



C E N T A R Z A
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PRELIMINARY FINDINGS OF THE REPORT ON FINANCING OF NON-GOVERNMENTAL ORGANIZATIONS FROM BUDGET SOURCES

The Center for Democratic Transition (CDT) over several past months conducted a research on funding of non-governmental organizations from public funds, i.e., state and local budgets. Based on the research findings, report and recommendations of international organizations, as well as international standards governing this area, in cooperation with the Youth Initiative for Human Rights (YIHR) we also prepared the first recommendations for the enhancement of the situation in this area and we informed the representatives of the Government thereof.

CDT conducted the research on funding of non-governmental organizations from budget resources, through analysis of documents and information gathered on the bases of the Free Access to Information Law, analysis of the budget and final accounts of the state and local self government units, analysis of decisions defining criteria on the manner and procedure governing the allocation of resources to non-governmental organizations.

The research was focused on several questions:

1. Which institutions do allocate the resources from the state and local budgets for NGOs?
2. How many resources are allocated from the state and local budgets to NGOs?
3. In what way and according to which procedure are the resources meant for NGOs allocated?
4. How those resources are directed, i.e. which NGOs obtain public resources?
5. How to monitor spending of budget funds allocated to NGOs?

Key findings are as follows:

- 1. Nongovernmental organizations receive funding from several institutions at the state level and from local self-governments as well.**

Funds from the state budget are allocated to NGOs from three different funds, and this activity is performed by the Fund for Minorities, the Commission for Allocation of Funds to NGOs and the Commission for Allocation of a Portion of Revenues from Games of Chance.

In addition, several ministries allocate certain funds to NGOs. At CDT's requests for free access to information, we received responses from six ministries in due time, and found out that of the said ministries only the Ministry of Foreign Affairs in 2009 allocated minor resources for this purpose. However, among the remaining ministries, there are some for which the public knows that they distribute larger amounts to NGOs (Ministry of Culture, Ministry of Physical Planning and Environmental

Protection), and we hereby appeal to the responsible officials in the ministries to provide us with the requested information as soon as possible.

All municipalities that until now responded to our requests for access to information also allocate funds from their local budgets to nongovernmental organizations. Four municipalities have not responded to our requests – Herceg Novi, Kolašin, Kotor and Podgorica.

2. At least EUR 5,800,000.00 in the state and municipal budgets for 2009 was planned for NGOs.

The Budget of Montenegro for 2009 envisaged EUR 4,645,080.00 for three state-owned funds, which allocate resources to NGOs. CDT has been processing the remaining data and analytical cards of these funds based on which we will determine how many funds were truly disbursed to NGOs. Also, CDT expects the information on how many funds the ministries from their own budgets have allocated to NGOs.

According to municipal budgets and revised budgets in 2009, EUR 1,157,000.00 was planned for NGOs. According to the final accounts of municipalities, at least EUR 840,000.00 was disbursed to NGOs. This figure does not include the amounts disbursed to NGOs in Kolasin, Pljevlja and Ulcinj, given the fact that final accounts of budgets for 2009 of these municipalities have not yet been published.

3. Procedures for the allocation of funds to NGOs are extremely uneven, and the very process of allocation is not sufficiently transparent.

On the basis of public competitions, NGO projects were funded from public funds in 2009 funded. Organizations enjoying a special status (e.g. Red Cross) were also direct beneficiaries of budget funds.

State funds, ministries and local self-governments have certain official criteria for the allocation of funds to NGOs. These criteria are not unique, and often are very different, so that we can find very good and very bad individual examples.

At the state level, two commissions, which are in charge of allocating funds, have appropriate Decisions defining the allocation criteria, while the Fund for Minorities does not allocate funds for projects based on previously established criteria for project evaluation, but according to ethnicity.

Thus, to explain better, on one side we have a good local example of the municipality of Andrijevica, where the Decision defining the allocation of funds to NGOs contains precise criteria for the allocation and a precise procedure regulating the manner and process of allocation, which are even explained in 24 Articles of the Decision. On the other side, we have an example of the municipality of Mojkovac, which has no Decision defining criteria and method of allocation, but grants the Commission with the authority to create criteria, and many other municipalities having Decisions that are extremely scarce and imprecise.

