

FINANCING POLITICAL PARTIES IN MONTENEGRO

Report for year 2005



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Part I

INTRODUCTION

1. Introductory remarks

Within the last five years the Monitoring center is conducting intensive activities that contribute decreasing of political corruption in Montenegro with a special emphasis on financing political parties. Such efforts resulted in the adoption, as suggested by CEMI, of the Law on financing of political parties. Unfortunately, modifications of the same came pretty quickly, which in the same time violated the principles introduced by it to a great extent. It also violated the egalitarianism of all subjects of pre-electoral campaign.

On the initiative of CEMI, the Constitutional Court annulled some provisions, by which the Law has been changed in 2005, that in the same created unequal status for political parties that don't have parliamentary status.

In cooperation with the Direction for anticorruption initiative CEMI created a model of law modification that are the subject of expertise of competent people from Council of Europe.

CEMI also actuated the process of penal responsibility certification for political parties and authorized entities of those parties that didn't file financial reports within the deadlines defined.

Even beside the strong uncooperative attitude of local electoral administration and Republic electoral commission, organs in charge for the appliance of the Law on financing of political parties, and thanks to our organization's efforts, all reports filed are available on the Internet.

All activities named represent just a small part of measures that CEMI takes in continuity within the field of preventing political corruption. From these a great deal is realized trough out a project that implied this report as well.

Off course, measures mentioned influenced on a significant shift towards the improvement of legal framework and respect of legal provisions related to this area. Unfortunately, even beside considerable effort invested, the level of transparency and legitimacy in financing of political parties in Montenegro is extremely low.

Only continuous effort of public, non-governmental sector and international community can influence on state organs and electoral process participants to fulfill obligations imposed by the regulations and international standards.

1.1 Project activities

The project has been created in cooperation with the Open Society Foundation,

Montenegro office, with the aim to contribute the decrement of the corruption level within political parties, through the improvement of the legal framework and accession of transparency within their financial dealings.

Previously mentioned is attempted to be done through several actions:

- Monitoring of implementation of the Law on financing of political parties and advocacy of modifications aiming the improvement of appliance effects.
- The creation of the model of modifications of the Law on financing of political parties
- Monitoring of the work of Republic Electoral Commission and local electoral commissions and advocacy of modifications within their work aiming to raise the level of information availability that they are obliged to gather.
- The provision of continuous availability of information related to the appliance of the Law on financing of political parties, the Law on preventing conflict of interest and the Law on public provisions, by regular updating of information within the base available on the Internet.
- Situation analysis concerning political corruption, by making an annual report that will sum all findings encountered during the realization of the project in 2005.

Problem: Inadequate legal framework

CEMI tried to eliminate negative effects produced by the adoption of the Law on modifications and amendments of the Law on financing political parties in 2005 in two ways:

1. By preparing the new text of the Law on modifications and amendments of the Law on financing political parties and lobbying for its adoption
2. By starting an initiative for the assessment of constitutionality of provisions that put electoral lists and political parties that don't have parliamentary status in an unequal position relating to parliamentary ones.

The effects of these actions through the project done were the following:

1. A model of a new law has been prepared and with the cooperation of the Administration for the anti-corruption initiative given to the Council of Europe on an expertise. On June 27th 2006, the experts of Council of Europe resided their "fact finding" mission. By the end of July, their recommendations relating the text submitted are expected. After suggestions of Council of Europe being adopted, the text of the laws' model, with the recommendation for its adoption given by the

institution mentioned as well as the Administration for anti corruption initiative, and formed as a citizens' initiative should be the subject of parliamentary discussion.

2. On June 28th 2006 the Constitutional court, according the initiative started by the Monitoring Center, made a decision which pronounced Article 11 of the Law on financing political parties unconstitutional. This article created an unequal status for pre-electoral campaign participants that are not parliamentary ones.

Activities planned

By using the constitutional institute that implies that 6000 voters can propose a law to the parliament CEMI will propose a new Law in financing political parties with the support of the Administration for anti corruption initiative and recommendation of Council of Europe's experts.

Before the proposal being formally offered it will be coordinated with the recommendations of Council of Europe's experts.

CEMI's volunteers will gather the number of signatures necessary for the implementation of public advocacy campaign.

CEMI will organize a round table in order to present the law's model text coordinated with the recommendation of Council of Europe., where political parties will be made familiar with its content.

Problem: Insufficient availability of public character information

The adoption of the Law on free access to information significantly alleviated the efforts put in data gathering.

However, large number of institutions doesn't respect the obligations provided by the Law, as well as obligations from other laws related to the access to information.

Beside all the problems that occurred, CEMI managed to gather a large number of pieces of information and make them available through a base.

Activities planned

Data base- in order for the base to have a desirable outcome, it needs to be regularly updated so it couldn't produce effects unwanted. By using a strong search engine, with a large number of official pieces of information, conditions for regular combining of data checked will be made possible. The base will improve

the availability of information and enable to the citizens and journalists to have an insight within the work of organs in charge for the anti-corruption issue.

By using mechanisms provided by the Law on free access to information CEMI will continue gathering missing reports on local elections held, as well as subsequent national and local elections within some municipalities. The data will be entered in the base and published within the annual report.

Annual report- CEMI will prepare an annual report within the following year on political parties financing in 2006 that will consist of findings and recommendations reached.

Problem: Unwillingness of a part of state institutions for the cooperation with NGOs and citizens

So far practice that implies that state institutions pretty unwillingly decide to cooperate with non-governmental organizations continued even in 2005. This is especially notable within the work of the Republic Electoral Commission and local electoral commissions.

Significant number of political parties refused to file financial reports. CEMI filed a request to the State prosecutor for engaging an investigation and penalization of political parties and their authorized personnel that haven't submitted financial reports for funds spent within the local elections' pre-electoral campaign. State prosecutor notified CEMI that it engaged a procedure of facts determining, but we don't have any information on the course of the process.

Activities suggested

CEMI will publicly demand political and penal responsibility of these institutions' officials in case they don't respect legal obligations.

CEMI will file misdemeanor application against those entities that violated the Law on financing political parties.

CEMI will monitor the appliance of the Law on financing political parties and the Law on conflict of interests.

CEMI will publicly react on disrespect of anti-corruption legislature provisions.

We believe that measures mentioned are going to influence significantly on the increase of discipline level when considering the respect of legal obligations, as well as transparency of parties' financing.

2. Notional and theoretical research framework

2.1 Research purpose, range and method

Montenegro started the process of democratic transition in 1989, by the change within the structure of Communists' Alliance, back then the only existing political party. Although this party kept the governance control, by having new leaders it initiated the creation of a range of prerequisites in order to start the process of democratic transition. However, although the process completed, by the opinion of some authors, on October 5th 2000 with Slobodan Milosevic losing power, it can be said that the process of democratic consolidation still goes on.

Montenegro is still within the process of transformation from an electoral to a liberal democracy. Low level of transparency in political parties' financing additionally amplifies this standpoint. Political actors' absence of consciousness considering the issue of transparent relation towards citizens that gave them representative mandates is clearly noted.

In Montenegro always existed a strongly expressed will for the work in politics. It has been additionally amplified with the transfer from one party to a multi party system. Tens of registered political parties requested support for a mandate in a national parliament. Most didn't have a real chance within pre electoral activities. One of the motives should be looked for within the financial impetus given by the existing legal framework, all in order to create a false image of equality of political participants.

A desire to be a part of what is called "the transfer between political and economic power" was demonstrated most clearly during the adoption of the Law on preventing conflict of interests. Representatives didn't want to renounce their membership within the administrative boards and therefore, after the President of Republic refused to sign it, they voted for the law containing amendments that made that situation possible. A struggle for privileges and control of transfer between political and economic power went on through out Montenegrin society becoming a partycratic system of governance, where the only way to economic power and financial gain goes only through party structures.

The question of political parties' financing has always been a mystery. Although opposition parties often complained, with every right, much better position

of the governing party, none of them initiated the question of financial dealings' control. The basic characteristic of this process is a "pact on non-aggression" between political parties i.e. non-interference related to financial questions. As it can be seen from the study, questions argued in negotiations between parties had to do with the amount and dynamics of budget subvention transfers on parties' accounts. Other questions didn't have such attention.

The study becomes more significant, because apart from its publisher no one in Montenegro showed interest to do a research concerning this question. For the first time a review of a normative framework development, accompanied by the analysis of the effects of the existing, has been made. A special interest, within the research, has been shown for the evaluation of political parties' transparency level and respect of the existing legal provisions.

2.2 Research framework

The research should have involved findings reached within the monitoring of appliance of the Law in 2005. Having in mind that this is the first year of monitoring of political parties' financing in Montenegro, the research team considered that, in order to overview the effects of regulations appliance, a wider context should be analyzed but also the flow of normative development. Therefore, the research was designed and implemented through out two segments:

- 1. The analysis of the legal framework
- 2. The analysis of effects of normative solutions appliance

2.2.1 The analysis of the legal framework

Montenegro has little experience in the field of legislative activity when considering political parties' financing. The first laws related to this area were brought in 1993 i.e. 1997. Subsequent modifications hadn't come until 2004. A step taken on the initiative of NGO sector has been rapidly neutralized by secretive modifications of the same law made by political parties. Coming from solutions provided by the law mentioned some suggestions of law change, based on this analysis, were the following. It was necessary to analyze effects of a normative framework so far, in order to suggest changes aiming higher level of discipline within the area of political parties' financing control, as well as the reduction of political corruption size in Montenegro.

2.2.2 The analysis of effects of normative solutions appliance

Little attention paid on the question of political parties' financial transparency wasn't a consequence of a low frequency of elections held. On a contrary, one of the characteristics of Montenegrin parliamentarism, after system becoming multi partied, are frequent elections.

From the text above it can be boded that electoral process hasn't been accompanied by adequate legal solutions related to financing of political parties and electoral campaigns.

The experience in Law's appliance came within the focus of another part of this study. Period comprised deals with the appliance of law brought in 2004 and law modified in 2005.

Although appliance results strike quite overwhelmingly, they significantly contributed the success of this research. High intensity of legal obligations disrespect created the effect of artificially generated condition-the experiment where the creation of certain ultimate circumstances helps in foreseeing all theoretically possible situations. Completely unexpected strength of refusal in regulations respecting contributed the registry of a large number of shortcomings and therefore the realization of one of this project's goals-suggestion of modifications that lead towards the improvement of normative framework and its effects.

Results were gathered thanks to the in-built mechanisms of free access to information within the range of laws and newly adopted Law on free access to information.

Researchers tried to sum up all public information available, on a national as well as local level and therefore create an image on the size and character of political parties' financing and their fulfillment of obligation that concerns reports on funds spent.

On the basis of data gathered, conclusions were made and they will be presented in the end of this study.

Part II

***THE ANALYSIS OF THE
LEGAL FRAMEWORK***

1. Normative review

1.1 The law on election of councilors and representatives 1990-1996

The question of financing political parties has been opened within preparations for the first pluralistic elections in December 1990. The Law on election of councilors and representatives didn't provide recourses for pre-electoral activities financing, but "the MP elected obtained the right to an approximate expenses refund"¹. "All councilors and representatives elected have the right to an equal expenses refund"². The refund stature is determined by the parliament "of socio-political community that elections were held for, 30 days before the election day at the latest."

The Law also forbade funds gathering from foreign physical and legal entities. This provision has been withdrawn from the new Law on election of councilors and representatives that was adopted two years later, but remained within the Law on citizens' associations.

The Law didn't impose the obligations of control or report publishing, so, accordingly, within the practice they didn't exist. This way maintained a strong preference for the Communist Alliance of Montenegro³, still holding power, which put the existing state and "social"⁴ recourses in the function of its pre electoral campaign.

The Law on the election of president and members of Socialist Republic of Montenegro Presidency provided the right to an approximate campaign expenses refund only for the president and members elected. Similarly to the solution of the Law on election of councilors and representatives, determining the altitude of

1 Veselin Pavicevic, Electoral system and elections in Montenegro 1990-1996, CID, Podgorica, 1997, p. 319
2 The same
3 The Communist Alliance of Montenegro, once a part of a sole Communist Alliance of Yugoslavia, after the first parliamentary elections changed the name into Democratic Party of Socialists of Montenegro
4 Within the old Socialist Federative Republic of Yugoslavia existed the regime of public property, which made possible for the workers in an enterprise to choose its management. After the transition towards the market system of industry functioning that property was a subject of transformation and privatization. Before the latter, the prevailing influence on management choice had the Democratic Party of Socialists, this way having the opportunity to use these enterprises recourses in order to get more voters.

funds available for expenses refund was within the jurisdiction of the Montenegrin Parliament.

Two years after the first pluralistic elections have been held the new Constitution has been adopted, which was followed by the new electoral code. This code paid a little bit more attention to the question of pre-electoral campaigns financing. 1000 average net earnings in total have been paid off in a month preceding the one that would see the elections holding and were assigned for “helping the electoral lists’ submitters with expenses of electoral program presentation”⁵.

The funds allocation was done based on the following pattern: “one third was given upon the entry to every electoral list submitter, in equal amounts, while the other two thirds, after the electoral lists verification proportional to the number of candidates registered”⁶, were distributed to electoral lists. If the electoral list submitters were two or more parties, the amount provided for one submitter would increase by 20% for every political party within that coalition. In case the electoral list was rejected, the submitter would be obliged to return the funds he was given.

Apart from the funds mentioned, the law provided approximate reimbursement to councilors and representatives whose amount was determined by the parliament in charge.

Newly imported provision, which significantly improved the equity of pre-electoral participants, implied an obligation for state and municipal organs “to make their premises, other devices, recourses and equipment available for pre-electoral campaign management, and to provide fair conditions that consider their use to all electoral lists’ submitters.”⁷

According the changes of the Law on election of councilors and representatives from 1996, Montenegro was divided in 14 constituencies. Such a change implicated certain modifications relating campaign financing. The amount and the way of funds allocation for covering a part of pre-electoral expenses were changed, while other provisions remained effective. All affirmed electoral lists submitters were given “four average net earnings paid off in a month of election realization for which the data have been published, for every constituency separately.”⁸.

5 The same

6 The same

7 The Law on elections of councilors and representatives, article 120, Official Gazette of Montenegro, no. 55/92, from December 4th 1992.

8 The Law on elections of councilors and representatives, article 118, Official Gazette of Montenegro, no. 21/96, from July 18th 1996.

Furthermore, “submitter(s) of electoral lists for the election of MPs in at least ten constituencies...have the right to at least 400 average net earnings paid off in a month of election realization, for which the data have been published, from the day of electoral list verification.”⁹

1.2 The Law on citizens’ association¹⁰ from 1992

By the changes of the Law on citizens’ association the question regulated concerned budget assignments for financing regular activities of political parties with parliamentary status on a local and national level. Parties had the right to an equal reimbursement on a monthly level, which was equal to the amount of funds provided for “gross personal income of the Montenegrin parliament’s working body president and municipality parliament’s secretary for the year that the budget is being adopting for.”¹¹ Apart from these funds, parties were pertained the reimbursement that depended on the number of mandates won. Namely, parties had the right to 15% of produced personal income in the Republic for the previous month. If they are elected as candidates of two or more political parties, these funds are being divided according to a previous arrangement. With the adoption of the Law on financing political parties in 1993 provisions that are related to the financing of political parties stopped being effective.

1.3 The Law on financing political parties from 1993

The beginning of nineties in Montenegro witnessed strong addiction to official Belgrade manifested by the Montenegrin government. Therefore, it is not strange that the regulations were often done parallel or Montenegro accepted solutions previously adopted in Serbia unselectively. This kind of practice continued even when this part of legislative is in question. However, despite the great influence of Serbian legislation, Montenegrin solutions were much more liberal.

