



Government Defence
Integrity Index



2020

Country Brief:

MONTENEGRO



MONTENEGRO

Montenegro's NATO membership, confirmed in 2017, marked a significant shift towards the West for the small Balkan state,¹ a move which drew the ire of Russia.² NATO membership represents a key challenge for a country whose armed forces were largely relying on equipment from the former Yugoslavia as recently as 2015, and that spent just over 5% of its defence budget on equipment in 2014 as opposed to NATO's 20% target.³ As a result, the past five years have seen Montenegro focus on modernising its armed forces and revamping its defence architecture, increasing defence spending and in particular its investment in new equipment.⁴ Montenegro also entered the eighth year of its EU accession discussions; however, concerns over progress and democratic backsliding have led to significant slowdown in negotiations.⁵

A noticeable trend in recent years has been the breakdown of the traditional separation of powers between the legislative, judiciary and executive, the erosion of checks and balances and the concentration of power in the hands of the executive.⁶ Moreover, parliamentary elections in 2020 have signalled the beginning of the end of strongman President Milo Đukanović's near 30-year rule at the helm of the pro-Western Democratic Party of Socialists. The party's defeat to a pro-Russian and pro-Serb coalition is raising questions as to the future direction of Montenegro's foreign and defence policy.⁷ As Montenegro continues modernising its armed forces, institutional safeguards to corruption in the defence apparatus will be crucial to preventing abuses of power and the waste of scarce public funds. As things stand, extremely weak oversight and transparency in the policymaking, procurement and financial management processes exposes the sector to high levels of corruption risk. Military operations and personnel management are also extremely vulnerable and lack adequate anti-corruption safeguards.

Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2006
Arms Trade Treaty	Ratified in 2014

Central and Eastern Europe Overview

As Central and Eastern European states become increasingly integrated with the EU and NATO through membership and partnerships, they are poised to play a key role in the continent's future, and in particular its security and defence decisions. Nevertheless, a combination of acute threat perceptions, rising defence budgets, and challenges to democratic institutions make states in Central and Eastern Europe and the Caucasus particularly vulnerable to setbacks in defence governance, which could threaten the progress made over the past decades. Already, authoritarian governments, particularly in the Western Balkans and Central Europe, have overseen significant democratic backsliding that has undermined the quality of defence governance and heightened corruption risk in the sector. Continuing and frozen conflicts in Ukraine, Moldova, Armenia and Azerbaijan, combined with Russian attempts to exert influence over the region through electoral interference, disinformation and corruption, contribute

to a delicate security situation in a strategically critical region. This will test the quality of defence governance across the region, which though fairly robust, has persistent gaps and deficiencies that need addressing. Weak parliamentary oversight and increasing alignment between the executive and legislature is undermining the quality of external scrutiny, while procurement continues to be shrouded in secrecy and exempted from standard contracting and reporting procedures. Equally, access to information and whistleblower protection systems are increasingly coming under threat and anti-corruption remains poorly integrated into military operations.



¹ The Guardian, 'Montenegro Ratifies NATO Membership in Historic Shift to Western Alliance', 28 April 2017.

² Dusica Tomovic, 'Russia Threatens Retaliation After Montenegro Joins NATO', *BIRN*, 6 June 2017.

³ NATO, 'Defence Expenditure of NATO Countries (2012-2019)', *Press Release 069*, 25 June 2019, p. 3.

⁴ NATO, 'Defence Expenditure', p. 3.

⁵ Vijesti, 'Radunović, Balance Clause Silently Introduced', 2 October 2019.

⁶ Bertelsmann Stiftung, *BTI Country Report 2020: Montenegro*, Gutersloh, Bertelsmann Stiftung, 2020, p. 10.

⁷ Ivana Stradner and Milan Jovanovic, 'Montenegro is the Latest Domino to Fall Towards Russia', *Foreign Policy*, 17 September 2020.



