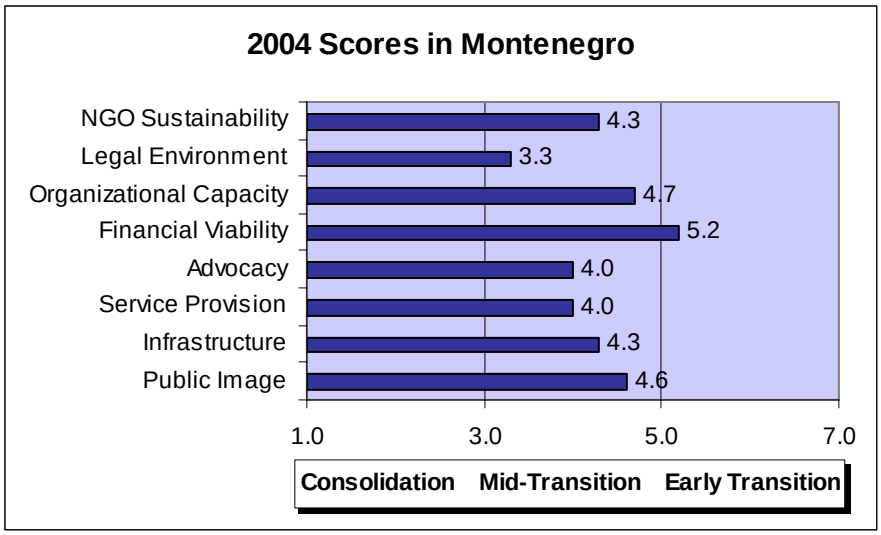
MONTENEGRO



Capital: Podgorica

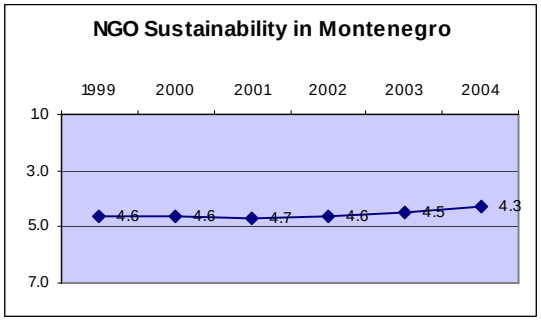
Polity: Parliamentary democracy

Population: 867,000

GDP per capita (PPP): $2,200

NGO SUSTAINABILITY: 4.3

Montenegro's overall sustainability score has improved over last year's score, with improvements in the Advocacy, Infrastructure, and Public Image dimensions. Specifically, a large number of long term advocacy projects initiated by NGOs in 2002 and 2003 began to realize results in 2004. This has had several effects, including improved inter-sectoral partnerships, an increase in the number of NGOs skilled in using the media to communicate their goals effectively to the public, and a growing awareness among citizens of the work of NGOs.



The 1999 Montenegrin NGO Law continues to provide simple registration procedures and allows NGOs to operate free of state control. However, a lack of any clear operating, financial, or control guidelines in the legislation continues to allow a large number of businesses and cafés to register as NGOs, harming the overall reputation of the NGO sector. A number of key NGOs participating in large donor funded programs, such as the USAID/ORT Montenegro Advocacy Program, have developed clear organizational, financial management and governance structures. This development, however, is in large part confined to NGOs with sustained donor funding. At least five strong NGOs offer training resources, expertise, and technical assistance to other NGOs. Two of these providers are even located outside of the capital. Other local NGOs offer a wide range of training products, meeting and even exceeding the demands from the local markets. At least

two of these training organizations have started to charge fees for their services, although there is not a significant market that will provide any long-term sustainable funding.

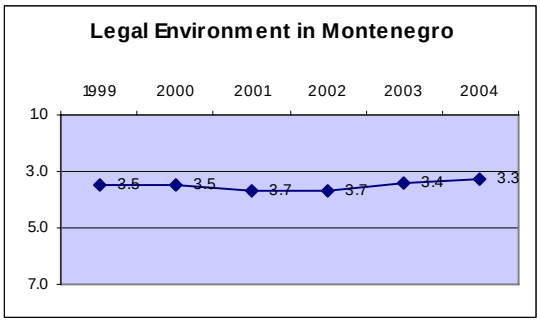
Without long-term support at the local level, the NGO sector continues to be predominately donor driven. Ironically, the larger, more well-established NGOs based in the capital, which have always enjoyed greater access to donor resources, are now experiencing the greatest challenges to their financial sustainability. Local NGO service providers from smaller communities have already undergone the process of identifying alternative funding sources, contributing to their long-term sustainability.

