Implementation of the Law on Financing of Political Entities and Election Campaigns

Monitoring of parliamentary elections in Montenegro

2020

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MONITORING OF 2020 PARLIAMENTARY ELECTIONS IN MONTENEGRO

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EXECUTIVE SUMMARY

The majority of political entities have concealed part of the sources of funding and the actual costs of the campaign for the 2020 parliamentary elections.

Bad practices of injecting cash through donations from related individuals have been observed in several political entities.

Somewhat greater transparency in the financing of ads on Facebook allowed us to discover traces of funding for this part of the campaign expenditures from abroad. Some electoral lists delayed reporting their ads as political, thus avoiding that the details on part of their advertising become known to the public.

Most of the participants in the elections reported lower costs of the field campaign and the production of promotional videos than the actual ones. The practice of using the services of affiliated companies in the election campaign has continued, and for the first time, an offshore company was among the suppliers.

Some media outlets gave discounts to political entities or provided services that were not defined in the price lists, while some others broadcast political marketing, although they did not submit price lists within the legal deadline.

According to the ASK's interpretation, agencies that sell advertising space in the media are not subject to the law, which enabled non-transparent advertising on one television station and left a huge space for abuse in future election cycles.

The ruling party used the adoption of a package of financial assistance measures related to the economic crisis caused by the COVID pandemic during the election campaign for its own promotion.

During the election campaign, the government disbursed at least 46m euros from the budget reserve, or 12 times more than in the same period last year. Most of that money was paid to unknown natural persons and companies.

Immediately before the elections, pensions were paid retroactively, in accordance with the law adopted by the parliamentary majority at the beginning of that year.

The construction of infrastructure, which was financed from the state budget, was put in the function of achieving the electoral institutional advantage of the parties in power. During the election campaign, many times more funds were spent on the construction and reconstruction of infrastructure than in the same period last year.

EXECUTIVE SUMMARY

Some institutions spent their entire annual budget for the construction of roads in the three months of the campaign, while others were building before the elections were called, so those construction sites were opened by high-ranking officials of the ruling party. In the election period, at at least 65 public events, officials announced or opened various infrastructure projects, and the ruling party also presented these projects in promotional materials, under its own logo.

In the election campaign, some institutions spent 20 times more funds for service contracts than in the same period of the previous year, while the costs of consulting services for some budget users were over ten times higher.

During the campaign, uncategorised expenditures doubled, and payments to NGOs increased significantly.

As many as 55 transactions realized during the election campaign were declared classified, so the public has no insight into the amount of funds spent, or to whom and why they were paid. Monitoring of spending has been largely limited by cumulative multi-person payments to commercial bank accounts, from which the end users of these funds cannot be identified.

In the conditions of actualization of the issue of church property in the election year by the previous parliamentary majority, the Serbian Orthodox Church, by opposing the Law on Freedom of Religious Beliefs, was on the side that was opposing the ruling party during the election campaign.

The analysis of the known election activities of the Church did not identify any actions that would represent a violation of the Law on Financing of Political Parties. However, the identification of certain political entities with the goals of the Church undoubtedly contributed to their better election results.

Political profiteering of direct participants in elections by 'leaning' on the campaign of third parties, with whom they are not formally connected, and which are not subject to the same rules governing the election activities of political entities, is not prescribed by the law or clearly specified, and therefore it is not prohibited, which leaves space for malversations.

However, the specific situation in which the Church found itself in the election period, as a third party, indicates the obligation to respect the guaranteed rights to public address and freedom of public expression during the election campaigns.

Therefore, it is necessary to amend the Law on Financing of Political Entities and Election Campaigns and to more precisely regulate the activities of third parties in the election process, but with full respect for all relevant international standards.

ELECTION CAMPAIGN FINANCING

A

Key findings

Total **revenues** reported by all electoral lists in the campaign for 2020 parliamentary elections were over 2.5 million euros. Most electoral lists financed the campaign for the parliamentary elections from their **own funds**, acquired in the course of their regular work, which was made possible by the latest amendments to the law. However, in these cases, it is not clear what are the initial sources of money - donations or the state budget.

Donations from natural persons are the second largest source of election campaign financing, although only some electoral lists reported them. In these elections, there were suspicions that donations from party officials and other related persons were used to inject cash and conceal illegal sources of funding. However, for the first time, the data indicate that the two largest political structures had a similar practice.

The official reports on the election campaign financing reported very modest **donations from legal entities**, as well as extremely small non-financial contributions. Such data, however, do not seem reliable because there was a drastic change in practice several election cycles ago, when the law prohibited contributions from companies doing business with the state. The Agency for Prevention of Corruption (APC) does not check whether party donors are at the same time the owners of companies that do business with the state, thus, MANS pointed out such violation in these elections as well.

Electoral lists reported a total of about **four million euros in campaign expenses**. The highest costs were reported by the list For the Future of Montenegro (ZBDCG), about 1.5 million euros, Democratic Party of Socialists (DPS) reported about 850 thousand euros, and the coalition Peace is our Nation (MIRNN) about 640 thousand euros. Official costs of Social Democrats (SD) were around 385 thousand euros, of the Social Democratic Party (SDP) - 235 thousand euros, and the Black on White (CNB) coalition spent nearly 190 thousand euros. While the Albanian List reported costs of over 70,000 euros, the coalition "Unanimously" officially spent about 56,000 euros on the election campaign. The Bosniak Party (BS) reported costs of about 40 thousand euros, Croatian Civic Initiative (HGI) and Croatian Reform Party (HRS) about 30 thousand euros.

ELECTION CAMPAIGN FINANCING

A

All electoral lists spent almost 1.8 million euros on **media advertisements,** of which over 1.3 million were related to television commercials. Some media outlets gave discounts or provided services that were not provided for in the price lists. Certain media broadcast political marketing, although they did not submit price lists within the legal deadline, even after APC, following MANS' report, found a violation of the law.

According to APC's interpretation, **agencies that sell advertising space** in the media are not subject to the law, which enabled non-transparent advertising on one TV station and left a huge space for abuse in future election cycles.

Electoral lists reported about 245 thousand euros in **advertising costs on social media**, almost ten times more than in the previous parliamentary elections. Some electoral lists delayed reporting their ads as political, thus avoiding the details on part of their advertising being known to the public. Somewhat greater transparency of ads financing on Facebook allowed us to discover traces of funding from abroad for this part of the campaign costs.

According to official data, the electoral lists spent a total of over 220 thousand euros for making of **promotional videos**, but the data indicate that the reported costs were not realistically stated. An offshore company with hidden owners and finances was hired to make videos of a coalition. One of the videos was filmed in locations to which access is limited, so there is a suspicion that it was an abuse of institutional advantage.

Electoral lists reported nearly 440,000 euros in advertising costs on **billboards and other street panels**. The owner of a company which was one of the largest suppliers is in the management of a party that participated in the elections. Total reported costs of printed material of all electoral lists were around 486 thousand euros, while the largest supplier was the Post of Montenegro which packaged and distributed promotional material of one electoral list.

Official data suggest that many electoral lists reported lower costs of **field campaign** than actual ones. Consequently, the concealed part of the costs had to be paid from unlawful sources. Irregularities are especially pronounced in the reported costs of the largest electoral lists which indicate that the reported costs are underestimated, i.e. significantly lower than the real ones.

1 LEGAL FRAMEWORK

A

Financing of election campaigns is regulated by the Law on Financing of Political Entities and Election Campaigns [1] which, among other things, seeks to ensure the legality and transparency of revenues and expenditures of political entities in the election campaign. After several phases of political negotiations, at the very end of 2019, the Parliament adopted that law at the proposal of MPs of the ruling majority, without a serious discussion and with a boycott of the then opposition. [2]

The law stipulates that political entities can obtain funds for the election campaign, as well as for their regular work from public sources (hereinafter the budgetary assets) and private sources. [3] The right to budgetary assets have political entities that cross the election threshold in parliamentary or local elections, i.e. win at least one parliamentary/committee seat; as well as submitters of confirmed and proclaimed electoral lists.

According to the law, **budgetary assets** for financing of the costs of the election campaign shall be provided for in the year in which regular elections are held in the amount of 0.25% of the total planned budgetary assets, after deduction of the capital budgetary assets and budgetary assets of state funds (current budget), for the year for which the budget is adopted. 20% of the funds shall be distributed in equal amounts to the political entities, while remaining 80% shall be distributed to the political entities that won seats, in proportion to the number of seats awarded, after the announcement of the final election results. [4]

One of significant innovations of the current law on financing, which was adopted in December 2019, is the introduction of the possibility of **financing of the election campaign with funds from a regular account.** [5] This provision of the law does not provide for the principle of equality among candidates, as it puts political entities that are already financed from the budget during the election campaign in a more favourable position.

Electoral lists may raise funds from private sources through **donations** from legal or natural persons. Amendments to the law have doubled the maximum limits on donations, thus, for the financing of a political entity, a natural person may pay a maximum of 5,000 euros, while a legal entity may pay a maximum of 20,000 euros per annum. [6]

Amount of funds from private sources raised by the political entity for the financing of the costs of the election campaign shall not exceed the thirty-fold amount of funds belonging to it after confirming of the electoral list. [7]

[1] See: The Law on Financing of Political Entities and Election Campaigns, "Official Gazette of Montenegro", no. 3/20 and 38/20.
[2] The Law on Financing of Political Entities and Election Campaigns was discussed and adopted at the same session as the controversial Law on Freedom of Religion. In April 2020, the provisions that limited the use of the budget reserve in the election year were amended, explaining that this was necessary to help the economy and individuals regarding the COVID-19 pandemic, see Chapter C - The Role of Third Parties in the Election Process for more information.
[3] This law defines public sources as funds allocated from the budget of Montenegro and budgets of local self-governing units, while private sources are considered membership fees, contributions, income from legacies and loans from banks and other financial institutions in Montenegro. See: Ibid., Articles 6 and 7.
[4] See Article 20.
[5] See Article 17.
[6] See: Article 15
[7] Article 23, paragraph 2: Amount of funds from private sources raised by the political entity for the financing of the costs of the election campaign for the election of MPs or councillors shall not exceed the thirty-fold amount of funds belonging to it in terms of Article 20 paragraph 2 of this Law. Article 20, paragraph 2: 20% of the funds referred to in paragraph 1 of this Article shall be distributed in equal amounts to the political entities, within eight days from the expiry of deadline for submission of the electoral lists.

1 LEGAL FRAMEWORK

A

Thus, the maximum amount of funds that a political entity can collect from private sources depends on two parameters: the total amount of the current budget, and therefore the funds distributed for the election campaign, as well as the number of confirmed electoral lists.

Maximum amount of funds from private sources for one electoral list = 30 x (20% of total budgetary assets for the election campaign / Number of submitted electoral lists)

According to the Law, **the political entities are prohibited from receiving material and financial assistance and non-financial contributions** from

- other states,
- companies and legal entities outside the territory of Montenegro and natural persons and entrepreneurs who do not have the right to vote in Montenegro,
- anonymous donors,
- public institutions, legal entities and companies with a share of state-owned capital, or legal entity which failed to meet the outstanding obligations towards the employees within the past three months,
- civil society organizations (trade unions, religious communities and organizations, non-governmental organizations),
- - providers of games of chance; as well as from
- persons who were convicted by a final judicial decision for a criminal offense with the elements of corruption and organized crime. [8]

In addition, the law provides for a number of prohibitions and restrictions that seek to limit the abuse of institutional advantage and other forms of illegal use of state resources for gaining advantage in elections. [9]

For the purpose of raising funds to finance the election campaign costs, the political entity shall open a **separate bank account**, not later than the day following the day of confirmation of the election list, or before launching the election campaign in the event that the political entity launches the election campaign before confirming the election list. [10]

Political entity shall designate a **person responsible** for appropriate spending of funds and submission of reports to the Agency the day following the day of determining the list of candidates. [11]

[8] See: Article 33
[9] See Chapter B on Institutional advantage and other forms of misuse of official resources
[10] See: Article 24
[11] See: Article 27

1 LEGAL FRAMEWORK

A

The Law stipulates that election campaign **costs** are costs which relate to: campaign rallies, commercials and promotional material, media presentations, advertisements and publications, public opinion polls, engagement of authorized representatives of the political entities in extended composition of the bodies in charge of conducting elections, utility costs and general administration, as well as transportation costs in the period of the election campaign. [12]

The Agency for Prevention of Corruption carries out **control and supervision** of the financing of political entities and election campaigns. [13] This includes the calculation of non-financial contributions,[14] paid-for media advertising, as well as the aforementioned prohibitions and restrictions prescribed by the law. [15]

During the election campaign, political entities shall keep and update regularly the records of funds raised from private sources and costs of the election campaign. [16] Political entity shall submit to the Agency a **report** on the contributions of legal and natural persons on a fifteen-day basis. [17] Political entity shall submit to the Agency an interim report on the expenses of the election campaign five days before the Election Day,[18] while political entity shall prepare a report on the origin, the amount and structure of the funds from public and private sources raised and spent on the election campaign, and shall submit it to the Agency, with supporting documentation, within 30 days from the day of holding of the elections. The Agency is obliged to publish all these reports within the legally prescribed deadline.

The political entity shall submit a report on **media advertising** during the election campaign to the Agency within seven days before the Election Day on the prescribed form, containing information on the price and received discounted price for media advertising of the election campaign.

Price lists of media advertising of the election campaign provided to political entities shall be submitted to the Agency and shall not be changed during the election campaign, while entities providing media advertising services during an election campaign shall also submit contracts they have concluded with political entities in connection with the election campaign to the Agency. [19]

[12] See: Article 16, Paragraph 1
[13] In addition to the Agency, the supervision is also carried out by the State Audit Institution, which audits the annual consolidated financial statements of all political entities with a parliamentary status at national and local levels. See: Articles 55 and 63.
[14] Non-financial contributions are private sources of financing and are defined by law as 'provision of services or products to a political entity without compensation or under conditions whereby the entity is placed in a privileged position compared to other consumers, as well as loans from banks and other financial institutions and organizations under more favourable conditions in regard to market conditions, as well as writing-off parts of debts'. See: Article 7, Paragraph 3, Item 2.
[15] See: Article 58, Paragraph 4
[16] See: Article 58, Paragraph 1
[17] See: Article 53
[18] See: Article 54
[19] See: Article 16

1 LEGAL FRAMEWORK

A

In case of violation of the law, the Agency shall issue warning measures to the political entity if it finds shortcomings which can be remedied during the control, it shall initiate misdemeanour proceedings,[20] and impose the measure of suspension of budgetary assets transfer for election campaign financing on a political entity, in accordance with the law. The Agency shall also impose the measure of total or partial loss of the right to budgetary assets transfer for election campaign financing when the political entity acquires revenues or uses funds contrary to the law. [21] In addition to regular reports, in the process of determining possible violations of the law, the political entity shall submit the data that the Agency needs in order to perform the affairs under its competence. [22]

For legal persons, a **fine** from 5,000 euros to 20,000 euros is prescribed for violating the law, i.e. from 500 to 2,000 euros for natural persons. The amounts of the prescribed fines for political entities are from 5,000 to 20,000 [23] and from 10,000 to 20,000 euros,[24] while the fines for responsible persons in a legal entity range from 500 to 2,000 euros. The same amounts are provided for misdemeanour offenses committed by responsible persons in a political entity, while a fine ranging from 200 to 2 000 euros shall be imposed on the responsible person in a state body, state administration body, local self-governing body, local administration body, public enterprise, public institution, state fund and legal entity founded and/or owned in major part or partly by the state or a local self-governing unit.

Reports on exercised supervision during the election campaign and exercised control of financing of the election campaign of the political entities shall be adopted by the Agency and published on its website, 60 days following the day of proclamation of the final election results. [25]

An analysis of the current legal provisions made by an international expert in the field of political party financing is available at: http://www.mans.co.me/en/wp-content/uploads/2020/07/Compliance-of-Montenegro-with-recommendations.pdf .

[20] The procedure in which it is decided whether there is a violation of this Law shall be initiated ex officio by the Agency, based on its own knowledge or upon a report by a natural or legal person, see Article 56.
[21] See: Article 60
[22] See: Article 58, Paragraph 3
[23] See: Article 65, Paragraph 1, items 1-11. The responsible person in the political entity shall be punished with a fine ranging from 500 to 2,000 euros for these offenses.
[24] See: Article 66. For the misdemeanour offense, the responsible person in a political entity shall also be punished with a fine ranging from 500 to 2,000 euros.
[25] See: Article 58, Paragraph 6.

2 REPORTED REVENUES OF ELECTORAL LISTS

A

Total revenues reported by all electoral lists in the campaign for 2020 parliamentary elections were over 2.5 million euros.

According to official reports of the parties, most electoral lists funded the parliamentary elections campaign from their own resources and donations from natural persons. DPS reported the highest revenues, followed by the ZBDCG coalition.

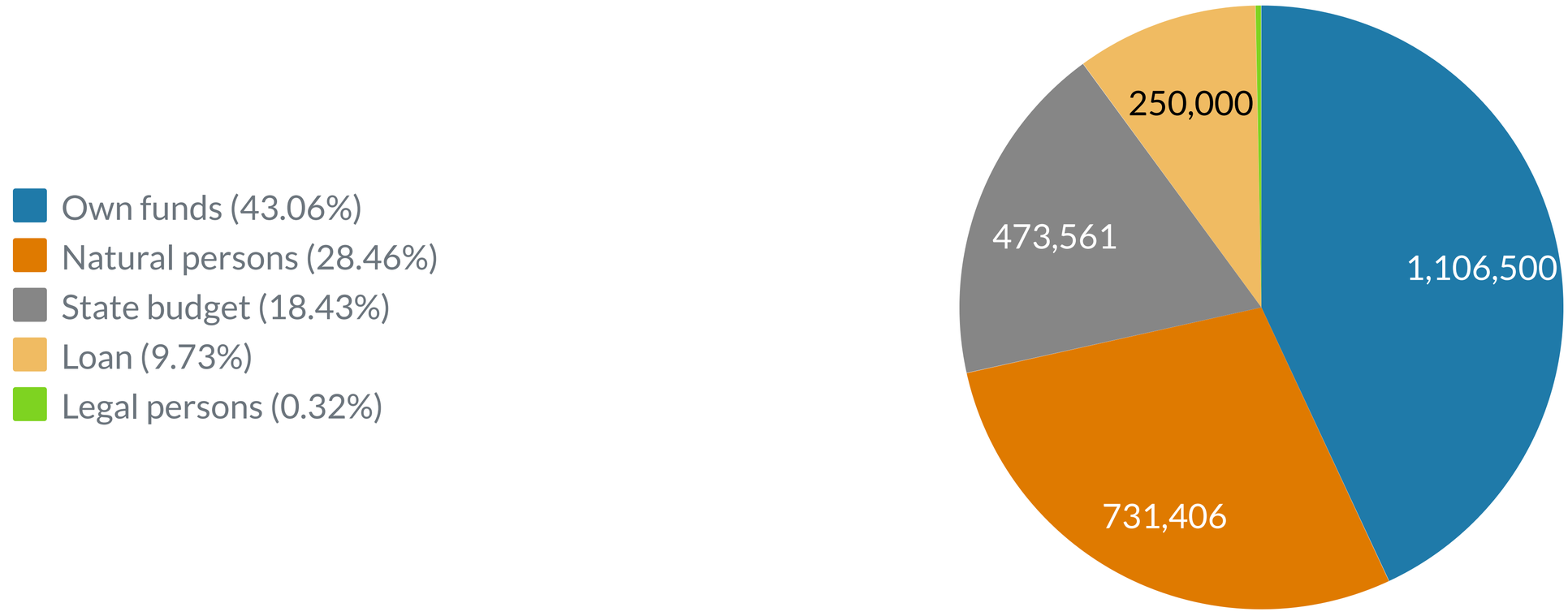
However, concrete examples create a suspicion that political entities conceal the real sources of their funding, and inject cash through donations from party officials and other persons. Until the last elections, mostly DPS had such practice, and in these elections, ZBDCG coalition as well.

1. Total reported revenues

Total revenues reported by all electoral lists in the campaign for 2020 parliamentary elections were over 2.5 million euros. [26]

The parties provided over 40% of that money from their own funds, i.e. from the budget for their regular financing. According to the official reports of the parties, almost a third of the money was provided through donations from natural persons, while less than a fifth were payments from the state budget. About 10% of the money is secured from the loan, but it is not known whose promissory note guaranteed the repayment. [27] Reported donations from legal entities were very modest and were less than 1%.

Total reported revenues of all electoral lists for financing the campaign for the 2020 parliamentary elections



[26] Total reported revenues of all electoral lists were 2,569,591.27 euros.
[27] It is the Social Democratic Party, whose finances are not available to the public, except for a very brief official report.

2 REPORTED REVENUES OF ELECTORAL LISTS

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Amendments to the law, adopted at the end of 2019, enabled political entities to use their own funds for financing, and their amount confirms that such decisions represent a great obstacle for new political entities. However, even before such practice was allowed by the law, parties found various ways to use those funds, either by transferring them directly to bank accounts opened for campaign financing purposes, or by taking loans guaranteed to be repaid in cash from regular funding. [28]

Particular issue with own funds is that their source is essentially unknown, because without a detailed review of the financing of the regular work of political entities, it is not possible to conclude from which sources the parties acquired them.

Funds from the state budget reported by the parties represent only a part that, according to the law, is paid to the confirmed electoral lists, while the rest is paid after the elections, according to the achieved result. [29]

It is interesting that the volume of reported donations from legal entities dramatically decreased after previous amendments to the law prescribed restrictions for companies that participated in public tenders.

1.1. Reported revenues of electoral lists

DPS reported the highest revenues, over one million euros, half of which comes from donations of natural persons, and half from its own funds, while the revenues from legal persons were only about a thousand euros.

According to their reports, ZBDCG raised about 450,000 euros for the campaign. In their case, about 43% of the reported revenues comes from donations, and the rest are their own funds.

SD is in third place with over 310 thousand, of which 80% comes from loans, about 11 thousand from donations from natural persons and about 8.5 thousand from legal entities.

[28] More details in: Financing of election campaigns-Implementation of the Law on Financing of Political Entities and Election Campaigns (2016 - 2018)
[29] More detailed explanation is given in the chapter Legal Framework

2 REPORTED REVENUES OF ELECTORAL LISTS

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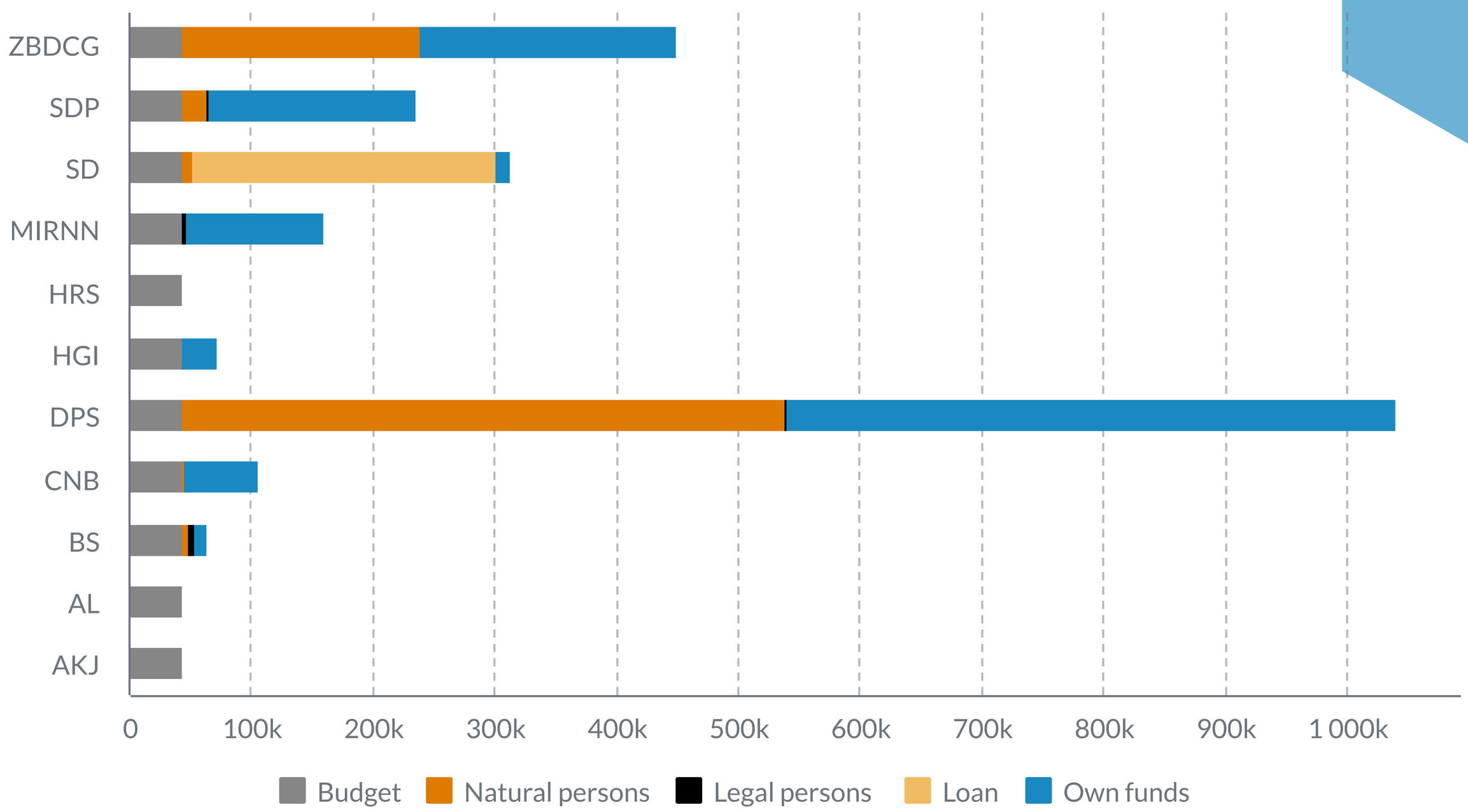
Reported revenues of electoral lists for campaign financing for 2020 parliamentary elections (by types)



SDP had about 235 thousand, and it provided over 70% of the campaign funds from its own funds, while it also collected about 20 thousand euros in donations from natural persons.