The process of resource allocation is not transparent enough either at the state or at municipal level. Of three state funds that finance nongovernmental organization, only the Fund for Minorities has its own website. The Commission for Allocation of a Portion of Revenue from Games of Chance publishes the information on the competition and the results thereof on the website of the Office for Youth. The Commission for Allocation of Funds to NGOs does not publish the results of the competition on the Internet. In general, ministries publish competitions and decisions on their own websites. Local self-

government units periodically publish competitions and Decisions defining the allocation on their own websites, if any.

However, none of these websites provides more information about the funded projects apart from the holder and the name of the project and the amount of allocated funds. In this way, the citizens of Montenegro cannot find out what kind of activities and with what objectives and results are financed from their money.

In addition, available information on the competition results are often insufficient for any serious analysis. For example, the Commission for Allocation of a Portion of Revenue from Games of Chance does not allocate funds solely to NGOs, but also to public institutions and other legal entities. However the Commission is required to allocate at least 75% of the funds available to nongovernmental organizations. From its Decision on Allocation of Funds, it is difficult to differentiate nongovernmental organizations from other legal entities. In such a non-transparent procedure, it is very difficult to come up with the most basic conclusions, such as whether or not the Commission distributed funds in accordance with the law.

4. In most cases, funds from state and municipal budgets are awarded to NGOs that do not meet the basic criteria of transparency.

CDT analyzed the transparency of NGOs based on four basic criteria: the existence of website, regularly updated website, publication of Annual report on the website and the statutes of the organization on the website.

In the analysis, we came up with the following results:

Among NGOs that receive funds from the state budget, only 13% of them are represented on the Internet, and thus their transparency can be accordingly assessed and analyzed.

% NGOs that have a WEBSITE	% NGOs that have a regularly updated WEBSITE	% NGOs that have their statutes published on the WEBSITE (of NGOs with website)	% NGO that have Annual Report published on the WEBSITE (of NGOs with website)
13%	8%	3%	1%

The situation is even worse at the local level - only 10% of NGOs receiving funds from the budget has their own website, and only 4.5% of NGOs has updated websites.

% NGOs that have a WEBSITE	% NGOs that have a regularly updated WEBSITE	% NGOs that have their statutes published on the WEBSITE (of NGOs with website)	% NGO that have Annual Report published on the WEBSITE (of NGOs with website)
10%	4.5%	2.5%	1%

5. Monitoring of spending of funds allocated to NGOs most often do not exist, or is done very badly.

Monitoring of expenditures of project funds involves a continuous and systematic control of spending of funds allocated for project activities and goals, during and after the implementation of the project.

In Montenegro, the institutions awarding funds to NGOs mostly monitor them after the completion of the project, based on narrative and financial reports submitted by NGOs. The Commission for Allocation of a Portion of Revenues from Games of Chance informed us that there was an internal and external monitoring of spending, but the Commission neither informed us about monitoring procedures nor convinced us that it really existed. CDT was a beneficiary of this fund in 2009, when our project was not the subject to any monitoring, except after submission of the report.

At the municipal level, the situation varies - from municipalities based on whose responses we concluded that they do not conduct monitoring or do not know whether or not monitoring is conducted and how to monitor (Berane, Budva and Cetinje), through the municipalities that, to an extent, exercise control on the basis of reports on the implementation of a project (Nikšić and Plav), to a few better examples of municipalities that perform a continuous monitoring during the implementation of a project (Bar and Bijelo Polje). Even seven municipalities have not provided us with the information on how they monitor approved projects.

In many cases there is no prescribed form for a project report. Although we did not ask for such information, we received from several municipalities a narrative and financial NGO reports about completed projects. The reports we have seen indicate that no control of spending funds may be performed based on them, given the fact that some of the reports contain just few sentences and figures, sometimes even written by hand.