other words, the research covered CSOs on the entire territory of Montenegro, both those having headquarters in urban areas and those having headquarters in rural areas. The realized sample of 181 CSOs included 49,2% of organisations having headquarters in the central part of Montenegro, 27% of those having headquarters in the northern part of Montenegro and 23,8% of those having headquarters on the coast.

The study is an integral part of the project and it provides the premise for the majority of other project activities by serving as the basis of the development of regional as well as national work plans to be implemented during the project duration.

In line with the project’s Terms of Reference and SIPU’s technical proposal, the study understands civil society in the following two complementary definitions:
1. All organisational structures whose members have objectives and responsibilities that are of general interest and who also act as mediators between the citizens and public authorities. This definition clearly emphasizes the associational character of civil society, while also accentuating its representational role. Civil society includes a variety of organisational types, such as NGOs, mass movements, cooperatives, professional associations, cultural and religious groups, trades unions and grassroots community groups, etc.

2. A space for views, policies and actions supportive of alternatives compared to those promoted by government and the private sector. This definition places the emphasis on social inclusion, social and political pluralism and the rights of expression in developing a participatory democracy.

The paper is composed of four sections:

• Section one provides an analysis of the civil society and its environment, including the legal framework governing CSOs and their work, the current donors and other sources of civil society funding, the government mechanisms for cooperation with and support of civil society and the policy framework determining government-civil society relations and public perceptions and support for civil society and its activities.

• Section two gives an overview of the main characteristics of civil society: the types of organisations represented and their key organisational characteristics, the types of activities they carry out and their main fields of action, their geographical distribution and the position they have within the civil society. CSOs are assessed according to their technical, organisational and institutional capacities, including human resources and technical skills, strategic strengths, analytical capabilities, relations with other actors including other CSOs, Government and the community, and material and financial stability and resilience.

• Section three summarizes the most important institutional and organisational needs of capacity building of CSOs in the country and also identifies key strategic issues for the implementation of the project.

• Section four gives conclusions and recommendation for CSO development
1. CIVIL SOCIETY AND ITS ENVIRONMENT

1.1 CONTEXT

1.1.1 Reforms and Changes in the Institutional Framework since 2014

Council for Development of NGOs has been established in September 2014. Besides the President which is Government representative, it is consisted of 11 Government representatives and 11 CSO representatives. Vice-president is representative of the CSOs. The Council is in charge of the monitoring of the implementation of the Strategy for Development of NGOs and Action Plan for Chapter 23 in the part that concerns civil society. The Council represents an advisory body to the Government which provides opinion on legal, strategic and other documents regulation matters of importance for CSOs, but also provides recommendations with the aim to improve cooperation between Government and CSOs. The Council submits work report to the Government once a year.

Regulation on the Manner and Procedure for Cooperation between State Administration Bodies and NGOs was adopted and it entered into force in February 2012.

Regulation on the Manner and Procedure for Conducting Public Discussion entered into force in February 2012. There is ongoing process of amending these two regulations.

The Law on Representativeness of Trade Unions was adopted in May 2010 and its amendments in August 2013.

Proposed amendments to the Law on Social Council were determined by the Government in November 2013.

The Law on Volunteer Work was adopted in April 2010 and amendments in 2012 and 2015.

Regulation on the Criteria for Determining the Beneficiaries and Manner of Distribution of the Revenues from Games of Chance was adopted in August 2011.

Councils for Cooperation with NGOs were established in some municipalities at the level of local self-governments. By the year 2013, four municipalities adopted the decision on the
establishment of the Council-Bar, Berane, Budva, Plav. However, even in these municipalities Council meetings are not being held regularly.

Some local self-governments adopted acts in accordance with the new improved models of the decisions on participation of citizens, financing of NGOs; Assembly Rules of Procedure.

1.1.2 Planned Reforms (Decisions to be implemented or New Initiatives)

- Adoption of the Amendments of the Law on NGO
- Adoption of the Strategy and Action Plan for the development of the NGO sector for the period 2017-2020
- Adoption of the changes of the Law on Games of Chance, which will be harmonized with the Law Changes of the Law on NGOs
- Adoption of secondary legislation for the implementation of the Law on NGOs - regulations on determining the composition, selection criteria and procedure for nominating committee members for the allocation of funds and detailed criteria for evaluation of projects and programmes of NGOs in the process of allocation of budget resources
- Adoption of act that regulate criteria and procedure of allocation of state space and property to the non-governmental organisations
- Possible reorganisation of activities of state administration in connection with NGOs through assignment of competences to one state administration body
- Adoption of the Law on Volunteering
- Adoption of the changes of the Decree on manner and Procedures of Cooperation between Bodies of State Administration and NGOs
- Adoption of the changes of the Decree on manner and Procedures on Conducting Public Debates
- Adoption of the document that would regulate criteria and procedures of giving state space and property to the use of CSO

1 http://www.crnvo.me/sites/crnvo/files/article_files/dobro_upravljanje_u_lokalnim_samoupravama_2.pdf
Possible reorganization of the state administration affairs in relation to the CSOs in order to determine one state body that would be in charge for the CSOs

Adoption of policy and/or regulations in the field of social entrepreneurship

Adoption of Changes of the Labor Law

Adoption of the changes of the Law on Social Council

Adoption of the changes of the Law on Representativity of the Trade Unions

Adoption of the Law on Employment and Exercising of the right to unemployment Insurance

Adoption of acts at local self-government level in accordance with models of acts:

- Agreement on Cooperation between Assembly and Non-Governmental Organisations
- Decision on the Manner and Procedure for Citizen Participation in Conducting of Affairs at the local level
- Decision on Criteria, Manner and Procedure for Distribution of Funds to Non-Governmental Organisations

Amendment of legal regulations for the purpose of creating an obligation of maintaining official records and statistics on CSOs

1.2 LEGAL FRAMEWORK – ANALYSIS OF RELEVANT LAWS AND FINANCIAL REGULATIONS

The legal framework in Montenegro defines NGOs as non-governmental associations and non-governmental foundations, both regulated under a single unified law, while, on the other hand, trade unions are regulated under Rules for Registering of Trade Unions and Law on Representativeness of Trade Unions. Generally speaking, CSOs are furnished with the freedoms and legal guarantees necessary to carry out their work without hindrance of political or institutional interference. This includes operation free from state control or obstruction and protection from the threat of dissolution for political or other arbitrary reasons. Formally, CSOs benefit from a range of tax exemptions regarding their activities and tax concessions offered to their potential supporters. In practice, CSOs are unable to take advantage of these measures owing to limitations in their scope, lack of available information regarding tax regulations and
high levels of bureaucracy in the tax system. With the aim of informing the CSOs on the tax treatments, Tax Administration has published Guidance of the Tax Treatment of NGOs\textsuperscript{2}. Trade Unions do not have any kind of tax incentives.

1.2.1 LAW ON NGOs

The work of CSOs is regulated by the Law on NGO\textsuperscript{3} adopted in 2012. There is ongoing process of changes of the Law.

Non-governmental association is a voluntary, not-for-profit membership organisation established by natural persons or legal entities, domestic or foreign, to accomplish certain joint or common goals and interests.

Non-governmental foundation is a voluntary, not-for-profit organisation without members, established by natural persons or legal entities, domestic or foreign, with or without initial assets, to accomplish common goals and interests.

Foreign NGO may operate on the territory of Montenegro in order to achieve goals and interests which are not prohibited by the Constitution and the law. Foreign NGO, according to this law, is a NGO with attributes of legal entity, based in another country, and which has been established under the laws of that country in order to achieve some common or general goals and interests.

Minimal number of founders of the association is now three, instead of five. The right of association is explicitly given to minors over 14 years of age in accordance with existing legal restrictions. The new law stipulates that only one of the founders (natural persons or legal entities) needs to have domicile, residence or seat of office in Montenegro (instead of all the founders). Minimum elements which founding documents should contain are prescribed, without interfering with the manner in which organisations develop and regulate their internal relations and thus respecting both their private and legal nature as well as the required contents of the will, in case that the foundation is established by a will. Also, a clear obligation to keep records of members of the association is introduced, which is important for proving membership in NGO, quorum and decisions of the Assembly and other issues, while the manner of record keeping is determined by NGO itself.

\textsuperscript{2} \url{http://www.poreskauprava.gov.me/rubrike/Novosti_i_informacije_za_poreske_obveznike/156909/PORESKI-TRETMAN-NEVLADINIH-ORGANIZACIJA.html}
\textsuperscript{3} Official Gazette of Montenegro No. 59/11
Non-governmental organizations, no matter their yearly income, share same rules on bookkeeping as other legal entities, which complicates the work of NGOs, especially those less developed, with smaller yearly income.

There are no legal regulations that recognize the specificities of NGOs in relation to certain financial operations (such as reimbursement of travel expenses for participants in different activities).

Law on NGOs regulates the functioning of the Registry of NGOs that Ministry of Interior is in charge of. Registry is electronically contained at the web page of the Ministry, but it contains limited data on the NGOs.

In addition, Law on NGOs does not tackle the question of support for CSOs through resources of the endowments.

1.2.2 Legal Framework for Functioning of Trade Unions

According to Labour Law ⁴ and Rulebook on Registration of Trade Unions⁵ and Rulebook on Registration of Representative Trade Unions⁶ and Rulebook on Registration of Representative Trade Unions kept at the Ministry of Labour and Social Welfare of Montenegro. The pluralism of representative trade union organisations in Montenegro evolved in mid-2007, with the division of the only trade union alliance at the national level that existed by that time Confederation of Trade Unions of Montenegro (SSCG). At the end of 2008, a number of trade unions created a new trade union alliance at the national level Union of Free Trade Unions of Montenegro(USSCG). Law on Representativeness of Trade Unions was adopted in May 2010. Both national trade union organisations (USSCG and SSCG) proved representativeness at the national level, reaching the high census of 10 percent of overall number of employees in Montenegro. Pursuant to the Law on Representativeness of Trade Unions, all trade unions that have proven their representativeness (at the collective, branch and national level) have the right to participate in social dialogue and collective negotiations. Key body where institutional tripartite dialogue is conducted is Social Council,

⁵ Official Gazette of Montenegro No. 33/2010
⁶ http://www.sluzbenilist.me/PravniAktDetalji.aspx?tag=%7B75EB12FE-A6A0-42C9-B86A-9BE99B635261%7D
whose work is regulated pursuant to the Law on Social Council\(^7\), and which has 33 members (11 members on behalf of trade unions, 11 members on behalf of employers and 11 members on behalf of the Government). Out of 11 union members, in the last term six was nominated by the SSCG and 5 by the USSCG, while in the new term, from 2015 this body has 6 members of the USCCG and 5 from the SSCG. Unlike Social Council, representative trade union centrals are not in the possibility to participate in social dialogue in the tripartite bodies (e.g. Fond PIO, Fund for health Insurance, Employment Bureau, etc) where it is legally prescribed that there is only one representative of the trade unions. This provision is important obstacle for creation of the quality social dialogue. One of the problems that burden the further development of trade unionism is the fact that the total trade union property created in the last 60 years, since the days of socialist realism, is used only by SSCG, while the new trade union (USSCG) is forced to rent premises. Not only that the SSCG uses all of the unions property, but they also rent some of them to the Government.

1.2.3 Economic Activity of NGOs

NGOs in Montenegro have the right to acquire part of revenues needed for their work by engaging in economic activities. The provisions of the Law specify that only economic activity of NGO is entered in the Central Register of the Commercial Court, rather than the organisation itself in order to avoid interpretations whether it needs to be registered as a company or established as a new legal entity or not.