The coalition MIRNN reported revenues of almost 160,000 euros, of which over 70% comes from its own funds, while donations from natural and legal persons are very modest.

CNB coalition reported revenues of about 105,000 euros, of which almost 60% came from its own resources. HGI reported revenues of 73 thousand euros, of which over 40% came from its own sources.

BS reported about 63 thousand euros, where about 15% of revenues were its own funds, and the rest include donations from natural persons of several thousand euros, as well as modest donations from legal entities.

Three electoral lists, AKJ, AL, HRS, reported funds from the budget that amounted to about 43 thousand euros as their only revenues.

2 REPORTED REVENUES OF ELECTORAL LISTS

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Political entity	State budget	Natural persons	Legal persons	Loan	Own funds	Total by parties
AKJ	43.051					43.051
AL	43.051					43.051
BS	43.051	6.470	4.000		10.000	63.521
CNB	43.051	1.925			61.000	105.976
DPS	43.051	496.452	1.000		500.000	1.040.503
HGI	43.051				30.000	73.051
HRS	43.051					43.051
MIRNN	43.051	750	2.541		113.500	159.842
SD	43.051	8.500		250.000	11.000	312.551
SDP	43.051	21.616	583		170.000	235.250
ZBDCG	43.051	195.693			211.000	449.744
Total by type of revenues	473.561	731.406	8.124	250.000	1.106.500	2.569.591

All parties reported having a total of 7664,62 euros in non-financial contributions.

ZBCG reported two non-financial contributions from a natural person of 3,025 and about 200 euros from the same natural person who paid the costs of online advertising.

MIRNN coalition reported 2,691 euros in non-financial donations from a legal entity from which it usually rented billboards, and an additional 150 euros from a natural person.

SDP reported a total of 1,748 euros in non-financial donations, 583 euros from a legal entity also for billboards, and two donations in the same amount from natural persons.

Other parties did not report non-financial donations.

2 REPORTED REVENUES OF ELECTORAL LISTS

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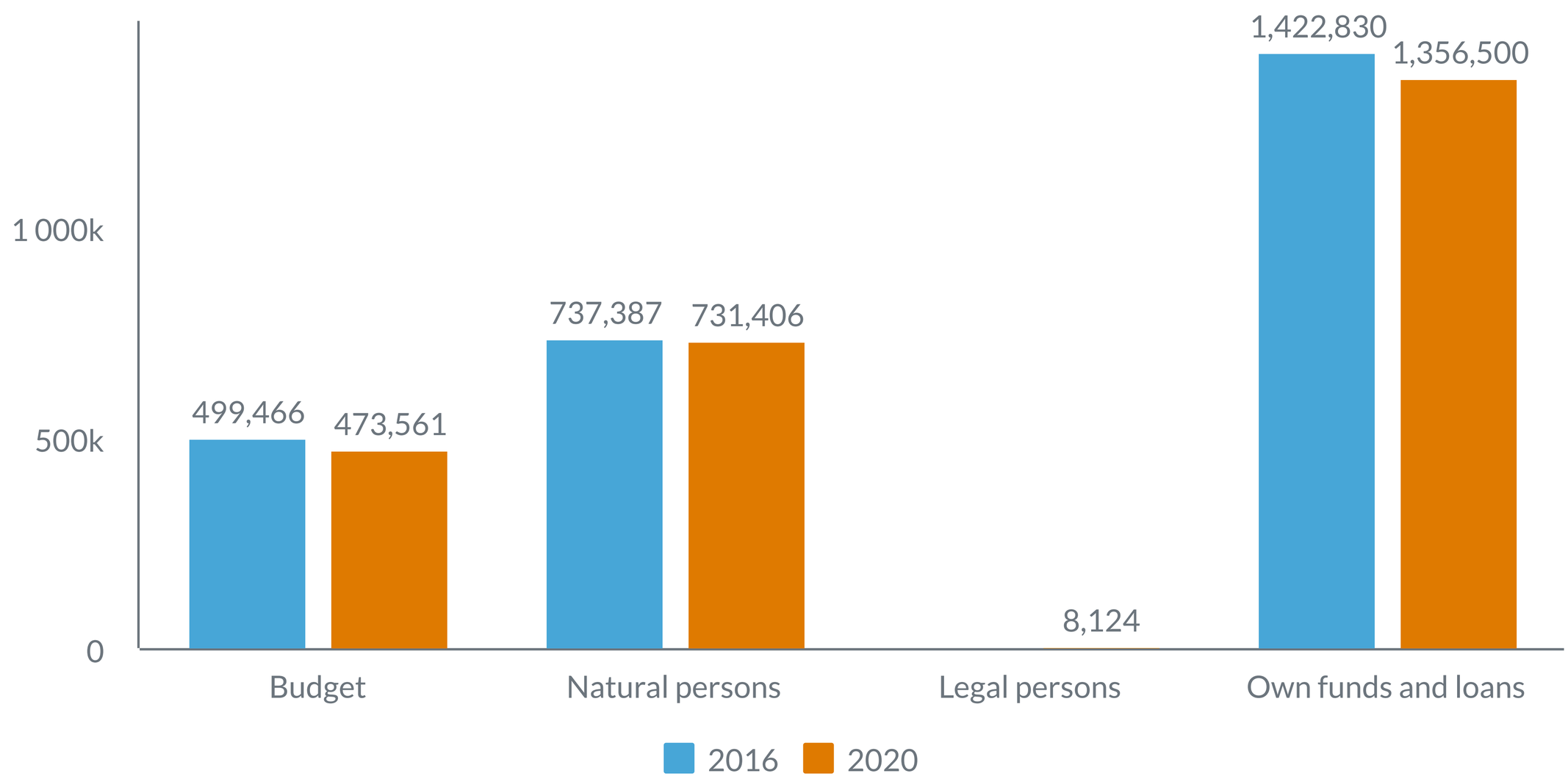
1.2. Comparison with previous elections

While in the latest parliamentary elections the total reported revenues for campaign financing were around 2.5 million euros, four years earlier, the electoral lists reported total revenues of over 2.6 million euros. The difference is mainly related to the reduction of the amount of reported own funds of around 100 thousand euros. [30]

Total reported revenues of electoral lists in 2020 and 2016 Parliamentary Elections (by types)



Let us note that we presented data on own funds and loans of parties within the same category, because in the case of elections held in 2016, when financing from own funds was prohibited, most parties deposited those funds as a loan guarantee and thus formally avoided the prescribed restriction.

When it comes to revenues by electoral lists, there are significant differences. [31]

First, fewer lists participated in 2020 elections than in 2016, so the funds from the budget were almost doubled, i.e. they increased from less than 23 to around 43 thousand euros, which was paid to each confirmed electoral list.

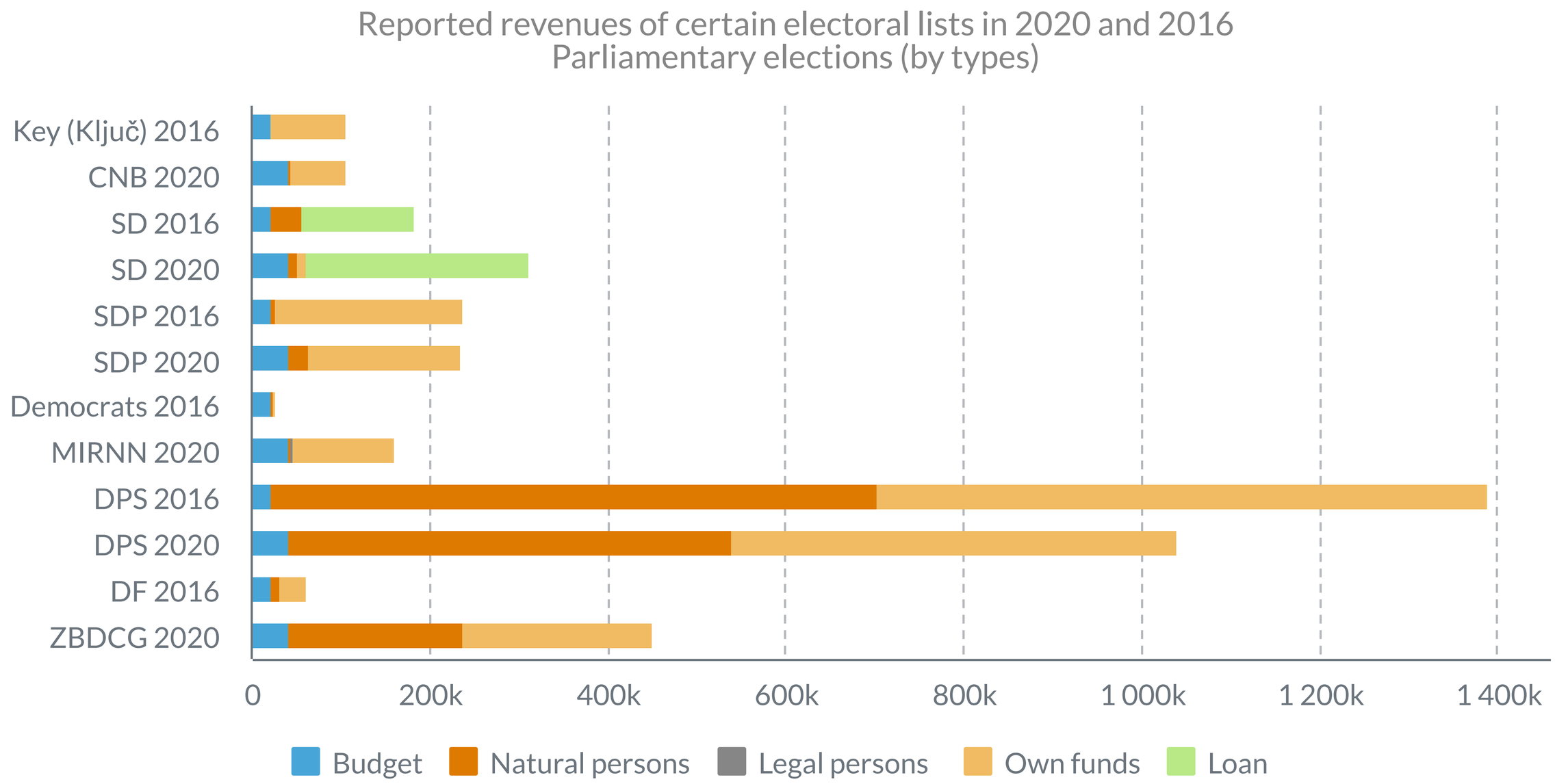
[30] It is important to note that in 2016 parliamentary elections, some electoral lists reported loans and not their own funds, although they deposited the party's funds in the bank as a guarantee of loan repayment.
[31] Data on the financing of several electoral lists in the Parliamentary elections held in 2020 are completely or to some extent comparable with the data on the lists that participated in 2016 elections.

2 REPORTED REVENUES OF ELECTORAL LISTS

A

In the latest elections, DPS, which reported the highest revenues, collected around 180,000 less donations from natural persons compared to the previous elections, and that party also invested around 186,000 euros less from its own funds. The official report of DPS even stated that initially, around 150 thousand euros more was provided from its own funds, however, those funds were after all returned and were not officially spent on the election campaign.

On the other hand, ZBDCG coalition reported 180 thousand euros higher revenues from natural persons and own funds than DF in the elections held in 2016. It is important to note that ZBDCG also includes SNP as well as other smaller parties, but the backbone of that coalition is DF. Therefore, the data on revenues and expenses of these two electoral lists are to a large extent comparable.



MIRNN coalition reported around 110,000 euros more expenses from its own funds than the Democrats in the previous parliamentary elections. In this case, too, the data on revenues and expenses are to a large extent comparable, because the Democrats are the main party of the MIRNN coalition.

SD reported around 125 thousand higher loan than in the previous elections, as well as around 25 thousand euros less donations from natural persons.

SDP reported around 17 thousand euros higher donations from natural persons, while the amount of its own funds was reduced by 40 thousand.

In the latest elections, CNB list reported around 23 thousand euros less amount of its own funds than the coalition Ključ (Key), but the data on those coalitions are difficult to compare. In addition to CNB, Ključ also consisted of SNP and DEMOS, which joined the coalitions ZBDCG and MIRNN in these elections. On the other hand, in addition to URA, CNB coalition also consists of other smaller political entities.

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2. Possible misuse of donations from natural persons

The case studies given in this chapter contain concrete examples that suggest that political entities conceal true sources of their funding and inject cash into their official finances, usually through party officials, as well as other persons.

The last study shows that people who were banned from giving donations financed the campaigns of certain political parties, which the Agency found only after the MANS' report.

Case study: Some officials donated more than they earned

Several officials from ZBDCG coalition paid the maximum amounts of donations on the same day, which is reminiscent of the DPS' practice from previous elections. Some officials paid more to the coalition than they earned in a few months, even though they had no savings and had to pay loan instalments.

The coalition reported that it had raised over 192,000 euros through donations from natural persons for the parliamentary elections campaign. [32]

A total of 58 individual cash donations were paid, and almost half of them had a maximum amount of five thousand euros.

Most of the contributions were paid between August 10 and 12, 2020, when the coalition raised over 120,000 euros. [33] The highest amount was paid on August 12, when 18 people paid a total of 60,475 euros, i.e. nearly one third of the total amount of donations collected during the election campaign.

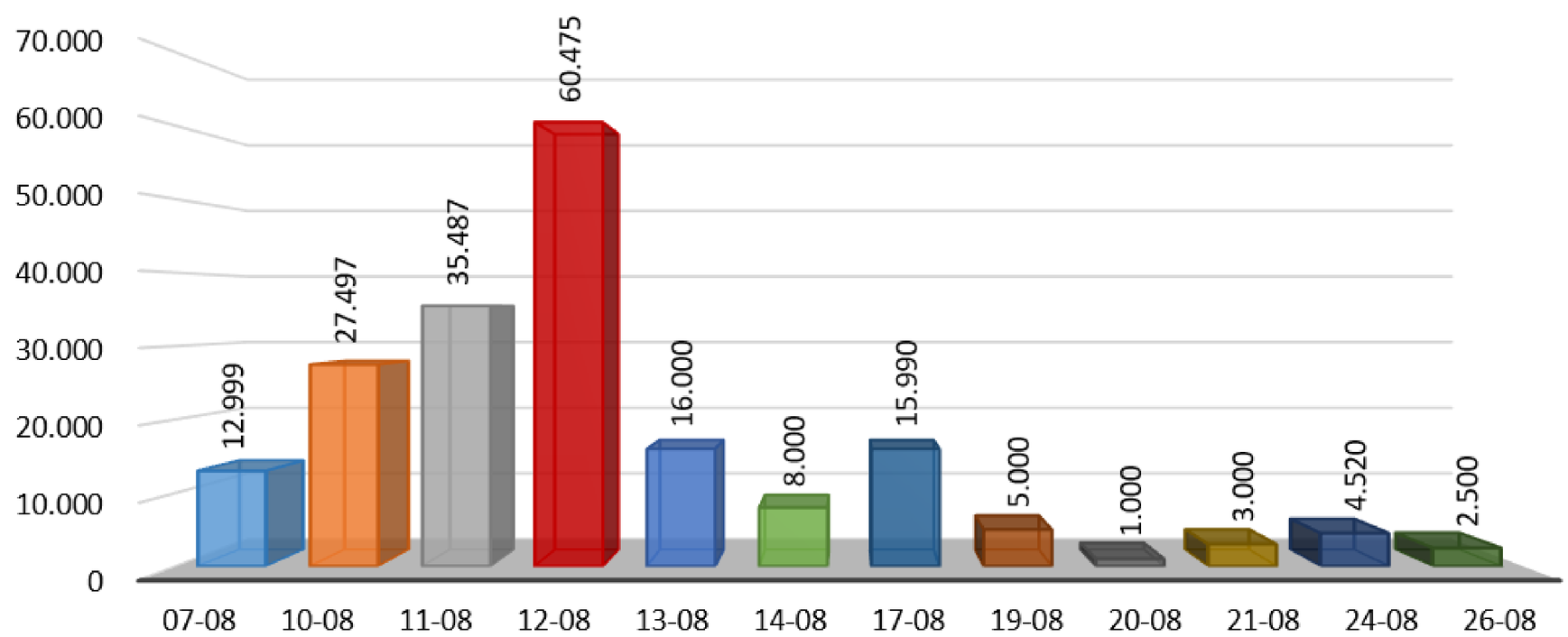

Table: Total reported payments of ZBDCG donations for financing the campaign for 2020 Parliamentary elections, by days

[32] The exact amount is 192,468.54 euros
[33] The exact amount is 123,459.00 euros

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Financial contributions were mostly paid by officials of political parties, while only four people were not directly connected to the parties that formed the coalition. As many as 26 officials of the parties that formed the coalition paid the maximum amount of around five thousand euros, while all their payments were made in just three days in August 2020.

The maximum donations were paid by officials with modest official incomes who did not report savings from which they could have allocated such large amounts to finance their parties.

An official of the Democratic People's Party (DNP), Dragan Bojović, donated a maximum amount of five thousand euros. According to the property card he submitted after taking the office, during 2020, he received a wage of 110 euros as a councillor in the Municipal Assembly of Danilovgrad. [34] In 2019, in addition to the board member's fee of 110 euros, Bojović also had a monthly fee of 300 euros.

MP of the same party, Maja Vukićević, also donated the maximum amount, although until her appointment in the Parliament, she officially earned a total of 3,900 euros in the first eight months of 2020. That MP did not report the savings from which she could pay the donation, and she is also paying a loan for which the monthly instalment is nearly 100 euros.

Jelena Kljajević from the same party also donated five thousand euros, i.e. almost her entire annual income from 2019. [35]

In 2020, an official of the Democratic Front (DF), Marina Jočić, was paying loan in monthly instalments of over 800 euros. She made a donation of almost five thousand euros, which accounted for almost a third of her total income by the time the elections were held. In the property card that she submitted as an MP at the end of 2019, she did not report any savings, as well as in the latest card that refers to 2020.

Maximum amount of five thousand euros was donated by the DF MP, Jovan Vučurović, who, according to the last property card he submitted to APC, which refers to 2019, received a parliamentary salary of 1,391 euros per month, but was also repaying instalments of two loans totalling 500 euros per month. MP Vučurović also did not report in his property card at the end of 2019 the savings that he could have used to donate to his party, while the data on his income for last year are still unknown.

Similar case was with the former DF MP, Milutin Đukanović, who in 2020 earned around 1,400 euros per month and paid instalments for two loans of over 800 euros per month. He also did not report any savings, but he paid a maximum donation of five thousand euros.

Other high-ranking officials also paid the maximum amounts of donations i.e. more than three average parliamentary salaries: Nebojša Medojević, Branka Bošnjak, Budimir Aleksić and Slaven Radunović.

[34] The card also states that he received parliamentary salary throughout 2020, which cannot be true since Bojović became an MP only in September last year.
[35] In the report from March 2020, which refers to 2019, Kljajević reported a total annual salary of around 5,300 euros, while the data in her latest report are not complete.

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In the latest available property card for 2019, Medojević did not report savings, but only the parliamentary salary from that year, which varied between 1,100 and 1,700 euros per month.

According to the report relating to 2019, in addition to her parliamentary salary of around 1,000 euros per month, Branka Bošnjak also had income from the University of Montenegro of around 600 euros per month. At the end of that year, she did not report possessing savings.

In his property card submitted in October 2020, Budimir Aleksić states that during the last year until the election, he earned a little less than 13,000 euros as an MP, and he had additional income of 2,700 euros.

During 2019, Slaven Radunović earned 1,640 euros per month as an MP. His income for last year is still unknown. He entered 2020 with savings of 8,000 euros, which was even higher in previous years.

Case Study: Firefighters donated several salaries

On the same day, employees of the Fire Department of the Municipality of Danilovgrad organized and paid € 16,000 for the needs of DPS' 2020 election campaign, and individual payments were many times higher than their monthly earnings. On the same day, members of the municipal boards also paid donations higher than their salaries.

According to the Trade Union of Administration and Justice of Montenegro, firefighters have an average monthly salary of €550, which was not an obstacle for the firefighters from Danilovgrad to donate amounts between € 1,000 and € 1,500. [36]

All donations of firefighters from Danilovgrad were paid on the same day, July 7, 2020, which is the mechanism through which their colleagues from Podgorica also supported DPS' campaign in 2016. [37] Such was the case with the employees of Public Utility Company "Čistoća" who paid significant amounts for that election campaign in relation to their official salaries. [38]

Members of municipal boards from Bijelo Polje, Berane, Petnjica and Šavnik also paid their donations on specific days, and often in amounts exceeding their monthly earnings.

Thus, five members of the municipal board of DPS from Bijelo Polje, including the president of that municipality, Petar Smolović, and the president of the Municipal Assembly, Abaz Dizdarević, paid a total of €4,500. Apart from them, Emin and Hajro Kajević from Bijelo Polje also paid donations to the party, €3,500 in total. All donations of members and activists from Bijelo Polje were paid on the same day, July 17, 2020.

[36] Read more at: http://www.mans.co.me/en/firefighters-helped-dps-campaign-with-e16000/
[37] Read more at: http://www.mans.co.me/en/how-dps-created-a-system-for-inserting-cash-all-the-presidents-men/
[38] Read more at: http://www.mans.co.me/en/employees-of-cistoca-donated-e18000-for-dps-campaign/

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The day before, the campaign was supported by six members of the municipal board of DPS from Berane, in the total amount of €2,480. The party was also supported by the municipal board from Petnjica, from where five donations were paid on July 16th - in the total amount of € 1,400.

Although Šavnik is one of the poorest Montenegrin municipalities, DPS officials have shown devotion to their party by donating entire monthly salaries to help the election campaign. Jugoslav Jakić, the president of the Assembly of the Municipality of Šavnik, paid one thousand Euros for the party, although his salary last year was between €800 and €950.

Milijana Ašanin, chief administrator of the Municipality of Šavnik, donated almost her entire salary, while councillor Sanja Bušaj, despite her monthly income of € 800, allocated as much as one thousand for the party. DPS was also supported by Vaska Zorić, who paid €500 euros, while her salary as director of the Šavnik Tourist Organization was € 565 last year. Four of the five members of the municipal board from Šavnik paid donation on the same day, July 10, 2020.

Case Study: Donations from persons who are not allowed to finance election campaigns

Democratic Party of Socialists (DPS) received unlawful donations from the owners and directors of companies that manage small hydropower plants (SHPPs).

The Law on Financing of Political Entities and Election Campaigns stipulates that “legal entities, companies and entrepreneurs and related natural persons which, based on a contract with the competent bodies and in accordance with the Law, performed activities of public interest or concluded a contract through the public procurement procedure, in the period of two years preceding the conclusion of the contract, for the duration of the business relationship, as well as two years after the termination of the business relationship shall not give contributions to the political entities."

In addition, Article 86 of the Energy Law recognizes the production of electricity as an activity of public interest.

MANS explained in detail the connections of the persons who donated to DPS with the companies that own small hydropower plants, and based on our initiative, the Agency for Prevention of Corruption decided that the law was violated in this case.

Namely, Igor Mašović, brother of the President of the Municipality of Andrijevica, Srđan Mašović, owns 60% of the capital of the company "Hidroenergija Andrijevica", which received a concession in 2019 and concluded contracts for the construction of small hydro power plants Umska and Štitska. Bearing in mind that the contracts are valid, it is clear that the election law forbade Mašović from donating money to any political entity, which did not prevent DPS from accepting his donation.

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In addition, Mašović is the owner of the company "Igma Grand", which together with its daughter company "Igma Energy" manages the small hydro power plants Bradavec and Piševska rijeka. In the first five months of 2020, Mašović earned nearly € 300,000 for the operation of the two power plants.

ZAKLJUČKE

1. Vlada je usvojila Izvještaj o postupku davanja koncesije na osnovu energetske dozvole za izgradnju male hidroelektrane „Štitska" na dijelu vodotoka Štitske rijeke.

2. Vlada je donijela Odluku o davanju koncesije na osnovu energetske dozvole za izgradnju male hidroelektrane „Štitska" na dijelu vodotoka Štitske rijeke.