In 2004, the Federal Government guaranteed more than €800,000 in grants to fund local NGOs through the Parliament Grants Commission. Although the authorities did not manage the grant distribution well, the funding was a welcomed improvement over the past two years, in which the government blocked NGOs from accessing any state funds.

LEGAL ENVIRONMENT: 3.3

The 1999 Montenegrin NGO Law continues to provide simple registration procedures and allows NGOs to operate free of state control and without the threat of dissolution for arbitrary or political reasons. The current legal framework still does not provide clear guidelines for NGO operations, financial transparency, or governance. While the law provides for a very liberal and informal arena in which to operate, it also allows for abuse. Hundreds of businesses and cafés have registered and operate as NGOs, detracting from the benefit and good work of the genuine NGOs.

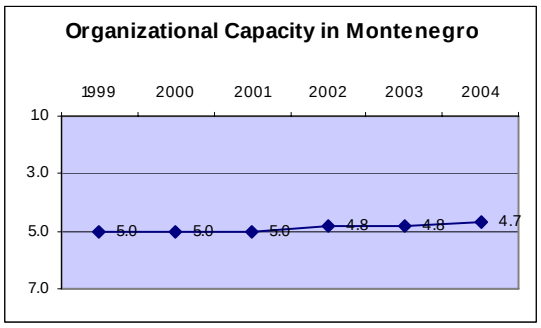
Montenegro's NGO sector still has a shortage of attorneys that specialize in NGO law and are capable of providing legal advice to NGOs. The Center for the Development of NGOs (CRNVO), along with USAID/ORT funded resource centers in Kotor and Kolasin, are three organizations that offer high quality advice on registration and other legal issues to NGOs. As they are located outside the capital, the resource centers in Kotor and Kolasin offer organizations from the regions greater access to much needed services. Many NGOs that do not have access to adequate legal services compensate by becoming experts in NGO law.



Under the current legal framework, NGOs are permitted to earn an income by providing goods and services and even receive a tax exemption for profits of less than €4,000. According to the new VAT Law introduced in 2003, NGOs are not exempt from paying VAT for goods and services procured under grants. The Montenegrin tax policy has shifted gradually from taxation of personal

income to taxation of consumption. VAT can be rebated if the NGO is not treated as the final user. The Procurement Law allow for all legal entities, including NGOs, to compete for government contracts and procurement at both the local and national level.

ORGANIZATIONAL CAPACITY: 4.7



Although it remains rare for NGOs to build constituencies for their initiatives, a key group of organizations has learned the importance of this skill. NGOs still do not often have well-defined missions, visions, goals or objectives, and those that have engaged in strategic planning have usually done so as a requisite for donor funding. Once an organization has engaged in strategic planning, it generally realizes its value. Other NGOS have developed boards of directors, thanks in part to the ORT MAP program. It is still too early to know whether these organizations will truly take advantage of their new governing bodies, or discard them for the more common "assembly governance" structure.

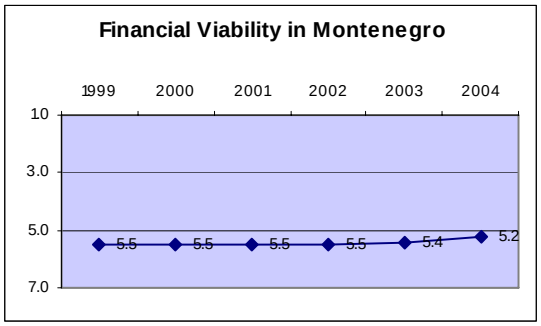
Only a small number of NGOs have a permanent paid staff, while volunteerism is underdeveloped and dependent on specific project requirements. ADP-Zid, a youth development organization, has created its own volunteer program, while CDT and CEMI (election monitoring groups) have developed a network of community activists throughout the country that may be quickly mobilized for specific project needs.

Organizations with donor funding are those most likely to have access to modern office equipment such as updated computers and software, fax machines, and the internet. Two resource centers funded under the USAID Montenegro Advocacy Program provide NGOs with access to communication facilities, but the sustainability of these types of technical resources is questionable since most donors are not interested in funding non-project specific NGO development.