NGOs needs to cumulatively meet the following conditions in order to conduct economic activity: 1) economic activity must be determined by Articles of Association; 2) gained revenues must be used exclusively to finance the statutory goals of the organisation and on the territory of Montenegro; 3) economic activity must be conducted in line with the regulations governing the area within which the economic activity is conducted; 4) carrying out of the economic activity must be entered in the Central Register of the Commercial Court, which is done by entering the code and description of the activity, as stipulated by the regulations on classification of activities.

Provided that the income from economic activity in the current year does not exceed the prescribed limit of EUR 4,000,00, that is (more favorable option for NGO) that the income

\(^7\) Official Gazette of Montenegro No. 16/ 2007 and 20/ 2011
gained from the economic activity in that year does not exceed 20 percent of the total annual income in the previous year, NGO may continue to conduct the economic activity. Otherwise, the organisation must establish a separate company through which it will conduct the economic activity.

1.2.4 Financial Support from the State in the Law on NGOs

By the provisions that define the funding of NGOs, the public interest was defined in the law through the establishment of a broad (21 areas) list of areas in which funding is provided for the following areas: “social and health care, poverty reduction, protection of persons with disabilities, social care for children and young people, help for the elderly, protection and promotion of human and minority rights, rule of law, development of civil society and volunteerism, the Euro-Atlantic and European integration of Montenegro, institutional and non-institutional education, science, art, culture, technical culture, environmental protection, agriculture and rural development, sustainable development, consumer protection, gender equality, fight against corruption and organised crime, fight against addiction, as well as other areas of public interest determined by special law”.

Two types of support have been clearly defined, for projects and programmes. Projects are defined as “Projects, in terms of this Law, are a set of activities in areas … which are implemented in a period not exceeding one year”, and programmes as “Long-term development plan for the organisation and implementation of activities in areas … in a period not exceeding three years”. In this way, the door for the institutional support of NGOs has been opened.

The Government has repeatedly rejected requests made by NGOs to determine a percentage or percentage range of allocations from the budget of Montenegro for the NGOs.

The Law prescribes that “NGO that has received funds from the budget in any other way cannot be funded in accordance with this law”. This provision is part of an overall plan to entirely centralize the financing of the projects of NGOs at the national level.

The Law prescribes an obligation for “all NGOs that accrue revenues higher than EUR 10,000.00 during the calendar year on all grounds, to publish their financial report on their Web site, ten days after it has been approved by the management body of that organisation”.

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The general idea of this Article is to increase the transparency of financial operations of NGOs, which is very positive. However, this Article can be disputed in terms of implementation of Article 11 of the European Convention because it is binding for all organisations which meet the requirements, regardless of the nature and sources of income. Furthermore, it causes additional disproportional costs. According to our information, the ministry responsible for supervising of implementation of this law has not conducted inspection of the implementation of this provision of the law, and its application is weak and limited.

1.2.5 Deductibility of Charitable Contributions

Natural persons and legal entities may deduct up to 3.5 percent of the total income for expenditures for “health, educational, scientific, religious, cultural, sport, humanitarian and environmental purposes”. Funds given for these purposes in this scope are considered as expenditures and are not calculated as the part of tax base for calculating taxes for legal and natural persons. Law on Corporate Income Tax and Law on Personal Income Tax stipulate narrowly defined and limited list of areas of public interest. These regulations have not covered a number of other areas, not even those that are otherwise recognized and protected as constitutional values (human and minority rights, the rule of law), or on whose importance in society there is a broad consensus (fight against corruption, sustainable development). Definition of areas of public interest specified in these regulations is inconsistent with considerably broader list of areas of public interest in which NGOs operate, which is regulated by the Law on NGOs, and which is not limited. The difference between the tax and statutory regulations leads to a situation where there are two public policies when it comes to areas of public interest in which NGOs operate, depending on whether NGOs are funded directly by the state or through tax incentives. So for example, NGO operating in the field of human rights meets the general requirements prescribed to apply for financing from the budget, however, grant to such NGO by legal entities or natural persons does not represent recognized tax expenditure. There are no official statistics that show the degree of utilization of these benefits. There are no public campaigns aimed at raising awareness of the companies and other private entities on importance of charity and tax incentives provided if doing so.

Ministry of Finance and Government of Montenegro have submitted the initiative for the changes of the Law on income tax, that would put this law in accordance with the Law on NGO in line with
the recommendations from the publication "Tax regulations of importance for development of philanthropy". Changes are related to the widening the areas upon which tax deduction can be achieved. The existing eight areas should be added with protection of persons with disabilities, social care of children and youth, helping elderly people, protection and promotion of the human and minority rights, civil society development, voluntarism, Euro-Atlantic and EU integrations, rule of law, art, technical culture, consumers protection, gender equality, fight against corruption and organized crime, poverty reduction and fight against addiction deseases.

1.2.6 Value added tax

CSOs are subject to the same VAT regulations (payable at the standard rate of 19 percent as of 2013) as commercial enterprises, although CSOs do not have to register for VAT if their total annual income is less than the statutory limit of EUR 18,000.

Also, CSOs are exempted from VAT in key areas. Foreign grants and donations are not subject to VAT, nor are imported humanitarian goods. In addition, the law provides a broad exemption of VAT charges for all services provided by NGOs, unless there is a probability that the exemption would distort competition. Services “of public interest”, which include educational, cultural, sporting and religious services, are also exempted from VAT.

1.2.7 Voluntarism

The Labour Law prescribes that “an employer may contract an unemployed person for volunteer work, in accordance with specific law”. The Law on Volunteerism was adopted on 22nd April 2010. Approach to regulation of volunteer work is the main problem of the Law, because it only regulates the manner and conditions of volunteer work as a form of free labour, instead of regulating volunteering as a way of civic participation and support of citizens and civil sector to community development. The Law does not stimulate volunteering, but prohibits and makes bureaucratic the manner of participation of citizens in volunteering, and therefore, instead of making efforts to strongly regulate all forms of volunteering and insistence on punishing the offenders, the Law should have the approach of affirming volunteerism. There are no affirmative measures in the Law (support of voluntary activities, support of structure that develops and promotes volunteerism, the coordination board whose establishment was foreseen by the conclusion of the Strategy for the

http://www.faktcg.org/poreski-propisi-od-znacaja-za-razvoj-filantropije/
Development of Volunteerism). The Law prohibits employed persons and minors less than 15 years of age to volunteer, even in cases when the action is organised by educational institution or if the activity serves to educate children. The state, i.e. Education Bureau has developed elective and mandatory content for primary and secondary education, which is called “Volunteer and Charity Work”, which foresees volunteering in practice. Provisions of this Law greatly hinder the arrival of foreign volunteers, as they must have a residence permit or permission for housing. This law creates additional financial burdens and puts NGOs in even less favorable position (compulsory health insurance, residence permits for foreign volunteers). At the same time, labour inspection may without prior warning prohibit volunteering if a volunteer or organiser do not have necessary documentation (contract and insurance), but there is not a single mechanism to prevent potential abuse. The body in charged did not the accompanying secondary legislation in due time. The law prohibits the so-called corporate volunteering, even when it is organised outside of work and official premises of the company.

Action Plan for Section 23 provides for the activity "Development of a new Law on Volunteerism in order to create a stimulating framework for civic activism and sustainability of civil society organisations" in the course of 2014. This activity has not been relized yet. European Commission Country Report for Montenegro has recognized the problem of lack of adequate legal framework for development of voluntarism.

1.2.8 Labour Law framework for employment and working at a CSO

The Labour Law does not recognize any advantages of employment and working in NGO sector. On the contrary, the Law imposes an obligation for creating employee contracts for unlimited period of time after two years of work, and in the case of involuntary termination of employment, the employer i.e. organisation has to settle severance pay in the amount of six gross salaries. Taking into consideration that CSOs are mainly financed through projects and that they do not have their own assets for this purpose, they are exposed to potential threats for further operation and functioning.

1.2.9 Social entrepreneurship
Social entrepreneurship in the widest scope includes using of innovative practice in selling of goods and services on the market, for the purposes of providing income which is used for achieving general interests. This general interest is primarily related (but not limited) to employment of difficult to employ groups and social inclusion of marginalized social groups. On the other hand, social entrepreneurship includes a way of organising which has the following characteristics: 1) performs a certain social mission; 2) satisfies the needs of particularly sensitive social groups (for instance, people with disabilities, people difficult to employ, etc.); 3) operates in different statutory and legal ways; 4) significantly uses volunteer resources in its activities 5) has been established to accomplish some general purposes, or, if it has been established for profit gain, to re-invest profit in some general goals; 6) can be a recipient of assets from the budget. 9

Individual examples of social entrepreneurship already exist in Montenegro. Social entrepreneurship fairs are organized periodically. The importance of social entrepreneurship has been recognized by the government of Montenegro. In National strategy for employment and human resources (2012-2015) it is noted: that “the concept of social entrepreneurship, which has still not become fully active in Montenegro, can contribute to opening of alternative new work positions, especially for those who belong to the most vulnerable citizen groups (p. 31).

At the beginning of 2013 the Ministry of Labour and Social Care formed a workgroup for drafting of the Law on Social Entrepreneurship, with the technical support of TACSO project. A preliminary draft of the Law was done, whose enacting was planned for the II quartal of 2013 by the Government programme scheme, as well as enacting of the Strategy of social entrepreneurship with Action Plan. However, with the Government’s brief from the parliamentary sitting held on 24 May 2013 from the government programme scheme for 2013 and on the request of aforementioned ministry, obligations related to the drafting of Bill on social entrepreneurship and strategy of social entrepreneurship 2013-2016 were cancelled, together with the Action Plan for 2013. EC Report on Montenegro has addressed the need for development of social entrepreneurship. Ministry of Labour and Social Welfare did not include the development of this document in the working plan for 2016.

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Centre for Development of NGOs, has in its research for the needs of the “Analysis of the social entreprises in Montenegro” identified 16 entities with the characteristics of the social entreprises. Out of that number, there are 14 organizations that perform economic activity, one limited liability company established by CSO and one sheltered workshop also established by CSO. Persons with some kind of disability are engaged in 11 enterprises, women victims of domestic violence in two, elderly women in two, while one entreprises hires women members of the Roma and Egyptian population. Analysis states that main motiv for the establishment of the most of the entreprises was providing working places for the less employable categories and that only one of the entreprises did the feasibility study. There are few of those who developed business plans.

1.3 DONORS AND FUNDING OPPORTUNITIES (NATIONAL AND INTERNATIONAL) TODAY AND AS PREDICTED IN THE FUTURE

There is a limited number of funding sources available to CSOs in Montenegro, and the total amount of financial resources is insufficient, even when the small size of the country and the total number of active CSOs are taken into account.

The state is a significant source of funds, particularly in the area of service provision, as well as educational and humanitarian projects. Owing to a flawed allocation process, however, there is a question of whether public (budget) funds reach sustainable CSOs, and to which extent the public funds are effective in bringing projects to completion. Financing from public funds (budget) is the most important funding source for the majority of small CSOs in Montenegro.

CSOs working in the fields of human rights, advocacy, public policy, fight against corruption and monitoring of public institutions are almost entirely dependent on foreign funding. This group includes 30 most professional, well-established NGOs. Bilateral donor agencies which were most active in supporting civil society in the past scaled down their donations considerably or entirely suspended their programmes for Montenegro, leaving the EU as the most important funding source.

There are now rare funding opportunities for CSO capacity building and institutional support is provided by only a few big international private donors.
1.3.1 Governmental Funding Sources

During the adoption of the Law on NGOs, Government and Parliament opted for the establishment of a Commission consisting of representatives of the Government and NGOs to decide on the allocation of funds for projects and programmes of NGOs. In accordance with this option, Government has committed the competent ministries to prepare amendments to specific laws (Law on Culture, Law on Minority Rights and Freedoms and Law on Games of Chance). While the Law on Culture was amended, the Proposal for Amendments to the Law on Games of Chance was withdrawn from the parliamentary procedure.