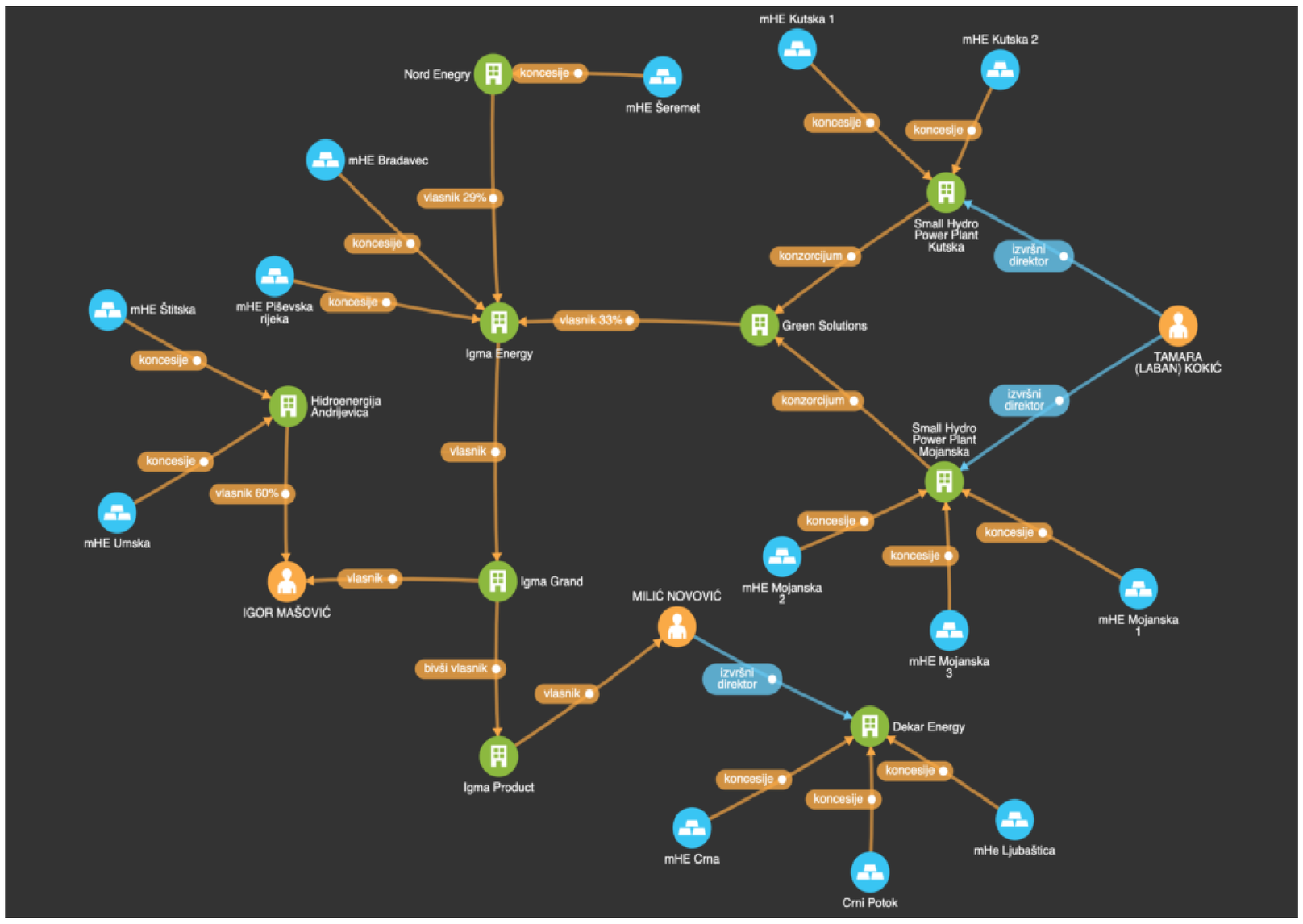
Odluka će se objaviti u „Službenom listu Crne Gore".

3. Vlada je prihvatila Ugovor o koncesiji na osnovu energetske dozvole za izgradnju male hidroelektrane „Štitska"na dijelu vodotoka Štitske rijeke.

4. Ovlašćuje se Dragica Sekulić, ministarka ekonomije, da, u ime Vlade, s privrednim društvom „Hidroenergija Andrijevica" d. o. o. Andrijevica potpiše Ugovor iz tačke 3. ovih zaključaka.

Mašović's "Igma Energy" is also the owner of 29% of shares of the company "Nord Energy", which runs Šeremet Potok power plant together with the company "Veletex" and Radenko Vuletić and Jasmina Vlahović. Its owners were paid close to € 100 thousand in the first five months of 2020 for the operation of the power plant.

"Igma Energy" is also the owner of 33% of shares of the company "Green Solutions", which in a consortium with "Popović Elektro Sistem" and the companies "Small Hydro Power Plant Mojanska" and "Small Hydro Power Plant Kutska" runs power plants Mojanska 1, 2 and 3 and Kutska 1 and 2. For these five power plants, the listed companies earned around €450 thousand from January to June 2020.



Tamara Kokić is the executive director of the companies "Small Hydro Power Plant Mojanska" and "Small Hydro Power Plant Kutska". She is also a member of the Municipal Board of DPS from Andrijevica, and the party's website states that Kokić was also employed as the financial director of Mašović's company "Igma Grand".

Finally, Milić Novović is the executive director of the company "Dekar Energy", which is owned by the company "Dekar". The two companies are building Crna, Ljubaštica and Crni Potok power plants in the Municipality of Kolašin, which has recently been problematized by the locals. Novović is also the director and owner of the company "Igma Product", which was owned by the company "Igma Grand".

3 REPORTED EXPENSES OF ELECTORAL LISTS

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All electoral lists reported spending a total of around four million euros for campaign for 2020 parliamentary elections.

The highest expenses were reported by ZBDCG list, around 1.5 million euros, while DPS reported expenses of 850 thousand euros. In the previous parliamentary elections, the coalition gathered around DF reported over half a million euros less, while DPS reported around half a million euros higher costs than in 2020 elections.

The official expenses of the campaign of MIRNN coalition, whose backbone were the Democrats, were around 640 thousand, while in the previous elections, that party participated independently and reported expenses of around 280 thousand euros. While SD increased campaign expenses by 75%, to 385 thousand, SDP had 25% lower expenses, i.e. 235 thousand euros. The coalition CNB, led by URA, had expenses of almost 190 thousand euros, while Ključ coalition, whose part were URA, SNP and Demos, had twice as much.

BS reported spending around 40 thousand euros, while in the previous elections, its expenses were over 70 thousand euros. The official expenses of HGI were less than 30 thousand euros, twice less than in the previous elections, in which HRS did not participate, which reported almost the same expenses. Albanian parties participated in this election in two, and in the previous elections three lists, and reported expenses of around 130,000 and 110,000 euros, respectively.

1. Total reported expenses of the election campaign

Total official expenses of the campaign for 2020 parliamentary elections were around four million euros, the same as in 2016. [39] Eleven electoral lists participated in the campaign, four less than in previous parliamentary elections (15).

All electoral lists are required to submit reports on the revenues and expenses of the election campaign to the Agency for Prevention of Corruption, which are published on the website of this institution. [40] This chapter provides an overview of data from official reports of political parties.

[39] 4,025,167.10 for 2020 parliamentary elections and 4,052,690.13 for 2016 parliamentary elections
[40] More detailed information in Chapter A.1. Legal framework

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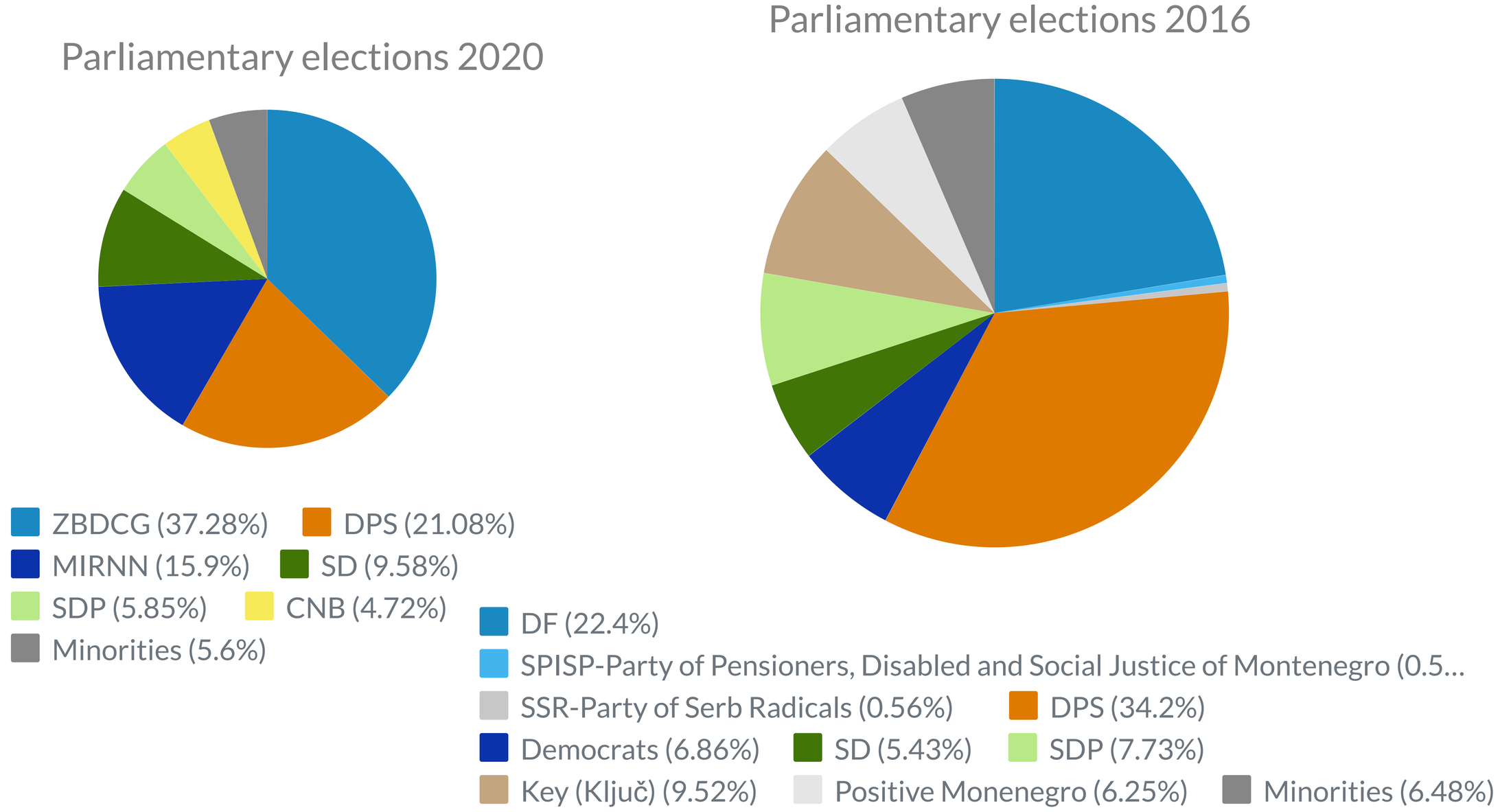
NOTE: In official reports, parties divided expenses by categories, but there are significant differences between parties by the type of expenses they include in each category. The data given in this chapter reflect the official reports of the parties, while a detailed analysis of the cost structure by categories is given in the next chapter. [41]

1.1. Total reported expenses of electoral lists

ZBDCG coalition reported a total campaign expenses of 1.5m euros and had the largest share of the total expenses - as much as 37%. In the previous elections, the coalition gathered in DF reported almost 600 thousand euros lower expenses and participated in the total campaign costs of all electoral lists with around 22%. The very fact that ZBDCG includes more parties than the 2016 DF coalition cannot explain such a significant increase in the expenses of that coalition whose backbone consists of the same political structure. [42]

Official expenses of DPS in 2020 parliamentary elections were less than 850 thousand euros, i.e. over 500 thousand lower than in the previous elections. The reported expenses accounted for one-fifth of the total campaign expenses in the last election, while in 2016, one-third of all official campaign expenses related to that party.



Share of official expenses of electoral lists in the total costs of the campaign

[41] In Chapter A.4. Analysis of the expenses of electoral lists
[42] ZBDCG also includes SNP, which participated in the previous elections within coalition Ključ, a part of Demos that grew into a new party, which was also part of Ključ, as well as several non-parliamentary parties. The finances of the entire Ključ coalition, which also included URA, were less than 400 thousand euros. On the other hand, ZBDCG had by 592,824.01 higher official expenses than DF.

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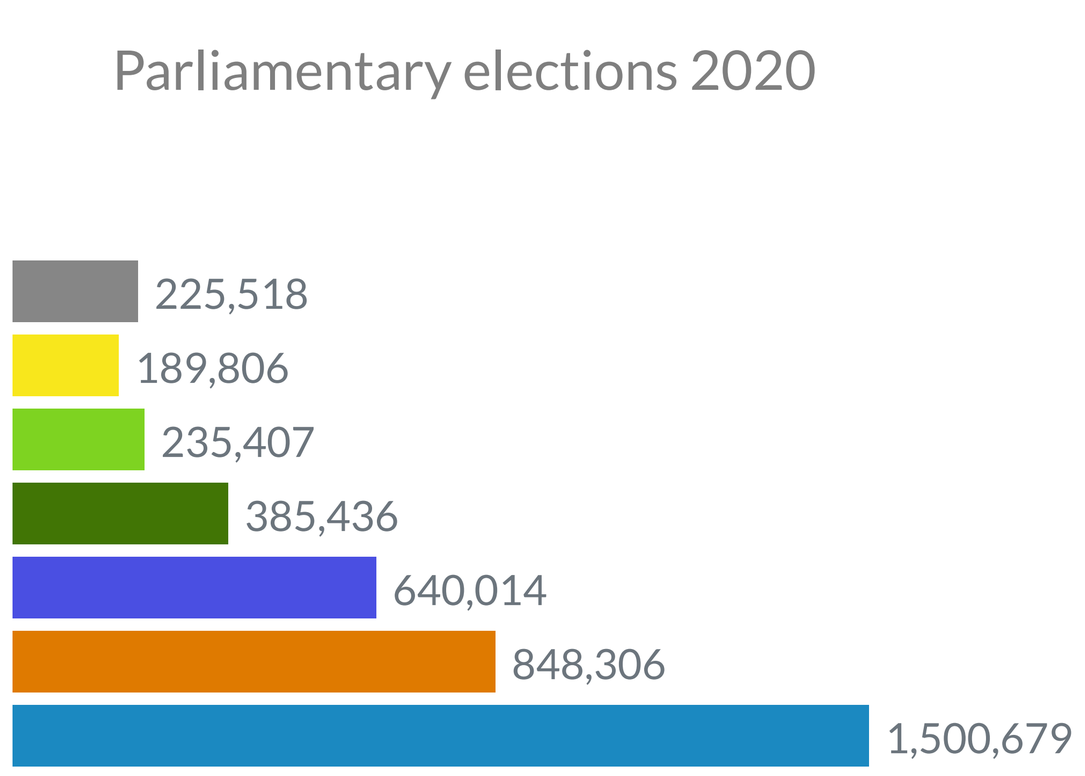
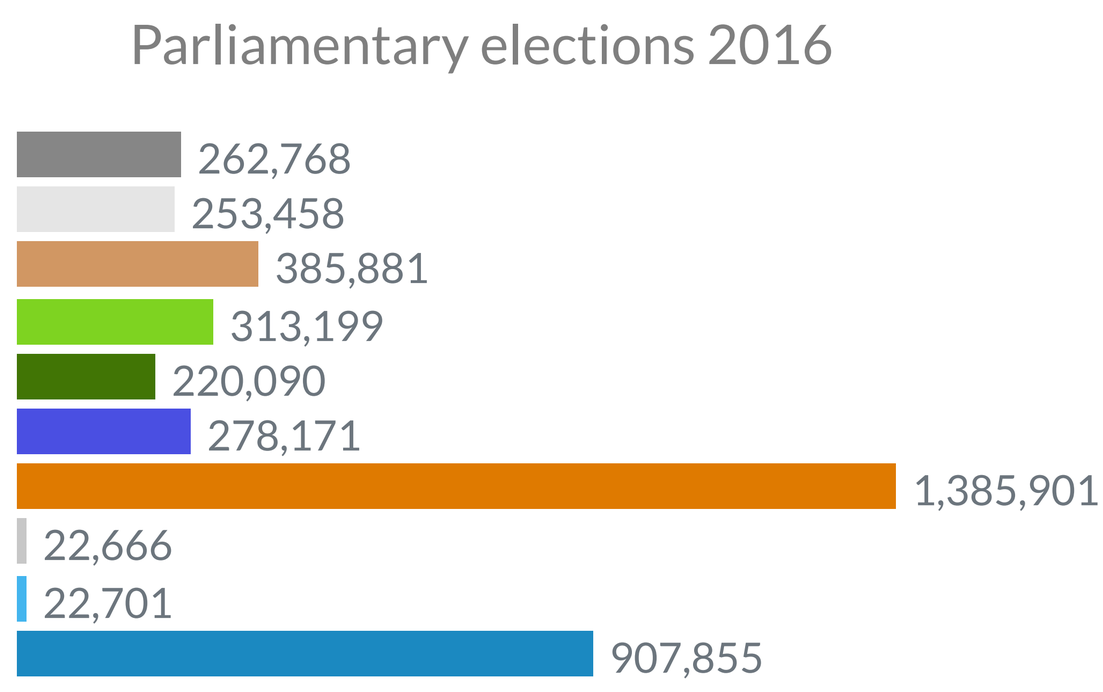
Official expenses of the campaign of the MIRNN coalition, whose backbone were the Democrats, were around 640 thousand, while in the previous elections, that party participated independently and reported expenses of 278 thousand euros. An increase of 130% i.e. over 360 thousand euros indicates a greater investment of the Democrats in the campaign than in the previous elections, and cannot be attributed to the association with Demos and the New Left alone. [43]





Total official expenses of electoral lists for the campaign

SD and SDP participated independently in both cycles of the parliamentary elections. While SD increased campaign costs by 75%, from 220 to 385 thousand euros, SDP had 25% lower expenses, i.e. 235 compared to 313 thousand euros.

CNB coalition had expenses of almost 190 thousand euros, while in 2016, Ključ had twice as much, i.e. around 385 thousand. Since URA, SNP and Demos - parties with similar financial strength – were a part of the coalition Ključ, one third of the costs of their 2016 campaign was around 130 thousand euros. Bearing in mind that URA is a key factor in the CNB coalition, it can be concluded that this political movement invested more funds in the campaign than in the 2016 elections.

BS reported spending around 40 thousand euros, while in the previous elections it spent over 70 thousand euros.

Official costs of HGI were less than 30 thousand euros, twice less than in the previous elections, in which HRS did not participate, which reported almost the same costs.

Albanian parties participated in these elections in two, and in the previous elections three lists, and reported somewhat higher costs of around 130,000 and 110,000 euros, respectively.

[43] Similar to the case of ZBDCG. Namely, Demos was a part of the coalition Ključ in the previous elections, and that party split in the meantime, while the New Left is a citizens' movement.

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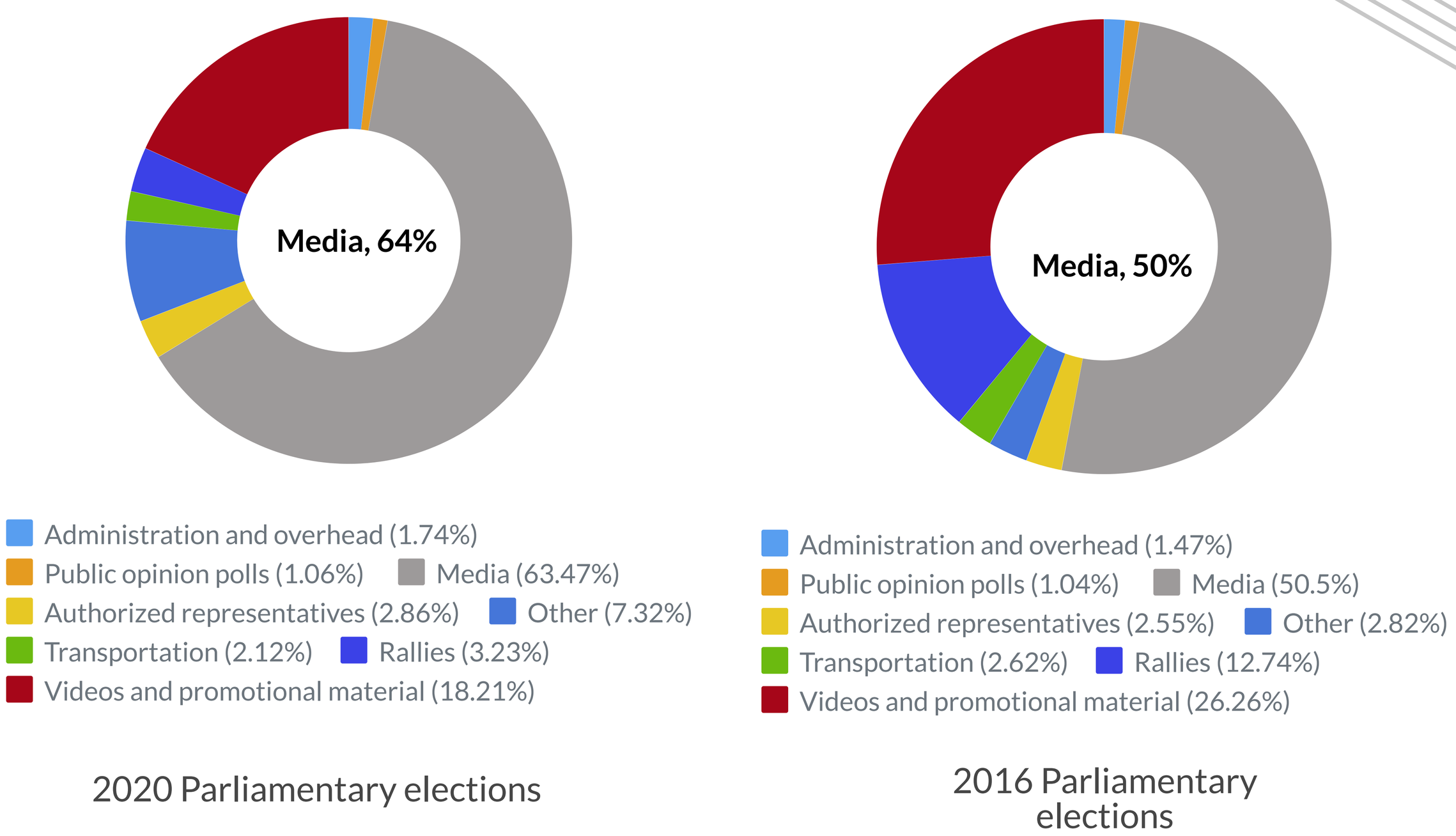
1.2. Types of reported election campaign expenses [44]

Almost two thirds of the official expenses of the election campaign are related to advertisements in the media, for which around 2.5 million euros was spent, while in the previous parliamentary elections these expenses were around half a million euros lower.

The expenses of making of videos and promotional material are in second place, which officially amounted to around 700 thousand, while in the previous parliamentary elections they were around one million euros.

The expenses of the rallies are about four times lower - they dropped from over half a million euros to around 130 thousand, but the transportation costs were only slightly reduced and amounted to around 85 thousand euros.

The expenses of public opinion polls, authorized representatives, administration and overhead are at the same level as in the previous parliamentary elections, while other campaign costs were doubled and amounted to around 300 thousand euros.



Structure of the total reported campaign expenses

[44] Note that the data given in this chapter are taken from official reports of the parties, and that in some cases certain costs are classified in unsuitable group. The next chapter provides a precise analysis of expenses based on more detailed data obtained from electoral lists.

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1.3. Largest suppliers in the election campaign

The largest supplier of all political parties in the election campaign was Television Vijesti with 585 thousand euros i.e. 15% of the total election campaign expenses reported by the parties. Pink Media M, a company that sells ads on Pink Television, is in second place with around 370 thousand euros.

Montenegro Metropolis Media, which sells billboards, is in third place; portal and newspaper Vijesti are in fourth place, while Television Prva is in fifth place.

Name of the supplier	Total amount	Share in total expenses
Television Vijesti	585.811	15%
Pink Media M (company for ads on Pink TV)	371.805	9%
Montenegro Metropolis Media	235.222	6%
Daily press LLC (newspaper and portal Vijesti)	195.164	5%
Television Prva (AST LLC)	138.541	3%
Đoković LLC	124.603	3%
Television Nova M	102.231	3%
BBA-Agregati	99.772	2%
Montenegro Post	91.497	2%
Google AdWords	88.963	2%
Ju Media Mont (newspaper Dan, radio D)	87.585	2%
Montenegro Advertising and Production Agency LLC	76.230	2%
A Media Team	70.741	2%
Facebook	61.567	2%
CTRL-S LLC	60.500	2%
Ras Press LLC	51.256	1%
Limanaki Studios LTD	50.000	1%
M Promo LLC	47.267	1%
Jugopetrol JSC	42.328	1%
QLQL LLC	38.398	1%

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2. Reported expenses of electoral lists

The highest campaign expenses were reported by the ZBDCG electoral list, over 1.5 million euros. DPS reported less than 850 thousand, and Peace is Our Nation around 640 thousand euros.