9 The Law on elections of councilors and representatives, article 118, Official Gazette of Montenegro, no. 21/96, from July 18th 1996.

10 Law on citizens’ associations has regulated the status of citizens’ associations, social organizations and political parties, and represented a way of constitutional freedom realization, the constitutional freedom of citizens’ associations. One part of regulations stopped being effective upon the adoption of the Law on non-governmental organizations in 1999 and the Law on political parties, as suggested by CEMI in 2004.

11 Article 11a of the Law on citizens’ association, Official Gazette of Montenegro, no. 30-92

Like the Serbian Law from 1992, this law also introduces the prohibition of funds gathering from foreign physical and legal entities. This norm was taken over from Montenegrin Law on citizens' associations. On the other hand, it doesn't provide the fine that could lead to "deprivation of budget recourses assigned for party's regular work".¹²

When we look at the Law's text, it is easy to conclude that the lawmaker is focusing itself on provision of funds for political parties' regular work, and therefore leaving all the other questions open. The Law on election of councilors and representatives regulated campaign financing, although it represented a part of this law as well.

After parliamentary elections held in December 1992, a coalition government was formed, despite the fact that Democratic Party of Socialists won absolute majority within the Parliament of the Republic.¹³ Coalition Government constituted of Democratic Party of Socialists and three existing opposition parties didn't last long less than a year. One of the results of political agreement between coalition partners is certainly the adoption of the Law on financing political parties in June 1993. This law introduced a provision concerning budget subventions of 0.2% for the regular work of political parties for the first time.

Half of these funds are equally divided to all political parties with parliamentary status, while the other part is divided proportionally to the number of mandates won.

By accepting of this solution the position of opposition parties is significantly improved. This law didn't consider the question of property of former sociopolitical organizations, despite the fact that the governing party has entirely been using it. The question of property was opened often, but the opposition parties gave up

¹² V. Goati: *Financing of presidential electoral campaign in 2004 in Serbia: A strike to the political corruption and status quo maintenance*, Transparency Serbia, Belgrade, 2004, p. 24

¹³ Multiple party government in Montenegro operated from the day it was constituted as a parliament's second assembly Government, namely March 5th 1993, till February 2nd 1994. Five opposition parties' representatives entered its constitution: two representatives of People's Party, one as a Government's vice-president and the other as a Minister without Portfolio; two representatives of Liberal alliance, that as Ministers led two departments: 1) life environment organization 2) life environment protection; one representative of Social Democratic Party, that was elected to be the Minister of communications and sea business. The representative of People's party was the first one to abandon the Government, namely the Minister without portfolio (with resignation previously announced, it became official on June 28th 1993), while the other representative, in keeping the president's seat, abandoned his own party. Liberals were the next to abandon the Government (19.10.1993), and after Social democrats did the same, the Government became single party. (Veselin Pavicevic, *Electoral system and elections in Montenegro 1990-1996*, CID Podgorica, 1997, p.233)

insisting on it wishing not to jeopardize significant improvement of positions that was made possible by the provision of stronger budget subventions.

1.4 The Law on financing political parties from 1997

The adoption of this Law represents a significant enhancement when comparing with the previous legal text, especially when we talk about the creation of more concurrent opposition parties' working conditions. Its adoption was preceded by the agreement between the Democratic Party of Socialist with Milo Djukanovic and the opposition, which considered minimum conditions for society democratization¹⁴, and again which was followed by the oppositional support to Djukanovic on presidential elections. One of the elements of this agreement was the extension of state subventions for the work of parliamentary parties.

The main quality characteristic of the adoption implies the creation of more equal conditions during the pre electoral campaign because the opposition, from a financial point of view, couldn't follow the governing party, which, apart from big donations, used state recourses within pre electoral activities.

The funds from the budget were planned for political parties' regular activities financing and covering the pre electoral campaign expenses.

For these, the Law provides a sum that couldn't be less than 0.3% of total budget assignments, where 30% is allocated, in equal amounts, to all parties that have representatives or councilors, and the rest is divided proportionally to the number of MPs seats.

The Law didn't provide the amount of funds for covering expenses of pre electoral campaign, but it did provide the manner of funds allocation:

- One third of funds to parties that have representatives and councilors;
- One third to parties that have their lists confirmed;
- One third to political parties that won mandates in a new parliament's constitution, proportionally to the number of mandates got;

¹⁴ By the division of Democratic Party of Socialists within the first half of 1997, one part that supported the Vice-president of the party and Prime-minister Milo Djukanovic lost parliamentary majority because a significant number of MPs gave their support to the President of the party and Republic Momir Bulatovic. In demand for parliamentary majority as well as support for the incoming presidential elections Djukanovic signed an Agreement on minimum conditions for society democratization in Montenegro on September 1st 1997 in Podgorica.

In this way parliamentary parties, when comparing to those that didn't have representatives, were in a better position.

The Law certified a limit that parties can spend within pre electoral activities, which was equal to the amount of 250 average earnings in Republic of Montenegro for the last month.

Attempts to introduce mechanisms of control and transparency are notable within the Law. Namely, article 10 provided that all the parties with parliamentary status are obliged, within the period of 15 days starting from the day of election announcement, to come to an agreement, which will provide control of respecting limitations of funds expenditure in a campaign. Results were supposed to be published through the public means of information.

The Law didn't provide the mechanisms and procedures for the fulfillment of these provisions, nor the sanctions accordingly, and therefore the fact that these provisions never became active is not surprising at all. Namely, in seven years of applicability of this Law and many elections being held, an agreement wasn't achieved and therefore the control wasn't appointed.

The main purpose that motivated the creators was fulfilled. Political parties got stable budget subventions, parliamentary ones were in a more privileged position comparing to other participants, and the question of control and transparency remained open and the matter unsolved. The Law was a mirror image of a previously made arrangement, and can be beheld as a fulfillment of an engagement between the governing party, which was in an unstable position back then, and opposition block suddenly significantly stronger due to the break up of once integral Democratic Party of Socialists.

1.5. The Law on financing political parties from 2004.

Even with the Law adopted in 1997, Montenegro didn't have satisfying legislature that considered financing of political parties and pre electoral campaigns. Therefore the Monitoring Center drew the initiative for making a new law that will meet international standards within this area. After two years of legislation analysis and accordance of political parties' and experts' opinions, CEMI came up with a text that was suggested to the Parliament. After additional negotiations, a proposal acceptable for the Government and the opposition was made.

The opposition accepted this legal text and gave its public support, despite

the fact that it boycotted the work of Montenegrin Parliament. The Law was adopted in March, and its usage started on October 1st 2004.

The Law was restricted on the part of the problem that considered the question of financing political parties. Namely, it regulated the manner of finance acquisition, provision and control as well as political parties' financial dealings.

Significant question of once existing socio political organizations' property wasn't included because, at the same time, making of a new law, which considered property questions emerged due to the change of party system in Montenegro, was going on.

Unfortunately, simultaneous work of one non-governmental organization and parliamentary-working group had an unsuccessful epilogue. Even with the debate lasting many years, this law draft never entered the procedure of adoption, and therefore this question remained unsolved. Such a situation made the position of governing parties DPS and SDP more privileged in comparison with other ones. Namely, the two governing parties, as legal successors of organizations and parties from one party system, had the right to dispose of their property, whose one part is given into lease to the Government and other state institutions, and the other one served for other parties' expenses.

Help from the state provided by this law is related to the financing of parliamentary parties' regular activities and for the work of MPs' or councilors' clubs. The Law on election of councilors and representatives provided the right for participation in allocation of mandates for parties or electoral lists that won at least 3% of total vote within a constituency. As we can conclude from the norm, the Law provides the financing of regular activities only for those parties that acquired parliamentary status.

By taking a part of the solution from the previous law that defined the lower limit, and by introducing the upper one, that didn't exist, Montenegro became one of the countries that have higher budget assignments for the work of political parties. The Law provided budget assignment that couldn't be less than 0,3% nor higher than 0,5%. National or local parliament decided which percentage would be final within these limits during the process of budget adoption.

Despite the fact that this solution favors parliamentary parties, the same opposed the introduction of the upper limit. The best example that confirms the necessity of the upper limit existence is related with the situation in some Montenegrin municipalities, during the appliance of the Law adopted in 1997 with no limits

included, where local budget assignments exceeded 2%. For the sake of example, state assignments in Slovenia are 0,017%, in Croatia 0,056%, Russia 0,05%.

Funds provided for political parties' regular activities in the amount of 30%, are divided equally to the parliamentary parties and MPs, or councilors of citizens' groups and party coalitions, while the rest (70%) is divided proportionally to the total number of MPs' or councilors' mandates. This provision also suffered criticism, which by the way came after the adoption of the Law, being that the ones that voted for its adoption haven't read it but few months afterwards.

The Law introduced the possibility for parties to gather funds from private sources. The existing limits provided that the altitude of funds gathered in that manner can't be higher than 100% of funds that belong to it from public recourses. On the other hand, parties that didn't have parliamentary status could gather funds for financing regular activities that couldn't be higher than 5% from the amount that is allocated from the budget for financing regular activities of all political parties with parliamentary status, which has been determined by the Article 5, paragraph 1. Limit designated didn't relate to membership fee.

The Law systematically states that the acceptance of donations from international organizations and foundations, legal and physical entities from outside Montenegro are forbidden. Receiving donations from anonymous donors, public institutions and enterprises, institutions and enterprises where the capital of the state is invested, unions, religious organizations, non-governmental, casinos, bookmakers and other games of chance organizers are forbidden as well.

Something that has also drawn the attention was the provision that forbids economic societies and enterprisers, which by a contract with state and local organs perform public services, to give donations to the political parties and other confirmed electoral lists submitters during their business relation. Otherwise, the contract is considered invalid.

The amount of funds singled out from the budget for campaign financing and funds provided for yearly financing of political parties' regular activities are equal. Allocation of funds for campaign financing is done through two categories: electoral list submitters, which equally divide 20% of total budget funds planned for pre-electoral campaign financing, and representatives of electoral lists that won mandates, which divide the remaining 80% proportionally to the number of mandates got.

The Law provides the limit, which considers the total amount of funds gathered

from private sources, that can't be higher than 20% of funds coming from the budget. The appliance of this provision showed itself quite limiting when local elections within one municipality are being held.

Paragraph 3, of this article, is placing the upper limit a donation can reach. Accordingly, a donation got from a physical entity can't be higher than 0,5% of the amount defined by the paragraph 2 of the same article. A limit for legal entities is 2% of the same amount. By this provision the intention is to disable dominant influence of certain physical and legal entities, which, participating, could manipulate people in power in the decision making processes to their advantage.

Something new, if comparing with regulations so far, represents the introduction of an obligation of opening a special account, which exclusively serves the purpose of gathering and disposal of funds assigned for pre-electoral campaign financing. This way a more strict control for possible misuse is possible. If would be the case that funds gathered from private sources overcome the amount allowed, the surplus would be transferred to a regular account and could be used for political party's regular activities within the framework defined by the Law.

Completely new thing represented the obligation of filing reports on funds gathered and spent for the electoral campaign to the Republic, or local electoral commission thirty days from the day of election finalization. The Minister of finances defines the content of the form, and the Republic Electoral Commission (REC further on) is supposed to publish the reports within the Official Gazette of Montenegro, as well as REC's web site and daily papers that come out in the Republic of Montenegro.

Even before the introduction of this Law political parties had the obligation of bookkeeping according the regulations that applied. Novelty introduced, when comparing with the old law, implies that financial reports will be public, and therefore available to all that show interest to check the accuracy of their allegations. This significantly improved the level of availability of information on gathering and expenditure of funds of political parties, not only considering pre-electoral campaign but regular financing as well.

This law provides considerably larger number of violations than the law that stopped applying. Apart from above mentioned fines for violations, the Law provides the fine for political party that spent more funds for pre-electoral campaign than it is defined. The fine is determined to be three times higher than the amount that a party got for the electoral campaign. This fine is even more intensified with

the prohibition of funds acquitting for political financing of its regular activities within the period of one year. Here we talk about the introduction of a very serious fine relating finances, because if a party gathers and spends more funds for the pre-electoral campaign than defined by the Law, it will be deprived of the sum intended for its annual financing of regular activities.

Nevertheless, the practice will show that penal provisions weren't enough to motivate entities responsible to follow the regulations. The experience shows that every obligation should be followed by a fine and, off course, strict control of its respect.

1.6 Amendments within the Law on financing political parties from 2005

When the law on financing of political parties became effective in October 2004, it caused a great deal of dissatisfaction that came from some political parties. Although they voted for its adoption, their representatives weren't aware of its consequences. The introduction of budget subventions' upper limit caused special distress, due to the repeated reduction of budget subventions on a local level. In some municipalities the participation rose above 2%. For that reason, an initiative has been actuated by some MPs, representatives of parties that had one seat each, for some provisions to be changed that consider limitations for budget subventions.

They had several goals:

1. Abatement of budget subventions' upper limit
2. Accession of budget subventions' lower limit for financing political parties' regular activities
3. Accession of budget subventions for financing a part of pre-electoral campaigns
4. The change of the structure of funds allocation from the budget for financing pre-electoral campaigns
5. The creation of legal grounds for financing regular activities of those political parties that didn't have verified electoral lists within the last parliamentary elections, but have members that are MPs, as well as political parties that weren't registered during the elections, but have members representatives or councilors
6. Accession of the amount allowed to be gathered from private sources for pre-electoral campaigns expenses

1. The Law from 2004 introduced budget subventions' upper limit. It was identical on a local and national level and in the amount of 0.5%. This Law started being effective, and local budgets had to be adjusted according to the provision mentioned. Some municipalities had to cut short the amount of their budget subventions considerably. For example, within the municipality of Podgorica the amount decreased from 1% planned to 0,5% defined. If the provision remained effective in 2006, that would mean that parties would receive instead of 270 000, 135 000 €. Abatement of the upper limit brought back seriously high percentages of budget subventions on a local level. One of the most drastic examples of this solution misuse on a local level represents the municipality of Kolasin where 4% of local budget is being singled out for the work of political parties.

2. The Law on financing political parties from 1997 introduced the lower limit of 0.3% for regular financing of political parties. The Law from 2004 kept the same one. Nevertheless, the changes initiated by political parties implied the accession of the lower limit from 0.3% to 0.4%. This way, budget subventions were increased by 33%, and in 2006 they overpass 2 000000 €.

3. The Law on financing political parties from 2004 introduced the obligation of financing a part of political parties' pre-electoral campaigns counting 0.3%. Changes made in 2005 increased this amount on 0.4%, meaning 33% of accession.

4. Amendments brought back the regime changed that was supposed to prefer, in a pre-electoral campaign, parties that have parliamentary status in the moment of elections being announced. The solution from the Law from 2004 provided that the funds for pre-electoral campaigns are to be allocated in a following manner: "Funds from the Article 10 counting 20% are equally allocated to the submitters of verified electoral lists within 8 days starting from electoral list verification. The rest (80%) is allocated to those electoral lists that won mandates, proportionally to the number of mandates (same)." The solution from 1997 provided that "one third of funds is divided equally to those parties that have MPs, and expressed their intention to participate the elections. One third of funds is also divided to political parties that have verified electoral lists, one third to political parties that succeed in winning mandates, proportionally to the number of mandates and relating to their total number." New solution is the following: " Funds from the Article 10 of this Law are allocated in a following manner:

- 1) 20% of funds to the parliamentary parties that have MPs within the Parliament of Republic of Montenegro, or councillors within local parliaments, equally and within eight days starting from the day of election announcement.
- 2) 10% to the verified electoral lists submitters, equally and within 8 days starting from electoral list verification
- 3) 70% to those electoral lists that won mandates, proportionally to the number of mandates won and within 30 days starting from the very day of elections being held”

This way the equity of all pre-electoral campaign participants was roughly violated. The parties that didn’t have parliamentary status weren’t favoured in comparison to those that had it.