At the end of 2012, the Ministry of Finance formed two working groups for the development of the Regulation on the Establishment of the Composition, Selection Criteria and Procedure for the Nomination of Members of the Commission for the Allocation of Funds and the Regulation on Detailed Criteria for Evaluation of Projects and Programs of NGOs in the Procedure of Allocation of Budget Funds to finance these projects and programmes. Work on these documents has not been done even three years after the adoption of the Law on NGO. In the meantime, the Government initiated the work on the changes of the Law on NGO. In 2015 the working group consisted of both Government and CSO representatives has been established with the aim of developing the Draft of the Changes of the Law. The Draft Law was on the public debate and after that procedure, it has been sent to the European Commission for the opinion in March 2016. What is know is that the changes will establish the new system of the public funding which would be combination of centralized planning and decentralized allocations.

Total allocations for NGOs from the state budget are reduced from EUR four million in 2010 to 1.7 million in 2013. Seen as a percentage of the current budget of Montenegro, this reduction was concerningly reduced from 0.73 in 2010 to 0.24 percent in 2013.

<table>
<thead>
<tr>
<th>Year</th>
<th>Allocations for NGOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>4,721,991</td>
</tr>
<tr>
<td>2011</td>
<td>3,078,028</td>
</tr>
<tr>
<td>2012</td>
<td>2,338,164</td>
</tr>
<tr>
<td>2013</td>
<td>1,546,886</td>
</tr>
</tbody>
</table>
1.3.2 Fund from Games of Chance

Commission for allocation of revenues from games of chance distributes 60 percent of all annual revenues from games of chance, out of which 75 percent is foreseen for “plans and programmes of NGOs”, which is why this is the most important source of public financing of CSOs.

The Commission has had available the funds determined by the annual Law on Budget. However, according to NGO data, these funds are significantly different compared to the exact amount of the legally established percentage allocated for the Commission and NGOs in accordance with the provisions of the Law on Games of Chance.

According available information, the funds under this legal basis allocated and planned by the Budget over the period 2008-2015, were less than the funds that had to be allocated on the basis of the Law on Games of Chance for almost 8 million EUR. This problem was also pointed out by the State Audit Institution in its Report on the Audit of the Funding of NGOs10 form July 2014. Ministry of Finance these imbalances expains by the changes of the Law on Funding Local Self-Government11. Article 29 of this Law stipulates that the funds for the Egalization Funds are obtained trough the revenue from concession fees from games of chance in the amount of 40% of total revenue. Ministry states that 40% of the revenues from concession fees belongs to the Egalization Fund, and the rest is budget income. That budget income, without these 40% is the base that the Law on Games of Chance is being applied upon.

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10 [http://www.dri.co.me/1/doc/Izvjestaj%20o%20reviziji%20finansiranja%20nevladinih%20organizacija.pdf](http://www.dri.co.me/1/doc/Izvjestaj%20o%20reviziji%20finansiranja%20nevladinih%20organizacija.pdf)

11 [Official Gazette No. 74/10](http://www.dri.co.me/1/doc/Official%20Gazette%20No.7410.pdf)
Table: Disbalance between funds planned by the Law on Budget (for funding projects and programs of NGOs) and funds that should have been allocate in accordance with the Law on Games of Chance

<table>
<thead>
<tr>
<th>Year</th>
<th>Realized concession fees for games of chance €</th>
<th>In accordance with the law, had to be allocated for distribution in the coming year, 60% of the concession fees</th>
<th>In accordance with the law, had to be allocated to NGOs €</th>
<th>Allocated to NGO projects (at least 75% of the item 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>9.297.607,77</td>
<td>5.578.564,66</td>
<td>4.183.923,50</td>
<td>2.819.637,45</td>
</tr>
<tr>
<td>2014</td>
<td>8.275.485,27</td>
<td>4.965.291,16</td>
<td>3.723.968,37</td>
<td>1.740.000,00</td>
</tr>
<tr>
<td>2013</td>
<td>5.540.065,19</td>
<td>3.324.039,11</td>
<td>2.493.029,34</td>
<td>1.849.154,69</td>
</tr>
<tr>
<td>Total</td>
<td>23.113.158,23</td>
<td>13.867.894,93</td>
<td>10.400.921,21</td>
<td>6.408.792,14</td>
</tr>
</tbody>
</table>

Regulation on the Criteria for Determining the Beneficiaries and Manner of Distribution of the Revenues from Games of Chance\(^\text{12}\) in force as of August 2011, determines that out of the total available funds, 75 percent is distributed to plans and programmes of NGOs, 10 percent for media pluralism, and 15 percent for other NGOs and public institutions. It is foreseen that for the area of “social protection and humanitarian activities” 12 percent is set aside for “meeting the needs of persons with disabilities”, 40 percent for culture and technical culture, 12 percent for non-institutional education and upbringing of children and young people, 10 percent for contribution to the fight against drugs and all other forms of addiction. Allocation of funds is done on the bases of four criteria which bear different number of points: public usefulness, i.e. public interest 30 percent, quality of the proposed plan and programme 30 percent, the capacity of the organisation to implement the plan and programme 25 percent and budget 15 percent.

The Regulation has enabled co-financing of EU supported projects in the amount of missing funds, i.e. up to 10 percent of the project value. In practice, a limited number of these projects directly implemented in one of the six areas provided for by Law are supported.

The Regulation stipulates criteria, sub-criteria, additional sub-criteria and a ranking list. Signing of separate contracts on financing is done. Monitoring of proper use of allocated funds

\(^\text{12}\) Official Gazette of Montenegro, No. 42-11 from 15th August 2011
is conducted by the Commission, and for the projects over EUR 30,000 a direct inspection in the organisation is envisaged. The Commission that decides on allocation consists of seven representatives of public administration bodies and seven representatives of NGOs (before there were only two NGO representatives), while the President of the Commission is representative of the Government.

In the period 2011-2012, Commission has published all of the supported projects on the web page. But, due to the possible misuse, that is not being done since 2013.

Commission has adopted the decision of implementing monitoring of the projects supported in 2015. That process has started.

Several NGOs filed a complaint to the Administrative Court against the decisions of the Commission from 2010 and 2011, and the Court annulled the decisions on procedural grounds during 2012 and 2013 and ordered the Commission to explain the decisions in accordance with the Law on Administrative Procedure and regulations governing the work of the Commission. Administrative Court has rejected charges related to the Decision from 2014.

Commission has, in the preparation of the call for project proposals in 2015 introduced couple of novelties. First one is introduction of the form for narrative and financial reporting for those organizations whose projects have been supported. Organizations applying for the competition in 2016 need to, alongside other documentation provide for the narrative and financial reports in the new forms for projects supported in 2015, if any.

All of the subcommissions for evaluation of the projects have submitted to the Commission reports of the work, signed by all of the members, signed separate score notes as well as common score notes with average scores. List with the scores done by all of the members have been for the first time published at the web page of the Ministry of Finance which increased the transparency of the Commissions work.

<table>
<thead>
<tr>
<th>Year</th>
<th>Available amount</th>
<th>Allocated</th>
<th>Number of submitted project proposals</th>
<th>Number of supported projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,819,637,45</td>
<td>SVE</td>
<td>1228</td>
<td>593</td>
</tr>
<tr>
<td>2014</td>
<td>1,740,000,00</td>
<td>SVE</td>
<td>1254</td>
<td>417</td>
</tr>
<tr>
<td>2013</td>
<td>1,849,154,69</td>
<td>SVE</td>
<td>1297</td>
<td>344</td>
</tr>
<tr>
<td>UKUPNO</td>
<td>6,408,792,14</td>
<td>6,408,792,14</td>
<td>3770</td>
<td>1354</td>
</tr>
</tbody>
</table>

Amount of 3,129,477,27 euros has been planned for allocation in 2016.
1.3.3 Commission for Allocation of Funds to Non-government Organizations

Commission for the Allocation of Funds to NGOs (appointed in 2011 by the Parliament of Montenegro) is still positioned in the budget, even though it has not performed allocation since the entry into force of the Law on NGOs. Around EUR 5740,000 (EUR 200,000 for 2011 and 2012 and EUR 160,000 for 2013, EUR 90,000 for 2014. And 90.000 for 2015.) has not been distributed to NGOs from this budget item.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount planned by the budget €</th>
<th>Amount allocated€</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>90.000</td>
<td>0.00</td>
</tr>
<tr>
<td>2014</td>
<td>90.000</td>
<td>0.00</td>
</tr>
<tr>
<td>2013</td>
<td>160.000</td>
<td>0.00</td>
</tr>
<tr>
<td>2012</td>
<td>200.000</td>
<td>0.00</td>
</tr>
<tr>
<td>2011</td>
<td>200.000</td>
<td>0.00</td>
</tr>
</tbody>
</table>

1.3.4 Fund for Protection and Realization of Minority Rights

Fund for Minorities was established\(^{13}\) in 2008, in accordance with the Law on Minority Rights and Freedoms in order to support the activities that are of importance for preservation and development of national and ethnic particularities of minority people and other minority ethnic communities and their members in the field of national, ethnic, cultural, language and religious identity.

Decision making of the Fund is defined by the provisions of the Rulebook on Criteria for Evaluation and Allocation of Funds for Financing and Co-Financing of Projects from the Fund for Protection and Realization of Minority Rights. The Fund has developed a ranking list with criteria for the evaluation of projects. Public announcements for use of the funds and decisions are published on the Web site of the Fund\(^{14}\), and in September 2015, the Fund has adopted a decision on financing projects of the total value of EUR 769,030.

\(^{13}\) Official Gazette of Montenegro, No. 13/08 from 26th February 2008

\(^{14}\) http://www.fzm.me/1/index.php?lang=en
Work of the Fund has been criticized for a number of years by NGOs, the State Audit Institution and also the European Commission which, in the Report on Progress of Montenegro, emphasizes “the Minority Fund continues to operate with significant shortcomings, notably regarding the allocation of funds and proper implementation of projects”.

1.3.5 Financing of CSOs from the Budget of State Administration Bodies

Certain ministries and other state administration bodies continue to allocate funds for projects of NGOs, even though there are no clearly visible funds for NGOs in the budgets of these bodies.

<table>
<thead>
<tr>
<th>Amounts allocated by the state bodies</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>61,386,28</td>
<td>112,738,57</td>
<td>112,812,61</td>
</tr>
</tbody>
</table>

These data were acquired through requests for free access to information for the needs of Centre for Civic Education publication.

The Public Procurement Law allows for any legal entity, including NGOs, to compete for procurement contracts at both local and national level. In practice, the opportunities for award of work to NGOs through public procurement for products and services, which public institutions need, are poorly used. One reason for this situation may be that CSOs are mainly qualified to provide services and products in the field of education, training, research and publishing. In most cases services in these fields are contracted directly, as their value is less than EUR 5,000, so they are contracted by direct agreement, or their value is from EUR 5-25,000, so they are contracted by the so-called shopping method that requires the submission of three bids.

The right for social protection services, as a special right within social and children protection system, is acknowledged for the first time with the Law on social and children protection entering into force in 2013. By this law, organisations, entrepreneurs and natural persons are allowed to offer services of social protection if they meet the conditions for conducting such activities and if they acquire license. In this way, principle of pluralism is affirmed and with it pluralism of services as well.

According to the Law on social and children protection (“Official Gazzette of Montenegro” 27/13), social protection services, which can be offered by other bodies besides centres for

social work, include services of life support in a community, socially-educational, counseling and therapeutical services and accommodation services. It is specified by law that services of social protection (coming outside of official institutions) are financed from the state’s budget, municipality budget, through activities of service providers – participation of users, through donations, gifts, wills, legacies, creating endowments and foundations etc. In 2015. Work on the secondary legislation necessary for the successful implementation of the Law has been adopted. Institute for social and children care has been established and it will be in charge for the accreditation of the programs and licencing services.