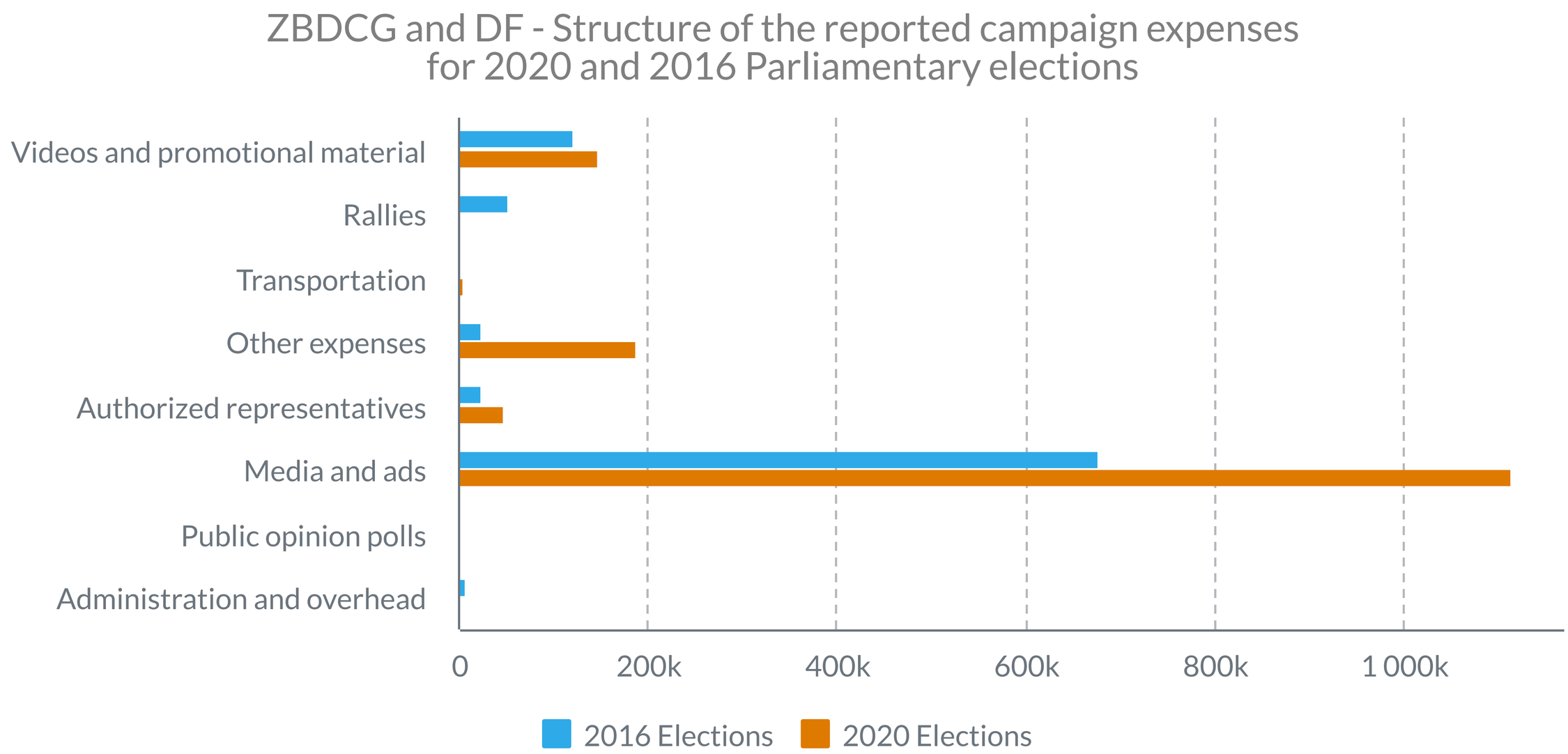
Name of the electoral list	Abbreviation	Total reported expenses of the campaign
For the Future of Montenegro	ZBDCG	1.500.679,46
Democratic Party of Socialists	DPS	848.305,72
Peace is Our Nation	MIRNN	640.014,38
Social Democrats of Montenegro	SD	385.436,23
Social Democratic Party of Montenegro	SDP	235.407,03
Black on White	CNB	189.806,27
Albanian List	AL	71.061,81
Albanian Coalition 'Unanimously'	AKJ	56.480,41
Bosniak Party	BS	43.100,25
Croatian Civic Initiative	HGI	28.587,47
Croatian Reform Party	HRS	26.288,07

Table: Reported campaign expenses for 2020 Parliamentary elections, by electoral lists

For the Future of Montenegro

ZBDCG coalition reported around 1.1 million euros of expenses for media presentation, advertisements and publications, almost 190 thousand for other campaign expenses and less than 150 thousand for making of videos and advertising material. The costs of hiring authorized representatives, i.e. per diems, paid to members of polling station committees and election commissions of around 46 thousand, as well as transportation costs of around four thousand and administration costs of less than two thousand euros, were also reported.

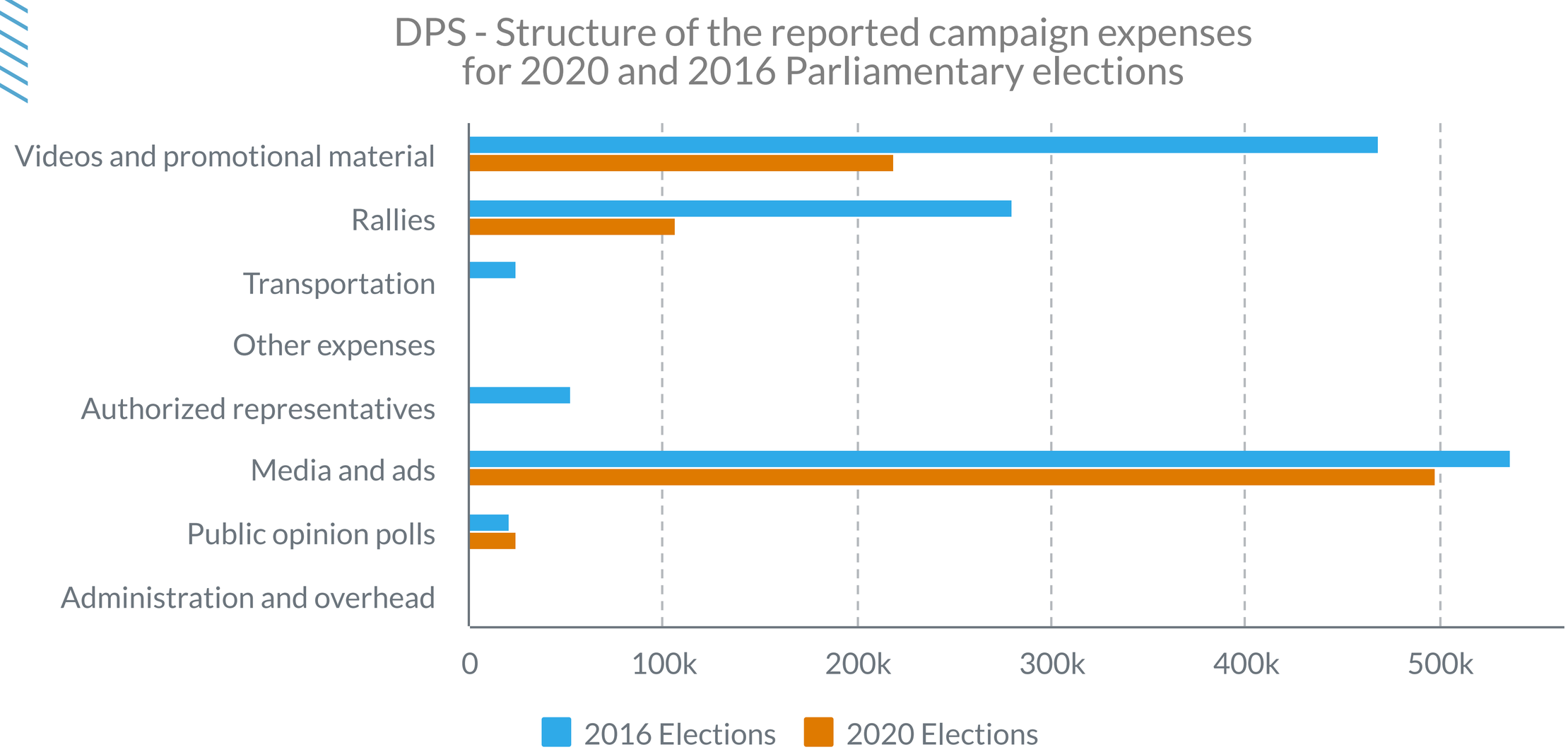
The largest increase in the official expenses of ZBDCG, compared to the previous parliamentary elections, is related to advertising in the media. Other campaign expenses also increased, while rally expenses are lower. It is interesting that the expenses of making videos and promotional material are also higher, although their quality is incomparably worse than the videos used by DF in the previous parliamentary elections. That coalition did not report the expenses of public opinion polls in both election cycles.



Democratic Party of Socialists

According to the official report, DPS spent less than half a million euros on media presentation, advertisements and publications, while it spent around 220 thousand euros on making of commercials and promotional material. Costs of 106 thousand euros were reported for pre-election rallies, around 24 thousand for public opinion polls and around one thousand euros for administration costs.

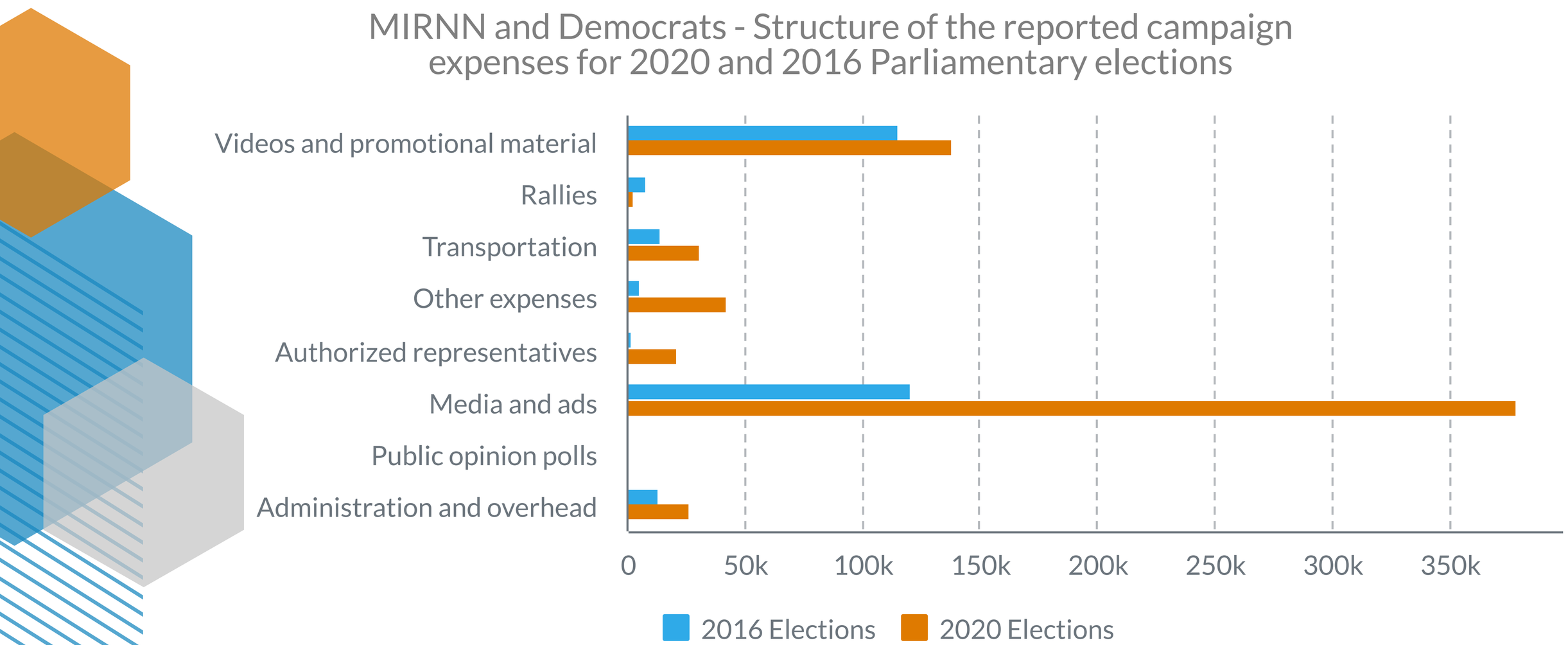
DPS reported lower expenses of advertising in the media than in the elections held in 2016, as well as half the expenses of making of videos and advertising material, and pre-election rallies. In these elections, the party did not report transportation costs or any payments to authorized representatives, and had no overhead or other campaign expenses.



Peace is Our Nation

This coalition reported less than 380 thousand euros of expenses for media presentation, advertisements and publications, as well as nearly 140 thousand euros for making of commercials and promotional material. Other expenses were around 42 thousand, transportation costs amounted to around 30 thousand, while administration and overhead expenses were around 26 thousand. It was reported that 21 thousand was spent on authorized representatives in polling stations and election commissions, as well as less than three thousand euros on pre-election rallies.

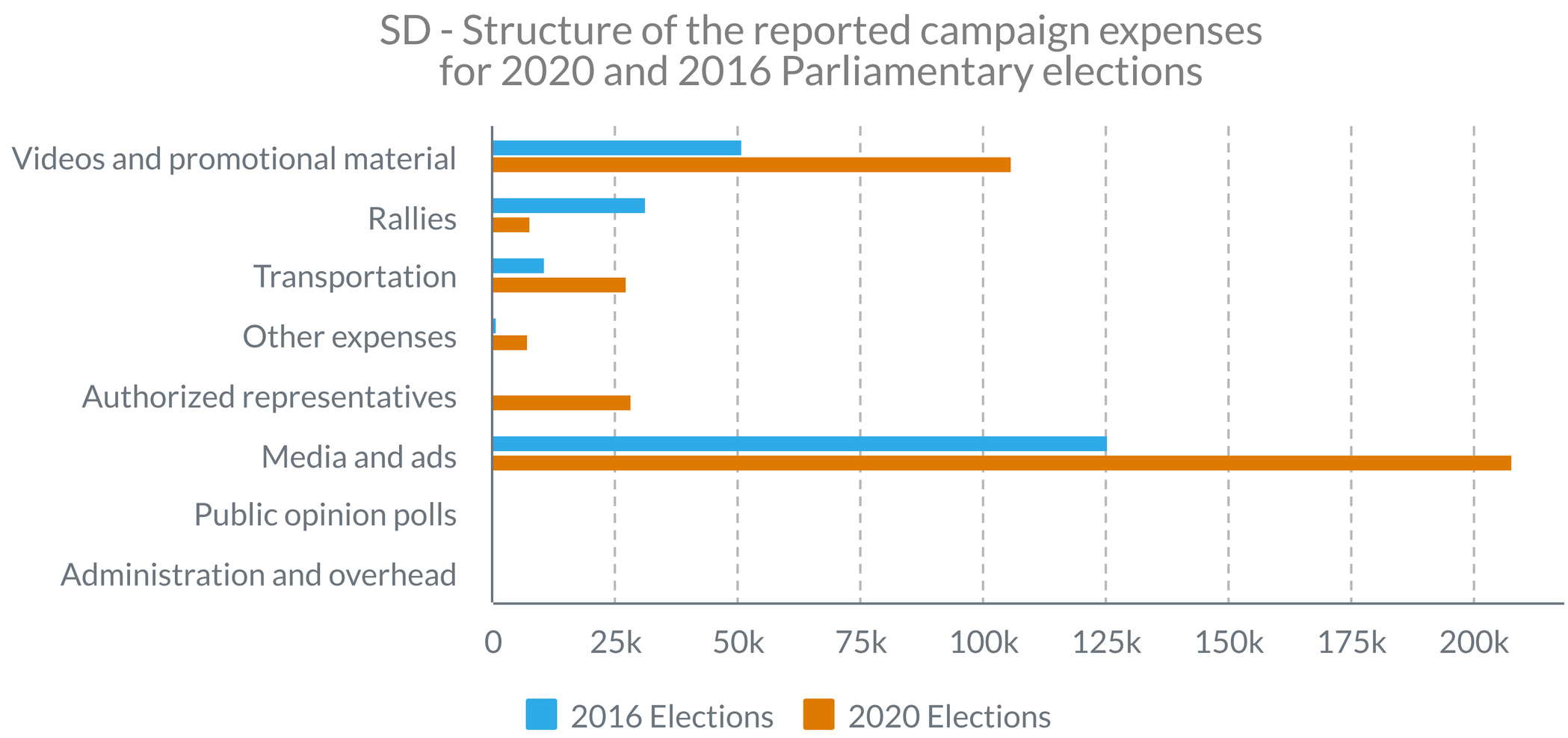
MIRNN coalition reported three times the expenses of media advertising than the Democrats in the previous parliamentary elections. The costs of making videos and advertising material are also slightly higher, transportation costs doubled, and the reported expenses for authorized representatives and other campaign expenses multiplied. Neither MIRNN nor the Democrats reported the expenses of public opinion polls for the purposes of election campaign.



Social Democrats of Montenegro

SD reported nearly 210 thousand euros for media presentation, advertisements and publications, as well as 106 thousand euros for making of commercials and promotional material. Around 28 thousand was spent for authorized representatives in polling stations and election commissions, and over 27 thousand for transportation. The reported expenses of organizing the rallies were nearly eight thousand, as well as other campaign costs, while administrative and overhead expenses were less than 200 euros.

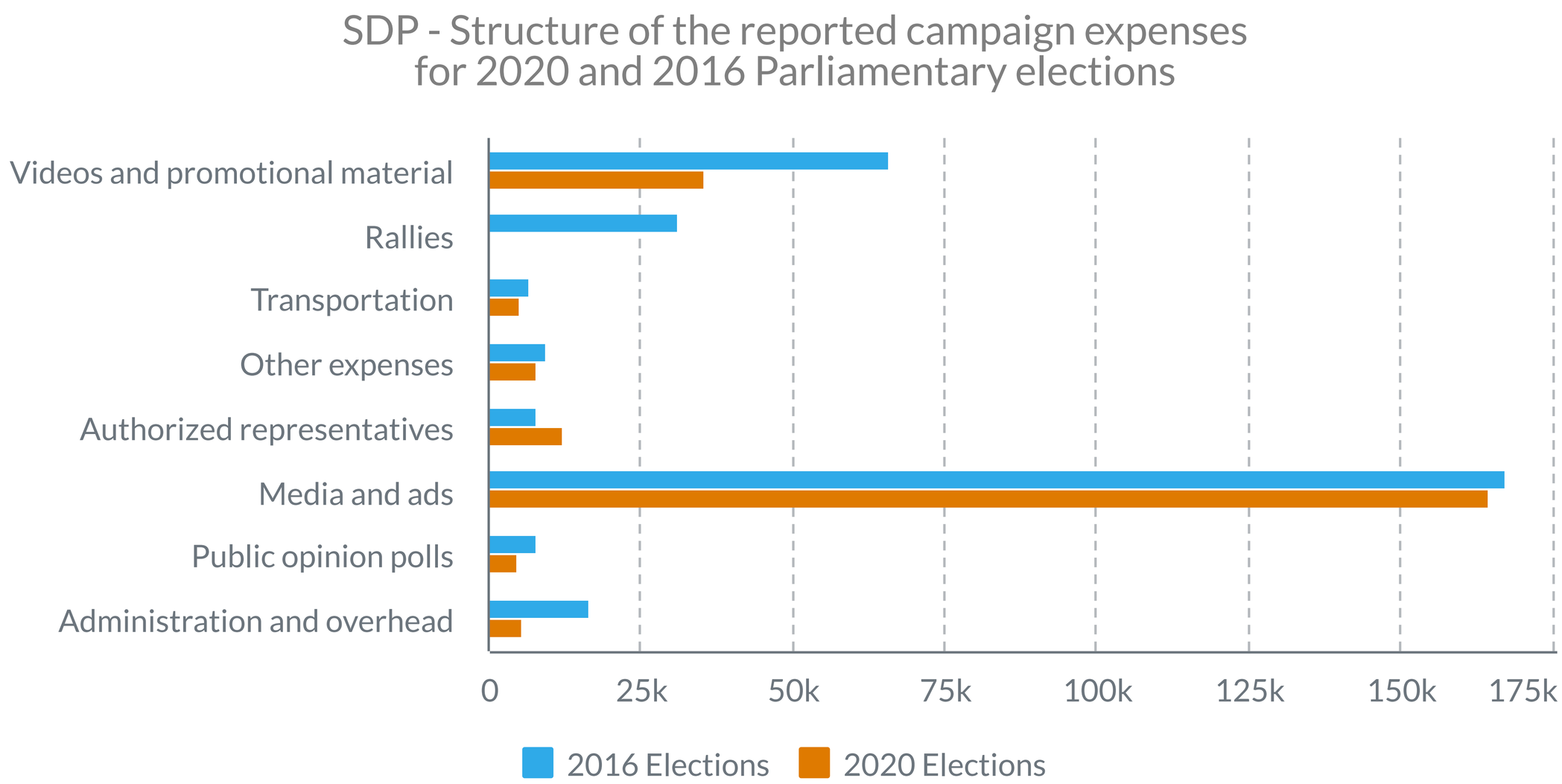
Compared to the previous parliamentary elections, this party spent significantly more on advertisements and media commercials, as well as making of videos and promotional material during this election campaign. Unlike previous elections, in 2020 they reported fees for authorized representatives, as well as modest other campaign expenses. It is especially interesting that higher transportation costs were reported than in the previous election cycle, while the costs of rallies were much lower. Neither in this nor in the previous election cycle were the costs of public opinion polls reported, and there were basically no overhead expenses.



Social Democratic Party of Montenegro

For media presentation, advertisements and publications, SDP reported expenses of around 165 thousand euros, while the price of making commercials and promotional material was around 35 thousand. Around 12,000 was paid to authorized representatives, while other campaign expenses amounted to around 8,000. The expenses of administration and overhead were around five thousand, as well as the expenses of transportation and public opinion polls.

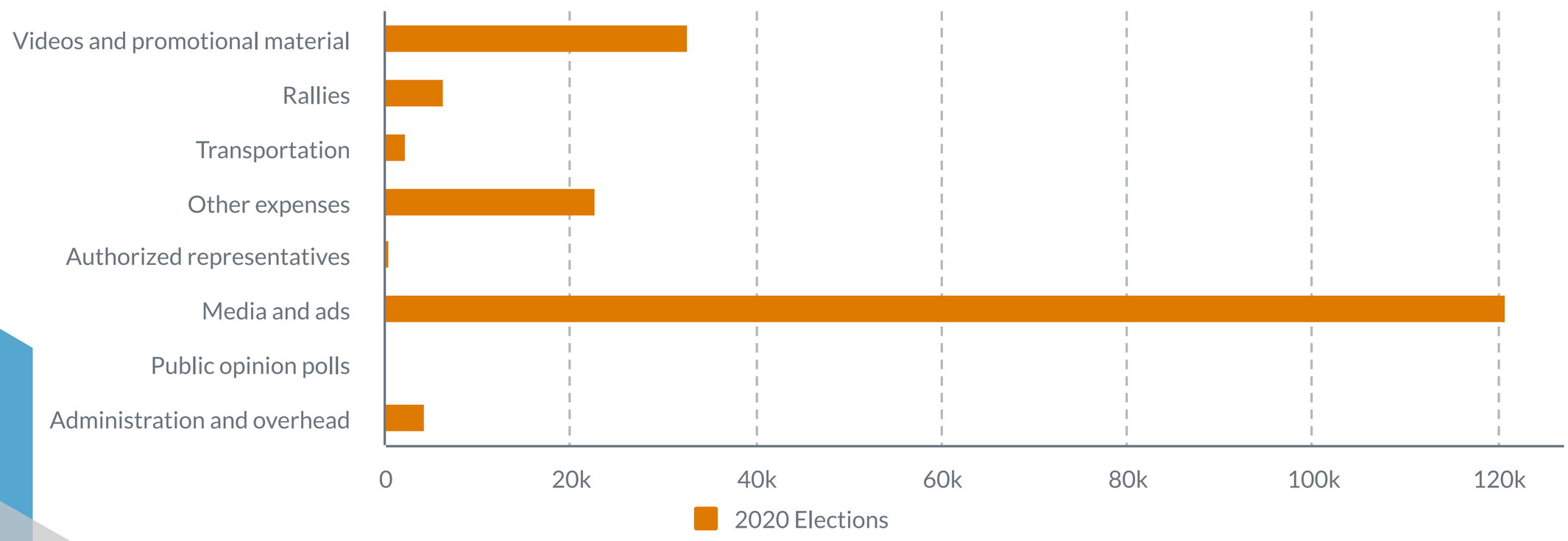
This party reported almost identical expenses as in the previous parliamentary elections. The only difference is that in this election cycle, the costs of pre-election rallies were not reported, while the costs of making of videos and advertising material were doubled.



Black on White

CNB reported expenses of around 120 thousand euros for media presentation, advertisements and publications, while the price of making of commercials and promotional material was around 33 thousand. Other campaign expenses were around 22,000, while rally costs were around six thousand euros. The expenses of administration and overhead were around four thousand, transportation costs around two thousand, while authorized representatives were paid only 400 euros. The expenses of the public opinion polls were not reported.