Example 1

The amount of funds given to political parties on the basis of regular financing and electoral campaign financing is significantly increased.

	Financing of political parties’ work expenses	Electoral campaign financing	The allocation of funds for political parties’ electoral campaign
The Law on financing of political parties	0.3-0.5% of budget subventions The amount: 1.475.290,90€-2.458.818,20€	0.3% of budget subventions The amount: 1.475.290,90€	20% to the verified electoral lists’ submitters; 80% to the submitters that won mandates
The Law on modifications and amendments of the Law on political parties’ financing	At least 0.4% of budget subventions The amount: 1.967.054,53€	0.4% of budget subventions The amount: 1.967.054,53€	20% to the parliamentary political parties-the amount: 39.341€ 10% to the verified electoral lists’ submitters 70% after the elections

Example 2

We could make a comparison of how much money parties would receive according the new Law and the Law on financing of political parties, which has been derogated by the previously mentioned, in case of parliamentary elections in Montenegro.

	The Law on financing of political parties		The Law on modifications and amendments of the Law on political parties’ financing		
	0.3% of budget subventions is 1.475.290,90€		0.4% of budget subventions is 1.967.054,53€		
	20% basing on a verified electoral lists	80% basing on mandates won	20% to the parties that have MPs within the Parliament of Montenegro	10% basing on a verified electoral lists’	70% basing on mandates won
Democratic party of socialists	22.696,78€	478.829,33€	39.341€	15.131,18€	569.134,27€
Total amount:	510.526,11€		623.606,45€		
Social democratic party	22.696,78€	110.155,01€	39.341€	15.131,18€	128.514,19€
Total amount:	132.851,79€		182.986,37€		
Citizens’ party	22.696,78€	15.736,43€	39.341€	15.131,18€	18.359,17€
Total amount:	38.433,21€		72.831,35€		
Socialist peoples’ party	22.696,78€	298.922,17€	39.341€	15.131,18€	348.824,23€
Total amount:	321.618,95€		403.296,41€		
People’s party	22.696,78€	78.682,15€	39.341€	15.131,18€	91.795,85€
Total amount:	101.378,93€		146.268,03€		
Serbian people’s party	22.696,78€	62.945,72€	39.341€	15.131,18€	73.436,68€
Total amount:	85.642,5€		127.908,86€		
Democratic Serbian party	22.696,78€	31.472,86€	39.341€	15.131,18€	36.718,34€
Total amount:	54.169,64€		91.190,52€		
Democratic Alliance in Montenegro	22.696,78€	15.736,43€	39.341€	15.131,18€	18.359,17€
Total amount:	38.433,21€		72.831,35€		
Democratic union of Albanians	22.696,78€	15.736,43€	39.341€	15.131,18€	18.359,17€
Total amount:	38.433,21€		72.831,35€		
Liberal union	22.696,78€	62.945,72€	39.341€	15.131,18€	73.436,68€
Total amount:	85.642,5€		127.908,86€		

Examples from above show in a most appropriate way the effects of changes realised. The initiators of these modifications, the representatives of Citizens' Party, Democratic Union of Albanians and Democratic Alliance in Montenegro, provided significant income increase from the budget.

In case of the Citizens' Party the increase shown in absolute amounts counts 34.398,14 or 89,5%. The situation is the same when considering other two parties that initiated modifications mentioned. Other parties experienced significant income increase coming from the budget. Democratic Party of Socialists had its income increased by 113.080,34 or 22.14%, while Socialist People's Party profited 81.677,46% or 25.39% extra.

Considering that all parties profited significantly it wasn't difficult to provide almost a consensus during the adoption of these changes.

5. According the Law on financing of political parties from 2004 it was defined that the Republic i.e. the municipality provides the funds for

1. The coverage of work (financial) expenses of political parties whose candidates were chosen to be MPs, i.e. councillors (parliamentarian parties further on) and work of MPs' and councillors' clubs;

2. The coverage expenses of electoral campaign for the election of MPs, i.e. councillors, municipality presidents and the president of the Republic.

In 2005 paragraph 1 of this Article was modified in such a manner that it defined that budget funds were provided for "the coverage of work (financial) expenses for political parties that have at least one member that is an MP within the Parliament of the Republic of Montenegro, i.e. the councillor within some local parliament (the condition was that the party is registered before the last republic i.e. local elections (parliamentarian party further on)) and work of MPs' and councillors' clubs."

This way enabled for political parties that didn't won mandates to receive budget subventions. Within the parliamentary elections in Montenegro in 2002, the president of Citizens' Party Krsto Pavicevic found himself on the DPS-SDP coalition list. Citizens' party wasn't among the signatories of the coalition agreement and its name didn't came up on the electoral list. The president of Citizens' Party gained its MP status few months after the constitution of Parliament, according the decision of DPS-SDP coalition. Although Citizens' Party didn't participate the elections, it used budget resources on the basis of electoral result.

When Parliaments' General secretary stopped the payments, an initiative for

Law modification came up, which considered legal conditions for financing of this political party.

The case of Democratic Serbian Party (the party wasn't registered in the moment of elections announcement, but formed by separating from parliamentary Serbian Peoples' Party) was also arguable. Two MPs chosen from the list of SPP changed the party, but kept their mandates. Such a situation led to the change that enabled this newly formed party to participate the allocation of 70% of funds without the right to participate the allocation of the remaining 30% intended for parties that were registered in the time of elections announcement, and had members representatives i.e. councillors.

6. Large parties, especially the governing one-Democratic Party of Socialists, complained their not being able to gather funds from their members or supporters i.e. the allowed limit of 20% being too small and suggested it should be increased. During the negotiations the opposition supported the request of the governing party, and the governing party, in return, supported the increase of budget subventions.

2. Recommendations for legal framework improvement

I STATES' SUBVENTIONS

R 1 The right to use budget subventions for regular activities

The Law should be precise that political parties, coalitions or citizens' groups (the submitters of announced or verified lists), which participated previous elections and won MPs' or councillor's mandates, have the right to budget funds for regular work and operation.

The solution of the problem of financing parties that gained parliamentary status beyond electoral process should be looked for within the introduction of financing MPs and councillors. This way, the problem arisen when an MP or a councillor abandons his/her party, or becomes excluded, but in both cases keeps the mandate, can be solved. By the article 22 of the Law on financing of political parties it is provided that "if an MP within the Parliament of Montenegro i.e. the councillor within the local parliament abandons his/her party or becomes excluded,

but in both cases keeps the mandate, he/she belongs the funds, which were paid in to the party on the basis of that mandate. The funds from paragraph 1 of this article are being exempted from the amount that is being paid to the party of the MP i.e. councillor mentioned". We think that the introduction of a new provision on separate financing of MPs i.e. councillors, and the annulment of the provision 22a, would solve the question of legitimacy of financing of political parties that didn't gained parliamentary status in the elections.

The existing solution concerning the financing of regular activities of political parties that haven't participated the elections, or even been registered in the moment of elections announcement, but use funds on the basis of electoral results realised, seems unsustainable.

By the introduction of MPs' direct financing, the funds for the work of MPs, even in case they decide to leave the party whose list they were representing, would be provided. Other budget funds of 0.2% would be used by political parties and in proportion with the results achieved. This way, parties that didn't participate the elections would be deprived from budget subventions, but not their representatives, who, by becoming their members, produced them a parliamentary status.

R 2 Provision of funds for the work of representatives and councillors

Practice so far shows pore quality of work of MPs' clubs and representatives on a national as well as local level. Most of MPs are not interested and not stimulated to participate the parliamentary work, so their role comes down to fulfilment of voting obligation according their political party directive. Autonomy and independence within the work of an MP, i.e. councillor, doesn't exist. To improve their position it is necessary to strengthen their economic independence.

It is necessary to introduce additional budget assignment of 0.1% that will be equally divided to all councillors, i.e. representatives. Off course, this accession is followed by the reduction of assignments defined within the budget so far.

Representatives could use these funds to do outreach work with voters (travel expenses, tribunes, personal telephone bills, reunions organisation expenses, internet presentation...), but for the work in Parliament as well, i.e. the work within local parliaments (engaging a personal assistant when preparing materials for the parliaments' assembly). The representative in question would be obliged to file a detailed report on funds spent, with all the bills in original. In case he spends funds without purpose intended, the representative in question should take responsibility.

This way, outreach work with electors is stimulated, and most certainly it contributes that a representative, i.e. councillor is more actively involved within the parliaments' work and more committed to the analysis of materials prepared for the assembly.

Similar solution is used in the case of representatives within the European Parliament. Namely, beside their regular pay checks, they get regular 150 000€ from the budget on an annual level, in order to be stimulated to work with electors and to improve the quality of their work within the Parliament.

The adoption of this solution would solve the question of parties' financing in case a representative, i.e. councillor, decides to leave the party or becomes excluded, but in both cases keeps the mandate, as it was already explained in the first recommendation.

R3 Improvement of the framework for financing political parties' regular activities

Last modifications of the Law for financing of political parties excluded the budget funds' upper limit that are being assigned for political parties' regular activities from local or republic budget. By the abatement of the upper limit local government misused this solution, introducing in some municipalities budget assignments of 4%.

Within the annual report of the European Commission for Serbia and Montenegro it is estimated that the Law on financing political parties is applied with difficulties, and therefore the key principles of political parties' financing are being endangered.¹⁵

When analysing the present state we believe that budget recourses should be cut short. For financing political parties' regular activities a framework should be defined, a framework between 0.2% and 0.4%.

In order to stimulate the work of political parties, it is necessary to legally define appropriate percentages of budget subventions on a local level that should be higher than those concerning the national one. We believe that subventions should amount between 0.5% and 1% of the budget for the year that the same is being

¹⁵ "The Laws on political parties and their financing are being applied with difficulties. Political parties haven't managed to meet legal deadlines and procedures for reporting financial recourses and financial guidance of electoral campaign completely. Besides, this law has been additionally modified in May 2005, in a manner that undermines the principle of equality within the electoral process and abates the budget subventions upper limit."

adopted for.

Funds assigned from the budget should be allocated in a manner that imply 15% being divided into equal shares, and 85% divided proportionally to the number of mandates won. Such a solution is provided by legal acts that treat the area of financing of political parties on the level of European parliament. Similar ones have Slovenia (10%: 90%) and Croatia (20%: 80%). The solution implying the relation 15%: 85% is based on the electors' will, based on which the political parties that won mandates "build" their confidence and legitimacy. It is used for the allocation of funds to political parties on a European level and is applied by the European Parliament.

II PRE-ELECTORAL CAMPAIGN FINANCING

R4 The allocation of funds

The Law on financing political parties from 2004 provided that the funds for the coverage of pre electoral campaign expenses "in the amount of 20% are allocated equally to electoral lists' submitters, while the rest is being given to those electoral lists that won mandates, proportionally to the number of the same."

New provision that concerns the allocation of funds designated for the financing of political parties' electoral campaign favours, without any particular justified reason, political parties that already have representatives within the Parliament, i.e. local parliaments, but with mandates running out. In an indirect way this provision violates the principle of equity of participants within the electoral process and a number of international documents that regulate this field as well.

The question that imposes itself is the following: why would parties that already have mandates be in a more favoured position during the electoral process when comparing to those that don't have it? Moreover, they are naturally advantaged, having in mind that in their mandates duration they received funds from the state.

It should be noted that the Law on modifications and amendments of the law on financing of political parties, and within these provisions doesn't oblige parliamentary parties, which received the funds on this grounds, to participate the elections, or provides sanctions for them not participating. This way enables the situation where a political party receives funds for electoral campaign expenses on the grounds of mandate ownership, but doesn't participate the elections at all.

The provision of 20% of funds for the electoral campaign of parties represented in parliament before elections signifies flagrant violation of egalitarianism of electoral participants. It concerns the solution that favors status quo and has a prohibitive influence on new parties. It can be claimed, and without any exaggeration, that, with this assignation, parliamentary parties (with different program orientation) protected their common cartel interest not caring about the interest of other electoral participants. By the decision of the Constitutional Court, this assignation is canceled, and the solution of the Law from 2004 became effective all over again.

R5 Refunding of a part of recourses spent within the campaign from the budget after the submission of the same

During the monitoring of the appliance of the Law on financing political parties it is clearly notable that political parties, in most cases, are violating the provisions of the Law that concern filing of reports on funds spent for the electoral campaign. From 10 political parties and coalitions that participated local elections in Niksic, only three filed the report mentioned respecting the deadline defined by the Law. Similar thing happened in Kotor, Mojkovac, Budva and Cetinje.

If a provision that would consider filing of reports, as a condition for 80% of funds assigned to be refunded, efficiency in provisions appliance would be significantly higher.

The solution suggested, that implies that political parties should have their means refunded, i.e. not to be assigned "without provision" is stimulating, when considering filing of reports on funds spent for the electoral campaign, as well as controlling, when considering that political parties have to "substantiate" funds spent to organs authorized. Funds amounting 80% are being refunded to political parties, coalitions and citizens' groups, after they file a report on means spent for the electoral campaign, within the deadline defined. This kind of action would disable any kind of illegal budget funds' spenditure. Political party that participated the elections and won mandates would have its means refunded on the basis of bills given and certifications on funds spent after the elections are being held.

R6 The question of linked funds allocation- work with members and voters stimulation

The current state within parties indicates that it is necessary to stimulate political parties to activate their members as much as possible in gathering funds from private recourses. This way actuates the aspiration of parties for numerous

memberships that could provide one part of funds for financing the electoral campaign. Moreover, it could provide a higher degree of control within political parties' electoral campaign financing by organs in charge, considering the fact that all participants should "provide a certification on funds gathered from private recourses for the electoral campaign" in order to make possible the allocation of funds in a double amount from the budget of the Republic, i.e. municipality budget.

Experience so far shows that parties almost don't have the habit of reporting private recourse donations. We believe that this represents the field of possible misuse, considering the situation previously mentioned. By the introduction of this provision, they would be stimulated to do more quality work than so far. The German electoral law provides similar solution when considering the field of financing political parties' electoral campaign.

The introduction of this solution could stimulate the aspiration of political parties for numerous membership that could provide wider range of ways for gathering funds, for example through membership fee as well as other private sources for the needs of electoral campaign financing. Here, we actually talk about finding "a compromise" between two not always co-ordinated values: electoral equality and strong parties. The existing provision practically eliminates the advantage of parties with bigger number of members (that dispose of a larger amount of party membership fee) in comparison to those without wider support.

R7 The reduction of budget subventions in case of simultaneous holding of multi-level elections

In case of simultaneous holding of elections, for example parliamentary and local, budget subventions should be significantly cut short when comparing with situation which implies that the elections are chronologically separated. The Law should appreciate this difference and provide the following: in case of simultaneous holding of elections electoral list submitters (i.e. candidates) belong two thirds of the sum that they would get by cumulating. This way a part of funds from the state budget could be saved without endangering the electoral process.

R8 The prohibition for donations coming from entities performing public services

The Law on financing of political parties from 2004 introduces the prohibition for parties to receive donations from economic societies and entrepreneurs that, according to the contract with state organs, perform public services "during that

business relation". Here the time limit of the prohibition seems arguable, because giving money donations to political parties can be an advance for a future business relation as well as a pay off for an already terminated one. Having this in mind, it should be prohibited that legal or physical entities, which have been in a business relation with state organs within the previous two years, as well as two years following the termination of the same, can give donations.