1.3.6 Budgets of Local Self-Governments

The legal basis for the allocation of funds to NGOs by local self-governments is contained in Article 116 of the Law on Local Self-Government, which stipulates that cooperation between local self-government and NGO is realized *inter alia* and through “Financing of NGO projects that are of interest for the local population, under the conditions and procedures prescribed by a general regulation of the Municipality”. Based on the established budget, the local self-government adopts the Decision on Criteria, Manner and Procedure for Distribution of Funds to NGOs, which closely defines criteria and procedure for allocation of funds for NGO projects. In addition, within the allocation of funds for NGO projects, certain local self-governments also finance NGOs with special financing status, such as charity organisations with special financing status (Red Cross), veterans associations and associations of persons with disabilities, in accordance with the general regulations and strategic documents of local self-governments.

According to the Report on financing NGOs from the budget of local self-governments, of the Center for Development of NGOs (CRNVO) on Financing of NGOs from the local budgets for 2015, out of 22 municipalities, one did not have funds planned for the allocation to CSOs. According to data from decisions on the budget, Montenegrin local self-governments opted EUR 520,000 to NGOs. It is more or less at the same level as in the previous years, but significantly less than EUR 800,000 that was distributed in 2009).

According to the same Report in some municipalities there were no competitions announced, in some municipalities. One of the important problems is that large amounts of money are being allocated besides official competitions, based on other legal basis. Allocation process was
followed by sporadic complaints of part of NGOs in relation to decision-making process and transparency in decision-making, conflict of interest. Drastic reduction of funds for this purpose in the majority of municipalities was identified as the biggest problem.

As noted in the draft Strategy for Development of NGO Sector, the process of financing of NGOs at the local level is characterized by not clearly defined deadlines for announcement of public competition and/or non-compliance with the same, high level of discretionary decision-making due to the absence of clear criteria, and the fact that the funds are not only granted to NGOs, but also to other civil society actors. Procedures for monitoring the implementation of projects and reporting have not been developed, or have not been sufficiently developed, and monitoring is mostly limited to the examination of reports submitted, without requesting additional clarifications regarding certain segments of the reports. Representatives of local self-governments - members of the committees for the allocation of funds to NGOs often lack knowledge about the meaning and purpose of the project, writing methodology and programme and financial reporting on implemented projects. Commissions do not have mechanisms for monitoring and evaluation of projects. Also, the transparency of the allocation process is not satisfactory.

It is to be noted that the local authorities can significantly support the work of NGOs through providing office space for work (based on determined criteria) for free or with benefits, which at the moment is an exception.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Amount allocated based on public call 2015</th>
<th>Amount allocated based on other legal basis 2015</th>
<th>Amount allocated based on public call 2014</th>
<th>Amount allocated based on other legal basis 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrijevica</td>
<td>3 000,00</td>
<td>1 810,00</td>
<td>3 000,00</td>
<td>1 610,00</td>
</tr>
<tr>
<td>Bar</td>
<td>No data</td>
<td>No data</td>
<td>/</td>
<td>1 300,00</td>
</tr>
<tr>
<td>Berane</td>
<td>15 969,00</td>
<td>3 000,00</td>
<td>21 357,00</td>
<td>3 722,00</td>
</tr>
<tr>
<td>Bijelo Polje</td>
<td>/</td>
<td>/</td>
<td>59 966,75</td>
<td>/</td>
</tr>
<tr>
<td>Budva</td>
<td>-</td>
<td>-</td>
<td>62 308,00</td>
<td>3 200,00</td>
</tr>
<tr>
<td>Danilovgrad</td>
<td>8 100,00</td>
<td>9 514,00</td>
<td>8 650,00</td>
<td>9 276,57</td>
</tr>
<tr>
<td>Žabljak</td>
<td>4 999,40</td>
<td>/</td>
<td>/</td>
<td>0,00</td>
</tr>
<tr>
<td>Kolašin</td>
<td>/</td>
<td>/</td>
<td>/</td>
<td>1 580,01</td>
</tr>
</tbody>
</table>
1.3.7 Private and Corporate Giving

World giving index 2015\(^{16}\) ranked Montenegro at 98\(^{th}\) place (on the scale where index 1 represents the highest score) as compared to 145\(^{th}\) place where it was in 2012. The position of Montenegro on the WGI list was obtained on the basis of information that in the month preceding the survey 10 percent of respondents "gave money", five percent "volunteered" and 23 percent "helped a stranger"\(^{17}\). Based on this result, Montenegro is one of the countries that have recorded the biggest improvement in relation to the previous period.

Corporate giving is a limited, but growing field of CSO support, and currently out of the total income of NGOs, a small part reaches the companies.

According to TACSO survey\(^{18}\), 24 percent of CSOs have used the funds of private companies operating in Montenegro.

Nineteen companies, institutions and NGOs from Montenegro joined the UN Global Compact network in Montenegro on 9th December 2010. Global Compact is an initiative launched by the United Nations in 1999 as a political platform and strategic framework for companies dedicated to the principles of sustainability and corporate social responsibility. Membership in

\(^{16}\) This report is primarily based on data from Gallup "World View" Poll (worldview.gallup.com), which is a research project on NGOs conducted in 153 countries that together represent 95% of the world population. Poll raises questions about many different aspects of life today, including charitable behavior.

\(^{17}\) Gallup asked respondents whether they had donated money to an organization in the previous month, volunteered for an organization or helped a stranger, i.e. someone they had not known, and who needed help.

\(^{18}\) A survey conducted in November 2013 in collaboration with IPSOS PULS
the Global Compact involves alignment of business with ten universally accepted principles pertaining to human rights, labour rights, protection of environment and fight against corruption. Significant contribution to the development of CSR has been given by Union of Employers, first signatory of the UN Global Compact from Montenegro. Among other, Union has adopted “Ethical Codex of the Employers” in 2005, which among other things contains principles of the UN Global Compact and Millennium Development Goals.

There are also some positive examples such as for example the Brewery “Trebiesa” which, since 2010, launches annual competition for NGO projects in the field of environmental protection in the total amount of EUR 10,000.

Fund for Active Citizenship (FAKT) registered as independent foundation in 2008, earlier present in Montenegro as a country office of the Balkan Fund for Local Initiatives (BCIF) from Belgrade, is today financed by EU, foreign foundations such as C. S. Mott Foundation and Rockefeller Brothers Fund. Since its foundation in 2008, FAKT has supported 297 projects of the local CSOs and citizens’ groups in the amount of 1.505.725,00 euros.

Telenor Company also publishes competitions for financing projects that have the aim of improving life conditions in the Montenegrin local communities.

Montenegrin Telekom also has the action that is intended for CSOs that implement projects that are significant for the society. In 2014, four projects were supported in the amount of 23 000 euros.

1.3.8 EU IPA and Other Funds

EU support for civil society is primarily provided through the Civil Society Facility established to make use of IPA (Instrument for Pre-accession Assistance) funds available for the support of institution building and cross-border cooperation (components I and II respectively).

The Regional Civil Society Facility (RCSF) is an instrument for strengthening the CSOs capacities in IPA countries. In order to support the development of civil society in Southeast Europe, the European Commission established in March 2008 a new financing facility under the Instrument for Pre-Accession Assistance (IPA) called “Civil Society Facility”. The goal of this program is to strengthen civil society and its role in the political processes, enhance the capacity of CSOs to develop cross-border cooperation programs and networks and familiarize civil society representatives and public opinion makers with EU affairs. The
priorities in Montenegro are: improvement of services provided by CSOs, stronger local and international networking, improved understanding of EU affairs/procedures, better civil society environment and culture for civil society development. In 2013, through this program all together 7 projects have been supported in the amount of 1.000.000 euros, and in year 2014, number of 12 projects in the amount of 2.549.142,97 euros.

Twelve NGOs from Montenegro participate in the Framework Partnership Agreement (FPA) of regional IPA projects.

The IPA Cross Border Cooperation (CBC) component is also open for Montenegrin CSOs. It focuses at strengthening the economic, social and institutional cooperation and preservation of the natural and cultural resources in cross border regions.

Cross Border Cooperation Programs for Montenegro include Bosnia and Herzegovina - Montenegro, Serbia - Montenegro, Albania – Montenegro, Kosovo-Montenegro as well as Croatia-Bosnia and Herzegovina-Montenegro and Italy-Albania-Montenegro Program.

EU funds are implemented through the European Instrument for Democracy and Human Rights (EIDHR) for Montenegro. Support is provided for CSO projects in the field of human rights and political pluralism, democratic political participation and representation, reconciliation of group interests, fight against discrimination and gender equality in social, economic and political life.

Possibilities have been opened for the participation of CSO in the programmes of the European Union Erasmus+, “Citizens of Europe”, Euromed and Adriatic.

Co-financing of projects remains a cause for concern to the extent that may threaten the financial sustainability and survival of organisations which fail to provide the missing funds. The lack of mechanisms for co-financing at the national and local level seriously endangers the financial position of NGOs. The question of participation of NGOs in projects implemented by national authorities through IPA funds remains open, because participation of NGOs is not formally prescribed or encouraged, as opposed to the EU calls for financing of NGOs, where the participation of state authorities is encouraged.

Increasing problem is also assessing different EU funds that require that applicant itself must provide for the funds for project implementation and those funds are later being reimburse. NGOs do not have substantial funds to use for this purpose and will not be able to access these programs unless state provides for some kind of revolving fund. That fund would provide the
possibility for NGOs to "borrow" money for the realization of the project until the EU funds are paid. Then the organization would give back the money to the fund.

1.3.9 Other International Donors

Although not being a direct donor, OSCE has for many years supported CSOs through efforts in improvement of conditions for CSO functioning in areas like CSR, volunteerism, legal framework for NGOs, etc.

United Nations Development Program (UNDP) and UNICEF provide support to the activities of NGOs.

There are also programs of the direct aid by the Austrian Embassy in Belgrade; programs of the British Embassy in Podgorica; Comission for Democracy grants, Criminal Justice, Public Affairs and Culture preservation programs by the USA Embassy; Canadian fund for local initiatives (CFLI), Visegrad Fund grants; Ministry of Foreign Affairs of Japan grants; grants of the Polish Ministry of Foreign Affairs; Small grants program by the Norwegian embassy; Dutch Matra and KAP programs; Hungarian embassy grants; Small Grants Program by the Republic of Slovakia; Small Grants Programme by the Turkish Agency for International Cooperation and Development (TIKA)

1.3.10 Foreign Private Foundations

Regional foundations include: Balkan Trust for Democracy (since May 2013 in the phase of restructuring), European Fund for Balkans.

Other international foundations providing support to civil society are German political foundations: Friedrich Ebert Foundation, Conrad Adenauer Foundation and Heinrich Boll Foundation, as well as Charles Stewart Mott Foundation, Rockefeller Brothers Fund from the USA.
1.4 INSTITUTIONAL MECHANISMS FOR COOPERATION BETWEEN GOVERNMENT AND CSOS

Coordination and cooperation between the Government and civil society in Montenegro relies on the Government’s Office for Cooperation with NGOs, Council for Development of NGOs and a network of contact persons in ministries and other state institutions. The work of the Office is limited by numerous factors, while the functioning of the network of contact persons is limited and inconsistent.

1.4.1 Government’s Office for Cooperation with NGOs

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 a loose agenda for improving the traditionally poor Government – civil society relations by establishing such Office.