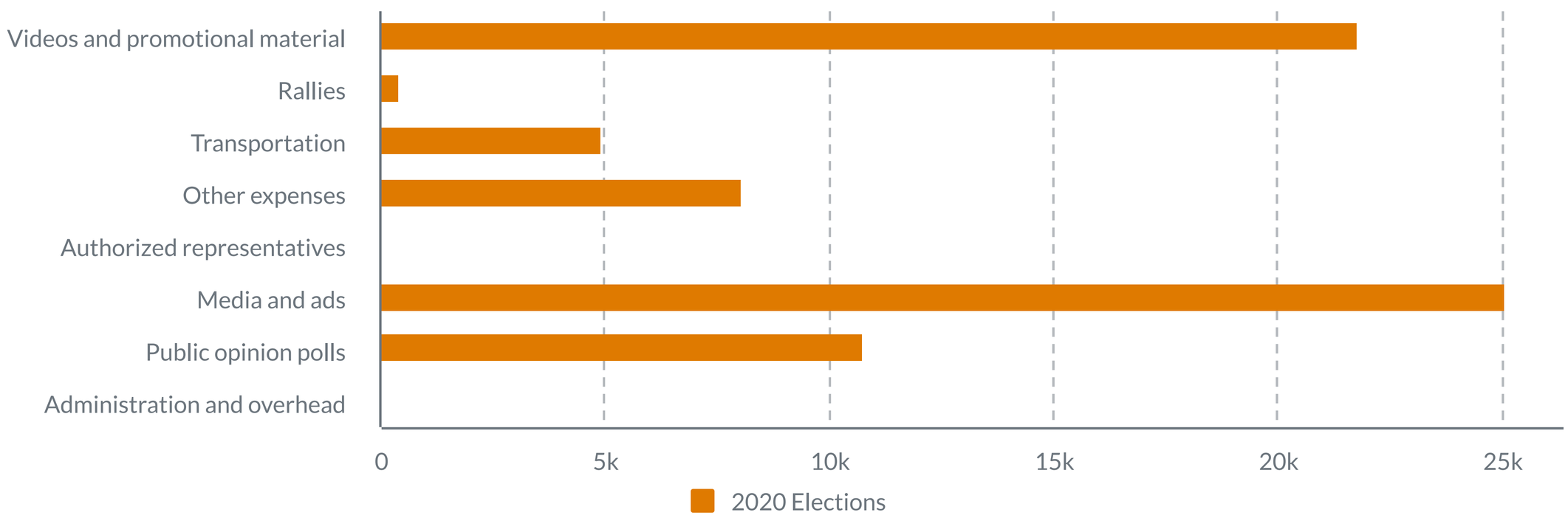
As already noted, the costs of the Black and White Coalition cannot be compared with the data on the costs in the previous elections, when it was part of the much larger coalition "Ključ".



Albanian List

Albanian List reported spending around 25 thousand euros on media presentation, advertisements and publications, as well as nearly 22 thousand for making of commercials and materials. Around 10,000 was spent on public opinion polls, as well as around 8,000 euros on other campaign expenses. Transportation costs of nearly five thousand euros and around 400 euros of costs of organizing rallies were reported. The expenses of authorized representatives in polling stations and election commissions were not reported, as well as the administrative and overhead expenses.

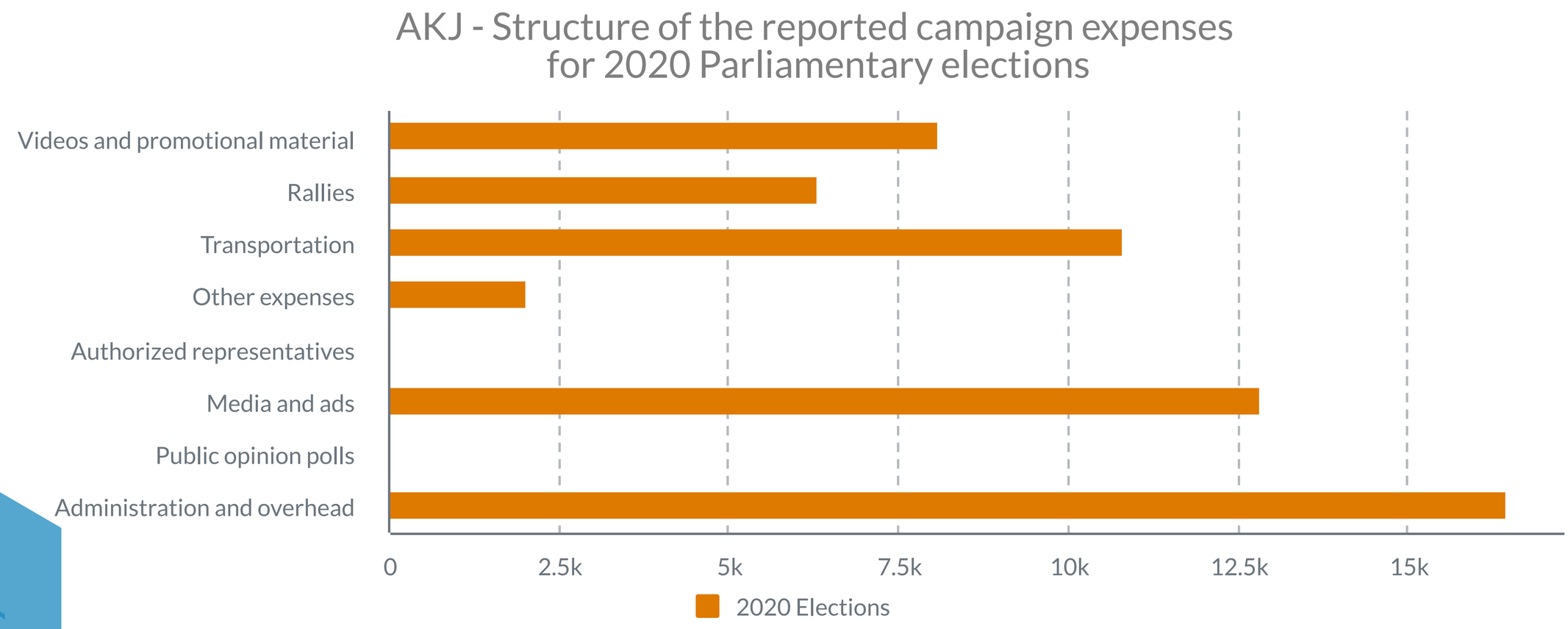
As in the case of CNB, the costs of the Albanian List cannot be compared to previous elections.



Albanian Coalition 'Unanimously'

This coalition reported highest expenses in the category of administration and overhead, over 16 thousand, while the expenses of media presentation, advertisements and publications are less than 13 thousand. Transportation costs of almost 11 thousand were reported, around eight thousand for making of commercials and materials, around six thousand for the organization of rallies, as well as around two thousand of other campaign expenses. No expenses of authorized representatives or public opinion polls were reported.

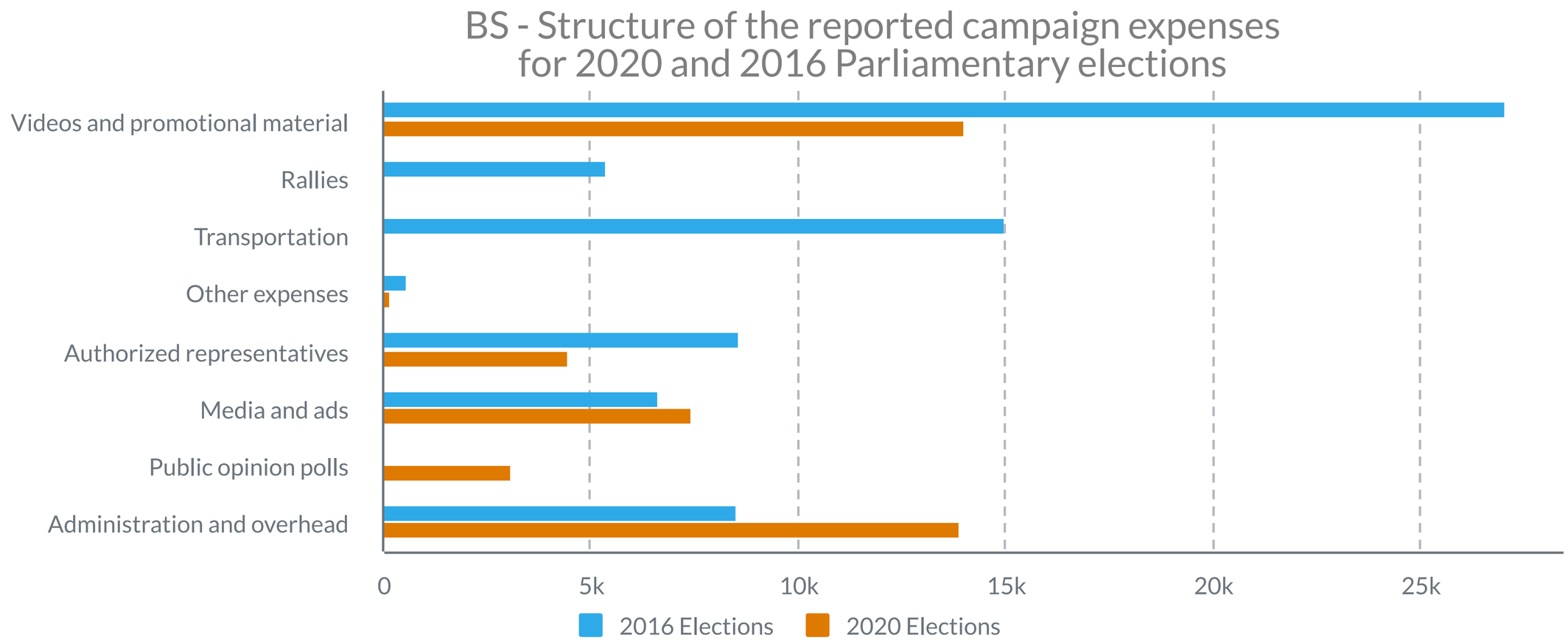
The data of this coalition also cannot be compared to previous election cycle.



Bosniak Party

BS reported expenses of around 14 thousand euros for making commercials and materials, nearly 14 thousand euros for the expenses of administration and overhead, and around 7.5 thousand euros for the costs of media presentation, advertisements and publications. Around 4.5 thousand was spent for authorized representatives, around three thousand for public opinion polls, and less than 200 euros for other campaign expenses. No expenses of transportation or organization of rallies were reported.

In this election cycle, BS spent significantly less money on making of videos and promotional materials, while the costs of commercials and advertisements are approximately the same. In the previous parliamentary elections, this party reported higher expenses of authorized representatives, pre-election rallies and transportation.

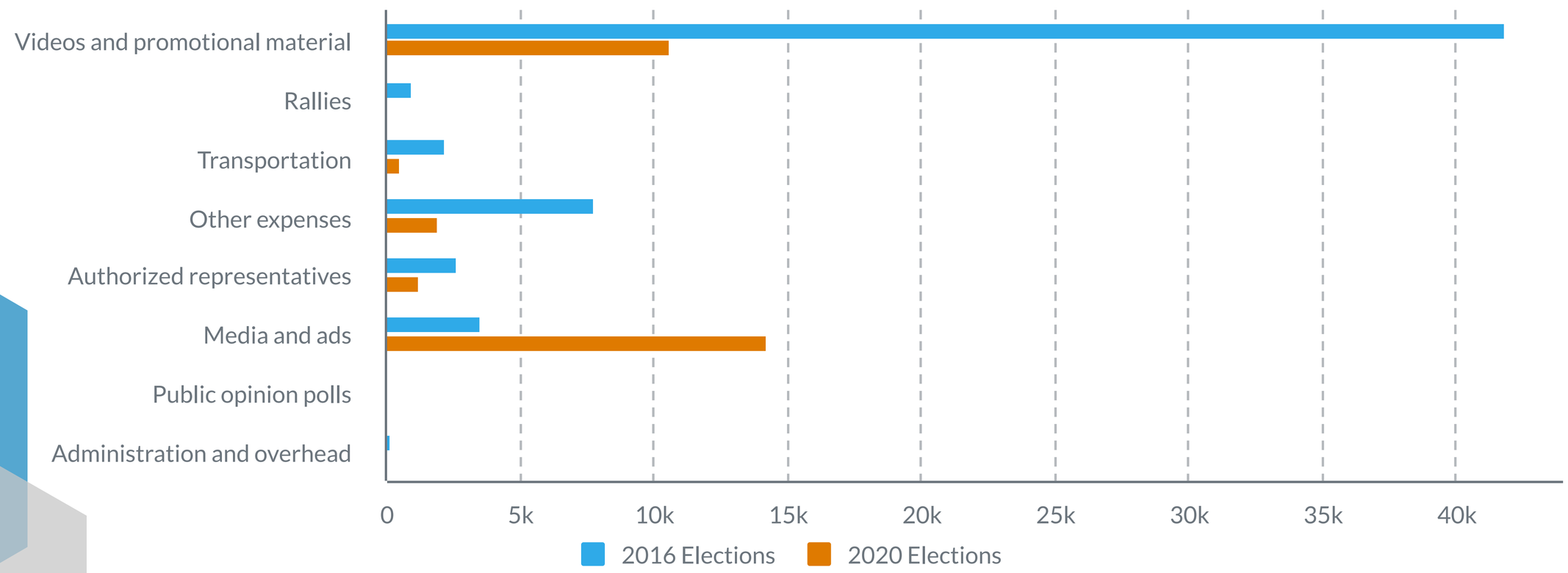


Croatian Civic Initiative

For media presentation, advertisements and publications, HGI reported expenses of around 14 thousand euros, while the price of making of commercials and materials was around 10 thousand. Other campaign expenses of less than two thousand euros were reported, as well as around one thousand euros for authorized representatives and around 500 euros for transportation costs. The expenses of rallies, public opinion polls, administration and overhead were not reported.

Compared to the previous elections, this party reported much lower costs in all categories, especially for making of videos and promotional material. In these elections, only the costs of media presentation, advertisements and publications increased.

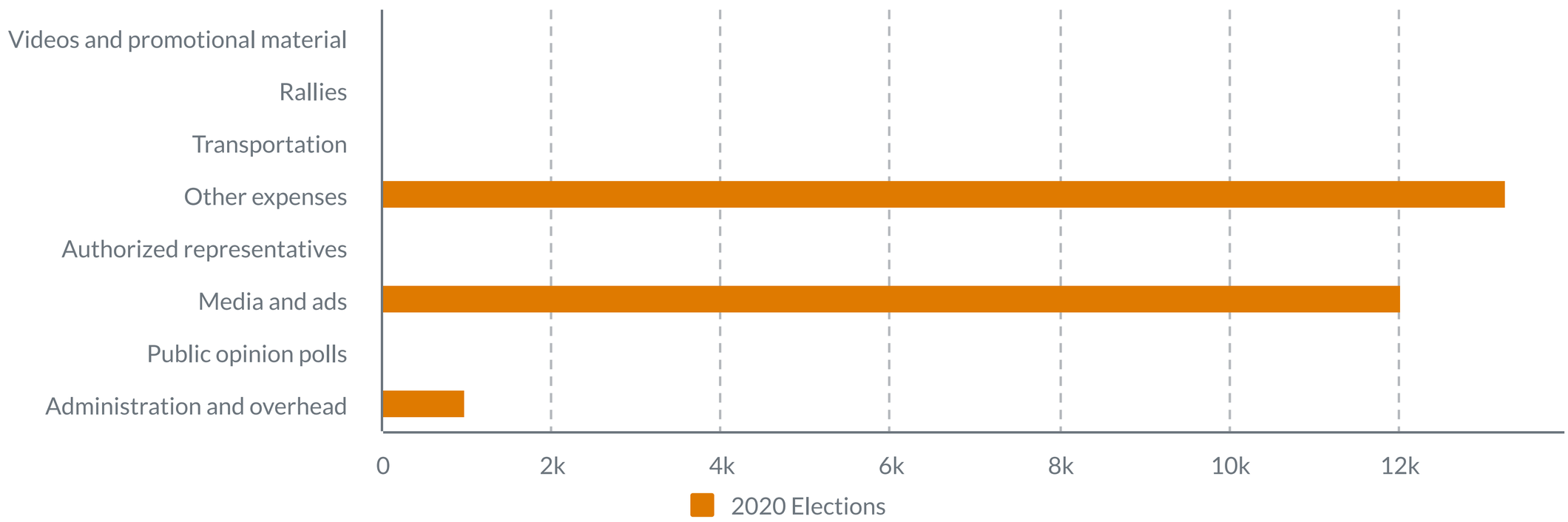
HGI - Structure of the reported campaign expenses for 2020 and 2016 Parliamentary elections



Croatian Reform Party

HRS reported around 13 thousand euros of other campaign costs, around 12 thousand costs of media presentation, advertisements and publications, and less than one thousand euros of administrative and overhead costs. This party did not participate in the previous parliamentary elections.

HRS - Structure of the reported campaign expenses for 2020 Parliamentary elections



4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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All electoral lists spent nearly 1.8 million euros on media advertisements, of which over 1.3 million was spent on TV commercials. Several media outlets gave discounts or provided services that were not provided for in the price lists. Following our reports, the Agency for Prevention of Corruption (APC) found that some media outlets had not submitted price lists within the legal deadline, but continued to broadcast political marketing unhindered even after that. APC's interpretation that agencies that sell advertising space in the media are not subject to the law has enabled an extremely non-transparent advertising on one TV station, and left vast space for misuse in future election cycles.

Electoral lists reported around 245 thousand euros of advertising expenses on social media platforms, nearly ten times greater than in the previous parliamentary elections. Some electoral lists delayed reporting their ads as political, thus avoiding the details of part of their advertising being known to the public. Although insufficient, greater transparency of Facebook ad funding allowed us to uncover traces of funding of this part of campaign expenses from abroad.

According to official data, the electoral lists spent a total of over 220 thousand euros for making of promotional videos, but the data indicate that the reported costs were not realistically stated. An offshore company with hidden owners and finances was hired to make videos of a coalition. One of the videos was filmed in locations to which access is limited, so there is a suspicion that it was an abuse of institutional advantage.

Electoral lists reported nearly 440,000 euros in advertising costs on billboards and other street panels. The owner of a company which was one of the largest suppliers is in the management of a party that participated in the elections. Total reported costs of printed material of all electoral lists were around 486 thousand euros, while the largest supplier was the Post of Montenegro, which packaged and distributed promotional material of one electoral list.

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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Official data raise suspicion that many electoral lists reported lower costs of field campaign than the actual ones. Consequently, the concealed part of the costs had to be paid from unlawful sources. Irregularities are especially pronounced in the reported costs of the largest electoral lists which, for example, did not report the costs of landline and mobile phones at all.

NOTE: MANS requested contracts with suppliers and invoices for all election campaign expenses based on the Law on Free Access to Information. We compared the data from the official reports of the parties with the obtained financial documentation and grouped the expenses into adequate categories. We did the same with the data that we collected for the Parliamentary elections held in 2016 using the same methodology. The analysis given in this chapter is based on this data, as well as information collected through our monitoring, including monitoring the activities of electoral lists, collecting their material, advertisements in the print media and commercials on national television stations.

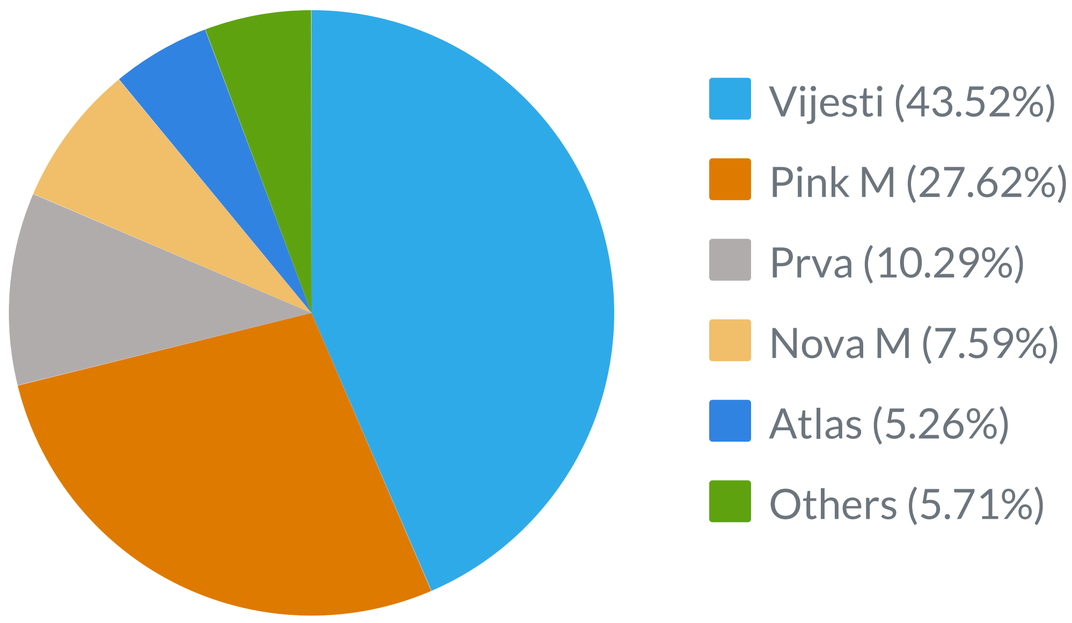
1. Analysis of media advertising expenses

All electoral lists spent nearly 1.8 million euros on media advertisements. Of that, over 1.3 million was spent on television commercials, around 370 thousand euros on advertising in the print media and on portals, while around 61 thousand euros was spent on advertising on radio stations.

1.1. Television commercials

Electoral lists spent over 1.3m euros on television commercials, accounting for almost a third of all reported campaign expenses. Over 40% of that amount refers to advertising on Vijesti television, and almost 30% on Pink M television.

Expenses of television advertising during the campaign for 2020 parliamentary elections



4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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* **NOTE:** Part of the expenses of commercials on TV Vijesti in 2016 elections was paid through an intermediary company, but it is not possible to determine how much was paid to the television, and how much to the newspaper and portal. Total additional amount agreed through the agencies by DF and Ključ was 374 thousand euros.

Polarization on the political and media scene is largely reflected in the expenses of advertising of electoral lists during the election campaign. When it comes to television, portal and the daily newspaper Vijesti, ZBDCG list advertised the most. Other electoral lists advertised as well, apart from DPS, which mostly advertised on Prva and Nova M TV stations, as well as on TV Pink M. However, unlike the previous elections, ZBDCG's commercials were predominantly represented on TV Pink.

ZBDCG coalition reported highest advertising expenses on TV Vijesti, which had by far the largest presence on TV Pink as well. CNB and SDP advertised only on TV Vijesti, while MIRNN coalition paid for commercials on TV Vijesti and Prva TV.

DPS advertised on TV Prva, Nova M and Pink. While SD had commercials on all monitored TV stations, the largest funds were paid to Prva television. Minority parties did not have paid commercials, except for HGI, which modestly advertised on Prva TV.