R9 Limitation of the amount that can be spent within the pre-electoral campaign

It is necessary to provide a new limit concerning funds gathering from private recourses. The limit however should be related to the absolute amount not expressed in percentages. By the introduction of such a limit, parties would have a precise limitation, which would make the appliance of regulations easier, in contrast with the present solution that is quite confusing.

III REPORTING ON FUNDS SPENT

R 10 The introduction of the obligation of external revision

The Republic Electoral Commission (REC) is constituted of party representatives that don't possess the experts' knowledge necessary for the evaluation of information presented within the financial reports and annual report of political parties. On the other hand the REC doesn't have a budget of its own to be able to engage a revision firm that could take charge of their control. Due to the lack of control mechanism, parties are able to file reports without control.

Shortcomings mentioned could be obviated by an amendment, which would imply the obligation of parties to verify their financial reports over authorised revisers, before sending them to the REC. Having in mind limited funds of political parties, it has been suggested that the revision of their annual reports and electoral campaign financing is done in case parliamentary elections are in question.

The obligation of filing reports on revision done should be administered in case total amount of funds gathered goes beyond 50 000€. In case of smaller funds, it is enough for the report to be verified by the authorised accountant.

R 11 The precision of obligation of filing reports

One of the most important provisions of the Law on financing of political parties is the obligation of parties to file a complete report on the origin, altitude

and structure of funds gathered and spent to the REC, i.e. municipality electoral commission, within 30 days after the finalisation of the elections. Afterwards, the reports are being published within the Official Gazette of Republic of Montenegro, web site and daily papers by the REC.¹⁶ The provision quoted has a range of flaws that disable the realisation of publicity of parties' financial dealings to a great extent.

REC still doesn't have its own Internet presentation, and with the explanation that it doesn't dispose of enough funds it didn't publish reports within the media or the Official Gazette.

Legal modifications should define the obligation and deadlines for parties, local commissions and the Republic Electoral Commission relating the publication of reports. The parties are obliged to file reports to the local electoral commissions in case local elections are in question and to the Republic Electoral Commission if republic elections were held and off course according the procedure administered.

REC should have an obligation to publish all reports from republic and local elections on its web site. Local electoral commissions on the other hand should be obliged to redirect reports filed by the parties after local elections to the REC, 15 days after they have received them at the latest.

Practice so far showed that electoral commissions haven't worked according the Law on financing of political parties and as a result of violation we don't have a single report published that regards political parties' electoral campaign financing.

The solution suggested has a goal which implies the amplification of the level of responsibility of electoral commissions. Also, penal responsibility according the Law has been suggested for any kind of mesproceedings.

IV CONTROL AND THE IMPLEMENTATION OF THE LAW

R 12 Reports filing to the Supreme revisers' institution

The existing solutions within the Law on financing political need to be improved concerning the aspect of municipality units' electoral commission authority as well as the authority of the Republic Electoral Commission when considering filing and publishing political parties' financial reports.

When we talk about the control of reports filed we believe that a certain

¹⁶ Article 15, the Law on financing of political parties

obligation for parties should be introduced. It should implicate that political parties file their reports not only to the Republic Electoral Commission (annual report, reports on pre-electoral campaigns done) but also to the State Revisers' institution, an organ competent for the control of budget funds disposal.

The State Revisers' Institution would be obliged to check the accuracy of reports filed within 90 days from the day of their submittance, and inform the REC on the results of the inquiry.

V PENAL PROVISIONS

Penal provisions haven't included penalties for the Republic i.e. local electoral commission. So far, this Laws' implementation practice showed that subjects mentioned haven't acted according the Law when considering filing and publishing of reports on funds spent for political parties' electoral campaign. As a reason of such behaviour the REC, as well as local electoral commissions many times adduced the lack of technical and financial resources, but also a different interpretation of laws' provisions that consider the publishing of reports mentioned. We believe that the introduction of penal provisions that include electoral organs have a stimulant effect when talking about the respect of these subjects' legal obligations.

Unfulfilment of all obligations, whether parties or other subjects are in question, should be followed by appropriate sanctions.

Part III

***MONITORING OF REGULAR
FINANCING POLITICAL PARTIES***

1. Regular financing political parties

1.1 Introduction

Functioning of a political party requires the existence of stable financing sources in order to be able to do its everyday activities normally. Therefore, regular political parties' financing implies gaining funds, which will be used for financing of its activities. The difference between regular financing and electoral campaign financing implies that funds received for campaign are used exclusively for that purpose, in the year when elections are held, while funds for regular financing are provided for political parties each year, in amounts defined by the law. This is a very important notice, knowing how much money is given to political parties for electoral campaign running, especially for advertising within electronic media but as well just for the intensification of door to door campaign, which is very expensive.

Chronologically, membership fee was the first source of political parties' finances. At the beginning parties did not have many members, so their leaders recognized the need for change. From having not so many members who needed to pay high fees, and who actually were a very small group of people around a leader, they turned to having much broader base of members who paid smaller fees. This way members could be much more related with the party and it is supposed they would be more included in what party is doing. First political party that had one million members was Social Democratic Party of Germany in 1913. Mass membership is specific for social-democratic and socialist parties because they represented what were interests of workers. This way of functioning required bigger mechanism and more people to be involved, so need for permanent sources of finance became necessary.

However, situation is different now: there is tendency of significant lowering of political party members. Parties have their supporters – people who support party but are not its members formally, what is also a difference between these two terms. This certainly does not mean that political parties need less funds for normal functioning; on the contrary, they need much more. Reason for this is that political parties used to have active members, who are involved in party's activities, while now political parties tend to communicate with everyone, not only their members but also with potential voters. Therefore, the main goal for one political party is to make it visible, to show its existence, to show its program to citizens and to

constantly promote its ideas and possible candidates on future elections. Considering development of media, communication, in one word, technology, much more financial sources are needed for these activities. Besides, developed political parties have big infrastructure, with sections in municipalities or even local communities, and these sections also need financial sources to function.

This way of work of political parties became very suitable ground for all kinds of illegal acting. Involving private persons and companies, corporations, firms and similar organizations, which helped political parties in their work is what matters most in this field.

Example:

Firm “A” donates political party “X” certain funds for regular financing and in return, firm “A” will have the right to be first on the list when the government which will be formed take into consideration activities this firm does. From today’s perspective, it means that political party “A” will get tenders which government writes in fields of activities that firm “A” does. Of course, all this happens if this political party wins elections. This is only one of kind of corruption and one of the ways of illegal financing political parties. This way of financing brings other political parties in unequal position. One of the conclusions from this example is that most often funds are given to the political party which has the most chance to win the elections and form the government, which not only additionally affects disproportion in the political parties system, but also creates even more misbalance between “strong” and “weak” ones.

This relation is apparent in authoritarian regimes, where government, actually the ruling party, is the one that holds all governing mechanisms in its hands. Knowing this, it is able to directly control donations to political parties. Concentration of whole power in hands of regime, especially considering the fact that in these regimes very small group of people gathered around leader, makes all important decisions. “Regimes in consolidated autocracies are often based on strong presidential systems or one party systems, with the opposition political parties having only weak power... Most people engaged in economic activity in consolidated autocracies are closely linked to the president and his inner circle; thus, there is no interest in supporting opposition political parties.”¹⁷ This way of power division destimulates op-

position even more in these regimes and contributes the preservation of status quo. Ruling party is under no control, and its’ financing is under no supervision done by any state institution. Besides, all state funds are accessible and what is almost a rule of authoritarian systems, corruption is on a high level.

2. Sources of political parties regular financing

2.1. State (public) sources

One of the ways of fighting political corruption is financing political parties from the state budget. This way funds are distributed to political parties according to the numbers of mandates won at the elections, actually number of MPs in the parliament and one part is distribute in equal amounts to all political parties that have MPs. Financing political parties by this model might seem to have negative effect in some way because those political parties that do not win parliamentary seats must search for alternative sources. This especially refers to states that have high census – 5% or even more, where parties that win not so small number of votes still are not able to receive funds from the state budget. Budget subventions is today one of the most important financial sources for political parties in many countries. Besides state budget, parties can also receive subventions from municipalities or from different administrative units, which depends on state division.

In some countries budget subventions that are assigned for political parties regular work financing are also given to political parties which did not win the seat in the parliament, but have won above certain amount of votes. This is common in countries, which have high census for winning of parliamentary seat. Example can be Slovenia, which has the census of 4%, but the right to be financed from the state budget share all parties that have won more than 1% of votes. In Montenegro, state subventions are distributed in proportion 30%: 70%, which means that 30% are distributed in equal amounts to all political parties or coalitions which have their MPs, and the rest is distribute according to the number of mandates won. Similar solutions are used in the neighbor countries: in Slovenia it is 10%: 90%, Croatia 20%: 80% and the same is in Romania, Bosnia and Herzegovina and Macedonia¹⁸.

¹⁷ Dr Marcin Walecki – Political Money and Corruption, page 6, IFES Political Finance White Paper Series

¹⁸ Status and financing of political parties, CEMI 2005, p 106,107

2.2 Private sources of political parties' financing

Budgetary financing has not solved problem of illegal financing, but other criteria which would regulate financing from private sources had to be introduced. So, upper limits for financing from private sources was introduced, which usually meant that party can this way collect only certain percentage of the amount received from the state budget. For example, if political party received 100.000 € from the state budget; it can collect only 40.000 € from the private sources, which means 40%. Main forms of financing political parties from private sources are the following: membership fees, gifts, incomes gathered through out activities, incomes gathered through out assets, legacies, non-lucrative activities etc.

Membership fees remained up to this day, but party cannot collect significant amount of money by using this method. After becoming member of political party, that person is entitled to pay membership fee once a year or even more often which depends on party's statute. In some parties its MPs, ministers or other officials of that party are supposed to pay certain percentage of their salary to the party after they take the position. If, for example, one MP has salary of 500 €, he gives 10% to the party, or pays it to its budget, which would in this case be 50 €. This is usually justified by the fact that MP or minister had come to that function thanks to the political party whose member he is and which gave him the opportunity to take that position, so this is the way he returns the favor to the party. Party can also collect some funds by gifts, although this way of financing is very limited, knowing that amounts that are legal by law are usually low. Political party can make some business, which depends on law, as it is possible that law prohibits economic activity of political parties.¹⁹ However, it needs to be emphasized that political parties are unprofitable organizations in the first place, which are supposed to serve the whole community and satisfy society concerns. State is supposed to give them financial support, so their economic activity should be very limited.

3. Regular financing of political parties in Montenegro

Control of financing political parties in Montenegro really begins no sooner than 2006. For the time of communist regime matter of financial transactions

of the Communist Party was not even allowed to be asked, but situation did not change much after 1990. In 1993 Law on financing political parties was adopted, and it was supposed to be the first step towards control of political parties financing. Moreover, it is the anti-corruption law, which are very important in European integration. New Law on financing political parties was adopted in 1997 but not much changed. Effects remained the same – there were no visible effects. The latest Law on financing political parties was adopted in 2004, on the initiative of the Monitoring Center CEMI. But, in the middle of 2005 Law on changes and additions of the Law on financing political parties is adopted. Amendments adopted by this Law significantly changed the whole system of financing political parties in Montenegro.

Law on financing political parties stated that public sources were funds received from the state budget and from the municipality budgets. Private sources are the following: membership fees, gifts, incomes gathered through out activities, incomes gathered through out assets, legacies, and non-lucrative activities. Funds received from these sources are given for regular functioning of political party, work of MPs' clubs in the Parliament of the Republic of Montenegro and for work of councilors' clubs in municipalities' parliaments. Parties can use these funds for financing election campaign for the republican or local elections, for financing election campaign for the President of Montenegro, and latest Law on local municipalities also allows spending for election campaign for the mayors. This way of political parties' financing is in accordance with European standards and the same solutions are used in the neighbor countries.

The Law on financing political parties and the Law on modifications and amendments of the Law on financing political parties regulates limits and distribution for regular financing of political parties. Article 5 of Law on financing political parties (text completely formed) stated that lower limit of funds that are given to political parties from the state and local budget is 0,4%. As some municipalities in Montenegro have very low budgets, possible solution could be raising it to 1% for local level, but this would certainly be irrational for state budget. Funds from the state and municipalities' budget can receive only those parties that have won more than 3% of votes, which is census. So, this refers only for parties which have MPs. Parties can receive funds from private sources also, limit for these is 100% of the funds received from the budget., with the exception of the funds collected through membership fees. If political party does not have the right to be financed from the

¹⁹ In Montenegro, Law on political parties and Law on political parties financing do not prohibit economic activity of political parties.

state or municipality budget, it can collect up to 5% of the whole amount that is given to political parties from the budget, excluding membership fees. This refers to the fiscal year period, from 1st January to 31st December.

Law on changes and additions of the Law on financing political parties, adopted in Montenegrin Parliament in 2005 has significantly changed concept of regular financing political parties in this country. New article which erases upper limit for financing from the state and municipality budgets for regular financing which was previously set to be 0,5%. How this solution affected financing political parties has already been explained, so here focus will be on the parts which are connected with regular financing only and that is previously mentioned article by which upper limit was erased. This means that political parties could make arrangement between themselves, which has proven that can happen, to set this limit to be 1, 3, 5 or 10%. This needs to be emphasized because changes of the Law from 2004 were adopted almost by consensus, although they broke many good electoral principles previously established. How this has manifested in Montenegrin practice proves case of Mojkovac municipality, whose councilors voted for adopting of decision by which regular work political parties will be financed by 4% of the municipality budget in 2006. For example, if this percentage was used on national level, political parties would have almost 15 million Euros to receive, what would be far above the average, considering number of citizens of Montenegro and how big its budget is.

4. Role of state institutions

State institutions are very important part of the whole system of financing political parties. However, Law on financing political parties almost does not mention state institutions. The only mentioned institution is Public Provisions Directorate, institution where all political parties submit annual reports. Therefore, this part will present recommendations or possible solutions that would bring more effectiveness in control of financing political parties.

When talking about state institutions that control financing of political parties, it is common to have many problems with law implementation. This refers to young democracies especially i.e. for political systems, which has just past or still are in transition phase, where this kind of actions goes slowly. In order to establish as effective system as possible, these actions should be taken by independent organs, which are able to do all the checking of financial work of a political party. Employees in these organs should have the possibility to access all bank accounts

and documentation of a party, so they would be able to give opinion about data specified in financial reports submitted by political parties. As a result this way of work has a clear picture about quality of submitted reports, because amounts stated in them do not usually show the reality. Finally, institutions in charge of control of parties financing should have the possibility to file charges against those political parties whose financial flows are not in accordance with law.

One of the possible solutions could be the establishment of a special agency, which would control financing of political parties and it would comprise both regular and electoral campaign financing. This contributes to the fact that such body does not exist in Montenegro, and Republic Electoral Commission is supposed to publish financial reports of political parties for electoral campaign. Anyway, this has not been done. If reports were published, transparency would be on much greater level because it is expected that this agency, knowing that it can also be a part of the Republic Electoral Commission, will publish reports on its web-site, so citizens can see them. This kind of pooling would greatly ease the whole process as all documents would be in one place and also, it would be easy for every citizen and interested individual to compare data stated in reports. Separate state body should take control of political parties' financing, so impartiality and objectiveness would be guaranteed. Besides, this body should hire professionals and not individuals whom this would be the second job and would receive only honorary for this. In order for everything to have certain quality level, at least couple of years of work is needed.

Only database, which comprises all financial reports for electoral campaign of political parties, is CEMI's database, which is available at its web site.

What needs to be added here is that Ministry of finance is in charge for payments of budget funds to political parties, although this is set through out sub legal documents, so Ministry of finance, as previously stated is not mentioned in the Law. Ministry could play very important role in control of financing political parties if transparency of payments that Ministry does existed. Finally, to make process of financing political parties on a significant level, very good coordination of all bodies included in this process is needed, which almost does not exist at the moment, so Montenegro can not be put in a group of countries that have good monitoring and control of financing political parties.