MONTENEGRO

Overall scores

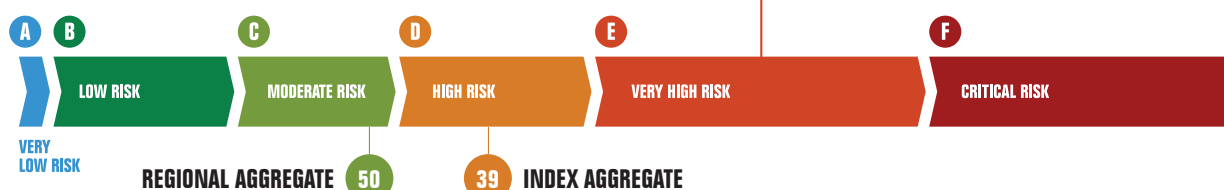
The size of the colour band corresponds to number of countries that fall into that category.

MONTENEGRO SCORE

VERY HIGH RISK

E

32



A > 83-100 VERY LOW

B > 67-82 LOW

C > 50-66 MODERATE

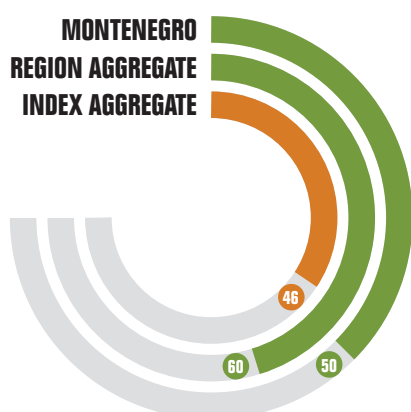
D > 33-49 HIGH

E > 17-32 VERY HIGH

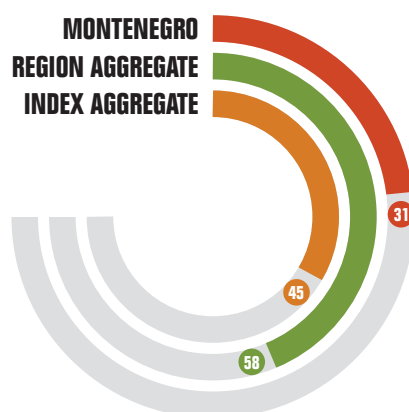
F > 0-16 CRITICAL

Risk Comparison

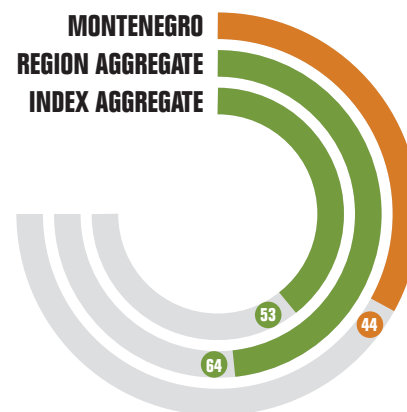
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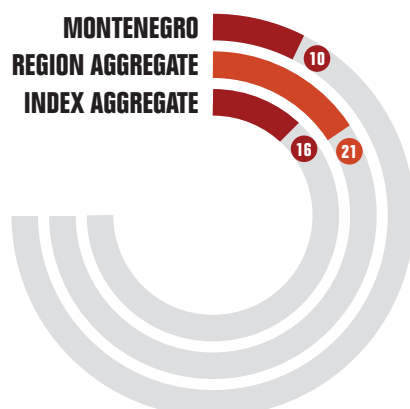
FINANCIAL



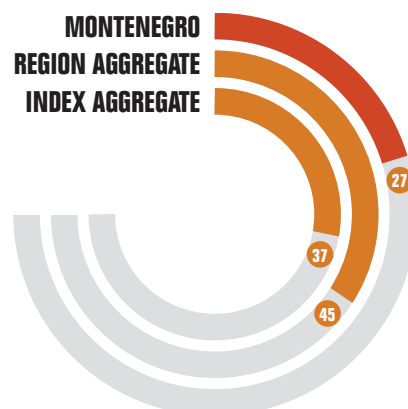
PERSONNEL



OPERATIONAL



PROCUREMENT





MONTENEGRO

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	Not rated
Military expenditure as share of government spending (SIPRI, 2020)	4.1%
Committee members with defence expertise (%)	0% (0 of 11)
# of meetings/year	18 (2019); 20 (2018); 12 (2017)
Last review of defence policy/strategy	2018