The Office was in charge of performing tasks related to preparation of plans, programmes, projects and other activities in line with the principles and objectives set out in the document “Basis of Cooperation” as well as in other documents - by developing mutual cooperation and coordination, not affecting the independence of NGOs and enhancing transparency of its own work and work of NGOs, in order to continue building open and democratic society. The Office serves as administrative and technical support for Government Council for Development of NGOs. The Office also coordinates work of state bodies in the field of cooperation with NGOs and educates and connects them in the internal network - infrastructure of state administration bodies for cooperation with NGOs. For the first time in 2015 there were funds allocated for the office, in the amount of 40.000 euros, which created possibilities for planning and realization of the activities that would affect not only better visibility of the Office, but also the increase quality of the cooperation with NGOs.

Until recently, the Office had limited capacities and authority to fully carry out its duties. However, in 2015 the Office has sistematized 9 job positions out of which 6 has been filled which is very significant for the development of the Office and its impact. The Office does not
have a clear and precisely determined budget and its competences to coordinate the contact persons in public administration bodies have not been clearly defined. 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.

**Contact persons**

The system of networking and coordination through the network of contact persons from public administration bodies is also functioning poorly. Contact persons are frequently changed, which leads to disruption of communication with NGOs. Newly appointed contact persons often have poor understanding of 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, and some time needs to pass so that the new contact persons would gain experience. What should be note is that there has been developed Training Plan of the Contact Persons.

**1.4.2 Strategy and Action Plan for Cooperation between Government and NGOs 2014-2016**

Strategy for Developments of NGOs 2014-2016 has been adopted in December 2013. One part of the activities has been included in the Action Plan for Chapter 23, as an effort to further encourage their implementation. Report on the Implementation of The Strategy and its Action Plan, developed by the Council for Development of NGOs states that in 2014, four (4) measures were realized and ten (10) were not; in 2015 two (2) were realized, contraty to the six (6) which were not. Year 2016 is programed as a time frame for rezlizetion of four (4) activities, out of which measure concerning CSOs in the IPA programing was realized.

**1.4.3 Council for Development of NGOs**

The Council for Development of NGOs was established in 2014. The Council represents an advisory body of the Government that consists of 12 representatives of the ministries and 11 representatives of NGOs.

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19 Official Gazette of Montenegro No. 28/10
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 programmes; 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.20

The Law on NGOs has given the Council the competences to "proposes priority areas of public interest in the amount of funds for financing programs and projects financed from the budget", considers the report on the implementation of projects and programmes financed" and "engages external auditors to control designated use of funds allocated to NGOs".

As the law was not applied in this area, the Council did not apply these competencies. Draft Law of the Changes of Law on NGOs prescribes same competences for the Council.

Key strengths of the Council are recognized in the intersectoral structure, but also in the individual members that posses knowledge and experience in the area.

20http://www.crnvo.me/attachments/article/7408/Odluka_o_obrazovanju_Savjeta_za_saradnju_sa_nevladinim_organizacijama.pdf
In the previous period, Council has often, especially when deciding on very important matters, decided by outvoting with obviously opposing attitudes by the Government and CSO representatives.

Generally, CSOs have a negative opinion on current mechanisms for dialogue and cooperation between CSOs and state bodies. According to the TACSO survey\textsuperscript{21} from February 2016, “47 percent of CSOs were aware of the existence of these structures and mechanisms, but they believed that they existed only to fulfill a form. In addition, another 35 percent of CSOs said that they were not aware of the mechanisms for dialogue and cooperation between CSOs and state bodies and in the end only 18 percent of organisations said that they were familiar with the mechanisms for dialogue and cooperation, and that they also considered them useful”.

However, a relatively low participation of CSOs in the consultation processes at the national and local level was registered – 25 percent of organisations in the past three years participated in some consultation process at the local or national level. This is significantly less than in the previous research when this percentage was 57.

In April 2016, project ”Technical Support for Development of Institutional Mechanisms for Cooperation between Government and CSOs“ has started. Project is funded by the EU and it lasts for two years. The project foresees different set of measures aimed at strengthening capacities of the Office for Cooperation with NGOs, Council for Development of NGOs as well as contact points in Ministries.

1.5 INSTITUTIONAL CAPACITIES (ON NATIONAL AND LOCAL LEVEL) FOR ENGAGING CIVIL SOCIETY, INCLUDING INFLUENCE OF FACTORS SUCH AS DEMOCRATIC DEVELOPMENT OR THE PRESENCE OF CORRUPTION

Montenegro is a candidate for membership in the European Union, and in 2013 it has opened the accession negotiations with the EU. Montenegro still faces constraints of inefficient public

\textsuperscript{21} Survey of the needs of CSOs in Montenegro, February-April 2016; TACSO, Ipsos Public Affairs
administration and the problem of widespread corruption and organized crime. According to the reports of the Freedom House\textsuperscript{22}, Montenegro is a "semi-consolidated democracy".

Citizens take relatively little part in the process of creating laws and public policies. Key reasons are limited transparency of public administration in Montenegro and distrust of public institutions in CSOs.

The Law on Free Access to Information is applied with a number of limitations and challenges. It is noticeable that judgments of the Administrative Court are often left without adequate response of public institutions that would have to enforce them.

The role, scope of work, competences and responsibilities of contact persons in public institutions for cooperation with CSOs are poorly defined and understood. There is a lack of commitment within political leadership and higher management in public administration bodies to fully implement obligations defined within adopted government documents in order to create sustainable structures for consultations with CSOs. The Law on State Administration stipulates that ministries and state administration bodies “shall be obliged to ensure cooperation with NGOs, which shall be achieved in particular by consulting non-governmental sector on legal and other projects and regulations governing the manner of exercising the rights and freedoms of citizens”.

Amendments to the Law on State Administration from July 2011 enabled adoption of secondary legislation which defined “manner and process of achieving cooperation between state administration bodies and NGOs, as well as criteria and procedure of election of representatives of NGOs in working groups and other working bodies established by the Government and state administration bodies”. Two decrees have been adopted-Decree on Manner and Procedures of Cooperation between State bodies and CSOs, and Decree on Manner and Procedures for Organizing Public Debates. The Decree on the Manner and Procedures of the Cooperation between State Bodies and CSOs for the first time regulates key forms of this cooperation foreseen by the Law on State Administration: informing the civil sector by the state bodies; consulting CSOs in the process of development of different acts; as well as participation of CSO representatives in the working groups and other bodies formed by the Government. On the other side, The Decree on the Manner and

\textsuperscript{22} \url{http://www.freedomhouse.org/report/nations-transit/2013/montenegro}
Procedures of the Public Debate, this mechanisms, as a key form of citizen participation in the decision making process has been legally regulated.

When it comes to participation of CSO representatives in the working bodies formed by the Government, during the 2014, number of 55 CSO representatives participated in 36 working groups. Altogether 79 calls for selection of CSO representatives into the working groups have been made.

However, in its report\(^\text{23}\) for 2014, CRNVO noted failure to publish lists of laws which would be the subject of public discussions, as well as failure to publish report on consultation to the interested public on the web sites of administrative bodies, as well as report on conducted public discussions.

When it comes to the obligation to inform CSOs on its work, 23 state bodies published their working plan for 2014, while 9 state bodies failed to do so.

The contribution of the civil society to the work of the Parliament, especially parliamentary committees is increasing. Representatives of NGOs are often involved in the work of parliamentary committees through consultative hearings or participation in the sessions of the committees.\(^\text{24}\)

NGO database originally produced by CRNVO has been established in Parliament to assist communication between MPs, Parliamentary service and NGOs. Although it is functional, the database is poorly used by MPs. Parliament is responsible for updating the database.

In 2012, the Government of Montenegro joined the global initiative “Open Government Partnership” (OGP) which helps governments of initiative member-states to devote to improving transparency, empowering public opinion in the process of decision-making, fighting corruption and affirming the usage of new technologies for the purposes of developing democracy. The Action Plan for realization of OGP has been developed by an Operation team, in which representatives of four NGOs are involved. This team is in charge of evaluation and monitoring of Action Plan implementation, as well as quarterly reporting of its realisation.

\(^{23}\) http://www.crnvo.me/pravna-regulativa/analize.html
Prior to adoption of the Constitution of Montenegro in the October 2007, CSOs had a right to directly propose laws to the Parliament upon gathering 6,000 signatures. This right has then been abolished, and in the opinion of CSOs access of these organisations to the process of adoption of the laws has been unfairly restricted, and initiatives of advocacy initiated by NGOs are now related to political patronage of certain MPs. NGOs have in recent years raised this issue regarding the amendments to the Constitution, but their requests have not been adopted.

1.5.1 Local Self-Government

The Law on Local Self-Government of Montenegro stipulates that local self-government bodies should have a wide cooperation with local civil society and promote its role in decision-making process. The implementation of the provisions of the law is inconsistent and there are different limitations.

According to the TACSO survey (February 2016), CSOs have slightly more favorable opinion (compared to the national level) about the mechanisms for dialogue and cooperation between CSOs and local administration bodies. 45 percent of them perceive them as a mere fulfillment of form, 16 percent are not familiar with the mechanism, and 40 percent of the existing mechanisms for dialogue and cooperation between CSOs and local administration bodies are seen as useful. The highest level of participation is registered at the creation of strategies and action plans at the local level.

The right of local NGOs to participate at the plenary sessions of local assemblies (without the right to vote), the so called “free” or “empty” chair is legally defined. This institute has so far been implemented in a satisfactory manner, with clear rules and procedures, only in two out of 21 Montenegrin municipalities (Tivat and Bar to some extent). Aforementioned good examples allow NGOs to nominate their representatives for empty chair without interference of local self-government and to have representative at each agenda point of the local self-government. In practice, most municipalities do not apply this mechanisms in a

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25 Municipalities promote participation of CSOs and citizens through: 1) Providing information on all issues that are important for the non-governmental sector; 2) Consultation of the non-governmental sector with respect to development programs of the local self-government and drafts of general regulations adopted by the Assembly; 3) Enabling participation in working groups on drafting normative regulations or preparation of projects and programs; 4) Organizing joint public discussions, round tables, seminars, etc.; 5) Financing projects presented by NGOs that are of interest for the local population, under the conditions and procedures prescribed by a general regulation of the Municipality; 6) Providing working conditions for NGOs, in accordance with possibilities of the local self-government.
proper manner. The biggest problem is "monopolization" that is manifested in one CSO representative for the questions on the agenda and in all of the sessions.

Proposition of the Law on the changes of the Law on Local Self-Government is in the Parliamentary Procedure and it prescribes ore detailed regulation of the mechanisms of the CSOs participation in decission making process. Non-governmental organizations think that the funds allocated on local level for support of CSOs projects are not sufficient and that procedures are not transparent enough. This is related to the large amounts of money being allocated besides public calls and based on other legal basis.

New models of the decision on manner and procedure for participation of local population in conducting of public affairs, rules and procedures of assembly, decision on criteria, manner and procedure for distribution of funds to NGOs, agreement on cooperation between assembly and NGOs, council for cooperation between local self-government and NGOs, were developed at the end of 2011, in cooperation of the Ministry of the Interior, Union of Municipalities of Montenegro and the CRNVO (with the support of the OSCE). A small number of local self-governments26 have harmonized one part of acts with these models. According to the data from the "Report on the Compliance with the Principle of Good Governance"27 bdeveloped by the CRNVO in 2013, two municipalities have adopted Agreement on the Cooperation between Assembly and NGOs that is in accordance with the Model, fouu municipalities have adopted Decission on the Council for Cooperation between Local Self-Government and NGOs, eight municipalities have adopted the Decission on the Participation of the Local Population in Conducting Public Affairs, five municipalities have adopted The Decission on criteria, Manner and procedure for Distribution of Funds to NGOs and ten municipalities have adopted Rulebook of the Assembly that is in accordance with the Models.

Most of the local self-governments do not have updated data on the CSo active on the local level. In those local self-governments where there are such data bases, it is most often result of the personal initiative of the officer in charge for cooperation with CSOs.