FINANCIAL VIABILITY: 5.2

NGOs continue to draw the majority of their financial support from international donors, though they are increasingly gaining support from sources such as the Republican Grants Commission or local community grant commissions. The

allocation of state grants to NGOs was poorly managed in 2003 and 2004. Although the influx of €800,000 in grants was a vast improvement, access to state funds was blocked, as it has been over the past two years.

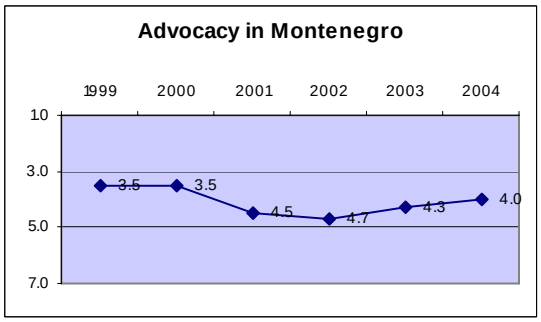


NGOs, the business sector, and the general public do not take advantage of the tax deductions offered for donations. Corporations are able to deduct up to 3% of their taxable income, while individuals may deduct 10%. One NGO has organized annual fundraisers to benefit HIV/AIDS patients, the main sponsor of which is Pro Monte, a mobile phone company that supported many disability organizations in 2004. This is the lone example in a field of untapped corporate philanthropy. As philanthropy is directly linked to the strength of the economy and to a culture of giving, progress in this area may be slow to come.

A group of highly specialized NGOs has diversified its funding base, has grants from a wide variety of donors, and tends to have the most developed financial reporting and control systems in place. Other than these organizations, the majority of NGOs are small, lack human resources, and do not have the financial management capacity for handling donor funding. As the more developed organizations have greater financial accountability and are more established, donors generally prefer to grant funds to them.

A small group of NGOs has begun to charge fees for goods and services, including training seminars, translations, calendars, books, designs, and architectural services. Few organizations, however, have been successful in collecting membership fees. This is due in part to the cultural memory of obligatory association membership fees under the former Socialist models.

ADVOCACY: 4.0

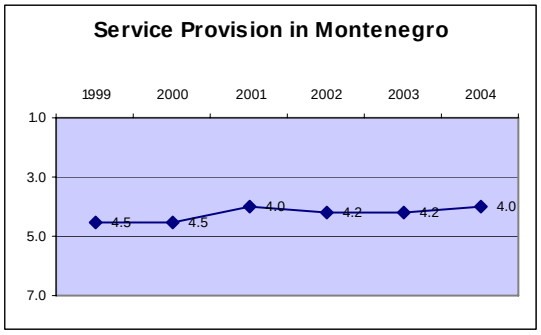


In 2004, advocacy projects initiated in 2003 by NGOs operating under the USAID/ORT Montenegro Advocacy Program began to yield clear results. One example is an NGO that advocated for the adoption of two key political reform laws in 2003, collecting over 12,000 signatures for a petition to get the laws sent to Parliament. In 2004, the organization defended the proposals in Parliament, which ended up passing the bills. Women's rights organizations succeeded with their efforts to get 90% of their proposals into a new Law on Witness Protection, and were lauded for their

efforts by the Ministry of Justice. In 2003, an Albanian minority rights association's tireless efforts to convince the government to move language teacher training courses from Niksic to Podgoica, where the Tuzi Albanian community resides, were successful. All advocacy initiatives successfully completed in 2004 were backed by large scale public education campaigns.

The NGO sector improved its ability to build coalitions to address legal and popular reform issues. The Akcija NGO Network, funded in part by USAID, conducted large-scale consumer protection campaigns. The campaign's goal was to increase public awareness of consumer rights and expedite the passage of the Law on Consumer Protection. These efforts resulted in a 14% increase of the number of consumer complaints. A coalition of environmental organizations and activists headed by Most, an environmental NGO, collected over 13,000 signatures from outraged citizens and forced the Parliament to reconsider its support of a hydro-electricity project that would have destroyed the famous Tara River Canyon. The coalition instead offered up a viable alternative that the legislature may consider in the future. Although the alternative has yet to be accepted, the coalition and its initiative is a good example of how the NGO sector has become adept at taking the pulse of the community and when necessary, responding with a large-scale advocacy effort on its behalf.