Highly contested elections in 2016 enabled the Democratic Party of Socialists (DPS) to govern for the tenth time running and led to elements of the opposition to boycott parliament as a result.⁸ The consolidation of executive power has seen Parliament increasingly converge with the government position and become largely subservient to it, with opposition groups gradually side-lined and members arrested.⁹ The Democratic Party's defeat in the 2020 parliamentary elections could open the door to a re-working and re-definition of the separation of powers in Montenegro,¹⁰ although this remains too early to assess, especially as Đukanović will remain as President until 2023. Civil society groups and opposition parties have been vocal about their criticism of Parliament, accusing it of abandoning its duty of oversight. The Parliamentary Committee for Security and Defence systematically fails to take advantage of the full powers of oversight it has by law, instead providing almost unanimous support to draft legislation proposed by the executive.¹¹ The pre-2020 opposition boycott contributed to a situation where the committee proposed only small technical changes to legislation and reviewed policies only at the request of the government, failing to initiate any review or investigations of its own.¹² Previous defence budgets have all been passed with no amendments.¹³ Expertise is also severely lacking: prior to the 2020 elections, not a single member of the committee has any experience in the defence sector, further hindering its effectiveness and legitimacy.¹⁴ Any recommendations that are formulated are usually vague and do not have deadlines or follow-up mechanisms for monitoring implementation, giving the Ministry of Defence (MoD) free reign to implement or discard recommendations as it chooses.¹⁵ Parliamentary oversight is further hampered by the inefficiency of audit mechanisms. The MoD's Internal Audit Unit has only one staff member and does not provide comprehensive recommendations or in-depth analysis, whilst the State Audit Institution has carried out only three audits of the defence sector since it was established.¹⁶

Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: 54.5% (2) # subject to backlog: 94
Defence-related complaints to Agency for Data Protection and Free Access to Information #	219 total (segregation by years is not available)
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence (2018-2020) #	3 audits since 2005 (State Audit Institution)
Open Budget Index (IBP, 2019)	Not rated
World Press Freedom Index (RSF, 2021)	104th out of 180

Free access to information and the transparency of state institutions have both suffered setbacks in Montenegro in recent years. In September 2019, the government proposed amendments to the Law on Access to Information that would impose new restrictions and provide authorities with a legal basis to arbitrarily reject requests for records, dramatically reducing government transparency.¹⁷ In the midst of the 2020 COVID-19 pandemic, the government also attempted to push through these amendments despite lockdown restrictions hampering opportunities for effective debate.¹⁸ Media freedom has been under attack and the European Commission has raised concerns over the increasing practice of government bodies assigning security classifications to information with little justification.¹⁹ In the defence sector, the issue of over-classification is particularly noticeable. Information access requests often go unanswered or are refused with no explanation, especially in relation to financial information.²⁰ There is no independent review or appeal body, leaving civil society organisations and media with little recourse when information is denied.²¹ To further exacerbate these issues, the financial information released by defence institutions is often incomplete and non-transparent. The defence budget is highly aggregated and superficial, with insufficient explanations for allocations.²² Budget reliability is also undermined by the Ministry of Defence's consistent failure to systematically report income from sources other than central government allocation.²³ Reports on defence budget execution are not made public at all and there is no transparency surrounding actual expenditure during the budget year. Finally, with regards to secret item spending, there is no record of the defence committee ever requesting information on such expenditure from the Ministry of Defence, despite it having the authority to do so. It relies solely on general audit reports from which such information is exempt.

⁸ Freedom House, *Nations in Transit: Dropping the Democratic Façade*, Freedom House, Washington DC, 2020, p. 9.

⁹ Freedom House, 'Montenegro Country Report', 2020.

¹⁰ Francesco Martino, 'Milo Đukanović: the Defeat of the Last "King of Montenegro"', *Observatorio Balcani e Caucasus*, 3 September 2020.