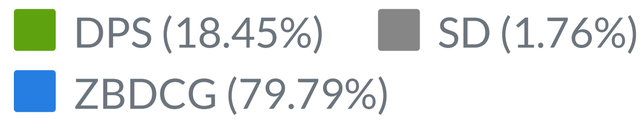
TV station	2020 Elections	2016 Elections
Vijesti	585.811	312.801 *
Pink M	371.805	251.685
Prva	138.541	209.797
Nova M	102.201	
Atlas	70.741	19.460
Boin Tuzi	20.831	4.279
Srpska	18.323	7.140
Novi TV	10.454	11.543
Teuta Ulcinj	11.041	9.164
Pljevlja	9.216	6.534
Rožaje	2.000	
Budva	1.452	32.572
D media	907	
Nikšić	840	7.020
Others	2.117	11.695

Table: Expenses of television commercials during the election campaign, all electoral lists

Expenses of television commercials for 2020 parliamentary election campaign, by media outlets and electoral lists

Television Vijesti

Television Pink



4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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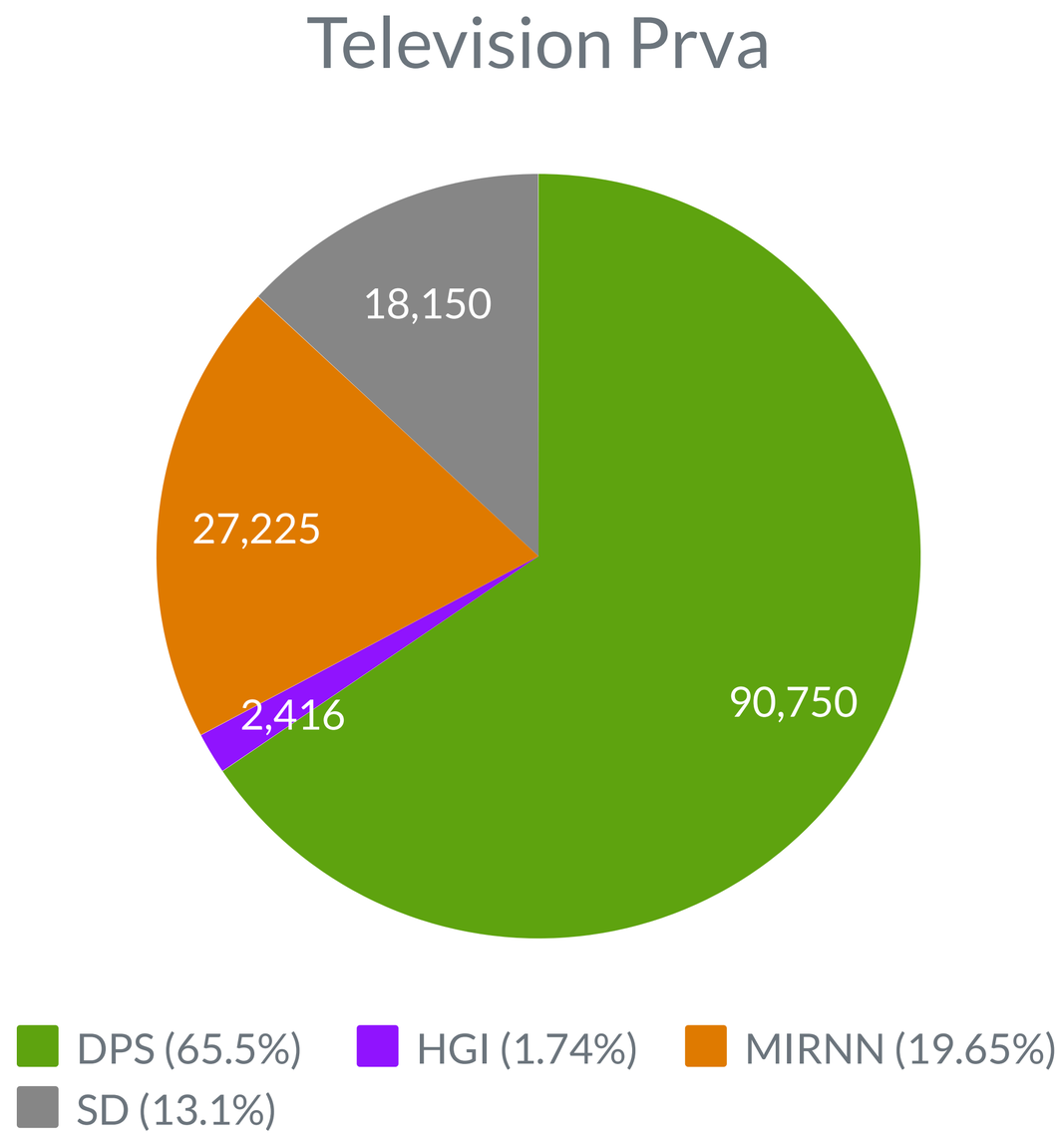

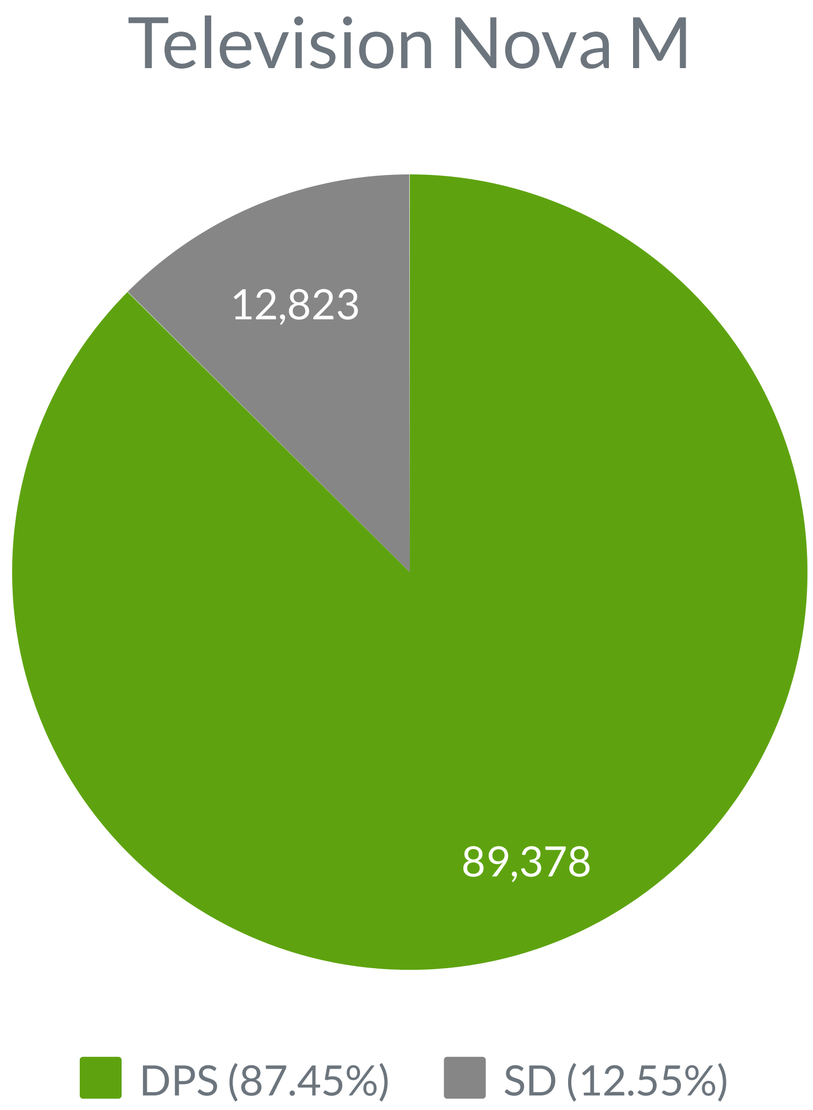

The Law on Financing of Political Entities and Election Campaigns obliges the media to submit their price lists for the services of media advertising to the Agency, as well as contracts concluded with electoral lists within a certain deadline. [45] The law does not allow for changes in the price list during the election campaign in order to prevent direct price negotiating and the privileged position of certain political entities.

The following case studies show that at least two television stations did not obey the law, but negotiated discounts and special terms for advertising past the price list.

[45] Article 16 of the Law

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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Case study:
Secret discounts past the price list - Prva TV

TV Prva gave significantly higher discounts to certain electoral lists than it was foreseen in its price list, and redacted this information in the contracts submitted to APC.

Although the Law stipulates that the price list cannot be changed during the election campaign, APC did not initiate proceedings against that TV station. Instead, that institution denied access to documents submitted to it by electoral lists.

In its price list, TV Prva stated a discount scale of up to 49%, as well as two packages of services for budgets higher than 100 thousand euros.

SKALA POPUSTA - POPUST SE OBRAČUNAVA NA CIJENU SEKUNDE I ODRAŽAVA SE NA UKUPNU FREKVENCIJU SPOTOVA

od 1.000 - 9.999 eur	6%
od 10.000 - 19.999 eur	11%
od 20.000 - 29.999 eur	18%
od 30.000 - 39.999 eur	25%
od 40.000 - 49.999 eur	35%
od 50.000 - 59.999 eur	40%
od 60.000 - 69.999 eur	45%
od 70.000 - 99.999 eur	49%

ZA BUDŽETE PREKO 100.000 EUR PRIMJENJUJU SE SLJEDEĆI PAKETI:

PAKET 1: 650 sekundi dnevno
Uključeno 5 emitovanja reportaža do 3 min sa promotivnih događaja u terminima od 16h do 20h

CIJENA: 149.999 eur bez PDV

PAKET 2: 900 sekundi dnevno
Uključeno 9 emitovanja reportaža do 3 min sa promotivnih događaja u terminima od 16h do 20h

CIJENA: 199.999 eur bez PDV

* Napomena: Paketi su važeći za kampanje koje su u vremenskom intervalu od minimum tri sedmice, maksimalno pet

Excerpt from the price list of TV Prva for 2020 Parliamentary elections

MANS monitored commercials on all TV stations with a national frequency, including TV Prva.

According to the data from our monitoring, DPS had an average of 976 seconds of advertising per day, which means that it had to pay more than the price listed in Package 2, which is nearly 200 thousand euros. Instead, according to official reports, DPS paid around 90,000 euros to that TV station, thus, this political party received a discount of at least 55%.

On average, MIRNN had 335 seconds of advertising per day, which shows that they did not meet the requirements of Package 1 and Package 2, and the discounts could have been calculated based on a special scale.

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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According to the data from our monitoring of political advertising on TV stations, MIRNN had over 6.3 thousand seconds of advertising on Prva which, according to the price list of that station, amounts to over 100 thousand euros. Instead, that coalition paid around 27 thousand euros, thus, the approved discount was as much as 75%.

It is similar with SD, which was supposed to pay around 40 thousand euros, but it was charged only 18 thousand, thus the discount is around 65%. HGI did not receive a discount on advertising, and they paid less than 2.5 thousand euros for commercials.

It is especially interesting that Prva TV hid the data on discounts for three electoral lists in the contracts submitted to APC, while it published a complete contract with HGI, the costs of which were calculated according to the price list.

Namely, parts of the text in which the prices and duration of commercials, as well as the manner and deadlines for payment are defined, were deleted or redacted from the contract, although they state that they may be public:

> "6.1 Contracting parties agree that the conditions, data and information regarding the implementation of this Contract may be public and communicated to the Agency for Prevention of Corruption."

DEMOKRATSKA PARTIJA SOCIJALISTA CRNE GORE PODGORICA
Primljeno: 12.08.2020
Org. jed. 06 Broj 1065 Prilog Vrijednost

"AST" D.O.O. 079-1 12.08.2020 g.

UGOVOR O ZAKUPU VREMENA ZA POLITIČKO OGLAŠAVANJE

zaključen dana 12. avgusta 2020. godine u Podgorici između sljedećih ugovornih strana:

1. **AST doo**, sa sjedištem u Podgorici, Bulevar Džordža Vašingtona 56/6, kula C, PIB: 02650860, kojeg zastupa Izvršni direktor Sonja Drobac (u daljem tekstu: **"PLAY"**), sa jedne strane,

   i

2. **DEMOKRATSKA PARTIJA SOCIJALISTA**, sa sjedištem u Podgorici, Jovana Tomaševića bb, koju zastupa Milka Vujović (u daljem tekstu: **"DPS"** ili **"Klijent"** ili **"Politička stranka"**), sa druge strane;

(u daljem tekstu: **„Ugovor"**).

PREAMBULA

BUDUĆI DA:

- je PLAY komerciljalni distributivni servis, sa važećom dozvolom Agencije za Elektronske Medije Crne Gore, za emitovanje radijskog programa sa nacionalnim pokrivanjem u Crnoj Gori, te da ima namjeru da u svom programu emituje kako predizborne oglasne poruke,
- Klijent ima interesa da realizuje dio svoje predizborne kampanje kroz emitovanje predizbornih radio spotova i-ili plaćenih priloga u okviru predizbornih plaćenih termina na PLAY-u,

PLAY i Klijent zaključuju ovaj Ugovor na način i pod uslovima kako slijedi:

1. PREDMET UGOVORA

1.1. Ugovorne strane su se sporazumjele da ostvare poslovnu saradnju u vezi sa kupovinom oglasnog prostora namijenjenog emitovanju predizbornih oglasnih poruka za lokalne i parlamentarne izbore 2020. u Crnoj Gori. To će se realizovati kroz predizborne plaćene termine na PLAY-u. DPS kupuje vrijeme emitovanja za potrebe realizovanja predizborne kampanje u vremenskom periodu trajanja ovog Ugovora i pod uslovima utvrđenim ovim Ugovorom.

2. PREDIZBORNE OGLASNE PORUKE

2.1. U okviru navedene poslovne saradnje PLAY se obavezuje da obezbjedi DPS-u emitovanje predizbornih oglasnih poruka, radio spotova čije trajanje i vrsta su određeni cjenovnikom [redacted]

2.2. Predizborne oglasne poruke i spotovi iz prethodnog stava ovog člana biće emitovane u oglasnim terminima u vremenskom periodu emitovanja određenom u cjenovniku PLAY-a. Tačan

1

raspored emitovanja predizbornih oglasnih poruka u okviru oglasnih termina određenih u cjenovniku PLAY-a, naći će se u media planu koji će biti odobren od strane ovlašćenih lica DPS-a i PLAY-a.

3. NAČIN I ROKOVI PLAĆANJA

3.1. [redacted]

3.2. PLAY će DPS-u ispostaviti fakturu koja će sadržati informaciju o tipu usluge, neto vrijednost usluge i vrijednost usluge sa uračunatim PDV-om. Fakturu će izraditi služba finansija i računovodstva PLAY-a.

4. DRUGA PRAVA I OBAVEZE UGOVORNIH STRANA

4.1. Radi uspješne realizacije poslovne saradnje PLAY se obavezuje da:

- prilikom određivanja rasporeda emitovanja poštuje princip jednakosti kod predstavljanja političkih stranaka koje učestvuju u predizbornoj kampanji, a žele političko oglašavanje
- obavijesti DPS o svakom eventualnom odstupanju od plana emitovanja koji je utvrdila, te da za svako nerealizovano emitovanje obezbijedi, uz dogovor sa klijentom, drugo odgovarajuće emitovanje i termin.

4.2. Takođe, radi uspješne realizacije poslovne saradnje DPS se obavezuje da:

- blagovremeno, a najkasnije 12 sati prije početka emitovanja, direktno ili posredstvom ovlašćenog zastupnika ili Kreativne agnecije dostavi ovlašćenom licu programa, marketinga i promocije PLAY-a dispozicije, predizborne oglasne poruke na odgovarajućim profesionalnim trakama sa kompletno montiranim materijalom spremnim za emitovanje ili putem elektronske pošte ili preko linka za preuzimanje. Materijal se dostavlja direktno na adresu-sjedište PLAY-A u Podgorici, Bulevar Džordža Vašingtona 56/6, ili putem elektornske pošte ili linkom za preuzimanje ovlašćenom licu za programski sadržaj, marketing i promociju PLAY-a: ivan.vukcevic@prvatv.me +382 67 249 079.
- uz sav materijal namijenjen emitovanju dostavi i uredno popunjenu i ovjerenu deklaraciju u skladu sa odredbama Zakona o oglašavanju Crne Gore.

4.3. Obije strane - PLAY i Klijent dužni su da poštuju odredbe:

- Zakona o elektronskim medijima
- Pravilnika o programskim standardima Agencije za elektronske medije

4.4. PLAY je dužna da poštuje i pravila propisana Kodeksom novinara Crne Gore

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Excerpt from the contract between Prva TV and DPS

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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DEMOKRATE
Broj: 06/402
Primljeno dana: 11.08.2020

"AST" doo
011-1
11.08

UGOVOR O ZAKUPU VREMENA ZA POLITIČKO OGLAŠAVANJE

zaključen dana 11. avgusta 2020. godine u Podgorici između sljedećih ugovornih strana:

1. **AST doo**, sa sjedištem u Podgorici, Bulevar Džordža Vašingtona 56/6, kula C, PIB: 02650860, kojeg zastupa izvršni direktor Sonja Drobac i ovlašćena zastupnica Jelena Agatunović (u daljem tekstu: **"PRVA"**), sa jedne strane,

i

2. **DEMOKRATSKA CRNA GORA** sa sjedištem u Podgorici, 8. Marta 72, PIB 03034526 koju zastupa V.D. direktor Momčilo Leković (u daljem tekstu: "DCG" ili "Klijent" ili "Politička stranka"), sa druge strane;

(u daljem tekstu: „Ugovor").

PREAMBULA

BUDUĆI DA:

- je PRVA komercijalni distributivni servis, sa važećom dozvolom Agencije za Elektronske Medije Crne Gore, za emitovanje televizijskog programa sa nacionalnim pokrivanjem u Crnoj Gori, te da ima namjeru da u svom programu emituje kako predizborne oglasne poruke, tako i predizborne plaćene priloge,
- Klijent ima interesa da realizuje dio svoje predizborne kampanje kroz emitovanje predizbornih TV spotova i-ili plaćenih priloga u okviru predizbornih plaćenih termina na PRVOJ,

PRVA i Klijent zaključuju ovaj Ugovor na način i pod uslovima kako slijedi:

1. **PREDMET UGOVORA**

1.1. Ugovorne strane su se sporazumjele da ostvare poslovnu saradnju kroz emitovanje predizbornih oglasnih poruka za lokalne i parlamentarne izbore 2020. u Crnoj Gori. To će se realizovati kroz predizborne plaćene termine na PRVOJ. DCG vrši rezervaciju emitovanja za potrebe realizovanja predizborne kampanje u vremenskom periodu trajanja ovog Ugovora i pod uslovima utvrđenim ovim Ugovorom.

2. **PREDIZBORNE OGLASNE PORUKE**

2.1. U okviru navedene poslovne saradnje PRVA se obavezuje da obezbijedi DCG-u emitovanje predizbornih oglasnih poruka, TV spotova čije trajanje i vrsta su određeni cjenovnikom [redacted]

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2.2. Predizborne oglasne poruke i spotovi iz prethodnog stava ovog člana biće emitovane u oglasnim terminima u vremenskom periodu emitovanja određenom u cjenovniku PRVE. Tačan raspored emitovanja predizbornih oglasnih poruka u okviru oglasnih termina određenih u cjenovniku PRVE, naći će se u media planu koji će biti odobren od strane ovlašćenih lica DCG-a i PRVE.

3. **NAČIN I ROKOVI PLAĆANJA**

[redacted]

3.2. PRVA će DCG-u ispostaviti fakturu koja će sadržati informaciju o tipu usluge, neto vrijednost usluge i vrijednost usluge sa uračunatim PDV-om. Fakturu će izraditi služba finansija i računovodstva PRVE.

4. **DRUGA PRAVA I OBAVEZE UGOVORNIH STRANA**

4.1. Radi uspješne realizacije poslovne saradnje PRVA se obavezuje da:

- prilikom određivanja rasporeda emitovanja poštuje princip jednakosti kod predstavljanja političkih stranaka koje učestvuju u predizbornoj kampanji, a žele političko oglašavanje
- obavijesti DCG o svakom eventualnom odstupanju od plana emitovanja koji je utvrdila, te da za svako nerealizovano emitovanje obezbijedi, uz dogovor sa klijentom, drugo odgovarajuće emitovanje i termin.

4.2. Takođe, radi uspješne realizacije poslovne saradnje DCG se obavezuje da:

- blagovremeno, a najkasnije 12 sati prije početka emitovanja, direktno ili posredstvom ovlašćenog zastupnika ili Kreativne agnecije dostavi ovlašćenom licu programa, marketinga i promocije PRVE dispozicije, predizborne oglasne poruke na odgovarajućim profesionalnim trakama sa kompletno montiranim materijalom spremnim za emitovanje ili putem elektronske pošte ili preko linka za preuzimanje. Materijal se dostavlja direktno na adresu-sjedište PRVE u Podgorici, Bulevar Džordža Vašingtona 56/6, ili putem elektornske pošte ili linkom za preuzimanje ovlašćenom licu za programski sadržaj, marketing i promociju PRVE: ivan.vukcevic@prvatv.me +382 67 249 079.
- uz sav materijal namijenjen emitovanju dostavi i uredno popunjenu i ovjerenu deklaraciju u skladu sa odredbama Zakona o oglašavanju Crne Gore.

4.3. Obije strane - Prva i Klijent dužni su da poštuju odredbe:

- Zakona o elektronskim medijima
- Pravilnika o programskim standardima Agencije za elektronske medije

2

Excerpt from the contract between Prva TV and the Democrats

Socijaldemokrate Crne Gore
Broj: 149/IV
Podgorica: 17.08 20 20 god.

"AST" doo
-6/2020
17.08

UGOVOR O ZAKUPU VREMENA ZA POLITIČKO OGLAŠAVANJE

zaključen dana 17. avgusta 2020. godine u Podgorici između sljedećih ugovornih strana:

1. **AST doo**, sa sjedištem u Podgorici, Bulevar Džordža Vašingtona 56/6, kula C, PIB: 02650860, kojeg zastupa izvršni direktor Sonja Drobac i ovlašćena zastupnica Jelena Agatunović (u daljem tekstu: **"PRVA"**), sa jedne strane,

i

2. **Socijaldemokrate Crne Gore** sa sjedištem u Podgorici, Jovana Tomaševića BB, PIB 11008283 koju zastupa poslovni direktor Emil Durembašić (u daljem tekstu: "SD" ili "Klijent" ili "Politička stranka"), sa druge strane;

(u daljem tekstu: „Ugovor").

PREAMBULA

BUDUĆI DA:

- je PRVA komercijalni distributivni servis, sa važećom dozvolom Agencije za Elektronske Medije Crne Gore, za emitovanje televizijskog programa sa nacionalnim pokrivanjem u Crnoj Gori, te da ima namjeru da u svom programu emituje kako predizborne oglasne poruke, tako i predizborne plaćene priloge.
- Klijent ima interesa da realizuje dio svoje predizborne kampanje kroz emitovanje predizbornih TV spotova i-ili plaćenih priloga u okviru predizbornih plaćenih termina na PRVOJ,

PRVA i Klijent zaključuju ovaj Ugovor na način i pod uslovima kako slijedi:

1. **PREDMET UGOVORA**

1.1. Ugovorne strane su se sporazumjele da ostvare poslovnu saradnju kroz emitovanje predizbornih oglasnih poruka za lokalne i parlamentarne izbore 2020. u Crnoj Gori. To će se realizovati kroz predizborne plaćene termine na PRVOJ. SD vrši rezervaciju emitovanja za potrebe realizovanja predizborne kampanje u vremenskom periodu trajanja ovog Ugovora i pod uslovima utvrđenim ovim Ugovorom.

2. **PREDIZBORNE OGLASNE PORUKE**

2.2. Predizborne oglasne poruke i spotovi iz prethodnog stava ovog člana biće emitovane u oglasnim terminima u vremenskom periodu emitovanja određenom u cjenovniku PRVE. Tačan raspored emitovanja predizbornih oglasnih poruka u okviru oglasnih termina određenih u cjenovniku PRVE, naći će se u media planu koji će biti odobren od strane ovlašćenih lica SD-a i PRVE.

3. **NAČIN I ROKOVI PLAĆANJA**

3.2. PRVA će SD-u ispostaviti fakturu koja će sadržati informaciju o tipu usluge, neto vrijednost usluge i vrijednost usluge sa uračunatim PDV-om. Fakturu će izraditi služba finansija i računovodstva PRVE.

4. **DRUGA PRAVA I OBAVEZE UGOVORNIH STRANA**

4.1. Radi uspješne realizacije poslovne saradnje PRVA se obavezuje da:

- prilikom određivanja rasporeda emitovanja poštuje princip jednakosti kod predstavljanja političkih stranaka koje učestvuju u predizbornoj kampanji, a žele političko oglašavanje
- obavijesti SD o svakom eventualnom odstupanju od plana emitovanja koji je utvrdila, te da za svako nerealizovano emitovanje obezbijedi, uz dogovor sa klijentom, drugo odgovarajuće emitovanje i termin.

4.2. Takođe, radi uspješne realizacije poslovne saradnje SD se obavezuje da:

- blagovremeno, a najkasnije 12 sati prije početka emitovanja, direktno ili posredstvom ovlašćenog zastupnika ili Kreativne agnecije dostavi ovlašćenom licu programa, marketinga i promocije PRVE dispozicije, predizborne oglasne poruke na odgovarajućim profesionalnim trakama sa kompletno montiranim materijalom spremnim za emitovanje ili putem elektronske pošte ili preko linka za preuzimanje. Materijal se dostavlja direktno na adresu-sjedište PRVE u Podgorici, Bulevar Džordža Vašingtona 56/6, ili putem elektornske pošte ili linkom za preuzimanje ovlašćenom licu za programski sadržaj, marketing i promociju PRVE: ivan.vukcevic@prvatv.me +382 67 249 079.
- uz sav materijal namijenjen emitovanju dostavi i uredno popunjenu i ovjerenu deklaraciju u skladu sa odredbama Zakona o oglašavanju Crne Gore.