What needs to be very closely reconsidered is the fact that the control of political parties' financing should be done without obstacles and in a manner of quality. One of the opposite cases was Bosnia and Herzegovina, where first laws

regulating financing political parties and financing of election campaign were introduced in 1998. However, electoral law and Law on electoral commission were not adopted so there was a question of jurisdiction, knowing that electoral commission has not been established yet, and it was supposed to be the main institution in control of financing political parties. So, all the charges were given to the Temporary electoral commission, which was established earlier.

There is a similar situation in Montenegro where Republic Electoral Commission up to elections on 10th of September of 2006. did not have its web-site, so neither were financial reports for electoral campaign of political parties published nor in the newspapers because Commission did not have money for this. This shows that Commission was not ready to take all functions it was supposed to take by the Law on financing political parties, so this should be taken into account when options about institution in charge are considered. It is necessary to mention that often is exactly electoral commission body which controls financing political parties, or even its part, so this can be one of the solutions for Montenegro. In the end, Reviser companies, or authorized revisers could also be engaged in this process. Particularly, political parties could engage an authorized reviser who would check data stated by political parties and reviser would send its report to the institution in charge. This solution will be part of the new Law on financing political parties which CEMI will present in forthcoming time.

5. Control and recording of financial work of political parties

5.1 Introduction

In reaching more efficient control of financing political parties Law comprises mechanisms which need to contribute fight with illegal financing. Law defines procedures which parties need to take so whole process of financing political parties would be easier. So, article 17 of the Law on financing political parties says that “political party needs to keep books on incomes and expenditures in accordance with positive rules”. Political party needs to submit annual report to the institution in charge for that, which then gets character of a public document, and citizens, can see it. In case of Montenegro, that institution is Public Provisions Directorate, which is independent regulatory body.

When talking about successful financial work of a political party, i.e. keeping books in a manner of quality, it is parties’ interest that all documents are updated on time and in best manner. Work in accordance with this, possible mistakes or even legal responsibility will be evaded.²⁰

Non governmental organizations must not be excluded if higher quality level is to be achieved. Role on NGOs in this field can be divided in four groups: 1) promoting greater disclosure and transparency, 2) searching for evidence of illegal and corrupt political finance, 3) evaluating the effectiveness of funding regulations and 4) creating public pressure and providing support for reform in party and campaign finance.²¹

Montenegrin Law on financing political parties states that political party needs to create mechanism for internal control of financing by its statute. That implies that statute needs to define party organ which will be in charge of financial work of party, which indirectly creates situation that statute must be in accordance with law. Also, member of a party has the right to get to know with incomes and outcomes of the party, what contributes to the greater level of transparency of financing political parties.

Control of financing political parties in necessary condition for existence of basic democratic principles. Efficient control prevents misuse of funds, which brings political parties into unequal position. Besides, by doing this, misuse of state funds is also controlled, what protects rights of citizens from whom political parties are actually financed (budget).

Example of inefficient internal control of a political party is Czech Republic, where Prime Minister’s Deputy a Minister for environment protection Jirzi Skalicki had to resign after it was found out that his party, Citizens Democratic Alliance accepted anonymous donation from Czech companies over organization registered at the Virgin Islands.²²

20 Dr Martin Walecki - Political Money and Corruption, page 10, IFES Political Finance White Paper Series, authors translations
21 Division created by Dr Marcin Walecki, isto p.11
22 The same p.11

5.2 Corruption in financing political parties and/or candidates

Corruption is very widespread societal problem in the world; many researches have shown that political parties are the most corrupted part of the society. It is very interesting that between politicians themselves, but also the other officials, name “economic or financial non-discipline” exists, so word political corruption could be bypassed.

There are different types of corruption in financing political parties, but most prominent types are connected with financing of election campaign of political parties and candidates, from which the most present are “votes buying”, receiving donations from inadequate sources, selling of vocations and titles, misuse of state funds, activities in contrary with acts on financing political parties, political donations for services, contracts and changes of politics, limitation of access to the financial sources for opposition parties.²³

The most prominent kind of corruption in electoral campaign - »quid pro quo« donations includes gaining of financial and other sources from private subjects to the political parties or candidates in exchange for better treatment of those persons after these parties form government. This kind of corruption often results with financial scandals, which were common for post-communist countries in transition in which private interest has made incredible influence to law and political system recently.

Misuse of state funds refers to using of state, public financial, infrastructure and human resources for electoral campaign. Examples of this represent countries in which ruling party/coalition does distribution of state funds for need of organizing and carrying out electoral campaign.

Bribing of voters or officers in election administration refers to buying of votes, or securing financial or other beneficiaries for voters for supporting certain political party/candidate or even officers in electoral administration so results of elections could be manipulated.

Monitoring of financing political parties and candidates as well as monitoring of spending funds for electoral campaign refer to finding potential sources of corruption in politics, but also to giving recommendations from NGOs for improving law mechanisms which are supposed to ensure transparency in financing political

parties and candidates.

Besides, parties should increase level of professionalism of persons hired for financial work and also to introduce higher standards when these talking about these issues. One of the solutions for easier conducting of financial documents is creation of bank accounts for most important transactions, which means separation everyday activities from electoral or other activities. If this was done, financial work of political party could be followed much easier, goal of every transaction could be known, both incomes and outcomes, and institutions in charge could maintain control much easier.

6. Sanctions towards political parties in regular financing

Good laws substantiated even with good will does not necessarily mean that financing political parties will indeed be in accordance with standards and laws. Sometimes high penalties are needed to force political parties and responsible persons to conduct parties their financial matters as best as possible and in accordance with law. Existence of independent prosecutors and judiciary is implied here so they can react properly when laws are broken, which means when there is illegal financing. Example of bad law regulations is Montenegrin Law on referendum on state status, which made Committee for financing of referendum campaign parliamentary body which will be in charge of monitoring of referendum campaign. However, Law did not appoint Committee to take the charge against the persons who break law, considering financing of referendum campaign. Law did not even specify institution that would take the charge against those persons, and Committee itself was only able to give an opinion about financial reports that participants of referendum campaign had to submit.

Effective sanctions enforcement towards persons or political parties who/ which break the law, considering financing political parties, is a significant problem in the worldwide also. Surely, biggest problem is nonexistence of completely independent and impartial mechanisms, meaning that government has the most influence on institutions that are in charge of mechanisms for control of financing political parties. When talking about state organ that controls regular financing political parties it is important to make its budget big enough for normal functioning, and above all for financing people hired, because that is the ground where high level

²³ The same, p.6

of corruption can happen if these people are not paid well. And not only they need to have proper salary but also to have proper working conditions. Knowing that the supreme reviser institution has high level of credibility in Montenegro, which means it has necessary conditions for quality work, CEMI's proposal of new Law on financing political parties will set it to be institution which will judge financial reports of political parties considering regular financing.

Sanctions for illegal financing should not be limited to penal proceeding only. Great Britain and Poland have recently reformed their systems of financing political parties and it has shown that more effective are administrative sanctions or those that limit sum of money party will get from the public sources.²⁴ This solution can also be found in Serbian Law on financing political parties so party that breaks the Law can lose the right to receiving funds from public sources for next year. One kind of a sanction is also a financial penalty, which is applied in Montenegro. Problem with enforcing these penalties is that often courts do not want to take this kind of charges against political parties or persons in them, in charge for financial matters.²⁵ Also, these court procedures often last very long and can have negative effects on stability of political system.

Montenegrin Law on financing political parties in articles 19 and 20 proscribes money penalties for violations connected with regular financing, depending on significance of the same. In range from hundred to two hundred minimal income political party that receives funds in contrary with article 7 of the Law ²⁶is punished, if any pressure is made to a person during gathering funds. Political party and person in charge will be punished if book keeping is not done in accordance with article 17²⁷ of the Law. Law on financing political parties does not proscribe fines, but in case of serious misdemeanor articles of the Criminal Law are to be enforced.

24 The same, p.9

25 The same

26 "Political parties are forbidden to receive any material or financial support from: foreign states, legal and physical entities from outside Montenegro; anonymous donors, public institutions and enterprises; institutions and enterprises with the participation of state capital; religious institutions; casinos, bookmakers and other fortune games organizers. It is forbidden to receive cash. Economic society or an entrepreneur, which according the contract signed with state and municipality organs performs public services, cannot give donations to political parties and other verified electoral lists submitters, or the contract will be nullified."

27 "Political party is obliged to run the recording on incomes and outcomes in accordance with positive laws. Political party, in accordance with rules, submits annual report to institution in charge, and it gets character of a public document."

7. Conclusion

Considering everything previously said, financing political parties should be created in that way so parties can function independently. Laws should permit parties to receive enough funds legally, but that sure does not mean that upper limit should not be set. That can be a problem so needs to be treated especially because too many funds from public sources or enabling receiving high donations from private sources can bring the party to alienation from its voting base and members. This way of work creates oligarchic tendencies in a party, as Robert Michels defines it, because everyone wants a part of the "cookie", and party management is the one who manages finances, and not rarely it happens that the management is the group that receives the most funds. Besides, it can contribute to buying MPs or high state positions because it is not rare situation that persons who donate political parties want something in return. Political parties should be given funds so they can function normally but in the manner so they will be inspired to all-the-time activity and getting closer to citizens.

IV part

***Political parties' electoral campaign
financing***

1. The concept of electoral campaign

The electoral campaign represents a set of political parties’ propaganda activities, accompanied with the usage of public means of informing, that serve for citizens’ notification on electoral programs and activities of electoral lists submitters and aiming to attract electorate and get larger number of votes. Every citizen has the right to be familiar with activities mentioned, and the duty of media is to apply the principle of equity of all electoral list submitters and candidates consequently and according the law.

Electoral propaganda done through out the means of public informing and public reunions in Montenegro stops 24 hours before the election day. By international standards²⁸ that Montenegro adopted it is provided that less than 60 and more than 100 days can’t pass from the day elections are being announced to the day of elections are being held. Within the identified legal period of two i.e. three months, political parties have the possibility to promote their pre-electoral activities in order to gain votes. However, the practice of political parties in Montenegro shows that their campaigns last around 20 days in continuity. Despite legal limitations related to the duration of a campaign, these aren’t being respected in many states. For the sake of example we have Letonia, where we have electoral activities lasting 10 months, while in Romania the whole year of 2000 passed in observation of electoral activities.

2. Legal framework

Political parties’ electoral campaigns financing in Montenegro i.e. the realization of political parties’ financial means and the manner of control of their financial dealings have been defined by the Law on financing political parties²⁹ and the Law on modifications and amendments of the Law on financing of political parties.³⁰

28 International Foundation for Electoral Systems-IFES
29 Official Gazette of Montenegro, no. 21/04
30 Official Gazette of Montenegro, no. 33/05

2.1 Public and private sources and the manner of their allocation

By the Law on financing political parties, parties can acquire funds for their work from public (Republic budget funds, municipality unit budget funds) and private sources (membership fee, presents, activities incomes, property incomes, legacies and all types of non-lucrative activities).

Before the Law on modifications and amendments of the Law on financing political parties stepped into force, the Law on financing political parties defined that the funds from the Republic budget i.e. municipality unit budget planned for covering electoral propaganda expenses, are allocated to political parties in the amount of 0.3% of total budget sum. By the Law on modifications and amendments of the Law on financing political parties that amount increased to 0.4% of total budget sum. Political party can also gather funds from private sources from electoral campaign financing counting 40% of total budget amount that belong to it for electoral campaign expenses coverage.

By the Article 4 of the Law on modifications and amendments of the Law on financing political parties a new solution has been introduced and it concerned the allocation of budget funds to the verified electoral lists and their electoral campaigns expenses coverage. This new provision on funds allocation intended for political parties' electoral campaign financing favored, without any justified reason, political parties that already had representatives in the Parliament of Montenegro i.e. local parliaments and whose mandates are running off. This provision directly violated the equality of electoral process participants guaranteed by the Constitution as well as the number of international documents that regulate this issue. Within the Recommendations-Political parties' financing, adopted by the Council of Europe in 2001, one of the basic principles of political parties' and electoral campaigns' financing is related to the establishing of "fair criteria the state funds allocation to the parties." This violation of a constitutional principle of equity and international standards, which consider guaranteed equality of all political parties and candidates within the electoral process, has been the reason for CEMI to file a Suggestion related to the evaluation of constitutionality of the Law on modifications and amendments of the Law on financing political parties, Article 4, to the Constitutional Court on December 14th 2005. In June 2006 this Court made a Decision that declared Article 4 as unconstitutional, which in the same time meant that the same was out of force.

This decision brought to force the solution defined by the Article 11 of the Law on financing political parties, that implied that budget funds, intended for electoral campaign expenses coverage are allocated in the following manner: 20% are allocated equally, and other 80% are given to electoral lists submitters proportionally to the number of mandates won.

2.2 Electoral campaign expenses

Under the expenses of electoral campaign we intend funds that political parties spend on pre-electoral reunions, posters, advertisements, radio and TV shows, commercial and publications within the period between elections being announced and elections being held.

The Law on financing political parties defines that for electoral lists' representation, political parties can't use the property (money, technical funds, equipment etc.) of state organs, public enterprises, public institutions and funds as well as Economical Chamber of Montenegro. The Law on the election of councilors and representatives defines that means of public information that, with compensation, broadcast the advertisements of electoral lists' submitters that propagate electoral program or/and candidates, should point out a label "paid electoral advertisement". Shows that provide public confrontation of electoral lists submitters' electoral programs and their candidates are being organized. During the electoral propaganda electoral lists' submitters and candidates have the right to organize conferences and other public reunions that present and propagate electoral programs, electoral lists and their candidates, according the regulations on public peace and order and under equal conditions. During the electoral campaign, electoral list submitter has the right to spend funds gathered for the electoral campaign on posters, ads, photographs, flyers and commercials. Electoral list submitter, also has the right to a free broadcasting of political and propaganda commercials within the program of national television (Television of Montenegro), within a special program block of national radio station (the Radio of Montenegro), as well as one time free announcement of political and propaganda message during the electoral campaign.

2.3. The control of political parties' electoral campaign financing

The Law defines precisely all activities that funds, intended for pre-electoral campaign expenses financing, can be spent on, but some penal measures for those

parties and people responsible within political parties that violate business dealings' regulations are provided by it as well.

A procedure for certification, evidence and control of financial and material political parties' business dealings has been provided. Political parties are obliged to file an annual final invoice as well as financial reports.

A political party is succumbed to penal responsibility. The Law on financing political parties provides that a penal responsibility of a political party implies pecuniary fines that amount minimal income within the Republic one hundred or two hundred times increased. A political party is fined if gathers funds from foreign countries; legal or physical entities from outside Montenegro; anonymous donors; public institutions and enterprises; institutions and enterprises with state capital participation; unions; religious organizations; non-governmental organizations; casinos; bookmakers and other fortune games organizers; as well as in case of material and financial donations given in cash. Political party will be sanctioned unless it doesn't open, with the purpose of gathering funds for electoral campaign expenses, a special account that will contain all payments connected with the purpose mentioned. For a party that hasn't filed a complete report on the origin, altitude and structure of funds gathered and spent in a manner and within the deadline defined by the law a pecuniary fine is provided. Penal responsibility also falls upon a person within the political party that is the carrier of a proclaimed electoral list. Pecuniary fine that is provided for such a person amounts minimal income within the Republic fifteen or twenty times increased.

Political party that, in financing electoral campaign, spent funds from private recourses in the amount larger than the one defined by the law is being given a pecuniary fine amounting minimal income within the Republic one hundred or two hundred times increased.