SERVICE PROVISION: 4.0

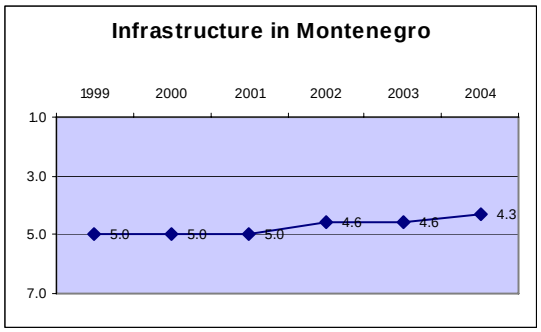


The NGO sector offers, at both the national and local levels, a diversified line of products and services that include health services, education, and environmental protection. Organizations at the local level provide the basic, under-funded social services, such as working with the disabled, elderly or youth. Stronger, more institutionally developed organizations offer more complex services such as monitoring the government. Generally, the smaller, community- based organizations that target specific groups have a better defined constituency, while larger organizations that offer broad spectrum services, such as advocacy, have constituencies that are not as well defined.

NGOs seldom recover the costs of providing services, although there are a few examples of NGOs charging fees for services. FONDAS, a community-based organization, charges fees for training and has even conducted market research to identify demand. Another NGO covers part of its overhead by providing graphic design services for a fee, although its market is small. NGOs provide services to other NGOs as well as to government bodies. Many government officials do not trust the NGO sector, but they are willing to include services such as training,

graphic design, and media monitoring in the government budget. The government is less willing to pay for other services such as environmental protection efforts (e.g., river clean-ups), social care, and health services, and limits its support to national and local grant programs.

INFRASTRUCTURE: 4.3



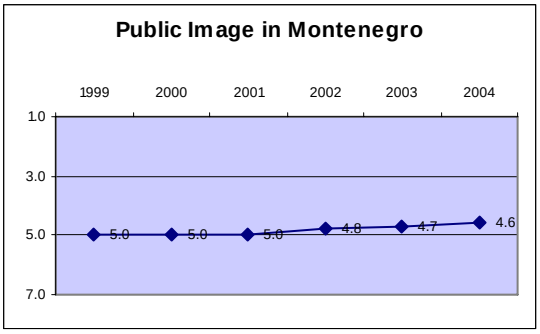
Montenegrin NGOs benefit from several ISOs and NGO resource centers, including CRNVO, MANS, FONDAS, the CEMI PR, and Expeditio and Natura, two Regional Advocacy Centers established by ORT. These centers offer training, educational and networking resources, legal assistance, project development assistance, and access to information resources like the internet and fax machines to NGOs. In 2004, the Regional Advocacy Centers network, which was launched in 2003, began offering training programs, support and advice on grantwriting, technical assistance, mobilization, and information sharing opportunities. Similarly, the USAID MAP program offered training in advocacy, financial management, and monitoring. CEMI PR charges for-profit entities a fee for use of its facilities, but NGOs have free access. Although the range and quality of training services are good, they often exceed demand, as NGOs often do not have much interest in training.

Inter-sectoral relationships have improved as many of the larger, more developed NGOs at the national level are working directly with government officials on common initiatives. NGOs have formed partnerships to pursue consumer protection issues, a law on forensic science, a law on veterinarian medicine, and other technical areas that are not seen as threatening by the government. The NGO sector has also strengthened its networking capabilities in Montenegro. Positive examples include the Akcija NGO Network and the ecological campaign called "I want the Tara, not a Sinkhole." Despite efforts, the NGO community continues to experience difficulties in getting members of the business community to commit to partnerships.

PUBLIC IMAGE: 4.6

The quantity and quality of media coverage of NGOs and their initiatives has improved dramatically. In instances when the media has lacked professionalism, NGOs have been able to compensate by engaging the media to effectively communicate their goals to the public. This year, more NGOs have come to appreciate the value of well-organized press conferences and well-written press releases. A group of NGOs has become very good at designing and implementing

public education campaigns. The general public still has a poor perception of the NGO sector, although in 2004, CRNVO conducted an opinion poll that found 74.5% of the population believe that NGOs are indeed non-profitable, and non-political, an increase from 45% in 2001. The government and business sector, however, continue to have a poor perception of the NGO sector.



The NGO sector has not organized any effort to develop a comprehensive set of self-regulatory standards and controls.