26 two municipalities have adopted the Agreement on cooperation of the Parliament, cooperation of municipality and NGOs, four municipalities have adopted the Resolution of Council for Cooperation with NGOs, eight have adopted the Resolution on the way and procedure of participation of local citizens in performing public services, five have adopted the Resolution on criteria, way and procedure of allocation of funds to NGOs, ten municipalities have adopted the new Rules of Procedure of the Parliament etc.

27 http://www.crnvo.me/sites/crnvo/files/article_files/dobro_upravljanje_u_lokalnim_samoupravama_2.pdf
1.6 PUBLIC PERCEPTIONS AND SUPPORT OF CIVIL SOCIETY AND ITS VARIOUS SEGMENTS

Some available public opinion surveys indicate that Montenegrin public is relatively well familiar with civil society and that it holds it in high regard. More importantly, surveys show that public support to NGOs and their activities is relatively high and stable.

According to a survey conducted with the support of TACSO Montenegro by CRNVO and IPSOS Strategic Puls, the situation of trust in NGOs has not significantly changed in the period from 2008 to 2012. Furthermore, most citizens have medium (37 percent) or little (24 percent) trust, but the percentage of those who believe NGOs to a large extent has slightly increased (from eight percent in 2008 to 13 percent in 2012). A positive finding is also the fact that, observed since 2006 onwards, the share of citizens who do not have specific clear position towards the non-governmental sector has been constantly decreasing, and it amounts only to 10 percent of the population. According to the survey done by Ipsos and for the needs of CRNVO, citizen trust to CSOs is 47% which is more or less at the same level as in the previous research done in 2012. Most of the respondents have medium trust-38%. However, comparing to the last survey there are more citizens who do not have an attitude towards the CSOs and their work, as well as those who do not have positive or negative associations towards CSOs (17% in 2015 and 6% in 2012).

Citizens perceive CSO as a good way for social engagement, and besides the party and political channels. It is interesting that certain number of respondents perceives some CSOs as connected with the governing structures, or opposed to them. This may indicate the possibility of politicization of the sector, which would not have the positive effect to CSOs participation in the initiation of social changes. What is a positive finding is that around half of the respondents thinks that most of the CSOs have the aim of improving general situation in Montenegro and that they aim towards the wellbeing of the country. It is also on the same level from the previous year, but significantly more then in the surveys done in 2008 and 2007 when that percentage was around 30.

Around one third of the respondents, 37% considers CSO as important actors in the process of control and limitations of the Government. However, that percentage is smaller in relation to 2012 when it was 49%.

Most of the citizens think CSOs are most active in the field of human rights (67%), improvement of the position of the people with disabilities (66%) and EU integration (66%). What may be specific, is that at the bottom of the list of areas recognized as the areas with active CSOs is solution of the problems of the local community. Survey shows that the perception of the citizen perception of the fields in which CSOs are active mostly corresponds to the areas which citizens perceive as problematic in the society (human rights, persons with disabilities, family violence). Situation is slightly different when it comes to poverty reduction, protection of the employees rights and combating corruption- which are the areas that citizens perceive as very important but in which they did not recognize the activities of CSOs.

Respondents of the survey see the field of social services as the field where CSOs activities are necessary and where they could be more present. It is also interesting the fact that even tough citizen see CSOs as active in the field of human rights, they believe that even their stronger action in this field is needed.

Tacso survey done by Ipsos Public Affairs shows that half of the respondents things that there is freedom of the press in Montenegro. This is important data in the wider sense of the enabling environment for the CSOs development, given the fact that half of the citizens believes that there is no freedom of expression in the country.

When it comes to media reporting on the CSO work, 44% of the respondents thinks that it is on sufficient level and 31 believes that its not. Out of who think that media do not report enough on the activities of CSO, half of the respondents thinks that is vcaused by the lack of interest of the media for the activities implemented by the sector, while other half believes that CSOs should try harder to make their activities more visible and appealing to the media.

Besides, the civil society itself has taken steps in order to enhance its own performance, standards and transparency. In October 2013, the NGO Coalition “By Cooperation towards the Goal”, appointed the Ethics Committee to deal with violations of the Code of Ethics of the
Technical Assistance for Civil Society Organisations
Montenegro Office

This project is funded by the European Union.

Coalition members. TACSO has published publication “Yearly Financial Reports of the CSOs in Montenegro for 2014” with 129 organization, and “Achievements of the CSOs in Montenegro fin 2013 and 2014”

2. ORGANISATIONAL CAPACITIES OF CSOS

2.1 OVERVIEW OF NON-GOVERNMENTAL SECTOR IN THE COUNTRY

2.1.1 Structure of the Civil Society

There are 3,940 NGOs registered in Montenegro, most of which are non-governmental associations (3,811) and 129 are non-governmental foundations. It is unknown how many of them are actually active.

Geographically, activities of civil society mostly take place in central region of the country. Most of NGOs have headquarters in the central region of the country. Specifically, most of 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.

By legal regulations and internal procedures of government authorities, keeping statistics and records related to NGOs has not been regulated. A worrying lack of official data on employees and volunteers, incomes (donations from domestic or foreign sources, economical activities, memberships etc…) offices, technological equipment has been immanent. Without such data, the quality of research and analysis of the current state and requirements of NGOs is limited, but also planning of development of NGOs, especially in the part of support which government authorities and local authorities should provide for NGOs.

A majority of Montenegrin NGOs are small, poorly resourced, municipally based organisations, dedicated to immediate addressing of issues in the local community.

Lack of financial resources and dependence on short-term projects dictates a situation in which a relatively small number of Montenegrin NGOs continuously conducts activities. In average, Montenegrin NGOs employ three persons.

At the national level, there is a core of renowned, organisationally mature NGOs engaged mainly in advocacy, research, monitoring and capacity building in fields such as the fight

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29 www.
30 http://www.tacso.org/documents/reports?id=12765
31 http://www.tacso.org/documents/reports?id=12766
against corruption, state administration, poverty reduction and human rights. This small number of professional organisations exists in stunning contrast to the majority of weak, voluntary or semi-professional NGOs working at the local level, which in the main provide services to the community or their members.

There is a specialized organisation dedicated to providing support to NGOs, CRNVO, which offers assistance to CSOs in relation to organisational development and individual capacity building, legal advice on establishing and managing CSOs, information on other CSOs, civil society activities and data on donors. Besides CRNVO, coalitions and networks provide some services in organisational development of its members.

2.1.2 Field of Operation / Activities

Most of the CSOs is registered in the field of culture-656, human rights-267, art-240, institutional and non-institutional eucation-233, agriculture and rural development-221, social and health care-239, civil society development and voluntarism- 267, environment protection-254. 

The majority of CSOs continue to concentrate on service provision to the community. Apart from self-help services, CSOs are active across the country providing a range of services regarding health, education, environmental protection and governance. Larger, more developed CSOs, working at the national level, provide a large number of information and legal services.

Advocacy and related activities are mainly practiced by national (de facto) non-membership organisations serving the whole community. The public is well familiar with them, but this is an exception that confirms the rule.

2.1.3 Human Resources and Technical Skills

According to the data from the “Report on Economic Value of the Non-Profit Sector in the Western Balkans and Turkey” number of employees in the nonprofit sector in Montenegro is 766. However, it should be taken into account that that this is not the final number.

The small size of an average CSO in Montenegro is a clear indication of the generally inadequate human resources available to civil society and the challenges faced by CSOs in
recruiting sufficient number of quality staff. To a large extent this situation is due to weak financial resources at the disposal of CSOs.

A large number of CSOs suffer from “founders’ syndrome” or an over-dependence on dominant leaders who provide them both the identity and ambition, and who perform most of the daily administrative work. Smaller CSOs are also highly dependent on the unpaid or “after-hours” work of staff members who are otherwise professionally employed in the public or private sector.

In the last two years, through programs of professional training of interns, the Government enabled the employment of interns in NGOs, which was used by a number of NGOs and which gave a further incentive to the activities of NGOs.

Retaining the qualified and experienced staff is a major challenge for all CSOs in Montenegro. Employees frequently leave CSOs for better-paid or more stable employment in both the public and private sector. This is, generally speaking, another challenge related to the development of human and organisational resources.

Voluntarism in Montenegro is weak. The reason for this is the lack of tradition of involvement in community service and the lack of incentives in the legal framework. Neither the Government nor the civil society sector is able to significantly develop the country’s potential volunteer resources.

Overall, CSOs are deficient in the technical skills necessary for organisational management, as well as the specialist knowledge related to their fields of work (such as environmental protection, human rights, economic development, etc.). Many organisations are insufficiently literate in electronic technologies, poorly equipped and have poor access to the Internet. Consequently, they have restricted access, generally, to information relevant to their work; they do not use the Web sites of specialist international and local NGOs, as well as development and research organisations. Lack of knowledge of EU policies and the process of European integration is especially notable.

Training and support facilities for CSOs are few. CRNVO is the only specialized NGO capacity builder with an established training team offering a full range of technical trainings and consultancy for organisational development.

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32 Out of 1,184 NGOs in the CRNVO database, only 148 NGOs have a web site, while 692 have email address.
Outside the capital, Podgorica, there are no resource centers that provide technical support at the local level. CRNVO is currently working on the training of the four local resource centers in the municipalities of Bijelo Polje, Pljevlja, Ulcinj and Herceg Novi.

A certain number of more developed NGOs organise specialized programmes or “schools” intended, among others, to CSOs, about the changes in social and political issues. These include: NGO „Anima“ - Gender Studies – Interdisciplinary Program on Feminism Theory and Women Human Rights; Center for Civic Education - School of Democracy, School of Human and Minority Rights and School of Youth Leadership; Institute for Media «Journalism School, « Civil Alliance - School of Democratic Governance, Center for Monitoring and Research CEMI - School of Euro-Atlantic Integration for Young People; Institute Alternative - School of Public Policies, Alfa Center – REACT workshop (popularization of NATO in Montenegro); Ozon – School of Urban Ecology; Bonum – School of Democracy and Human Rights.

In the north of Montenegro, Foundation for the Development of Northern Montenegro - FORS MONTENEGRO which realises programmes in different areas of significance for the northern region including educational programmes for NGOs, is the most active.

CSOs invest relatively little in the education of employees. In most cases, CSOs are too small to have human resource development systems and a budget to finance these.

On the other hand, better developed and established CSOs are aware of the need to constantly invest in the acquiring of new skills and knowledge.

During 2012 and 2013, within the TACSO project, trainings on the topics: “Democracy and Gender Equality” (34 participants), "Development and Management of EU funded projects” (25 participants), a two-day training on "Advocacy", a three-day training on "Strategic Planning" and consultations were held with representatives of five networks and coalitions from Montenegro, which gather 56 CSOs.

Women NGOs emphasize the importance of integrating gender component in capacity building programs for NGOs.
2.1.4 Strategic Strengths of CSOs in Montenegro

As a sector, the civil society in Montenegro has achieved more success than others in the region in terms of the presence in public and fostering public trust. This has been achieved in two ways - through the successful implementation of high profile projects and campaigns that have drawn the attention of citizens, and through fostering over time of mutually beneficial relations with the local and national media.

Regarding advocacy and networking of national NGOs, the sector is well positioned, so it can take advantage, in terms of achieving a greater influence on the policy-making process, of the ongoing course of institutional and legal reform which will begin to gather pace as the country progresses towards the European integration. It can be concluded that the inclusion of a larger number of CSOs in the process will depend greatly on successful leadership and proactive approach, as well as significant increase of investments in civil sector capacity building at the local level.

At the level of the individual organisation, strategic planning is rarely carried out and its importance is not understood completely. From the perspective of the average Montenegrin CSO, operating with a small number of people and poor resources conditioned by financing of projects, long-term planning often appears both a luxury and an irrelevance.