¹¹ European Commission, 'Montenegro 2021 Report', Brussels, European Commission, 2021.

¹² See for instance, 'Report of the work of the Parliamentary Committee for Security and Defence for 2019', 2020.

¹³ See Parliamentary Committee for Security and Defence, 'Opinion on Proposal of the Law on Budget for 2020, 2019, 2018 and 2017.'

¹⁴ Security and Defence Committee of the Parliament of Montenegro, 'Composition'.

¹⁵ Vanja Čalović, 'Assessment of the National Integrity System of Montenegro', Podgorica: NGO MANS, 2016.

¹⁶ State Audit Institution, 'Reports'.

¹⁷ Freedom House, 'Montenegro.'

¹⁸ Jared Ferrie, 'Montenegrins Debating Disputed Access to Information Law', *OCCRP*, 3 April 2020.

¹⁹ European Commission, 'Montenegro 2019 Report', p. 10.

²⁰ MANS, 'FOI Database – Statistical Data, 2017-2019'.

²¹ MANS, 'Analysis of the Law on Free Access to Information in Montenegro', Podgorica, MANS, 2018.

²² Parliament of Montenegro, 'Law on the Budget of Montenegro 2020', 2019.

²³ State Audit Institution, 'Report on revision of proposed Law on final account of the budget for 2017', 2018.



MONTENEGRO

Personnel Ethics Framework

Whistleblowing legislation	Law on Prevention of Corruption (2014)
# defence-sector whistleblower cases	None
# Code of conduct violations	Military: Data is not publicly available
	Civilian: Data is not publicly available
Financial disclosure system	# submitted: Data is not publicly available
	# of violations: Data is not publicly available

Montenegro's defence personnel management frameworks contain clear gaps with regards to anti-corruption provisions, significantly increasing the risk of corruption and undermining integrity-building efforts in the sector. Fundamentally, codes of conduct for civilian and personnel do not address corruption issues. The Military code does not touch on bribery, gifts, conflicts of interest or post-separation activities, and neither does it provide guidance on how personnel should address such situations.²⁴ Similarly, the civilian code of conduct fails to provide relevant guidance on any of these issues and contains only vague references to integrity and ethics.²⁵ Enforcement of anti-corruption regulations is also uneven, particularly when offenders are in senior positions.²⁶ There is also no evidence of anti-corruption training being provided to personnel in the sector, either as part of basic training or further military curricula. Key deficiencies also exist surrounding whistleblowing. The Law on Prevention of Corruption regulates the rights of whistleblowers and the process of reporting corruption, including for military personnel.²⁷ The law contains explicit reference to whistleblower protections, including anonymity, protection against retribution and reversed burden of proof. However, the law only provides protection for whistleblowers with "good intentions", with criteria for determining intention exceedingly vague and inherently subjective.²⁸ Whilst formally encouraged, whistleblowing remains dangerous. The Agency for the Prevention of Corruption, responsible for enacting the law, lacks independence from the executive²⁹ and has failed to protect whistleblowers from retaliation, including the former president of the Army Trade Union.³⁰ Thus, cases of whistleblowing in the defence sector are rare, due to lack of trust in the law and reporting mechanisms and due to state control over the chief implementing agency.

Operations

Total armed forces personnel (World Bank, 2018)	12,000
Troops deployed on operations #	2 in Kosovo (NATO KFOR), 1 in Western Sahara (MINURSO)

As a recent member of NATO, Montenegro has only just begun participating in missions and currently deploys just two soldiers in Kosovo.³¹ However, with ambitions to further its contribution to the alliance, corruption risks in military operations present a significant obstacle for the effectiveness of Montenegro's future deployments. As things stand, Montenegro has critical corruption risks and extremely weak anti-corruption safeguards when it comes to military operations. There is no mention of corruption in Montenegro's military doctrine and it is not considered a strategic issue for operations.³² As a result, corruption issues are also not included in the forward planning for operations, as the only document addressing corruption is the Integrity Plan, which does not deal with operations.³³ There is no specific pre-deployment training for commanders on corruption issues, with Montenegro relying on partner forces to provide this prior to deployments. This extends to corruption risks in contracting that are not covered in pre-deployment training and where no specific guidelines exist to steer personnel. There is also no evidence of corruption risks being monitored during deployments or of any form of monitoring and evaluations procedure for such risks.