A share that a single physical entity can donate for electoral campaign expenses can't be higher than 0.5% of the amount intended for political parties' electoral campaign financing from the republic budget, i.e. municipality unit budget. A share that a single legal entity can donate can't be higher than 2% of the amount mentioned.

The Law defines a pecuniary fine amounting minimal income within the Republic one hundred or two hundred times increased for those parties that haven't filed the complete report on the origin, altitude and structure of funds gathered and spent in a manner and within the deadline defined by the Law.

2.4. The obligation of filing and publishing political parties' financial reports

The publicity of data on funds gathered and spent within electoral campaign expenses financing represents a mechanism of political parties' material and financial dealing control.

The rules of political parties' financial transactions publishing have a goal in providing all interested people a beforehand access to those information. The process of annunciation³¹ has to be overall and practical, and is consisted of several segments. Within the first segment categories (political parties and candidates) obliged to publish financial reports are given. Within the second, we have, itemized, the kind of information that are being published. The third one implies the names of competent organs that reports are being filed to. The fourth emphasizes different kinds of publishing and presenting of information to people that are interested (citizens, media, NGOs, politicians....). Within the fifth, and last, segment the results of information published are being evaluated. The circle of direct and indirect users of process of publishing information on financing political parties is wide and indicates a high level of transparency within political parties' financial dealings.

The Law on financing political parties provides that political parties are obliged to bring reports on financial transactions done within their material and financial dealings for an insight. Political parties file their reports to competent organs and these have the character of a public document.

Political parties are obliged to file a report on funds gathered and spent for the electoral campaign, a report on property matters and annual final invoice to organs that are competent.

The report on funds gathered and spent for the electoral campaign is given to the local electoral commission and then forwarded to the Republic Electoral Commission, 30 days after the election day. The Republic Electoral Commission publishes all reports filed within the Official Gazette of Montenegro, on the web site of the Republic Electoral Commission as well as daily newspapers that are being published on the territory of the Republic of Montenegro. The Minister of finance defines the form of the report. The Monitoring Center had a great role in defining the same. CEMI's work team suggested to the Ministry of finance a model of the

³¹ The Manual on money and politics, a Guide for transparency increase in developing democracies, Annunciation anatomy, page 22, Democracy and management office, Washington DC, November 2003

form of the report on funds spent for political parties’ electoral campaign, which was accepted by the Minister.

Political parties file the report on property matters to the Republic Electoral Commission within 90 days since the day the Law came to force. Annual final invoice on incomes and expenditures that has the character of a public document is filed to a competent organ i.e. Directorate of public provisions.

The practice of publishing information related to the financing of political parties is just starting to develop itself in Montenegro. For now it can’t be spoken about it. On the other hand, legal framework that concerns political parties’ financial transactions publishing exists. It is needed that state institutions and organs in charge, cooperating with civic sector and citizens, put some more effort, time and money in order for the citizens-voters to become more educated, to have more pieces of information, to provide, in using legal mechanisms, to politicians, media and intellectuals to be familiar with all pecuniary flows. Raising citizens’ awareness among politicians, state officers and officials, and off course the citizens themselves is a condition for democracy development in Montenegro.

2.5 General regulations on data publicity on financing political parties

The complete process of financing political parties i.e. all actions that can be undertaken in order for some level of quality to be reached doesn’t mean anything unless the publicity of all data is provided. Practically everything that monitoring of political parties’ financing stands for is conducted in order for the level of this process’ transparency to be increased, in order for the finances i.e. pecuniary flows of political parties to be available to the public. It is in fact the only way to let everybody know that political parties are financed according the Law. Average citizen doesn’t care much about the information that some political party didn’t violate the Law i.e. that its annual financial report is filed according the same. He/she will be interested to see the report for himself/herself, to be sure that the report is authoritative. Besides, the possibility of comparison of different political parties’ reports is a significant mechanism that is available to citizens to evaluate whether the activities of political parties, i.e. funds expenditure, are conducted according the expectations, and above all, all promises that a party made. Formally, political parties’ finances can be done according the Law, but on the other hand funds can be spent on entirely insignificant activities, activities that don’t represent a good

way to approach the citizens or its functioning to be according the basic goals and principles.

There are different opinions on financing of political parties’ data publicity. Despite the opinion that all contributions, donations and transactions have to be available to all, and that it is the only way for the control of quality to be a good one, some may think that the right to privacy is one of the basic rights and therefore the wider public shouldn’t have to be familiar with the data on the quantity of funds contributed to a political party. Such opinion existed earlier in Switzerland and Sweden, where a privacy of a donation was in the same level with the privacy of voting. “If a person’s privacy is guaranteed in a moment when he/she circles the option on a ballot paper and he/she doesn’t have to say who he/she voted for, then an individual shouldn’t be asked to reveal to whom he gave a financial contribution.”³² This way the transparency of financing is a part of some other picture and the influence of further promotion of political parties’ financing data publicity is diminished, because donors’ desire to keep things this way still stands.

“Other sides’ argument that go in favor to data publishing is that political parties perform a public function and therefore they are the subject of public attention and debate.”³³ Consequently, data revelation concerns the public and contributes the good image of candidates and political parties, because that way they demonstrate that they don’t have anything to hide. However, there are some political systems where limits for funds expenditure, especially when considering electoral campaign financing, are so low that there is no need for filing reports on funds received (e.g. India and Israel).³⁴

Data publishing contributes the following:

1. It contributes bigger transparency of electoral process. This way, voters can learn more about the participants active on a political scene, which can influence their decision making in the elections.
2. Requests for data publishing stimulate candidates/political parties to gather funds according the Law in order not to cause negative public reaction in case of revelation of some financial malversation.
3. Data publishing represents an obstacle for corruption.

32 Gene Ward, Transparency in Money in Politics: A Comparison of the United States and Canada, p. 23
33 The same
34 According M. Walecky, Political Money and Corruption, p. 8

- 4. Publicly available information makes candidates/political parties avoid illegal sources of financing.
- 5. By making the data on financing public, candidates/political parties become responsible to the wider public and donors that gave their contributions according to the Law. Public data can also represent an obstacle for the expenditure to become exceeding.³⁵

Within this process the role of media has to be especially emphasized. It should be double: media are supposed to make constant pressure on political parties to make data on their regular financing public and to represent the medium in making those reports public or published. In that sense, it is necessary for the way of reports publishing to be defined. For example, whether the organ will be obliged to publish these reports or political parties. Reports should be available on the Internet as well, and therefore it would be the best for a database to exist that would contain all political parties' annual financial reports. Besides, political parties would publish these reports on their web sites.

In case of Montenegro, possible positive solution, when talking about transparency of political parties' financing, is an annual financial report filed on two levels, local and republic. The reason for this we find within the fact that funds are being allocated from local budgets, in some municipalities in very large amounts, and therefore it would be useful to check the way these funds are being used during the year. Of course, reports filed on the republic level would be filed and reconsidered separately. This way it can be directly influenced on the connection of a party to a certain area, which has a great significance for local elections.

Measures taken in many democratic regimes for financial scandals and public pressure prevention, as well as corruption decrease consist of: prohibition of a certain donation type, donation altitude limitation, public subventions, indirect public financing and special categories' subventions, presidential candidates and political parties limits posing, overall publishing and the manner of filing reports regulating, more serious fines.³⁶

35 "Money and Politics", Users' Guide, Election Commission of Bosnia and Herzegovina and IFES, p.4
36 M. Walecky, Political Money and Corruption, p. 12

2.6. Forbidden sources of political parties' financing

The Law on financing political parties forbids receiving material and financial from: "foreign countries; legal or physical entities from outside Montenegro; anonymous donors; public institutions and enterprises; institutions and enterprises with state capital participation; unions; religious organizations; non-governmental organizations; casinos; bookmakers and other fortune games organizers."³⁷ Material and financial donations given in cash are also forbidden.³⁸ The practice is most familiar with the cases of physical and legal entities being excluded from the list of powerful donors, although there are cases of some countries like Holland, Sweden and Mexico that allow such financing.

The prohibition of donations given by entities that the Law defines has a goal to prevent foreign donors from interfering, accepting material and financial support from foreign countries, private and physical entities outside Montenegro. In order for a higher level of transparency to be reached accepting of donations from anonymous donors and donations in cash are also forbidden. Besides, political parties can't be given funds from public institutions and enterprises, institutions and enterprises with state capital participation, unions, religious organizations, non-governmental organizations, casinos, bookmakers and other fortune games organizers. Basic intention of such a solution is the prevention of illegal financing and possible political corruption. Legal solution that is pretty interesting is the one that forbids that economic society or an entrepreneur, which according to the contract signed with state and municipality organs performs public services, gives donations to political parties i.e. electoral lists submitters during that business relation. On a contrary, the contract is considered invalid. The Law forbids any pressure making upon an individual or legal entities in funds gathering process. It is not allowed to give any privileges or provide personal advantage to a person that gave a donation to a political party. This is one of many forms of political corruption, and it is hard to fight against it because such dealings happen behind the curtains, through verbal and informal arrangements. Therefore, legal activities can't be undertaken in this situation. It is interesting that the Law on financing political parties from 1997 doesn't forbid such a behavior, although it has been very common during that period.

37 Study case, Financing of political parties, CEMI, May 2004
38 The Law on Financing Political Parties, Article 7

3. Monitoring of political parties' electoral campaign financing

Within the project “Monitoring political parties’ financing” that is supported by the Open Society Institute Foundation, Montenegro office, CEMI realized activities that had a goal in provision of free access to information related to financing of political parties and public officers, as well as the decrease of corruption level in political parties. The results of monitoring of implementation of the Law on financing political parties during the period between March 2004 and 2006 showed that political subjects and state organs in charge show a certain lack of respect for legal provisions. CEMI’s results have been confirmed within the annual Report of European Commission for Serbia and Montenegro that says:

“Laws on political parties and their financing are being applied with some difficulties. In addition, this Law has been changed in May 2005, in a manner that undermines the principle of equality within the electoral process and nullifies the upper limit for budget funds allocation.”

3.1 Monitoring of respect of the obligation of filing reports on political parties' electoral campaign financing

Right after local elections in Kotor, Niksic, Cetinje and Budva were held CEMI’s team prepared a report on the subject of political parties’ respect of the obligation of financial reports filing. According the Law, parties were obliged to file reports to their local electoral commissions, i.e. Republic Electoral Commission, 15 days after the elections are being held at the latest. After the expiration of the legal deadline, political parties, as well as competent municipality organs i.e. Republic Electoral Commission were asked, several times, to provide copies of reports filed and it was insisted for some parties to provide reasons for not fulfilling this obligation. Also, the Republic Electoral Commission, which was legally obliged to publish reports mentioned within the Official Gazette of Montenegro, daily newspapers that are being published within the Republic and its web site, didn’t do any of these things. In several occasions, CEMI requested reports or their copies on funds gathered and spent during the electoral campaign for local elections held within municipalities mentioned from political parties. Only after CEMI filed a Request for political parties’ and individuals’ penal responsibility affirmation to

the Main State Prosecutor and State Prosecutor, political parties started behaving more responsibly towards this obligation. Within the addition a table review of electoral campaign financing of political parties participating within local elections mentioned is given.³⁹

3.2 Data base development

In order to provide free access to information in Montenegro, and in using legal mechanisms, CEMI made the first step towards the implementation of a standard when considering political parties’ financial reports. Namely, within the project “Monitoring of political parties’ financing”, CEMI prepared and presented a data base that contented the information related to political parties’ financial incomes and expenditures, funds gathered and spent for electoral campaign financing. Also, the information on tender contracts signed by the state organs and economic societies with all other relevant legal subjects in Montenegro, as well as information on incomes, property and membership of public officers within economic societies’ administrative boards. This data base offers Montenegrin political parties’ financial reports, and has a goal in speeding up the process of providing free access to information on political parties’ financing, public officers’ incomes and public provisions, so that citizens can have the possibility to identify potential cases of political corruption and conflict of interest.

3.3 Conclusion

The results of two year monitoring that CEMI realized showed that organs in charge, local electoral commission and the Republic Electoral Commission in the first place weren’t prepared entirely to provide free access to information that consider political parties’ electoral campaign financing. On the other hand, the communication with some political parties is quite poor when talking about their financial reports during the elections time. One of the biggest problems that occurred during the implementation of the Law on financing political parties is the violation of this Law by the Republic Electoral Commission regarding the fulfillment of the legal obligation of financial reports publishing in a manner that is suitable for the public.

In Montenegro problems that concern the access to public information and

³⁹

See: Annex 1

search within the same is quite notable. Citizens have no opportunity to do a research for themselves without having larger expenses. Beside this economic factor, this research is quite complicated even when observed from a technical point of view. The Law on free access to information that has been adopted will speed up the process of transparency development when regarding the realization of the right of insight in public information by all entities interested. CEMI's database represents a mechanism whose development and regular updating will contribute the decrease of corruption level within the work of state organs and institutions and provide all interested people a direct and flexible insight in such information.

It is necessary for the public to be familiar with the way political parties gather and spend funds as well as all related information like public officers' incomes and their positions in economic societies' management organs in order to provide adequate development of transparency that represents one of the most significant mechanisms in the fight against corruption in Montenegro.

Part V

CURRENT LEGAL FRAMEWORK

THE LAW ON FINANCING POLITICAL PARTIES

(Official Gazette of Republic of Montenegro No 21/04)

I BASIC PROVISION

Article 1

This Law shall regulate the manner of obtaining and providing funds for political parties and the manner of control of financing and financial operations of political parties, with the view of exercising legality and publicity in their financing and financial operations.

Provisions of this Law which refer to obtaining, using and records keeping (control) of funds for election campaigns shall be accordingly applied to the nominators of registered electoral lists, unless this Law regulates otherwise.

II SOURCES AND FUNDS USAGE

1. Funds types

Article 2

A political party may obtain funds for its financing from public and private sources, in compliance with the Law.

In terms of this Law public sources shall consist of the funds from the Republic Budget, i.e. funds from the local government budget allocated for financing regular operation of political parties, work of clubs MPs and councilors and costs of election campaign.

Private sources shall consist of: membership fees, gifts, incomes from activities, incomes from property, legacies and all kinds of unprofitable activities.

Article 3

Funds obtained in compliance with this Law shall be used by political parties for financing costs related to:

- 1) regular operation (work) of the political party
- 2) operation of clubs of MPs in the Parliament of the Republic of Montenegro, i.e. clubs of councilors in the local government units' Assemblies

3) election campaign for the election of MPs, councilors, mayor and President of the Republic.

Article 4

Republic, i.e. local government unit shall provide funds from the budget, in terms of the Article 2 paragraph 2 hereof, for:

1) covering the costs of work (financing) political parties whose candidates were elected MPs, i.e. councilors (hereinafter: Parliamentary Party) and the work of the clubs of MPs and councilors;

2) covering the costs of election campaign for the election of MPs, councilors, mayor and the President of the Republic.

Article 5

Budget funds for covering the costs of work of parliamentary parties and work of clubs of MPs i.e. councilors may not be lower than 0.3% nor higher than 0.5% of the total budget funds for the year the budget is passed for.

The funds referred to in the paragraph 1 hereof in the amount of 30% shall be allocated in equal portions to parliamentary parties and MPs, i.e. councilors of groups of citizens and party coalitions and the rest of the funds (70%) shall be allocated in proportion to the total number of seats of MPs i.e. councilors, depending on the number of the seats won.

The Ministry responsible for the activities of financing, i.e. the local government unit's body responsible for the activities of financing shall transfer the funds referred to in the paragraph 1 hereof to the parliamentary party every month, before the fifth day of the month for the previous month.

