



# CAPTURED BY PRIVATE INTERESTS

Adoption and enforcement of  
the Law on Conflict of Interests in Montenegro





**Title:**

Process of Adoption and Implementation of the Law on Conflict of Interest  
in Montenegro:  
CAPTURED BY PRIVATE INTERESTS

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**Process of Adoption and Implementation  
of the Law on Conflict of Interest in Montenegro**

**2004 - 2007**

**CAPTURED BY  
PRIVATE INTERESTS**

**Podgorica, 2008**



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## **1. EXECUTIVE SUMMARY**

*"The lack of guarantees for appropriate control over state institutions and the influence of organized crime in certain spheres of social and economic life further limit the capacity of the state to fight corruption successfully. The lack of an appropriate legal framework to deal with the conflict of interests of officials has a crucial impact."*

*European Commission, Montenegro 2006 Progress Report*

The purpose of this publication is to document the experiences of MANS from 2004 to 2007, in the field of exposing and preventing conflict of interest. This publication consists of three components

- Chronology of events related to adoption of the Law on Conflict of Interest,
- The work of the Commission for Conflict of Interest, and
- Case studies highlighting discrepancies related to implementation of the Law on Conflict of Interest.

### **Chronology of events related to adoption of the Law on Conflict of Interest**

Montenegro was the last country in the region that adopted a Law on the Conflict of Interests. The first section of this publication deals with the attempts to pass a law which was "lost" for two years, when neither the Government nor the Parliament was able to determine where the law was. When the law was finally „found“, it was determined by most of public officers who voted for it to be completely inadequate.

The subsequent attempts to improve the law by a governing parties' parliamentary working group, eventually failed due to consensus of governing and opposition parties to vote against it, which is extraordinarily rare in Montenegro.

This section also documents the prevarication of the ruling party in relation to drafting, discussing and passing the law, and the sometimes farcical attitudes and explanations offered by public officers in that process.

## **The Commission for Conflict of Interest**

During the period from 2005 to 2007, MANS in its role as a watchdog to the work of the Commission for Conflict of Interest, collected data and lodged 136 appeals against public officials. Through this process MANS was able to monitor performance and shortcomings in the Commission's work.

This section commences with data on previous work experience, official reports on property and income submitted by the members of the Commission. It is followed by description of authorities of the Commission, procedure for submitting initiatives for conflict of interest and statistical data.

The final part of this section consist of a case study describing the conflict faced by the president of the Commission, Slobodan Leković, who was at that time member of the local parliament of Podgorica municipality, in determining a resolution related to Miomir Mugoša, Mayor of Podgorica and president of the local parliament, who happened to be from the same party. The case study also highlights the absurd situation that legal procedure for appealing decision of the Commission, even in relation to one of its own members is to resubmit an appeal to the Commission itself, thus putting it in the unenviable position of being its own supervisor.

Second case study is presenting Administrative and Supreme Court decisions on the right to appeal decisions of the Commission.

## **Case studies**

This section sets out to expose the fact, through a series of case studies, that indeed – as many parliamentarians who voted for the law agreed – that the current Law on Conflict of Interest is seriously flawed and that the Commission whose role is to implement the law, does not appear to do so on an impartial or objective bases.

The case studies range from issues related to incompatibility of the function of a Government member as well as judges and other public positions up to and including the Prime minister, to inaccurate reports on incomes, property and gifts, and engagement of public officials in business.

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## THEY SAID....

„This represents a much smaller conflict of interest than to secure compensation for that work in some other manner.“

*Former Minister of Economy, Darko Uskoković on compensation he received for membership in the managing boards, 9 April 2004*

“We had management boards that were in conflict with each other, one was, for example, that of the Power Supply Company, and the other of the Aluminium Plant, where there was a direct conflict of interests, one was in favor of having as expensive power as possible and as good a price for electricity as possible, and the other for having as low a price as possible. This was a conflict of a man with himself, and not a conflict of interest of, let's say, those two companies he was to represent. And if we start from such assumptions, it is logical that we reached such a legal solution because in this way we are abolishing a kind of masochism those people were exposed to.“

*Ervin Spahić, MP of the Social Democratic Party, 21 April 2004*

„You cannot create a good Government with a man earning 350 Euros and you cannot have a responsible committee with 350 Euro. You have to understand that. Noone is mad enough to be a member, to say the truth some of us are mad, but most people should not be mad to do such a responsible job as that of a minister is, and I assume if Milo works 17 hours a day, that a minister must work at least eight or ten hours for 350 Euros. For example, Minister Šturanović, I believe he cannot, I would give my head for that, he cannot buy, if the Government does not buy it for him, a third suit.“

*Ljubica Džaković, MP of the Democratic Party of Socialists, 21 April 2004*

“It is better for us to have the Law and for that Law to last as long as we are organized and organized well to make good quality amendments to that law or to make a new law which will replace this law, and this means in the following I shall not say a few days, but I must not say nor dare say in the following few months, we must not allow ourselves this.“

*Miodrag Vuković, MP of the ruling Democratic Party of Socialists, 16 June 2004*

“I do not have, I do not have any savings in domestic or in foreign banks. Also, my relatives do not have it... the relatives I know and with whom I can talk on that subject. Er, consequently we are not people who would peep into other people's wallets, but if you think that my property could be found on the account of my wife, my son, my brother, or my sister, you are wrong, for there is no property of mine there, nor their property either.“

*Milo Đukanović in an interview at the Croatian National Television, „On Sundays at 2“ 13 March 2005*

„It is true that in a part of Budva there are four walls and one roof, there is nothing more than the beginning of construction of an undivided building object, which might have, if I may say so, a kitchen, a few rooms and maybe some kind of division per square meters might be such. But this was mine for a few... not mine but my daughter's, it was registered on her, for maybe several tens of days.“

*Excerpt from an interview with Svetozar Marović in the programme „Whole Truth“ shown on „IN“ television*

“Sometimes it seems to me that Montenegro is covered by a net of a poisonous spider which is made up of a network of mutual private connections, hidden indebtednesses and secret preferences.“

*His E. Mr. Thomas Schmitt, Ambassador of the Federal Republic of Germany in Montenegro, 08 December 2007*