²⁴ Ministry of Defence, 'Military Code of Conduct', *Official Gazette* 60/10.

²⁵ Government of Montenegro, 'Code of Conduct for Public Servants and Employees', 20 July 2017.

²⁶ MANS, 'Analysis of Judicial Verdicts for Corruption', Podgorica, MANS, 2018.

²⁷ Government of Montenegro, 'Law on Prevention of Corruption, Art. 4, §2', *Official Gazette* 53/2014 and 42/2017, Podgorica.

²⁸ Government of Montenegro, 'Law on Prevention of Corruption, Art. 58', *Official Gazette* 53/2014 and 42/2017, Podgorica.

²⁹ European Commission, 'Montenegro 2019 Report.'

³⁰ Portal PC Nen, 'Cobeljic Has to Go to Retirement', 30 September 2017.

³¹ NATO, 'KFOR.'

³² Government of Montenegro, 'Defence Strategy', 2019; 'National Security Strategy', 2018; Ministry of Defence, 'Strategic Defence Review', 2010.

³³ Ministry of Defence, 'Integrity Plan of the Ministry of Defence and Army of Montenegro', Podgorica, 2018.



MONTENEGRO

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	100.3
Open competition in defence procurement (%)	14% through public tender (€8,792,450) 87% through secret procurement (€62,518,958)
Main defence exports – to (SIPRI, 2016-20)	N/A
Main defence imports – from (SIPRI, 2016-20)	United States, Turkey

Between 2014 and 2019, Montenegro's spending on military equipment as a share of total military expenditure surged from just over 5% to 14.3%.³⁴ Whilst still below NATO's guideline of 20%, this increase is significant and signals Montenegro's intentions of making defence procurement a key pillar of its modernisation strategy. Such an increase in expenditure and in the defence budget as a whole underlines the importance of strengthening Montenegrin defence procurement legislation and oversight. After backsliding on commitments in 2017, Montenegro's defence procurement was singled out by the European Commission as an area that "still needs to be fully regulated."³⁵ Montenegro's acquisition plan is not publicly available, and its strategy is vague and does not specify

requirements for procurement. This makes it impossible to assess how procurement requirements are elaborated and whether they link to strategic requirements, opening the door for acquisitions to be made in an unplanned and ad-hoc manner. Moreover, the Defence and Security Directive is not in compliance with the Law on Public Procurements, and includes exemptions where contracting authorities are free to regulate awarding of contracts.³⁶ These include loosely defined 'emergency' procurements as well as secret procurements, neither of which are properly defined, allowing authorities considerable leeway to overuse them, especially related to high value procurements. As both are considered confidential, very little information is made publicly available on these acquisitions or on the contract terms.³⁷ This also reduces the share of procurement which is conducted through open tenders and curtails oversight of the process. The defence committee has powers of scrutiny over any procurement procedure, although this power is seldom utilised. The State Inspectorate for Public Procurement and the State Audit body are responsible for external oversight but personnel in both are selected on the basis of political affiliation, undermining their impartiality. Moreover, both agencies have very limited capacity to monitor defence contracts or follow up on recommendations, with resources likely to be stretched further as Montenegro's procurement requirements increase.

³⁴ NATO, 'Defence Expenditure.'

³⁵ European Commission, 'Montenegro 2019 Report', *Commission Staff Working Document*, 217, Brussels, 29 May 2019, p. 59.

³⁶ SIGMA, 'Monitoring Report: The Principles of Public Administration: Montenegro', 2019.

³⁷ Institute Alternative, 'Confidential Procurement in Montenegro: Far from the Public's Control', 2018.

Version 1.0, October 2021

GDI data collection for **Montenegro** was conducted February 2019 to October 2019. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.