Article 6

For financing its needs referred to in the Article 3, paragraphs 1 and 2 hereof, a political party can also collect funds from private sources.

The amount of funds from private sources, apart from the funds from the membership fees the party collected for the regular operation in a current calendar year, can be up to 100% of the funds the party is entitled to from the budget, i.e. public sources.

Political party which is not entitled to the funds from the budget can collect funds from private sources in the amount of up to 5% of total funds referred to in the Article 5, paragraph 1 hereof, excluding the funds from membership fees.

Article 7

It is prohibited to receive material and financial support from: foreign countries, legal and physical entities outside of the territory of Montenegro, anonymous donors, public institutions and companies, institutions and companies with government capital share, trade unions, religious organizations, nongovernmental organizations; casinos, bookmakers and other organizers of games on chance.

It is prohibited to receive material and financial support in cash.

A business organization and an entrepreneur, who on the basis of a contract with state bodies or local government bodies performs public services, may not during such a business arrangement give donations to political parties or other nominators of registered electoral lists. Otherwise the contracts shall be considered null and void.

Article 8

It is prohibited to make any kind or form of pressure to legal and physical entities in the process of collecting contributions for a political party.

It is prohibited to promise or suggest prospects of any kind of privileges or personal benefits to the donor of the political party or other nominators of registered electoral lists.

2. Electoral campaign expenses

Article 9

The costs of election campaign shall, in terms of this Law, include costs related to: pre-election gatherings, posters, adverts, radio and TV programmes, advertising commercials and publications, in the period commencing from the day of calling of the elections and ending on the day of the elections.

Article 10

The budget funds for covering the costs of election campaign referred to in the Article 9 hereof shall be provided in the year in which the regular elections are to take place and they shall be provided in the amount of 0.3% of the total budget funds of the Republic, i.e. local government unit, for the year the budget is passed for.

In case of extraordinary elections the necessary funds for the costs of election campaign shall be provided from the current budget reserve.

Article 11

The funds referred to in the Article 10 hereof in the amount of 20% shall be allocated in equal amounts to the nominators of registered electoral lists. They shall be allocated within eight days from the day of confirmation of the electoral lists. The rest of the funds (80%) shall be allocated to the nominators of the electoral lists who win the seats, in proportion to the number of the seats won.

The allocation of the funds in the manner referred to in the paragraph 1 hereof shall be done by the ministry responsible for the activities of financing, i.e. by the local government unit's body responsible for the activities of financing. The allocation shall be done on the basis of the decision of the Electoral Commission which is conducting the concerned election process.

Article 12

For covering the costs of election campaign a political party may collect funds from private sources, in compliance with this law.

The amount of the funds from private sources the political party collects for financing the costs of election campaign may not be higher than 20% of the funds the party is entitled to in terms of the Article 11 hereof.

The share contributed by an individual physical entity for the costs of election campaign may not be higher than 0.5% of the amount stipulated in the paragraph 2 hereof, and the share contributed by an individual legal entity for the election campaign may not be higher than 2% of that amount.

Article 13

In the aim of collecting funds for financing costs of election campaign, political party shall open a special transfer account with the body authorized for the activities of payment operations. Such an account may not be used for any other purposes.

All the funds intended for financing the costs of election campaign shall be paid to the account referred to in the paragraph 1 hereof and all the payments for covering the costs of election campaign shall be made from this account.

If the funds for financing the costs of election campaign collected from private sources exceed the amount referred to in the Article 12, paragraph 2 hereof, the excess of funds shall be transferred to the permanent transfer account.

Article 14

Political party shall appoint a person for collecting funds who shall be responsible for purposeful spending of the funds and for submitting reports.

The signature of the responsible person referred to in the paragraph 1 hereof shall be deposited with the body authorized for the activities of payment operations.

Article 15

Political party shall be obliged, within 30 days from the day of conclusion of the elections, to submit a complete report about the origins, amount and the structure of the collected and spent funds for the election campaign. It shall submit such a report in an electronic form to the Republic Electoral Commission i.e. the electoral commission of the local government unit.

The contents, i.e. the form of the report referred to in the paragraph 1 hereof shall be stipulated by the minister of finance.

The reports referred to in the paragraph 1 hereof shall be published by the Republic Electoral Commission in the "Official Gazette of the Republic of Montenegro", on the web site of the Republic Electoral Commission and in a daily newspaper published in the Republic of Montenegro.

3. Political party's legal property regime

Article 16

The incomes the political party obtains from the membership fees and the incomes obtained by performing unprofitable activities (charities etc.) shall not be subject to taxation.

The incomes the political party obtains from the property and from performing commercial activities shall be subject to the general taxation regime.

4. The obligation of bookkeeping and financial control

Article 17

IPolitical party shall be obliged to keep books of the revenues and expenditures in compliance with positive regulations.

According to the regulations, political party shall submit an annual balance sheet to the competent body. Such a balance sheet shall obtain a character of a

public document.

Article 18

By its statute, political party shall regulate the manner of performing internal control of financial operations.

Statute of the party shall define the body of the party responsible for financial operations and the rights of each member of the party to be informed about the revenues and expenditures of the party.

III PENAL PROVISIONS

Article 19

In case that an MP in the Parliament of the Republic of Montenegro, i.e. a councilor in theA fine in the amount of one hundred to two hundred minimum wages in the Republic shall be imposed on a political party for a violation, if the political party:

- 1) obtains funds contrary to the Article 7 hereof;
- 2) puts any kind of pressure to legal or physical entities in the process of collecting contributions for the political party (Article 8, paragraph 1);
- 3) promises or suggests prospects of any kind of privilege or personal benefit to the donor of the political party or other nominators of registered electoral lists (Article 8, paragraph 2);
- 4) in the aim of collecting funds for financing the costs of election campaign does not open a special transfer account and does not pay all the funds intended for these purposes to such an account (Article 13, paragraphs 1 and 2);
- 5) does not appoint persons for collecting funds who shall be responsible for purposeful spending of the funds and for submitting reports (Article 14, paragraph 1);
- 6) does not submit a full report about the origins, amount and the structure of the collected and spent funds in the manner and within the term referred to in the Article 15, paragraph 1 hereof;
- 7) keeps books contrary to the Article 17 hereof.

For the violation referred to in the paragraph 1 hereof a fine shall be imposed on a responsible person as well, i. e. on the holder of the registered electoral list. Such a fine shall amount from fifteen to twenty amounts of the minimum wage in

the Republic.

Article 20

Political party which spends for its election campaign the funds in the amount higher than the amount stipulated in the Article 12 paragraph 3 hereof shall be fined for such a violation by a fine in the amount of one hundred to two hundred minimum wages in the Republic.

For the violation referred to in the paragraph 1 hereof a fine shall also be imposed on the responsible person, i.e. holder of the registered electoral list. Such a fine shall amount from ten to twenty minimum wages in the Republic.

Article 21

If a political party violates provisions of the Article 12, paragraphs 1 and 2 hereof, it shall be fined for the violation. Such a fine shall amount from fifty to one hundred minimum wages in the Republic.

The fine referred to in the paragraph 1 hereof shall be supplemented by pronouncing a prohibition on the disbursement of the funds referred to in the Article 5 hereof for the period of one year.

IV TRANSITIVE AND FINAL PROVISIONS

Article 22

Political parties shall be obliged, within 90 days from the day of coming of this Law into effect, to submit to the Republic Electoral Commission, for the purposes of its insight, the data (reports) about its property presented by kind, amount and origin.

Article 23

On the day of coming of this Law into effect the Law on financing political parties (“Official Gazette of the Republic of Montenegro”, No 44/95) shall cease to be valid.

Article 24

This Law shall come into effect on the eight day upon its publication in the “Official Gazette of the Republic of Montenegro” and it shall be applied from October 1st 2004.

THE LAW ON THE AMENDMENTS TO THE LAW ON FINANCING POLITICAL PARTIES

(Official Gazette of Republic of Montenegro No 33/05)

Article 1

The Article 4, item 1 of the Law on Financing Political Parties (»Official Gazette of the Republic of Montenegro No 21/04) shall be amended and it shall read as follows:

1) covering the costs of work (financing) political parties who have at least one member who is a Member of the Parliament of the Republic of Montenegro, i.e. councilor in the Municipal Assembly, provided that the party was registered before the day on which the last Republic, i.e. local elections took place (hereinafter: Parliamentary Party) and the work of the clubs of MPs and councilors;

Article 2

Article 5 shall be amended and it shall read as follows

Budget funds for covering the costs of work of parliamentary parties and work of clubs of MPs may not be lower than 0.4% of the total budget funds for the year the budget is passed for.

Budget funds for covering the costs of work of parliamentary parties and work of clubs of councilors may not be lower than 0.4% of the total budget funds for the year the budget is passed for.

The funds referred to in the paragraph 1 and 2 hereof in the amount of 30% shall be allocated in equal portions to parliamentary parties and MPs, i.e. councilors of groups of citizens and party coalitions and the rest of the funds (70%) shall be allocated in proportion to the total number of seats of MPs i.e. councilors, depending on the number of the seats won.

The Ministry responsible for the activities of financing, i.e. the local government unit's body responsible for the activities of financing shall transfer the funds referred to in the paragraph 1 and 2 hereof to the parliamentary party every month, before the fifth day of the month for the previous month.

Article 3

In the Article 10, number "0.3%" shall be replaced by the number »0.4%«.

Article 4

Article 11 shall be amended and it shall read as follows:

«The funds referred to in the Article 10 hereof shall be allocated in the following manner:

1) 10% of the funds shall be allocated to the parties who have MPs in the Parliament of the Republic of Montenegro, i.e. councilors in Municipal Assemblies. These funds shall be allocated in equal portions within eight days from the day of calling of the elections;

2) 10% of the funds shall be allocated to the nominators of registered electoral lists. These funds shall be allocated in equal portions within eight days from the day of confirming the electoral list;

3) 70% of the funds shall be allocated to the nominators of registered electoral lists that won the seats. These funds shall be allocated in proportion to the number of the seats won within 30 days from the day of elections.

The allocation of the funds referred to in the paragraph 1 hereof shall be done by the ministry responsible for the finances, i.e. by the local government unit's body responsible for the activities of financing, provided that the allocation of the funds referred to in the paragraph 1, items 2 and 3 hereof shall be done on the basis of the decision of the Electoral Commission which is conducting the concerned election process.»

Article 5

In the Article 12 the number »20%« shall be replaced by the number »40%«.

Article 6

A new Article shall be inserted after the Article 22. The new Article shall read:

»Article 22a

In case that an MP in the Parliament of the Republic of Montenegro, i.e. a councilor in the Municipal Assembly leaves his party or is expelled from it and he keeps the seat, such an MP, i.e. councilor shall be entitled to the portion of the funds (from the 70% of the funds allocated to the parties on the basis of the number of the seats) which was paid to his party for his seat.

The funds referred to in the paragraph 1 hereof shall be excluded from the amount of the funds paid to the party the MP, i.e. councilor belonged to.«

Article 7

This Law shall come into effect on the eight day upon its publication in the “Official Gazette of the Republic of Montenegro” and the Article 2 paragraph 1 hereof shall be applied from January 1st 2006

Part VI
ANNEX

Annex 1

Summary of financing election campaign of political parties on local elections in 2005. in Montenegro.

Following tables show data on which political parties took part in local elections held since ending of 2004. to the end of 2005. and show if they have submitted financial reports for election campaign. Tables also show how much parties have spent for election campaign and are given here according to the reports originally submitted by political parties.

Local elections in Kotor:

Ten parties and coalitions took part at local elections in Kotor, and six submitted financial reports on election campaign to the municipal and Republic electoral commission. CEMI has turned to the Municipal electoral commission of Kotor couple of times, trying to get the information about which political parties have submitted financial reports and Commission replied only once. Deadline for submitting financial reports was 26th January 2005. According to information received from the Municipal electoral commission, Serbian radical party V. Seselj, Democratic Serbian party, Liberal union of Montenegro and Croatian citizens initiative did not submit report.

Municipality and elections date KOTOR, 12. 12. 2004.		
Political party/coalition	Report is submitted	How much money was spent for election campaign
Citizens Party	yes	140
Peoples Party	yes	1.211,60
Serbian Radical Party dr Vojislav Seselj	no	
Democratic Serbian Party	no	
Liberal Union of Montenegro	no	
Croatian Citizens Initiative	no	
Coalition DPS-SDP	yes	4.551,50
Socialist Peoples Party	yes	4.128,21
Serbian Peoples Party	yes	915
Liberal Party of Montenegro	yes	2.124

Local elections in Niksic:

Ten parties and coalitions took part at local elections in Niksic and three of them submitted financial report to the municipal and Republic electoral commission. Deadline for submitting financial reports for election campaign was 26th April 2005. Following parties, according to the information form Municipal electoral commission Niksic, did not submit reports: Liberal union of Montenegro, Liberal party of Montenegro, democratic Serbian party, Peoples’ socialist party, Citizens’ party, Peoples party and Communist union of Montenegro. It is interesting to mention that in response that CEMI received from Citizens party they say that “this political party does not feel obliged to do as it is proposed in the Law” and does not want to submit financial report for election campaign in Niksic explaining that Law has not been respected since the very beginning of the electoral process in Niksic.

Municipality and elections date NIKŠIĆ, 12. 3. 2005.		
Political party/coalition	Report is submitted	How much money was spent for election campaign
Communist Union of Montenegro	no	
Peoples Party	no	
Serbian Radical Party dr Vojislav Seselj	yes	700,25
Coalition DSP-PSS	no	
Liberal Union of Montenegro	no	
Coalition DPS-SDP	yes	16.364,88
Socialist Peoples Party	yes	5.718,75
Serbian Peoples Party	no	
Liberal Party of Montenegro	no	
Citizens Party	no	

Local elections in Budva:

Four parties and coalitions took part at elections in Budva. Deadline for submitting financial report for election campaign was 22nd June 2005. CEMI received report from coalition DSP-SDP, while Municipal electoral commission Budva responded that Socialist peoples party, Peoples socialist party, Serbian peoples party and Liberal party of Montenegro did not submit reports.

Municipality and elections date BUDVA, 22. 5. 2005.		
Political party/coalition	Report is submitted	How much money was spent for election campaign
Serbian Radical Party dr Vojislav Seselj	no	
Coalition SPP-SPP-PP-PSS	no	
Coalition DPS-SDP	yes	62.940,16
Forum of Budva – Liberal Party	no	

Local elections in Cetinje:

Elections in Cetinje were held on 10th December 2005, and four political parties and coalitions took part at the elections and only coalition DSP-SDP submitted financial report. Deadline for submitting reports was 10th January 2006.

Municipality and elections date CETINJE, 10. 12. 2005.		
Political party/coalition	Report is submitted	How much money was spent for election campaign
Coalition DPS-SDP	yes	6,150.25
Lovcen – for free Cetinje	no	
Coalition SPP-SPP-NPP-PSS	no	
Citizens Party	no	

Local elections in Mojkovac:

Elections in Mojkovac were held on 29th December 2005, and five political parties and coalitions took part at the elections and coalitions DSP-SDP and SPP2-SPP1-PP-PSS submitted financial reports to the Municipal electoral commission.

Municipality and elections date MOJKOVAC, 29. 12. 2005.		
Political party/coalition	Report is submitted	How much money was spent for election campaign
Group of citizens	no	
Serbian Radical Party dr Vojislav Seselj	no	
Coalition SPP-SPP-NPP-PSS ⁴⁰	yes	
Serbian Peoples Party	no	
Coalition DPS-SDP	yes	6,698.8

⁴⁰ CEMI was not able to get into possession of financial report of this coalition.