2.1.5 Analytical Capacities

Only a very small number of CSOs have sufficient human and financial resources to engage in meaningful social or economic analysis that can serve as the basis for further work in the fields of advocacy and policy dialogue. According to the TACSO survey, only 13% of the organizations regularly uses analysis and research in their advocacy, 28% does it often, while other organizations use it rarely or never. In the broad field of economic and social policy issues, ISSP (Institute for Strategic Studies and Prognoses) and CEED (Center for Entrepreneurship and Economic Development) have been recognized.

In the fields of democracy, good governance and human rights, there are also several prominent NGOs that conduct research, advocacy and monitoring of government performance and the democratic processes, including the Center for Monitoring and Research - CEMI, Institute Alternative (IA), Center for Democracy and Human Rights (CEDEM), Network for
Affirmation of NGO Sector (MANS) and Center for Democratic Transition (CDT), Center for Civic Education (CGO) and Center for Development of NGOs (CRNVO).

2.1.6 External Relationships – Networking and Partnerships

CSO Networks and Coalitions

Communication between CSOs in Montenegro is insufficiently developed. Cooperation between organisations working in the same field is infrequent and CSO project partnerships in projects are still very rare.

CSOs in Montenegro have been consistently reluctant to form networks, owing to often intense competition between organisations for funding and lack of trust. This is despite the fact that Montenegrin CSOs have clearly managed to exert significantly greater influence on Government and other national and local institutions on the rare occasions when they have worked together. Shorter-term coalitions formed for carrying out individual campaigns, particularly related to environmental protection, have proved to be the most effective, although a temporary form of cooperation among CSOs.

Local associations are joined in national unions, such as the Union of the Blind of Montenegro, Association of the Deaf and Hard of Hearing, the national Association of Parents of Disabled Children “Our initiative”, Montenegrin Pensioners’ Union, Network for Local Community Development, National Network of Service Providers, Paraplegics’ Association of Montenegro, Montenegrin Youth Forum, Network of NGOs for European Integration Processes (MAIP), Coalition of Roma and Egyptian People Together KREZ, Association of People with Multiple Sclerosis, NARDOS, Scout Association of Montenegro, etc.

There are also informal networks and coalitions that are established *ad hoc*.

There are several electronic mailing lists for communication among CSOs, some of which are maintained by CRNVO and MANS at the national level, while at the local level there is e-list of NGOs in Niksic, administered by NGO “Ozon” as well as some lists related to particular areas.

A particular problem experienced by many CSOs is the lack of information which would assist them identify partners – both domestic and those in neighboring countries - and establish cooperation for cross-border projects. This seriously reduces opportunities for accessing funding sources such as those provided by the EC for cross-border cooperation. An effort was
made in previous years to strengthen cross-border links among NGOs through various forums organised by TACSO and structures for cross-border cooperation.

Communication and cooperation between NGOs and trade unions is sporadic.

Media provide relevant attention to the work of NGOs. Group of CSOs dealing with the issues of corruption, human rights, rule of law, EU integration and good governance frequently appears in media. Media are very interested for the watchdog approach in the work of CSOs. There are certain partnerships between media and NGOs, such as the joint project of NGO “MANS” and daily newspapers “Vijesti”, “Dan” and weekly newspaper “Monitor”, called “Pod lupom” (“Under the Magnifying Glass”). However, more intense cooperation aiming to shed light on crucial issues in the situation and development of NGO sector is lacking.

According to the survey results, CSOs in Montenegro have divided opinion on their visibility in the public. Almost half of the organizations participating in the survey stated that CSOs are present just as they need to be. In the group of CSOs that believe that the presence in the public is insufficient, the prevailing opinion is that the cause for this lies in the media which are not sufficiently interested to report on the activities of CSOs in Montenegro. In contrast, 44 percent (or 15 percent of all CSOs) believe that CSOs themselves are not doing enough (or not properly) to increase its presence in the public.

2.1.7 Material and Financial Stability and Resilience

The low percentage of beneficiaries of EU funds, insufficient diversification of funding sources and insufficient use of tax incentives are the main problems in the area of financing of CSOs in Montenegro.

According to the survey from 2016, the largest number of CSOs was funded by Government and state bodied, namely 42% of CSOs, and 41% percent used the funds received from local self-governments.

A significant number of organisations have also been funded by membership and the citizens of Montenegro, but it is notable that only 22% used funds from EU funds. A possible explanation is that the EU funds require the filling of complex application forms and that a significant portion of CSOs does not have capacities that allow handling of projects financed from EU funds. In any case, this fact points to the need to approach to developing of capacities.
of CSOs in Montenegro, with special attention, in order to strengthen the larger number of organisations to try to apply for funds from EU funds.

During 2012, only 22% of CSOs in Montenegro have used funds received from citizens - whether money, free volunteer work or other non-monetary funds.

Slightly higher percentage of CSOs has used the funds of private companies operating in Montenegro – 24 percent.

Viewed as a whole, civil society in Montenegro is under-funded and financially vulnerable. The stronger, leading NGOs are generally better financially secured. They have good relations with many foreign donors and in most cases have succeeded in securing support from a variety of foreign agencies simultaneously, which has made these organisations more resilient and financially sustainable.

Smaller CSOs and those active at the local level are not financially secure. Most of them are membership-based, but have been unable to provide membership support, owing to both capacity shortfalls on their side and poverty and the absence of a culture of charitable giving on the other side. For the same reasons local organisations have been unable to provide funds by charging for services. Generally, these CSOs rely on the funds obtained from local self-government and the Parliamentary and Government funds from games of chance.

The average CSO has also insufficiently developed capacities to access foreign donor funds. This includes poor knowledge of the development and writing of projects, inexperience regarding the logical framework required by most foreign agencies, poor English language skills as well as lack of administrative and management capacity to absorb major foreign grants at all.

### 2.1.8 Organisational Sustainability

Numerous factors that influence organisational sustainability are explained in previous sections. Sustainability of CSOs in Montenegro is at a relatively low level due to lack of organisational capacities (including strategic planning); challenges CSOs face in recruiting and retaining quality human resources; lack of diversified funding sources. Key problems in reaching financial sustainability are: the lack of support by the state, underdeveloped practice of business sector donations and withdrawal of international donors. One of the key challenges for CSOs is to understand that sustainability does not only depend on financial stability. At the
political level CSOs need well-structured institutional framework and encouraging political process.

Further development of communication and cooperation among CSOs, including building long lasting networks, platforms and federations remains one of the challenges. Introducing Quality Assurance System in CSOs is one of the forthcoming challenges for CSO sustainability.
3. CONCLUSIONS

• Montenegro has begun the process of EU accession negotiations during 2012. By the end of 2013, negotiations under Chapters 23 and 24 will be opened. The role of CSOs in relation to the negotiation process is of great importance to the quality of the process and progress of the country in the process of European integration. CSOs are facing the challenge of further specialization and training to participate in next phases of this challenging process.

• Certain number of the activities foreseen by the Action Plan of the Strategy for Development of NGOs 2014-2016 has been realized. However, key measures concerning financial stability and viability have not been implemented.

• Government’s Council for Development of NGOs does 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.

• Financial sustainability of CSOs, especially when it comes to public sources of funding remains an open issue. Ensuring the implementation of the provisions of the Law on NGOs and defining the percentage of benefits from the current budget for CSOs are two issues of strategic importance to the stability of state support to CSOs.

• Draft Law on the Changes of the Law on NGOs has been created. Draft prescribes establishment of the new system of the public funding that would be a combination of the centralized programming and decentralized implementation of financing.

• Regarding the EU support to CSOs, it is necessary to open a dialogue about the possibilities of redesigning support programs in a manner that would strengthen the partnerships of larger and smaller CSOs and open wider opportunities for smaller CSOs to use EU funds.

• Poor communication and cooperation between CSOs and insufficient access to information and organisations that provide support in rural areas, particularly in the north, represent deep-rooted problems with geographical and technological causes, which are negatively impacting the sustainability and effectiveness of the sector.

• The part-time nature of many activities conducted by CSOs and the often minimal staff employed in local organisations will represent a significant challenge to the project to
succeed in going beyond the level of the individual in activities regarding building organisational and institutional capacities.

### 3.1 Civil Society and its Environment

- Law on NGOs is adjusted to the highest extent with international standards and represents a substantial improvement in comparison to previous solutions in a number of provisions.
- The Labour Law must be changed and CSOs need to be exempt from the obligation of severance pay to the employees with which the employment is terminated through the decision of employer.
- Institutional mechanisms and legal framework aimed at encouraging dialogue between the Government and CSOs are limited.
- Extended definition of the field of action of CSOs in the public interest has been introduced by the new Law on NGOs.
- Conditions for voluntarism defined by the Law on Volunteer Work from 2010 are not satisfactory and do not encourage development of volunteerism.
- Tax concessions available to CSOs and incentives for charitable giving to civil society are insufficiently used. Civil society development and sustainability could be enhanced through the introduction new tax measures and better usage of the existing ones.
- State financing of activities of CSOs is on a decrease due to malpractice of Law on Games of Chance and lack of will for the system of financing to be made more stable. The Government policy for cutting budget for financing NGOs projects can seriously endanger the complete financial sustainability of CSOs. It is necessary to, by legal and political mechanisms assure that funds that CSOs have been deprived of by the Law on Games of Chance, are re-invested through the increase of the budget.
- While state funding of CSO activities is decreasing, it still represents a significant source of CSO funding. Government policy of reducing budget allocations for financing of NGO projects can severely compromise the overall financial sustainability of CSOs.
- Funds available to civil society from all sources at both local and national level are insufficient to sustain the present level of CSO activities.
• State funding of CSOs at both national and local level are mainly disbursed without clear references to public policies or strategies of the Government. Partnerships of small and large CSOs have not been stimulated, and the institutional and capacity building support has not been foreseen. Funds are allocated without clear criteria, and sometimes in a non-transparent ad hoc manner. There are no appropriate monitoring systems in place to ensure monitoring of the implementation of funded activities of CSOs.

• The EU is now the single most important foreign funding source in Montenegro. EU grants are inaccessible to the majority of CSOs owing to the requirements for partial co-financing, complicated and technically rigorous application procedures and the low fund absorption capacity of many CSOs. Recently introduced co-financing scheme for CSO support represents one of the possible ways to extend EU support throughout the CSO sector.

• There is no institutional funding of CSOs from public sources to assist organisational development and long-term program planning. New Law on NGOs opens such opportunity, but it is yet to be seen how this opportunity will be used in practice.

• It is necessary to specify the question of providing NGOs with offices according to transparent and objective criteria through special municipal decisions.

• Despite the existence of a basic institutional framework for mediating Government-civil sector relations – comprising the Government’s Office for Cooperation with NGOs and contact persons in ministries and state bodies – the Government capacities for effective cooperation with CSOs are not sufficient.

• Strategy for development of Non-government Organisations and Action plan will provide a further three-year framework for strengthening non-governmental sector. Government Council for Development of NGOs represents a good mechanism for coordination of activities envisaged by the Action Plan.

• Legal framework regulating CSOs’ participation in decision-making process at the national level has enabled progress in the inclusion of NGOs in the creation of public policies and regulations. Actual participation of CSOs in the policy dialogue and in the legislative process has a positive trend, although the regulations are still limitedly applied.

• Civil society enjoys a relatively high reputation in public and trust of citizens in CSOs is above average.
• Individual philanthropy and corporate social responsibility are at a low level of development, with a significant space left for improvement of partnerships between CSOs and enterprises.

• Official statistics on CSOs (income, employment, etc.) do not exist or are unreliable.

3.2. CSO Organisational Capacities

• The majority of CSOs in Montenegro are small, more or less voluntary organisations with poor resources, insufficiently organisationally developed, with underdeveloped human resources and technical skills.