4.3. Obije strane - Prva i Klijent dužni su da poštuju odredbe:

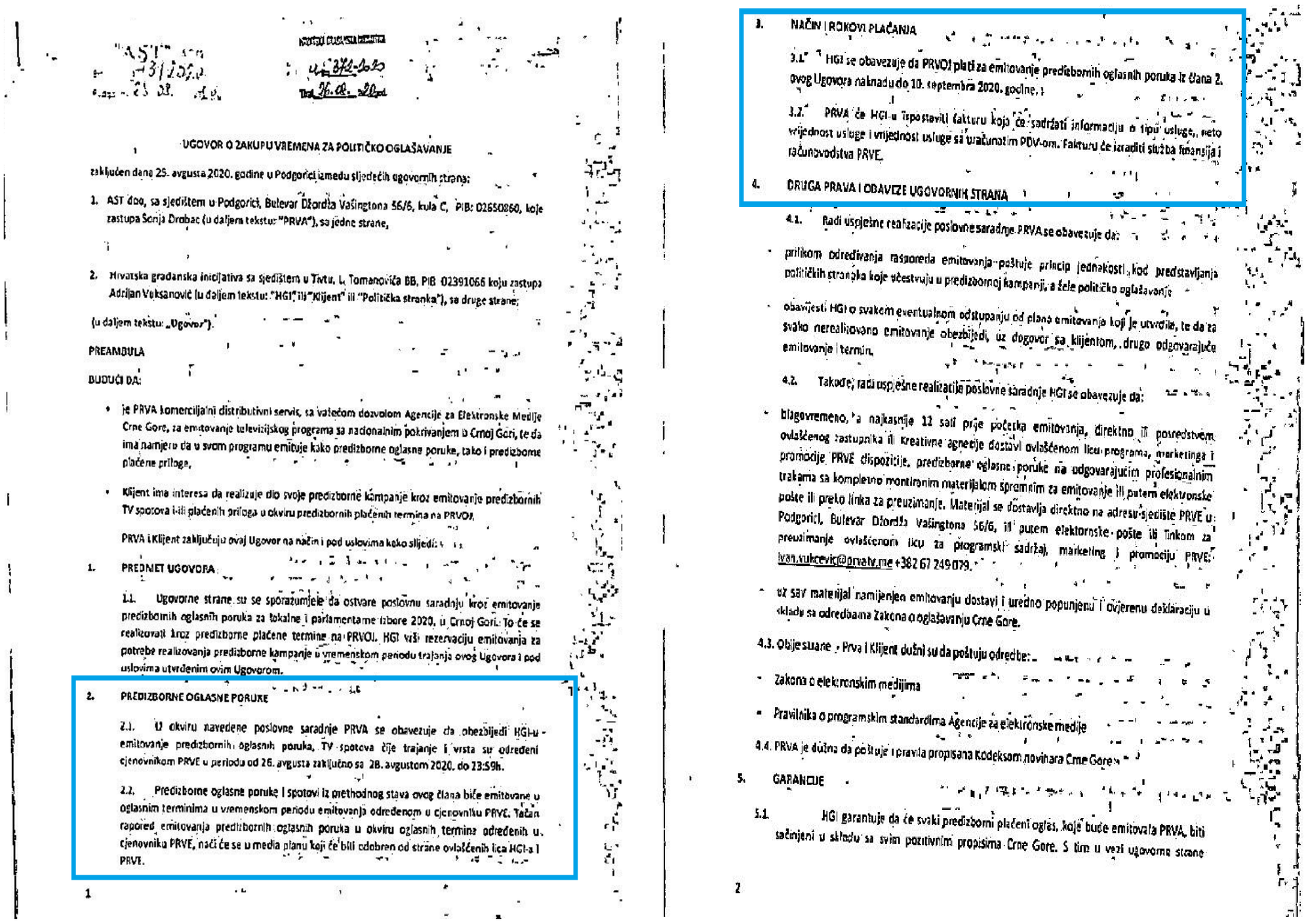
- Zakona o elektronskim medijima
- Pravilnika o programskim standardima Agencije za elektronske medije

2

Excerpt from the contract between Prva TV and SD

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

A



UGOVOR O ZAKUPU VREMENA ZA POLITIČKO OGLAŠAVANJE

zaključen dana 25. avgusta 2020. godine u Podgorici između sljedećih ugovornih strana:

1. AST doo, sa sjedištem u Podgorici, Bulevar Džordža Vašingtona 56/6, kula C, PIB: 02650860, koje zastupa Sonja Drobac (u daljem tekstu: "PRVA"), sa jedne strane,

2. Hrvatska građanska inicijativa sa sjedištem u Tivtu, I. Tomanovića BB, PIB 02391066 koju zastupa Adrijan Vuksanović (u daljem tekstu: "HGI" ili "Klijent" ili "Politička stranka"), sa druge strane;

(u daljem tekstu: „Ugovor").

PREAMBULA

BUDUĆI DA:

- je PRVA komerciljalni distributivni servis, sa važećom dozvolom Agencije za Elektronske Medije Crne Gore, za emitovanje televizijskog programa sa nacionalnim pokrivanjem u Crnoj Gori, te da ima namjeru da u svom programu emituje kako predizborne oglasne poruke, tako i predizborne plaćene priloge,
- Klijent ima interesa da realizuje dio svoje predizborne kampanje kroz emitovanje predizbornih TV spotova i-ili plaćenih priloga u okviru predizbornih plaćenih termina na PRVOJ,

PRVA i Klijent zaključuju ovaj Ugovor na način i pod uslovima kako slijedi:

1. PREDMET UGOVORA

1.1. Ugovorne strane su se sporazumjele da ostvare poslovnu saradnju kroz emitovanje predizbornih oglasnih poruka za lokalne i parlamentarne izbore 2020. u Crnoj Gori. To će se realizovati kroz predizborne plaćene termine na PRVOJ. HGI vrši rezervaciju emitovanja za potrebe realizovanja predizborne kampanje u vremenskom periodu trajanja ovog Ugovora i pod uslovima utvrđenim ovim Ugovorom.

2. PREDIZBORNE OGLASNE PORUKE

2.1. U okviru navedene poslovne saradnje PRVA se obavezuje da obezbijedi HGI-u emitovanje predizbornih oglasnih poruka, TV spotova čije trajanje i vrsta su određeni cjenovnikom PRVE u periodu od 26. avgusta zaključno sa 28. avgustom 2020. do 23:59h.

2.2. Predizborne oglasne poruke i spotovi iz prethodnog stava ovog člana biće emitovane u oglasnim terminima u vremenskom periodu emitovanja određenom u cjenovniku PRVE. Tačan raspored emitovanja predizbornih oglasnih poruka u okviru oglasnih termina određenih u cjenovniku PRVE, naći će se u media planu koji će biti odobren od strane ovlašćenih lica HGI-a i PRVE.

1

3. NAČIN I ROKOVI PLAĆANJA

3.1. HGI se obavezuje da PRVOJ plati za emitovanje predizbornih oglasnih poruka iz člana 2. ovog Ugovora naknadu do 10. septembra 2020. godine.

3.2. PRVA će HGI-u ispostaviti fakturu koja će sadržati informaciju o tipu usluge, neto vrijednost usluge i vrijednost usluge sa uračunatim PDV-om. Fakturu će izraditi služba finansija i računovodstva PRVE.

4. DRUGA PRAVA I OBAVEZE UGOVORNIH STRANA

4.1. Radi uspješne realizacije poslovne saradnje PRVA se obavezuje da:

- prilikom određivanja rasporeda emitovanja poštuje princip jednakosti kod predstavljanja političkih stranaka koje učestvuju u predizbornoj kampanji, a žele političko oglašavanje
- obavijesti HGI o svakom eventualnom odstupanju od plana emitovanja koji je utvrđen, te da za svako nerealizovano emitovanje obezbijedi, uz dogovor sa klijentom, drugo odgovarajuće emitovanje i termin.

4.2. Takođe, radi uspješne realizacije poslovne saradnje HGI se obavezuje da:

- blagovremeno, a najkasnije 12 sati prije početka emitovanja, direktno ili posredstvom ovlašćenog zastupnika ili kreativne agencije dostavi ovlašćenom licu programa, marketinga i promocije PRVE dispozicije, predizborne oglasne poruke na odgovarajućim profesionalnim trakama sa kompletno montiranim materijalom spremnim za emitovanje ili putem elektronske pošte ili preko linka za preuzimanje. Materijal se dostavlja direktno na adresu sjedište PRVE u Podgorici, Bulevar Džordža Vašingtona 56/6, ili putem elektronske pošte ili linkom za preuzimanje ovlašćenom licu za programski sadržaj, marketing i promociju PRVE: ivan.vukcevic@prvatv.me +382 67 249 079.
- uz sav materijal namijenjen emitovanju dostavi i uredno popunjenu i ovjerenu deklaraciju u skladu sa odredbama Zakona o oglašavanju Crne Gore.

4.3. Obje strane - Prva i Klijent dužni su da poštuju odredbe:

- Zakona o elektronskim medijima
- Pravilnika o programskim standardima Agencije za elektronske medije

4.4. PRVA je dužna da poštuje i pravila propisana Kodeksom novinara Crne Gore.

5. GARANCIJE

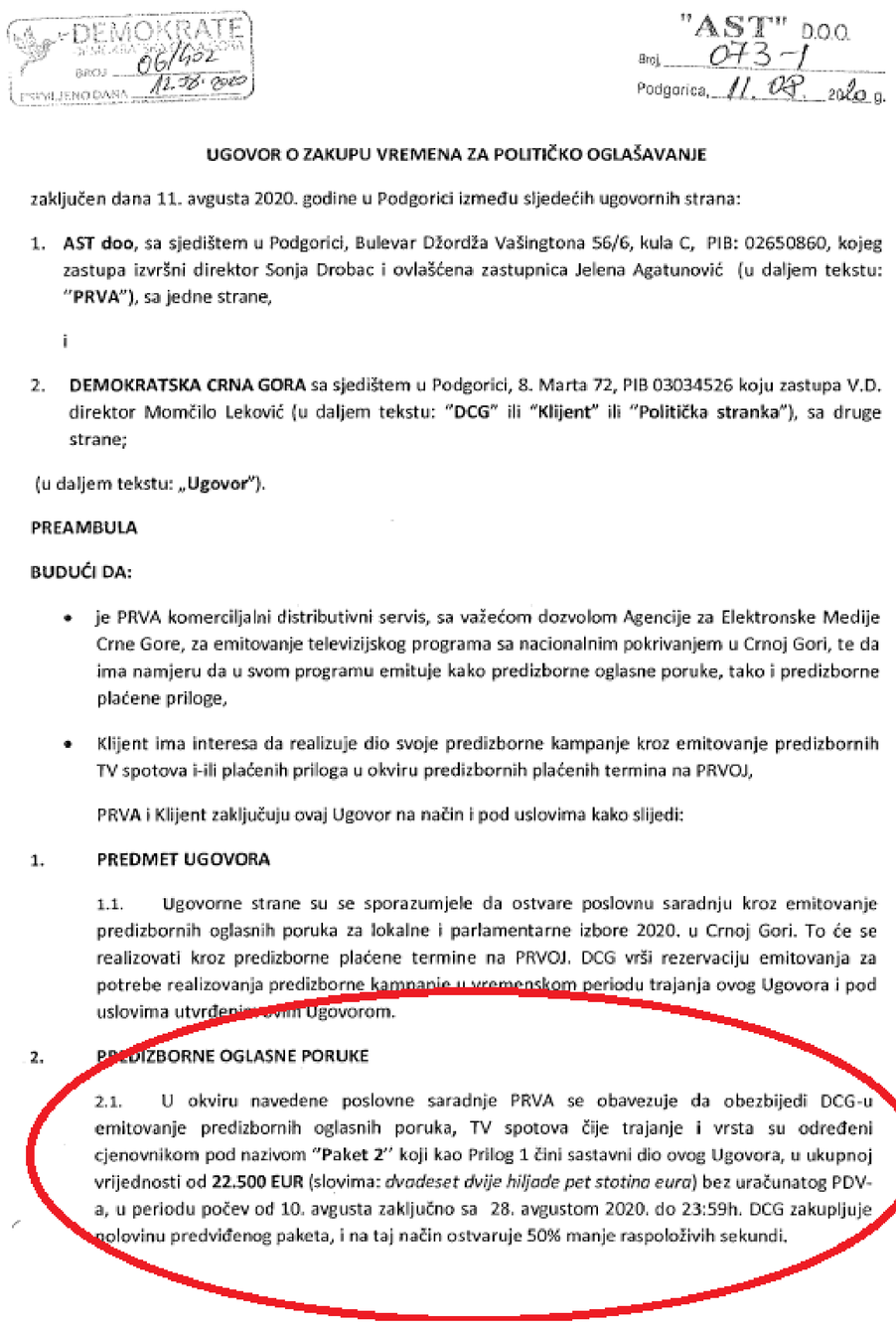
5.1. HGI garantuje da će svaki predizborni plaćeni oglas, koje bude emitovala PRVA, biti sačinjeni u skladu sa svim pozitivnim propisima Crne Gore. S tim u vezi ugovorne strane

2

Excerpt from the contract between Prva TV and MIRNN

Based on the Law on Free Access to Information, Democratic Montenegro provided us with the original contract.

In the part that was deleted, it is stated that the party **<u>is advertised based on the prices from Package 2</u>**, although according to the price list, that package is reserved only for cases when the consumption is higher than 100 thousand euros. It is further stated that the Democrats would receive half of the package worth 200 thousand euros for 22.5 thousand euros.



DEMOKRATE

"AST" D.O.O.
Broj 073-1
Podgorica, 11.08. 2020 g.

UGOVOR O ZAKUPU VREMENA ZA POLITIČKO OGLAŠAVANJE

zaključen dana 11. avgusta 2020. godine u Podgorici između sljedećih ugovornih strana:

1. **AST doo**, sa sjedištem u Podgorici, Bulevar Džordža Vašingtona 56/6, kula C, PIB: 02650860, kojeg zastupa izvršni direktor Sonja Drobac i ovlašćena zastupnica Jelena Agatunović (u daljem tekstu: "**PRVA**"), sa jedne strane,

i

2. **DEMOKRATSKA CRNA GORA** sa sjedištem u Podgorici, 8. Marta 72, PIB 03034526 koju zastupa V.D. direktor Momčilo Leković (u daljem tekstu: "**DCG**" ili "**Klijent**" ili "**Politička stranka**"), sa druge strane;

(u daljem tekstu: „**Ugovor**").

PREAMBULA

BUDUĆI DA:

- je PRVA komerciljalni distributivni servis, sa važećom dozvolom Agencije za Elektronske Medije Crne Gore, za emitovanje televizijskog programa sa nacionalnim pokrivanjem u Crnoj Gori, te da ima namjeru da u svom programu emituje kako predizborne oglasne poruke, tako i predizborne plaćene priloge,
- Klijent ima interesa da realizuje dio svoje predizborne kampanje kroz emitovanje predizbornih TV spotova i-ili plaćenih priloga u okviru predizbornih plaćenih termina na PRVOJ,

PRVA i Klijent zaključuju ovaj Ugovor na način i pod uslovima kako slijedi:

1. PREDMET UGOVORA

1.1. Ugovorne strane su se sporazumjele da ostvare poslovnu saradnju kroz emitovanje predizbornih oglasnih poruka za lokalne i parlamentarne izbore 2020. u Crnoj Gori. To će se realizovati kroz predizborne plaćene termine na PRVOJ. DCG vrši rezervaciju emitovanja za potrebe realizovanja predizborne kampanje u vremenskom periodu trajanja ovog Ugovora i pod uslovima utvrđenim ovim Ugovorom.

2. PREDIZBORNE OGLASNE PORUKE

2.1. U okviru navedene poslovne saradnje PRVA se obavezuje da obezbijedi DCG-u emitovanje predizbornih oglasnih poruka, TV spotova čije trajanje **i** vrsta su određeni cjenovnikom pod nazivom "**Paket 2**" koji kao Prilog 1 čini sastavni dio ovog Ugovora, u ukupnoj vrijednosti od **22.500 EUR** (slovima: *dvadeset dvije hiljade pet stotina eura*) bez uračunatog PDV-a, u periodu počev od 10. avgusta zaključno sa 28. avgustom 2020. do 23:59h. DCG zakupljuje polovinu predviđenog paketa, i na taj način ostvaruje 50% manje raspoloživih sekundi.

Excerpt from the non-redacted contract between the Democrats and Prva TV

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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The invoice, which was also submitted to MANS by that party on the basis of the Law on Free Access to Information, does not show discounts, only the total amount.

Annex 1 of the Contract states that it is Package 2, but then it quotes the conditions from Package 1, while at the end it is stated that the client is obliged to lease half of the package.

In this way, TV Prva basically gave the Democrats a discount that was not provided for in the price list. This TV station probably dealt with other electoral lists in a similar way, but that documentation was not available to the public.

PRVA

AST d.o.o.

Podgorica, Bulevar Džordža Vašingtona, 56/6 — PIB: **02650860**
tel: 020/234-838 — PDV: **30/31-06077-9**
fax: 020/234-838 — Ž.R.: **520-39765-90**
e-mail: finansije@prvatv.me

Podgorica, 31.08.2020 godine

Faktura br. 357

Kupac:
DEMOKRATSKA CRNA GORA
PODGORICA
II CRNOGORSKOG BATALJONA 2G
PIB: 03034526
PDV:

Na osnovu: fakturišemo Vam:

Red. broj	NAZIV PROIZVODA/USLUGE	JM	Količina	Cijena bez PDV-a	Vrijednost bez PDV-a	Rabat (%)	PDV Stopa	PDV Iznos	Cijena sa PDV-om	Vrijednost sa PDV-om
1.	Oglašavanje na PRVA TV MNE po ugovoru o zakupu vremena za političko oglašavanje br. 073-1, za period 10.08.-28.08.2020.		1	22.500,00	22.500,00		21%	4.725,00	27.225,00	27.225,00

Plaćanje: virmanski.
Rok plaćanja: 10 dana.
Za neblagovremeno plaćanje obračunavamo zateznu kamatu.
U slučaju spora nadležan je Privredni sud u Podgorici.

Vrijednost bez PDV-a	**22.500,00**
Iznos rabata	**0,00**
Osnovica za 21%	**22.500,00**
PDV po stopi 21%	**4.725,00**
ZA UPLATU €	**27.225,00**

Fakturisao, — D.O.O. "AST" PODGORICA — Direktor,

Invoice of Prva TV issued to Democratic Montenegro

Prilog 1

Paket 2: - 650 sekundi dnevno za emitovanje predizbornih spotova – oglasnih poruka

- emitovanje do 5 reportaža – priloga sa promotivnih događaja skupova u sklopu programske šeme u terminima od 16h do 20h –

cijena 54.450 eur sa uključenim PDV-om (45.000 eur NET)

Klijent se obavezuje na zakup polovine paketa.

Annex 1 of the contract between Prva TV and Democrats

PAKET 1: 650 sekundi dnevno
Uključeno 5 emitovanja reportaža do 3 min sa promotivnih događaja u terminima od 16h do 20h

CIJENA: 149.999 eur bez PDV

PAKET 2: 900 sekundi dnevno
Uključeno 9 emitovanja reportaža do 3 min sa promotivnih događaja u terminima od 16h do 20h

CIJENA: 199.999 eur bez PDV

Excerpt from the price list of TV Prva for 2020 Parliamentary elections

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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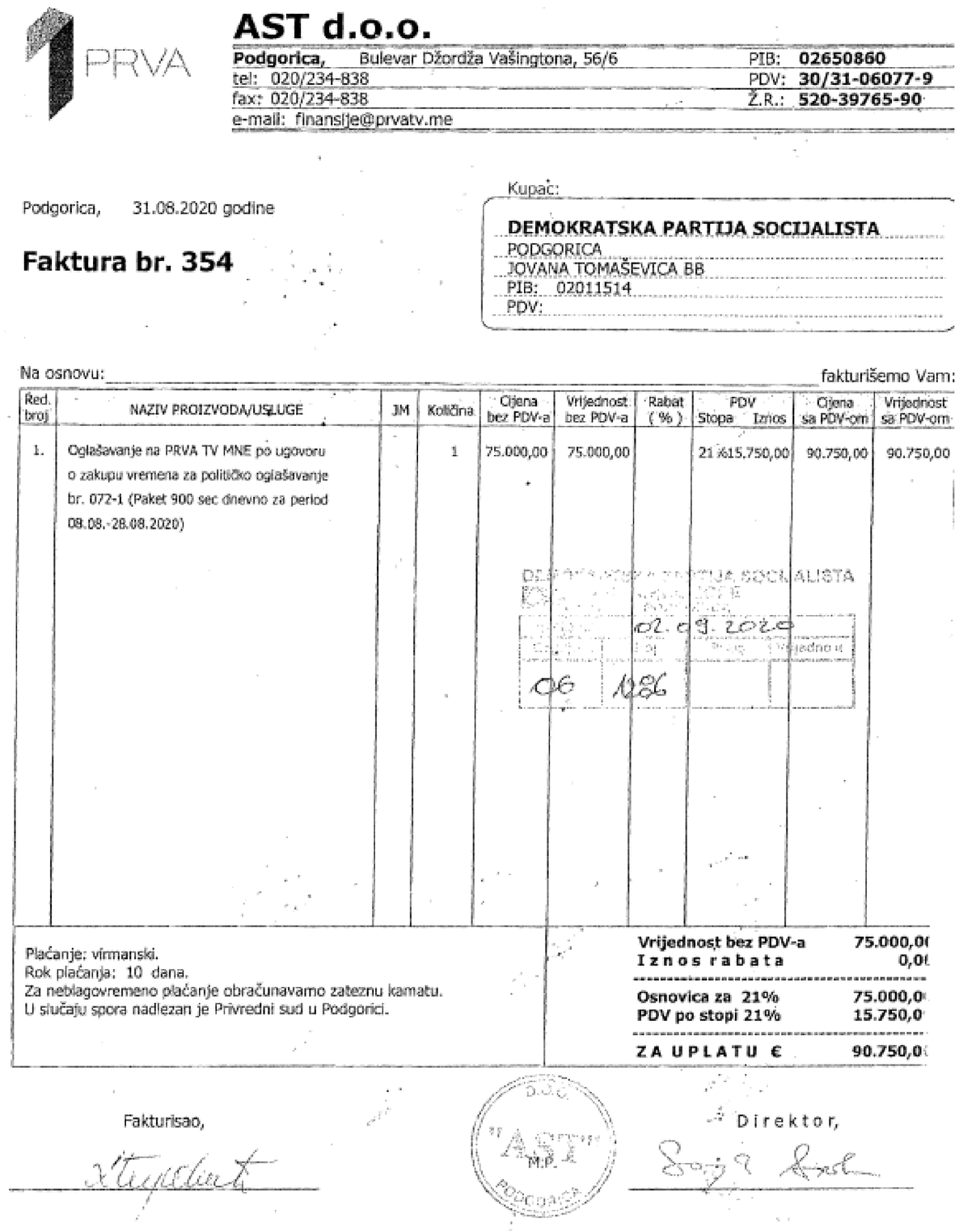
DPS did not submit the Contract with Prva TV, but the invoice of that party confirms that Prva TV did not adhere to the price list. The invoice states that DPS leased a package of 900 seconds a day from Prva TV, which was usually sold by the TV station for 200,000 euros excluding VAT. It is stated that the advertising lasted for 20 days and that the price excluding VAT is 75 thousand euros. The invoice states that it was issued without a rebate.



PRVA

AST d.o.o.

Podgorica, Bulevar Džordža Vašingtona, 56/6 — PIB: **02650860**
tel: 020/234-838 — PDV: **30/31-06077-9**
fax: 020/234-838 — Ž.R.: **520-39765-90**
e-mail: finansije@prvatv.me

Podgorica, 31.08.2020 godine

Faktura br. 354

Kupac:
DEMOKRATSKA PARTIJA SOCIJALISTA
PODGORICA
JOVANA TOMAŠEVIĆA BB
PIB: 02011514
PDV:

Na osnovu: fakturišemo Vam:

Red. broj	NAZIV PROIZVODA/USLUGE	JM	Količina	Cijena bez PDV-a	Vrijednost bez PDV-a	Rabat (%)	PDV Stopa	PDV Iznos	Cijena sa PDV-om	Vrijednost sa PDV-om
1.	Oglašavanje na PRVA TV MNE po ugovoru o zakupu vremena za političko oglašavanje br. 072-1 (Paket 900 sec dnevno za period 08.08.-28.08.2020)		1	75.000,00	75.000,00		21 %	15.750,00	90.750,00	90.750,00

DEMOKRATSKA PARTIJA SOCIJALISTA
02.09.2020
06 1286

Plaćanje: virmanski.
Rok plaćanja: 10 dana.
Za neblagovremeno plaćanje obračunavamo zateznu kamatu.
U slučaju spora nadležan je Privredni sud u Podgorici.

Vrijednost bez PDV-a	**75.000,0**
Iznos rabata	**0,0**
Osnovica za 21%	**75.000,0**
PDV po stopi 21%	**15.750,0**
ZA UPLATU €	**90.750,0**

Fakturisao,

D.O.O. "AST" M.P. PODGORICA

Direktor,

DPS' advertising costs - invoice of Prva TV

The Agency for Prevention of Corruption did not notice any violation of legal provisions in such acting of Prva TV, although the Law clearly prescribes fines from 5 thousand to 20 thousand euros for a legal entity if it does not set a price for all provided services to political entities within the price list submitted to the Agency, or it alters the price list during the election campaign. [46]

Instead, APC denied access to data, invoices and contracts, which were provided to the institution by electoral lists. As DPS and SD did not provide information based on our requests, the data on parts of the contracts of these parties remain hidden from the public.

[46] Article 16, paragraphs 8 and 9, Article 64, paragraph 1, indent 5 and 6 of the Law on Financing of Political Entities and Election Campaigns

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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Case study: Agencies that sell advertisements are not subject to the Law

Unlike the media, companies that mediate in the sale of advertising space in the media, according to APC's interpretation, are not subject to the law.

The electoral lists leased advertisements on Pink M television through the company Pink Media M. That company submitted the price list for advertising during the election campaign after the legal deadline, but still invoiced over 370 thousand euros for the advertisements of the electoral lists. Meanwhile, APC decided that Pink Media M was not subject to the law, because it does not provide media advertising services.

In addition, TV Pink allowed the electoral lists to advertise during hours that were not provided for in the price list.

The media were required to submit advertising price lists during 2020 parliamentary election campaign by July 3, and Pink Media M submitted its price list only on July 24. The Agency for Prevention of Corruption published that price list on its website, and only after the initiatives of MANS, it found that it had been submitted after the legally prescribed deadline.