Annex II

Summary of regular financing political parties in Montenegro

At the begging of 2006. CEMI requested all Montenegrin municipalities to send information on how much funds political parties have been given from the municipal budget. Replies were received from 17 municipalities, some with even couple of months late, although deadline is 8 days. Information were received from following municipalities: Andrijevica, Bar, Berane, Budva, Cetinje, Danilovgrad, Herceg Novi, Kolasin, Kotor, Mojkovac, Niksic, Plav, Pljevlja, Podgorica, Rozaje, Tivat, Zabljak. No response was given from: Bijelo POlje, Pluzine, Ulcinj, Savnik. Municipalities of Cetinje and Zabljak responded that no funds were given to political parties in 2005. Response of Budva municipality defines approved funds but it is not clear if these funds were paid to political parties.⁴¹

Request was also sent to the Montenegrin Parliament so we would be able to see how many funds were approved and paid to political parties from the State budget. Following table shows paid funds per single political party.

Political party	Paid money
DPS	476 027.52 €
SDP	145 562.04 €
SPP2	310 794.72 €
LU	96 640.59 €
SPP1	116 569.74 €
PP	118 023.24 €
DUA	62 945.64 €
DU	62 945.64 €
CP	62 945.64 €
Joksimovic Miladin	7 611.45 €

41 Approved funds for regular financing from the municipal budget are 54 000 €. Per single party it is as following: DPS – 18,699,58 €; SDP – 5.896,33 €; SNP – 10.935,95 €; NS – 4.397,11 €; SNS – 3.808 €; LSCG – 1.873,73 €; Patriotic coalition for Yugoslavia – 2.742,97 €; Forum for Budva – 1.870,31 €; SRS – 1.870,31 €; NSS – 1.870,31 €.

Perovic Dragica	7 611.45 €
Miodrag Živkovic ⁴²	7 611.45 €

Following tables show paid funds to political parties per single municipalities.

Municipality	ANDRIJEVICA
Per political party	
DPS	823.32
SPP2	1 342.83
SPP1	306.00
PP	233.04
PSS	233.04
SRP	233.04
TOTAL:	3 168.21 €

Municipality	BAR
Per political party	
DPS	18 096
SDP	8 827
SPP2	10 652
SPP1	4 855
PP	4 855
PSS	1 768.50
SRP	1 768.50
CP	3 530
DS	4 855
LP	8 500
TOTAL:	67 707 €

42 In response that CEMI received from Montenegrin Parliament Joksimovic Miladin and Perovic Dragica are named as single MPs, but they are members of DSS. Miodrag Zivkovic is member of Liberal Party.

Municipality	BERANE
Per political party	
DPS	5 000
SDP	500
SPP2	9 000
SPP1	3 620
PP	2 800
TOTAL:	20 920 € ⁴³

Municipality	DANILOVGRAD
Per political party	
DPS	3 708.51
SDP	1 358.52
SPP2	2 754.00
LU	234.39
SPP1	997.07
PP	1 199.43
Patriotic coalition	1 199.43
SPJ	1 040.34
DSP	202.36
TOTAL:	12 694.05 €

Municipality	KOLAŠIN
Per political party	
DPS	7188.02
SDP	1545.76
SPP2	24100
LU	2733.86
SPP1	2600
PSS	1239.61
TOTAL:	39407.25 € ⁴⁴

Municipality	KOTOR
Per political party	
DPS	4 274.46
SDP	1 062.20
SPP2	3 864.49
CCI	729.88
SPP1	2 038.77
PP	1 859.62
DSP	1 552.94
LP	2 166.48
TOTAL:	17 548.84 € ⁴⁵

Municipality	MOJKOVAC
Per political party	
DPS	8 547.64
SPP2	1 370.00
SPP1	410.00
PP	410.00
TOTAL:	10 677.64 € ⁴⁶

Municipality	NIKŠIĆ
Per political party	
DPS	15 761.84
SDP	4 163.94
SPP2	10 045.68
LU	2 870.30
SPP1	5 322.18
PP	2 870.30
SRP	2 067.55
LP	2 714.37
TOTAL:	27 793.09 € ⁴⁷

43 CEMI received response from municipality of Berane in which they state that this is only part of the whole amount approved for financing political parties, and whole amounts per parties are: DPS – 21.180,47 €; SDP – 5.524,40 €; SNP – 12.278,28 €; SNS – 3.613,44 €; NS – 5.749,16 €. It is not stated when the rest of the funds will be paid.

44 Approved funds for political parties in this municipality, according to their response, are: DPS – 19.761 €; SDP – 6.107 €; SNP – 24.112 €; SNS – 6.107 €; LSCG – 3.028 €; NSS – 3.840 €.

45 In response of Kotor municipality only payments for the second term are stated and also, whole amount of approved funds is 31 672.65 €.

46 Approved funds from municipality of Mojkovac for regular financing political parties are 11 899.47 €, as stated in response that CEMI received from this municipality.

47 These are funds paid for ten months only. Whole sum approved for regular financing political parties in Niksic is 45 816.16 €.

Municipality	PLAV
Per political party	
DPS	1375
SDP	900
Together (SPP2 , SPP1 i NS)	725
PDA	500
DUA	250
DU	250
TOTAL:	4000 €

Municipality	PLJEVLJA
Per political party	
DPS	0
SDP	3 200
SPP2	20 000
SPP1	4 000
PP	2 600
SRP	3 300
TOTAL:	33 100 € ⁴⁸

Municipality	PODGORICA
Per political party	
DPS	52 182.85
SDP	18 671.31
SPP2	36 589.59
LU	10 751.97
SPP1	7 472.39
PP	11 951.97
PSS	7 472.39
SRP	7 472.39
DSP	9 712.19
TOTAL:	150 325.08 €

Municipality	ROŽAJE
Per political party	
DPS	8 317.50
SDP	3 872
SPP2	2 706.05
LU	1 666.05
IDU	4 550
BMC	3 988.01
PDA	2 485.05
TOTAL:	27 595.66 € ⁴⁹

Municipality	TIVAT
Per political party	
DPS	9 071.97
SDP	4 825.52
SPP2	5 369.13
LP	1 034.00
SPP1	1 520.93
PP	2 168.30
CCI	4 727.75
DPZSCG	1 520.93
DSP	2 069.93
SRP	1 520.93
TOTAL:	33 829.39 €

48 Whole amount of approved funds per political party for 2005 are: DPS-8 998 €; SDP-8 482 €; SNS-6 152 €; NS-5 975 €; SRS-3 587 €. Only SNP was paid as much as it had funds approved (20 000 €).

49 In response of Rozaje municipality it is said that following amounts were approved: DPS-11 042 €; SNP-3 226 €; SDA-2 896 €. Rest of the parties were apid all the funds.

Abbreviations:

- BMC – Bosniaks Muslim Coalition
- CP – Citizens Party
- DPS – Democratic Party of Socialists
- DU – Democratic Union in Montenegro
- DSP – Democratic Serbian Party
- DUA – Democratic Union of Albanians
- LU – Liberal Union of Montenegro
- LP – Liberal Party of Montenegro
- IDU - International Democratic Union
- PP – Peoples Party
- PPS – Peoples Socialist Party
- PDA – Party of Democratic Action
- SDP – Social Democratic Party
- SPP¹ – Serbian Peoples Party
- SPP² – Socialist Peoples Party⁵⁰
- SPY – Socialist Party of Yugoslavia
- SRP – Serbian Radical Party
- CCI – Croatian Citizens Initiative
- PP – Peoples Party

Political party	Total funds (€)
DPS	139 347.11
DSP	18 265.29
DU	1893.16
DUA	250
LU	18 256.57
LP	14 414.85
NS	36 697.66
SDP	51 069.79
SPP1	40 217.63
SPP2	139 643.77
GP	6 930
SRP	21 638.39

Goal of the total description at the local level is to show how much money political parties really gathered during 2005. Besides, this calculation did not take in consideration five municipalities because CEMI was unable to get any data on this subject from these municipalities, no matter how much we insisted, and also debts to political parties are not calculated, which will significantly change mentioned sums.

Two facts are obvious from analyzing previously mentioned data. Particularly, in some municipalities, depending on which party is ruling party or coalition, payments are done by the principle “first to myself, then to others”. It is visible from owing to opposition political parties in some municipalities and there is no difference what party we are talking about. This way of paying funds on which political parties have the right according to the Law significantly deviates from democratic principles and brings political parties into unequal position. Secondly, there is a huge disproportion between local budgets so in some municipalities it is impossible for political parties to function by financing from the budget only. So, already stated option of raising limit for financing political parties on the local level to 1% of the local budget should be taken into account. Also, payments to political parties are often late because municipality is not able to provide funds on time.

What can also be concluded is that there is significant disproportion between approved and paid funds to political parties at the local level. Funds, which are not paid in 2005, are being transferred to 2006 and will be paid with couple of months of delay. In some municipalities budget for 2005 was not even adopted in the moment of receiving information so neither are funds for financing political parties approved. In responses that CEMI received from some municipalities the quantity of funds approved is not stated but can be seen how much has been paid. Relation between approved and paid funds is shown in the following table:

⁵⁰ Numbers 1 and 2 are inserted because the abbreviation for Serbian Peoples Party and Socialist Peoples Party are the same.

Calculated with funds received from the state budget it is like this:

Political party	Total funds (€)
DPS	610 374.63
DSP	27 207.38
DU	63 195.64
DUA	63 195.64
LU	114 897.16
LP	22 026.30
NS	149 220.90
SDP	194 488.29
SPP1	149 962.08
SPP2	438 838.49
GP	66 475.64

Overview of these numbers considering territory and number of citizens in Montenegro, knowing that data from five municipalities are missing and some funds have not been paid yet, we get to the conclusion that political parties in Montenegro have significant funds at disposal, talking about public sources. Also, knowing that same amount can be collected from private sources, it can be said that parties can live well. Law on financing political parties proposes that parties receive extra funds for electoral campaign financing, both on local and republican level. This source also allows financing from private sources, but limit is set to 40% of the amount received from the public sources.

Part VII

CEMI’S PROFILE

The Monitoring Centre CEMI

The Monitoring Centre (CEMI) is a nongovernmental, non-profitable organization established in May 2000, whose main goal is to provide infrastructural and expert support for the continuous monitoring of the overall process of transition in Montenegro. One of the main reasons for CEMI's success is our openness to any citizen who wishes to participate in the activities of our organization. This is best illustrated by the fact that over 3,000 adult volunteers have been involved with CEMI. In other words, almost 0.7% of people who have the right to vote are members of this organization, which shows that CEMI plays an important role in the democratic development of Montenegro.

Our Vision: Montenegro as a country of freedom, rule of law and opportunities.

Our Mission: is to promote and defend the values of an open society and the rule of law in Montenegro.

Our goals:

- Monitoring the election process
- Reforming Montenegrin legislation
- Monitoring the respect for political rights and freedoms in Montenegro
- Monitoring the respect for, and the implementation of, laws and the Constitution in Montenegro
- Monitoring the process of transition
- Protecting human rights and freedoms as well as promoting the values and ideas of a civil society

CEMI's is consisted of: member's assembly, Administrative Board, Executive director, supervising and program council. One of the most significant CEMI's achievements is openness towards all citizens that show the interest in participation in all its activities. This is illustrated best by the fact that more than 2000 citizens with the right to vote have been included in CEMI's activities on a voluntary basis, which represents about 0.5% of electorate in Montenegro. This number is the best indicator for to realize the important role CEMI has within Montenegrin democratic development

Partners of CEMI are: CeSID, Belgrade, CRNVO, Podgorica, CEDEM, Podgorica, Juventas, Podgorica, Public Relations Center, Podgorica, Agency for anticorruption initiative, League of women voters, Nikšić, Commission for conflict of interest affirmation.

Programs of CEMI are: Elections, Rule of law, Good governance, Civil society and European integration. Within the scope of this programs, we carried out the following projects:

I ELECTIONS

- Monitoring of domestic elections: **Presidential elections:** 11. 05. 2003, 09. 02. 2003, 22. 12. 2002, **Parliamentary elections:** 10. 09. 2006; 20. 10. 2002, 22. 04. 2001, **Local elections:** 24. 10. 2006. Andrijević, Plav, Pljevlja, Ulcinj and Šavnik (second round); 10. 09. 2006 Andrijević, Bar, Berane, Bijelo Polje, Danilovgrad, Kolašin, Plav, Pljevlja, Plužine, Podgorica, Rožaje, Šavnik, Ulcinj and Žabljak; 29. 12. 2005. Mojkovac, 10. 12. 2005. Cetinje, 22. 05. 2005. Budva, 26. 03. 2005. Nikšić, 12. 03. 2005. Nikšić, 26. 12. 2004. Kotor, 12. 12. 2004. Kotor, 29. 08. 2004. Zabljak, 09. 05. 2004. Herceg Novi, 02. 05. 2004. Tivat, 18. 04. 2004. Tivat, 20. 10. 2002. Podgorica and Tivat, 15. 05. 2002. – 19 municipalities, 11. 06. 2000. Podgorica and Herceg Novi, Referendum: 21. 05. 2006.

- Monitoring of international elections: Presidential election in Azerbaijan in October 2003 (as a part of OESC/ODHIR mission), Presidential election in Kyrgyzstan in July 2005 (as a part of OESC/ODHIR mission), Presidential election in Ukraine in December 2004 (as a part of ENEMO mission), Presidential elections in Kyrgyzstan in March 2005 (as a part of ENEMO mission), Parliamentary elections in Albania in July 2005 (as a part of ENEMO mission), Presidential elections in Kazakhstan in December 2005 (as a part of ENEMO mission), Parliamentary elections in Ukraine in March 2006 (as a part of ENEMO mission), Local elections in Ukraine in November 2006 (as a part of ENEMO mission), Presidential elections in Tajikistan in November 2006 (as a part of ENEMO mission).

- Round table on the status and role of NGOs in the society
- Training for trainers of the political parties

II RULE OF LAW

- Law on financing of the political parties (accepted in the Parliament of Montenegro in 2004 and in power)
- Law on political parties (accepted in the Parliament of Montenegro in 2004 and in power)
- Model of the Law on central voters' register
- Model of the Law on election of representatives in the national and local Parliament(s)
- Model of the Law on State's electoral committee

III. GOOD GOVERNANCE

- Introducing the institution of Ombudsman to the Montenegrin public
- Case study of the financing of political parties in Montenegro
- Monitoring of the work of Ombudsman
- Watchdog of the implementation of the Law on financing the political parties and the Law on political parties
- Transparency

IV. CIVIL SOCIETY

- PR Resource Center (for NGOs)
- Getting to know the system in order to change it - peer education and network
- Population census
- Institute for Civil Society and Democracy
- Strategy as a mean - Trust as a goal

V. EUROPEAN INTEGRATIONS

- Getting to know the European Union - peer education and EU debate clubs
- Communication strategy
- Public surveys

Donors that supported CEMI in previous work are: International Center Ulof Palme, Open Society Institute Montenegro, Norwegian People's Aid - NPA, National Endowment for Democracy – NED, Swedish Helsinki Committee for Human Rights – SHCR, Balkan Trust for Democracy, Embassy of Deutschland,

US Consulate in Podgorica, British Embassy in Belgrade, USAID ORT Montenegro Advocacy Program MAP, Canadian Agency for international development CIDA, Royal Embassy of Holland, Embassy of Switzerland, Embassy of Finland, Delegation of European Commission, Constitutional and Legal Policy Institute Budapest – COLPI, Freedom House from Washington, The Parliament of the Republic of Montenegro, The Government of the Republic of Montenegro, USAID - OTI Montenegro, Austrian Development Agency – ADA, Austrian Study Center for Peace and Conflict Resolution and OSCE - ODIHR Warsaw.