MONTENEGRO 2020 GDI Scorecard

		Grade	Score
Political Risk		D	50
Q1	Legislative Scrutiny	C	50
Q2	Defence Committee	D	33
Q3	Defence Policy Debate	E	25
Q4	CSO Engagement	C	58
Q5	Conventions: UNCAC / OECD	C	63
Q6	Public Debate	D	38
Q7	Anticorruption Policy	C	63
Q8	Compliance and Ethics Units	D	42
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	B	67
Q11	Acquisition Planning	D	42
Q12	Budget Transparency & Detail	C	50
Q13	Budget Scrutiny	C	63
Q14	Budget Availability	C	50
Q15	Defence Income	D	33
Q16	Internal Audit	E	25
Q17	External Audit	C	56
Q18	Natural Resources	B	67
Q19	Organised Crime Links	E	25
Q20	Organised Crime Policing	B	67
Q21	Intelligence Services Oversight	C	63
Q22	Intelligence Services Recruitment	C	58
Q23	Export Controls (ATT)	NEI	
Q76	Lobbying	C	63
Financial Risk		E	31
Q24	Asset Disposal Controls	C	50
Q25	Asset Disposal Scrutiny	C	50
Q26	Secret Spending	F	0
Q27	Legislative Access to Information	F	0
Q28	Secret Program Auditing	E	25
Q29	Off-budget Spending	C	50
Q30	Access to Information	D	38
Q31	Beneficial Ownership	C	50
Q32	Military-Owned Business Scrutiny	F	0
Q33	Unauthorised Private Enterprise	B	75
Q77	Defence Spending	F	0
Personnel Risk		D	44
Q34	Public Commitment to Integrity	E	17
Q35	Disciplinary Measures for Personnel	C	63
Q36	Whistleblowing	D	33
Q37	High-risk Positions	E	25
Q38	Numbers of Personnel	B	67
Q39	Pay Rates and Allowances	E	25
Q40	Payment System	C	58
Q41	Objective Appointments	D	42
Q42	Objective Promotions	E	25
Q43	Bribery to Avoid Conscription	NA	
Q44	Bribery for Preferred Postings	B	75
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	C	56

OVERALL COUNTRY SCORE

VERY HIGH RISK

E

32

RISK GRADE

A • 83-100 VERY LOW

B • 67-82 LOW

C • 50-66 MODERATE

D • 33-49 HIGH

E • 17-32 VERY HIGH

F • 0-16 CRITICAL



		Grade	Score
Personnel Risk		D	44
Q47	Civilian Code of Conduct	NEI	
Q48	Anticorruption Training	C	50
Q49	Corruption Prosecutions	E	25
Q50	Facilitation Payments	F	0

		Grade	Score
Operational Risk		F	10
Q51	Military Doctrine	F	0
Q52	Operational Training	E	25
Q53	Forward Planning	F	0
Q54	Corruption Monitoring in Operations	F	0
Q55	Controls in Contracting	E	25
Q56	Private Military Contractors	NS	

		Grade	Score
Procurement Risk		E	27
Q57	Procurement Legislation	C	50
Q58	Procurement Cycle	F	8
Q59	Procurement Oversight Mechanisms	C	50
Q60	Potential Purchases Disclosed	C	63
Q61	Actual Purchases Disclosed	D	38
Q62	Business Compliance Standards	E	25
Q63	Procurement Requirements	D	33
Q64	Competition in Procurement	E	25
Q65	Tender Board Controls	C	50
Q66	Anti-Collusion Controls	F	13
Q67	Contract Award / Delivery	E	25
Q68	Complaint Mechanisms	C	58
Q69	Supplier Sanctions	E	25
Q70	Offset Contracts	F	0
Q71	Offset Contract Monitoring	F	0
Q72	Offset Competition	F	0
Q73	Agents and Intermediaries	F	0
Q74	Financing Packages	E	25
Q75	Political Pressure in Acquisitions	NS	

KEY

NEI Not enough information to score indicator

NS Indicator is not scored for any country

NA Not applicable



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