• The majority of local CSOs, especially those outside the capital, are over-dependent on their leaders who are occasionally provided support for the implementation of certain projects and activities by their colleagues, friends and relatives employed elsewhere.

• At the national level, there is a small core of renowned, organisationally mature NGOs engaged mainly in advocacy, research and similar activities in fields such as human rights, good governance and poverty reduction.

• Most other CSOs continue to concentrate on service provision in the community in areas such as, protection of the rights of persons with disabilities, environmental protection, culture and youth. A lot fewer number of CSOs deal with issues of good governance such as rule of law, transparency in decision-making process and fight against corruption. Few CSOs have the analytical capabilities necessary for social research, advocacy and policy dialogue.

• More developed CSOs are aware of their capacity-building needs, but there is considerable demand in the whole sector for a wide range of technical trainings in technical skills and aspects of NGO management, as well as specialized knowledge and experience in the areas of CSOs work (human rights, gender equality, etc.).

• CSOs have limited access to information, including funding opportunities, specialized knowledge related to their field of activity, how to find partners, as well as the EU policies and European integration process.

• Cooperation between CSOs in Montenegro is not sufficient, both at local and national level. Intense competition between CSOs for resources has resulted in only several effective CSO networks. This situation reduces the potential of civil society to influence decision makers.
and to carry out effective advocacy and policy dialogue. It is also a serious obstacle to the overall coordination and overall development of the sector.

4. RECOMMENDATIONS

4.1. Civil Society and its Environment

- Support the development of the changes of the Law on NGO.
- It is necessary to regulate by this Law the minimal percentage of the budget that would be allocated to CSOs.
- Assist the acceleration development and implementation of the new Strategy for Development of NGOs.
- It is necessary to, by the changes of the Law on Local Self-Government determine the minimum percentage from the local budget that is to be allocated to CSO projects. In addition, it is necessary to create legal obligation of publishing data on all of the funds given as CSOs support on yearly level.
- Support the development of legal framework for regulation of the procedures for allocation of state and local property to the use of CSOs.
- It is necessary to introduce practice of operating grants to CSOs, as well as programme funding based on the principle of 2+2 years of support (as it is case with some EU programmes).
- Create possibilities for different financial and bookkeeping rules for CSOs with different income on yearly level. Also, it is necessary to recognize the specificities of CSOs in terms of adjusting certain financial procedures, such as reimbursement of travel expenses for volunteers, members and participants of different activities.
- Support dialogue on unifying tasks related to CSOs development within state administration.
- Introduce public campaigns aimed at raising awareness of corporate giving and incentives that go in line with that.
- Support initiatives aimed at further development and better implementation of tax incentives for certain categories of CSOs, programmes or projects, i.e. services.
• Work with civil society on the pressure for revision of the Law on Volunteerism, defining roles and responsibilities of volunteers and organisations that engage volunteers
• Support implementation of acts regulating cooperation between state administration bodies and NGOs, as well as acts on public debate in law drafting and decision-making process at the national level.
• It is necessary to adopt appropriate and transparent procedures for the allocation of state funds to CSOs at the national and local level. It is also necessary to establish mechanisms that will control both the procedure for the award and the implementation of funded activities of CSOs.
• Promote corporate social responsibility and relations between CSOs and the business sector
• Support initiatives to create schemes both on local and national level to provide co-financing and pre-financing of CSO projects supported by the EU. This might be particularly important at the local level when it comes to cross-border cooperation programs;
• It is necessary to establish some kind of revolving fund with the aim of regulating pre-financing of EU supported projects
• Encourage further strengthening of communication and cooperation between CSOs and Delegation of the European Union to Montenegro, particularly through holding of regular, thematic consultations;
• Support the creation of preconditions for the development of official statistics on CSOs on national and local level.
• It is necessary to provide possibility for reimbursement of travel expenses for members of the working groups representing CSOs registered outside the Capital city
• It is necessary to provide full implementation of the adopted mechanisms for the cooperation between CSOs and local self-governments, which includes organizing yearly meetings of CSOs and presidents of the municipalities

4.2 CSO Organisational Capacities
• Provide capacity building to CSOs, according to individual needs of organisations, using a variety of methods: trainings, consultations, advice and mentoring via telephone, e-mail and Internet;

• Adapt planned trainings to suit the needs and capacities of less developed CSOs. Use process facilitation or consultancies in key areas in order ensure that capacity building has concrete results;

• Support the introduction and development of Quality Assurance Systems in CSOs

• The most important areas from which it is necessary to ensure the strengthening of capacities include fundraising, project cycle management (with particular emphasis on management of EU funds and EU application procedures), strategic planning, advocacy, establishment and development of networks and coalitions, corporate social responsibility and communication with enterprises;

• Apply methodologies for startup trainings and trainings for new members/staff in CSOs developed by TACSO;

• Support exchange of experience/knowledge/information between CSOs which have implemented EU funded projects and CSOs which are just starting the implementation of EU funded projects;

• Assistance should be provided to CSOs, in cooperation with CBIB, to identify partner organisations in neighboring countries so that they can apply for EU cross-border cooperation programs;

• Assistance in the form of process facilitation and provision of information should be provided to CSOs to help them establish permanent networks and program coalitions. In addition, assistance should be provided to local networks to connect with regional networks;

• Assist local CSOs in particular to communicate with their memberships and develop local support.

• Support the writing and publication of annual reports and statements on funds spent;

• Facilitate creation and implementation of donor schemes that enable smaller CSOs to cooperate with professional CSOs as project partners.
• Support the change of application forms of public funds and adjust them to the need of continuous capacity building (technical and specialist) of CSO, through introduction of mandatory amount for this purpose within the planned project budget (e.g. 5 percent of the total budget is directed to capacity building of applicant CSO).

• Adapt the application form and the form of reports in open calls for public funding to the level of development of the organization in relation to annual revenues.
Annex 1: Acronyms and Abbreviations Used in the Text

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ADP ZID</td>
<td>Association for Democratic Prosperity - Zid</td>
</tr>
<tr>
<td>CDP</td>
<td>Capacity Building Program</td>
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<tr>
<td>CEDEM</td>
<td>Center for Democracy and Human Rights</td>
</tr>
<tr>
<td>CEMI</td>
<td>Center for Monitoring and Research ISSP</td>
</tr>
<tr>
<td>CEED</td>
<td>Center for Entrepreneurship and Economic Development</td>
</tr>
<tr>
<td>CGO</td>
<td>Center for Civic Education</td>
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<tr>
<td>CDT</td>
<td>Center for Democratic Transition</td>
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<tr>
<td>IA</td>
<td>Institute Alternative</td>
</tr>
<tr>
<td>ISSP</td>
<td>Institute for Strategic Studies and Prognoses</td>
</tr>
<tr>
<td>CRNVO</td>
<td>Center for Development of Non-Governmental Organisations</td>
</tr>
<tr>
<td>CSO</td>
<td>Civil Society Organisation</td>
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<tr>
<td>OSCE</td>
<td>Organisation for Security and Co-operation in Europe</td>
</tr>
<tr>
<td>DPRS</td>
<td>Development and Poverty Reduction Strategy</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>EIDHR</td>
<td>European Instrument for Democracy and Human Rights</td>
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<tr>
<td>FAKT</td>
<td>Fund for Active Citizenship</td>
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<tr>
<td>FPA</td>
<td>Framework Partnerships</td>
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<tr>
<td>FOSI ROM</td>
<td>Foundation Open Society Institute - Representative Office in Montenegro</td>
</tr>
<tr>
<td>IPA</td>
<td>Instrument for Pre-accession Assistance</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
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<tr>
<td>NSSD</td>
<td>National Strategy for Sustainable Development</td>
</tr>
<tr>
<td>CSO</td>
<td>Civil society organisation</td>
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<tr>
<td>MANS</td>
<td>Network for Affirmation of NGO Sector</td>
</tr>
<tr>
<td>OGP</td>
<td>Open Government Partnership</td>
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<tr>
<td>PAPRR</td>
<td>National Action Plan for Gender Equality</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Name</td>
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<tr>
<td>PCM</td>
<td>Project Cycle Management</td>
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<tr>
<td>SIDA</td>
<td>Swedish International Development Agency</td>
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<tr>
<td>SSCG</td>
<td>Confederation of Trade Unions of Montenegro</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>USSCG</td>
<td>Union of Free Trade Unions of Montenegro</td>
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</table>
Annex 2: Analysis of financing of non-governmental organizations (NGOs) from the part of the revenues from games of chance

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. In accordance with the law, had to be allocated for distribution in the coming year, 60% of the items 1. (Realized concession fee)</td>
<td>2.808.000,00</td>
<td>3.828.451,78</td>
<td>4.184.843,34</td>
<td>3.309.757,20</td>
<td>3.324.000</td>
<td>4.960.000</td>
</tr>
<tr>
<td>3. In accordance with the law, had to be allocated to fund NGO projects (at least 75% of the item 2)</td>
<td>2.106.000,00</td>
<td>2.871.338,84</td>
<td>3.138.632,20</td>
<td>2.482.317,90</td>
<td>2.493.000</td>
<td>3.675.000</td>
</tr>
<tr>
<td>4. The planned budget for the allocation of funds to organizations (including NGOs)</td>
<td>2.580.000,00</td>
<td>2.530.000,00</td>
<td>2.508.507,20</td>
<td>1.849.154,69</td>
<td>1.740.000</td>
<td>2.800.000</td>
</tr>
<tr>
<td>5. Had to be allocated to fund NGO projects (at least 75% of the item 4.)</td>
<td>1.875.000,00</td>
<td>1.897.500,00</td>
<td>1.881.380,20</td>
<td>1.386.865,50</td>
<td>1.305.000</td>
<td>2.100.000</td>
</tr>
<tr>
<td>6. Allocated to NGOs</td>
<td>1.405.727,70</td>
<td>1.747.012,43</td>
<td>1.768.259,20</td>
<td>1.386.860,00</td>
<td>2.735.048</td>
<td></td>
</tr>
<tr>
<td>Difference (3.-6.)</td>
<td>-700.272,30</td>
<td>-1.124.326,40</td>
<td>-1.370.373,00</td>
<td>1.095.457</td>
<td>805.200</td>
<td>939.952</td>
</tr>
<tr>
<td>Difference (5.-6.)</td>
<td>-469.272,3033</td>
<td>-150.488,00</td>
<td>-113.121,00</td>
<td>5.5</td>
<td>-382.800</td>
<td>-635.048</td>
</tr>
</tbody>
</table>

33 Information taken from the TACSO publication Need Assessment Report for Montenegro 2011, p.7
Annex 3: Research Methodology

Research for this study proceeded from a comprehensive analysis of the legal and financial documents (laws and regulations), which constitute the legislative framework in which civil society in Montenegro operates. Particular reference was made to all available documentation related to interaction between CSOs and the public administration bodies at national and local level, including policy and advocacy documents obtained from civil society, as well as general civil society assessments. The latter were also used in the description of CSO organisational and institutional capacities and regarding their public image.

Primary data for the research, particularly with regard to CSO capacities, were obtained through a series of consultations with CSOs, government officials and donor organisations, using different methods.

Survey with representatives of CSOs in this study was conducted using face-to-face methods, on a representative quota sample of CSOs in Montenegro. In other words, the research covered CSOs on the entire territory of Montenegro, both those having headquarters in urban areas and those having headquarters in rural areas. The realized sample of 229 CSOs included 52 percent of organisations having headquarters in the central part of Montenegro, 24 percent of those having headquarters in the northern part of Montenegro, and 24 percent of those having headquarters on the coast.

Consultative meeting was organized with representatives of CSOs, state administration and international organisations in order to review and improve the conclusions and recommendations of this Needs Assessment.