Excerpt from the Agency's website stating that the price list was submitted after the deadline

The Agency made the decision that Pink Media M was not subject to the Law, because it is an advertising agency, and not an entity that provides media advertising services.

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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N.V.O. "IMANS"
Broj 63-TUPINKM
Podgorica 04.09.2020 201 ... god.

Crna Gora
Agencija za sprječavanje korupcije

Broj:UPI-02-02-175/7-2020

AGENCIJA ZA SPRJEČAVANJE KORUPCIJE na osnovu člana 56 Zakona o finansiranju političkih subjekata i izbornih kampanja („Sl.list CG", br.3/2020 i 38/2020) u vezi sa članom 18 Zakona o upravnom postupku ("Službenom listu CG", br. 56/2014, 20/2015, 40/2016 i 37/2017), odlučujući o prijavi broj UPI 02-02-175/2020 od 28.07.2020.godine, podnijetoj protiv »Pink media M« d.o.o., zbog kršenja člana 16 stav 6 Zakona o finansiranju političkih subjekata i izbornih kampanja, dana 02.09.2020.godine donijela je

R J E Š E NJ E

UTVRĐUJE SE da »Pink media M« d.o.o. nije prekršio član 16 stav 6 Zakona o finansiranju političkih subjekata i izbornih kampanja jer isto privredno društvo nije subjekt koji pruža usluge medijskog oglašavanja izborne kampanje.

O b r a z l o ž e nj e

Agenciji za sprječavanje korupcije je podnesena prijava, zavedena pod brojem UPI 02-02-175/2020 od 28.07.2020.godine, kojom je zatraženo da se pokrene postupak u skladu sa ovlašćenjima propisanim zakonom i da se utvrdi kršenje člana 16 stav 6 Zakona o finansiranju političkih subjekata i izbornih kampanja. U prijavi se tvrdi da je Televizija Pink Media M poslala cjenovnik usluga izbornog oglašavanja izborne kampanja Agenciji dana 24.07.2020.godine iako je rok za dostavljanje istoga bio 03.07.2020.godine. Na taj način podnosilac smatra da je isti prekršio član 16 stav 6 Zakona o finansiranju političkih subjekata i izbornih kampanja.

Odlučujući o sadržini prijave, Agencija je dana 07.08.2020.godine uputila dopis »Pink media M« d.o.o. i tom prilikom zatražila izjašnjenje u odnosu na navode iz prijave.

»Pink media M« d.o.o. je dostavio izjašnjenje, koje je u Agenciji zavedeno pod brojem UPI 02-02-175/3-2020 od 07.08.2020. godine u kojem je navedeno da je to privredno društvo registrovano kao preduzeće čija je pretežna djelatnost – djelatnost reklamnih agencija te da nijesu pružalac medijskih usluga u smislu Zakona o elektronskim medijima i da se zbog toga ne mogu tretirati kao medijski subjekat tj. subjekat koji pruža usluge medijskog oglašavanja. Nadalje se navodi da je razloog dostavljanja cjenovnika političkog marketinga njihova želja za transparentnošću.

Članom 16 stav 6 Zakona o finansiranju političkih subjekata i izbornih kampanja ("Sl. list CG", br. 3/2020 i 38/2020) precizirano je da su subjekti koji pružaju usluge medijskog oglašavanja izborne kampanje dužni da Agenciji dostave cjenovnik usluga

Kralja Nikole 27/V Podgorica Crna Gora | Agencija za sprječavanje korupcije | +382 20 44 77 02 kabinet@antikorupcija.me www.antikorupcija.me

Excerpt from APC's Decision on "Pink Media M"

According to our monitoring from August 11 to August 28, TV Pink broadcast commercials for three lists, with a total duration of over 54 thousand seconds, i.e. around 900 minutes, i.e. 15 hours.

In the price list, Pink Media M offered to advertise from 8 am to midnight, but it allowed the electoral lists to advertise after midnight.

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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As many as 137 advertising terms with a total duration of 13,345 seconds were after midnight, although for that period the price list did not state the prices of advertising.

Crna Gora
AGENCIJA ZA SPRJEČAVANJE KORUPCIJE
24-07-2020
02-02-1382/1461

CJENOVNIK POLITICKOG MARKETINGA ZA PARLAMENTARNE I LOKALNE IZBORE U CRNOJ GORI 30.08.2020. godine

Cijena za termine po sekundi:

08:00-12:00 5.00€

12:00 -16:00 7.00€

16:00 -20:00 10.00€

20:00 – 00:00 15.00€

Emitovanje reportaza izvjestaja sa konvencija I promocija do 3 minuta u sopstvenoj produkciji:

00:00 -12:00 300,00€

12:00 -16:00 400,00€

16:00 -20:00 800,00€

20:00 - 00:00 1.000,00€

Svaki dodatni minut obracunava se dodadno

00:00 -12:00 50,00€

12:00 -16:00 100,00€

16:00 -20:00 150,00€

Excerpt from the price list of Pink Media M for 2020 Parliamentary elections, page 1

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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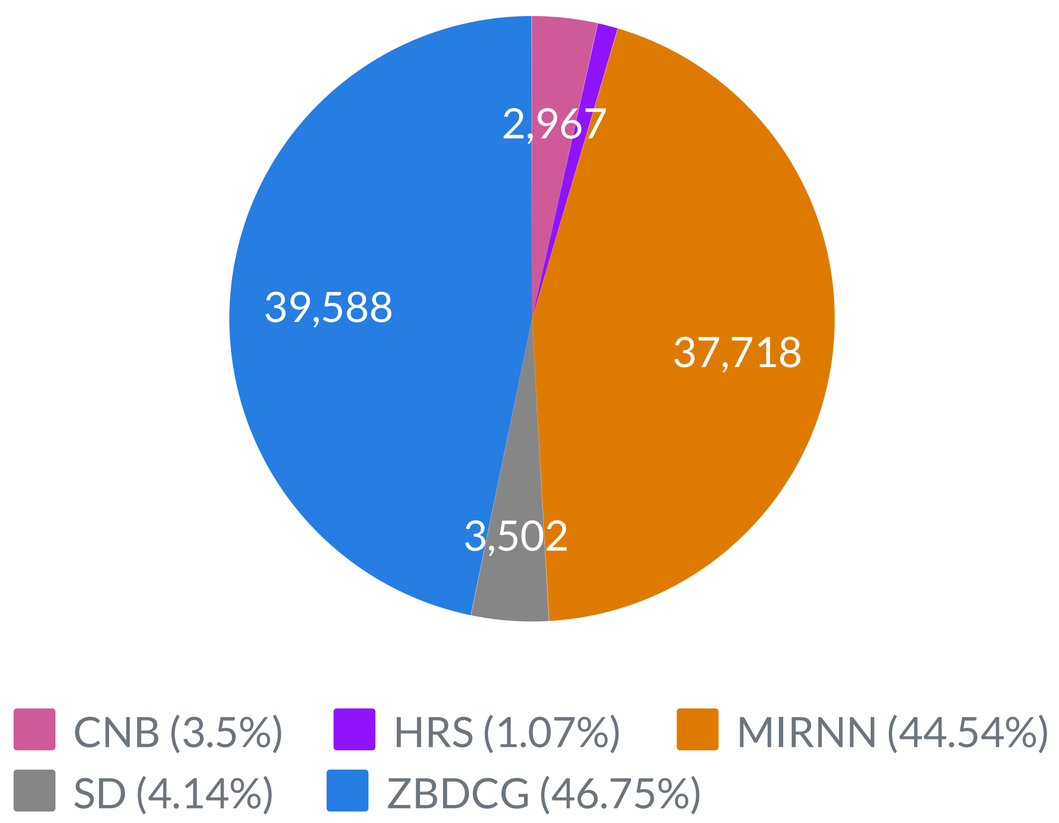
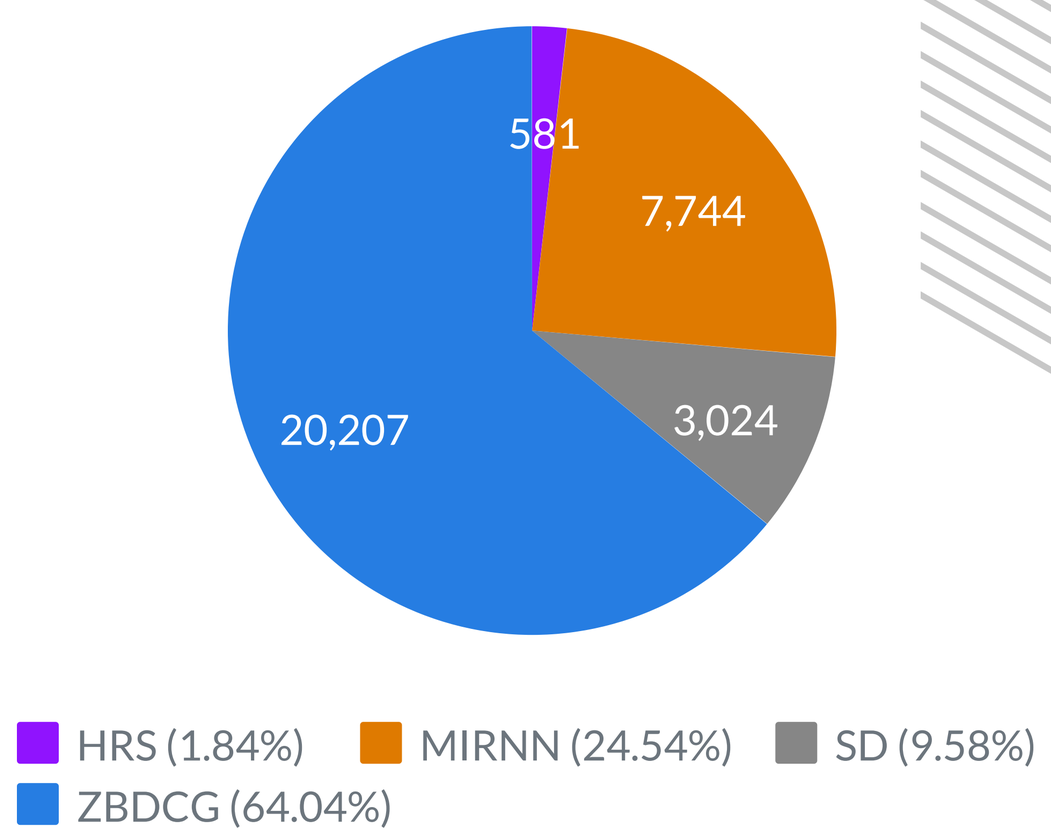
1.2. Daily newspapers and portals

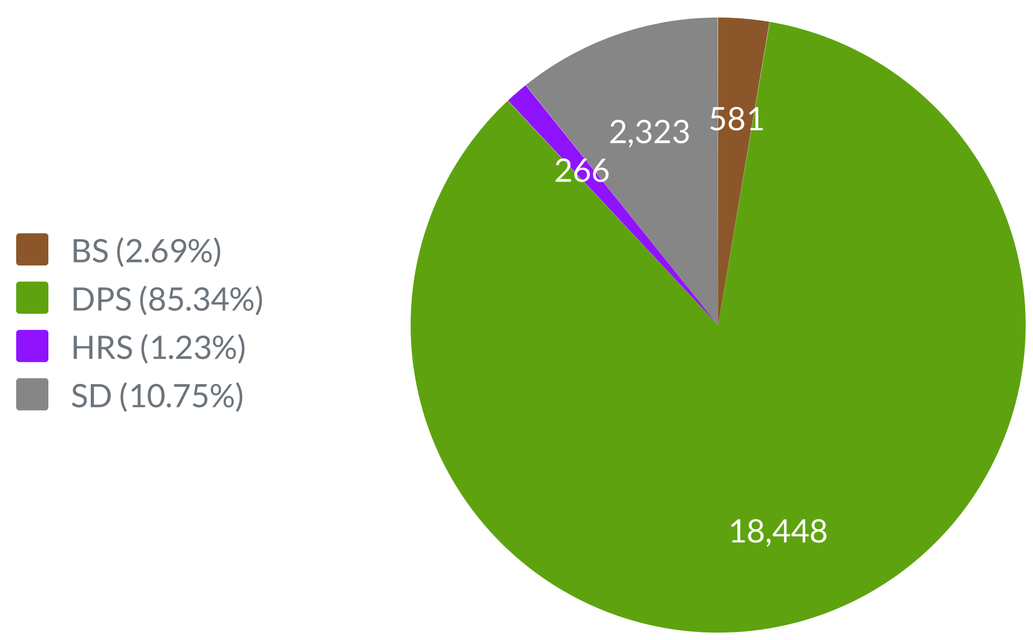
All electoral lists spent a total of around 367 thousand euros on advertising in the print media and on portals.

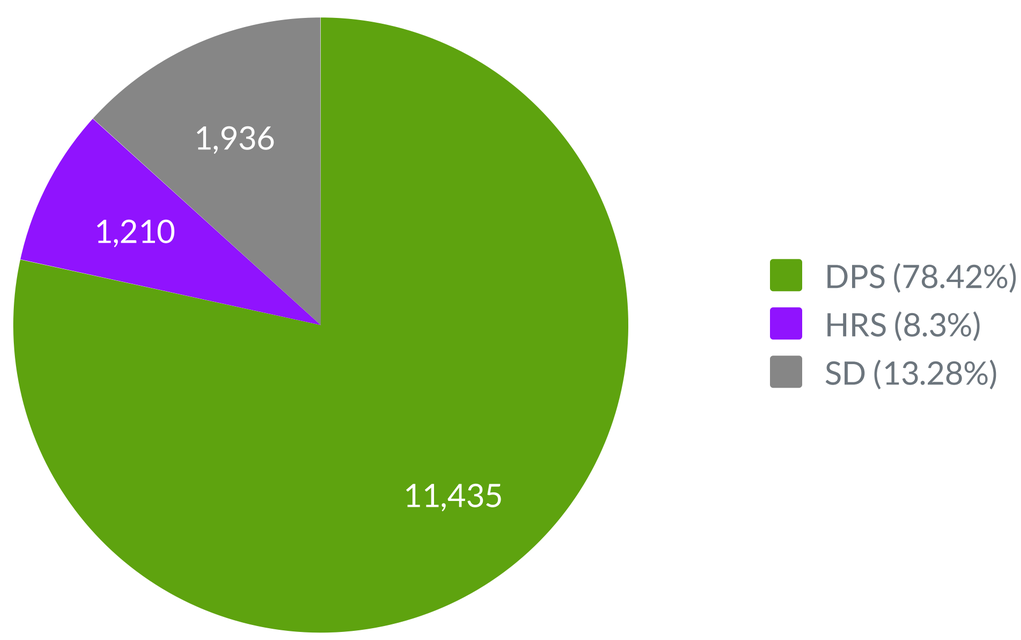
Less than 85 thousand euros was spent on advertisements in the daily Dan, and around 31 thousand euros in the newspaper Vijesti. While coalitions ZBDCG and MIRNN spent almost the same amount of funds in Dan, the coalition gathered around the Democratic Front had most advertisements in the newspaper Vijesti.





Ads in Pobjeda cost around 21,000 euros, and around 14,000 euros in Dnevne novine, where DPS mostly advertised.





4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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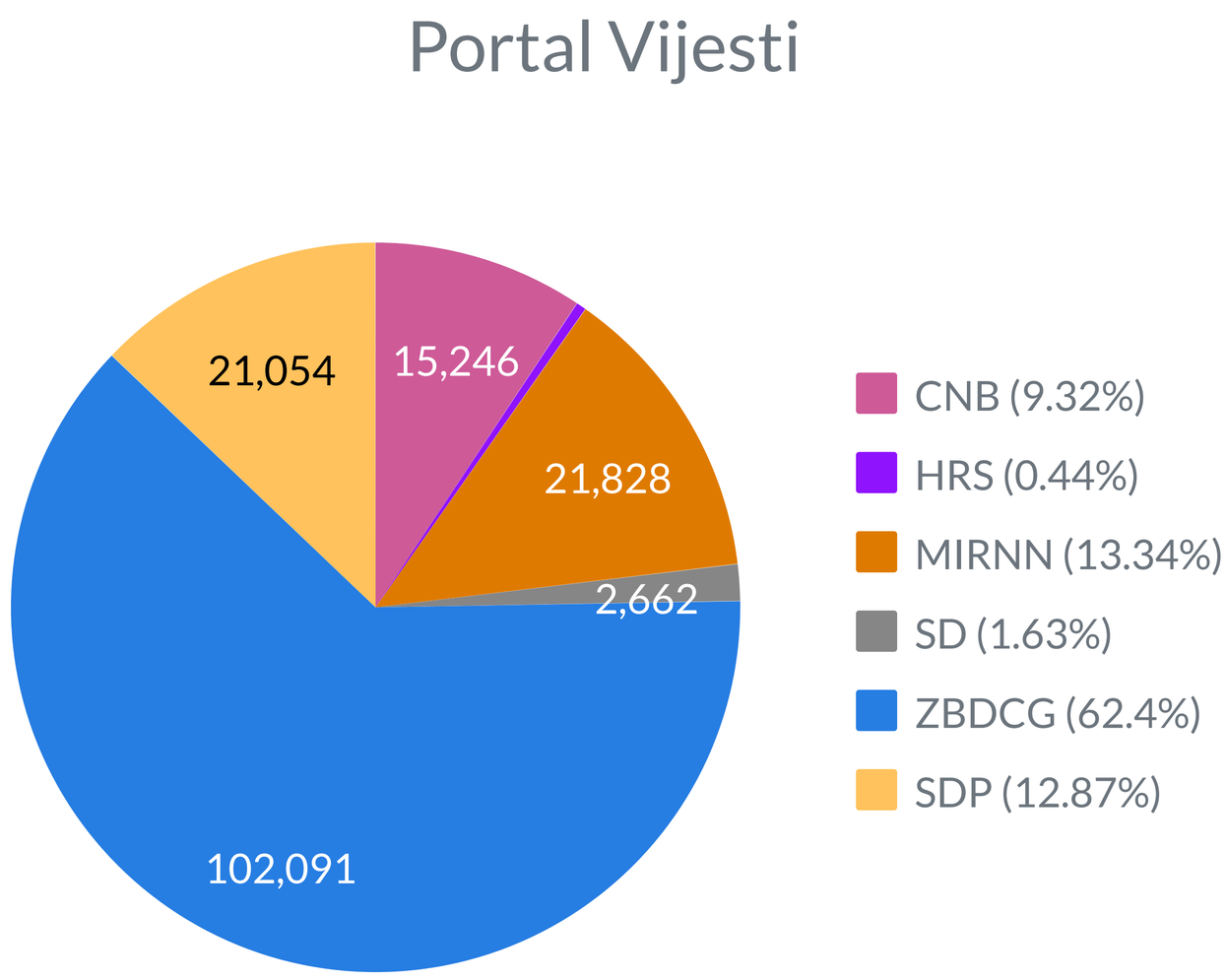
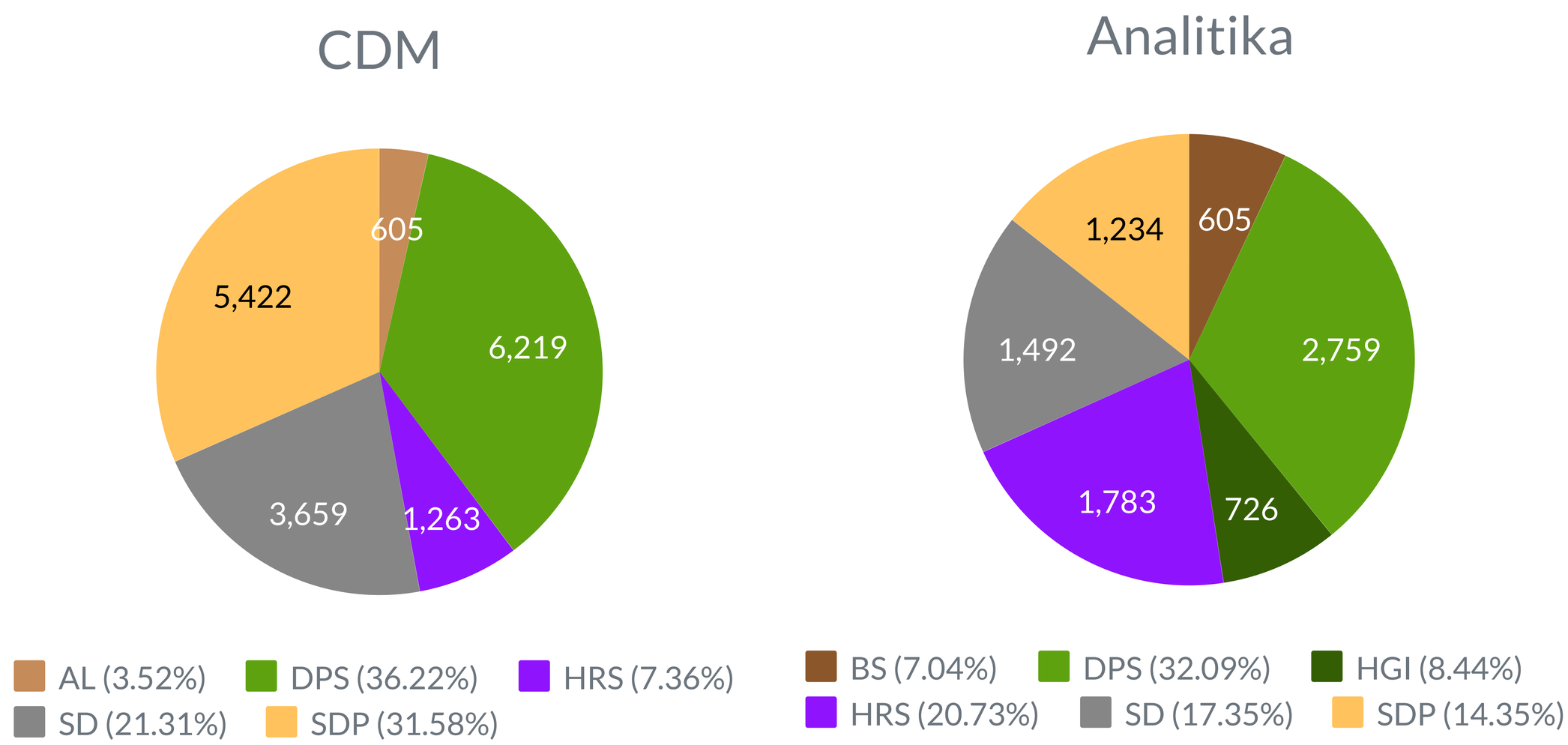
Advertisements worth almost 165 thousand euros were calculated on the Vijesti portal. ZBDCG coalition had the most advertisements, worth over 100 thousand euros, i.e. over 60% of all political advertisements on that portal. In second place is the coalition MIRNN with around 22 thousand euros, followed by SDP with around 21 thousand euros.



Reported expenses of all election lists for advertising on Vijesti portal

Advertisements worth over 17 thousand euros were published on CDM portal, less than nine thousand euros on Analitika, over five thousand euros on Volim Podgorica portal, less than four thousand euros on Standard, and around four thousand euros on other portals.



Reported expenses of all electoral lists for advertising on CDM and Analitika portals

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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Studija slučaja:
Half the price for everyone - Vijesti

Daily newspaper and the portal Vijesti charged the electoral lists half the price than the ones defined by the price list.

The price lists of these media do not state any discount, but it was still given in the amount of as much as 50%.

НОВА СРПСКА ДЕМОКРАТИЈА
Број 562
Подгорица, 31.08 2020 год.

NEZAVISNI DNEVNIK Vijesti

Daily Press d.o.o.
Trg nezavisnosti bb Podgorica
TEL. 020/404-621,404-651
PIB 02255383
PDV 30/31-01515-3

FAKTURA br. 1632/2020

Kupac : 3004 NOVA SRPSKA DEMOKRATIJA
Sjedište : PODGORICA
Adresa : VOJISLAVA GRUJICA 4
PIB : 02746476
PDV :

Datum fakture: 31.08.2020
Način plaćanja : VIRMANSKI
Datum valute : 07.09.2020
Veza profakture: -
Veza ugovora:

REKLAME

RBR	OPIS	KOL.	CIJENA	RABAT %	RABAT IZNOS	POREZ %	POREZ IZNOS	Cij. sa PDV i rabatom	IZNOS
1	Oglasavanje na portalu po priloženom media planu	1	165,946.00	50	82,973.00	21	17,424.33	100,397.33	100,397.33

PO CJENOVNIKU :	165,946.00
ODOBRENI RABAT :	82,973.00
UKUPNO (BEZ PDV-a) :	82,973.00
OBRAČUNATI PDV :	17,424.33
UKUPNO (€) :	100,397.33

Po zakonu o PDV-u (Sl. list 65/01, 38/02, 72/02, 21/03, 76/05, 29/13) porez zaračunat po stopi 21%

Fakturisao

Žiro Računi:
Addiko banka AD Podgorica: 555-9002192567-70

Devizni Računi
Addiko banka AD Podgorica:
Swift address HAABMEPG
Account ME25555000900219277722

One of the invoices of the Daily Press for advertising during the campaign for 2020 Parliamentary elections

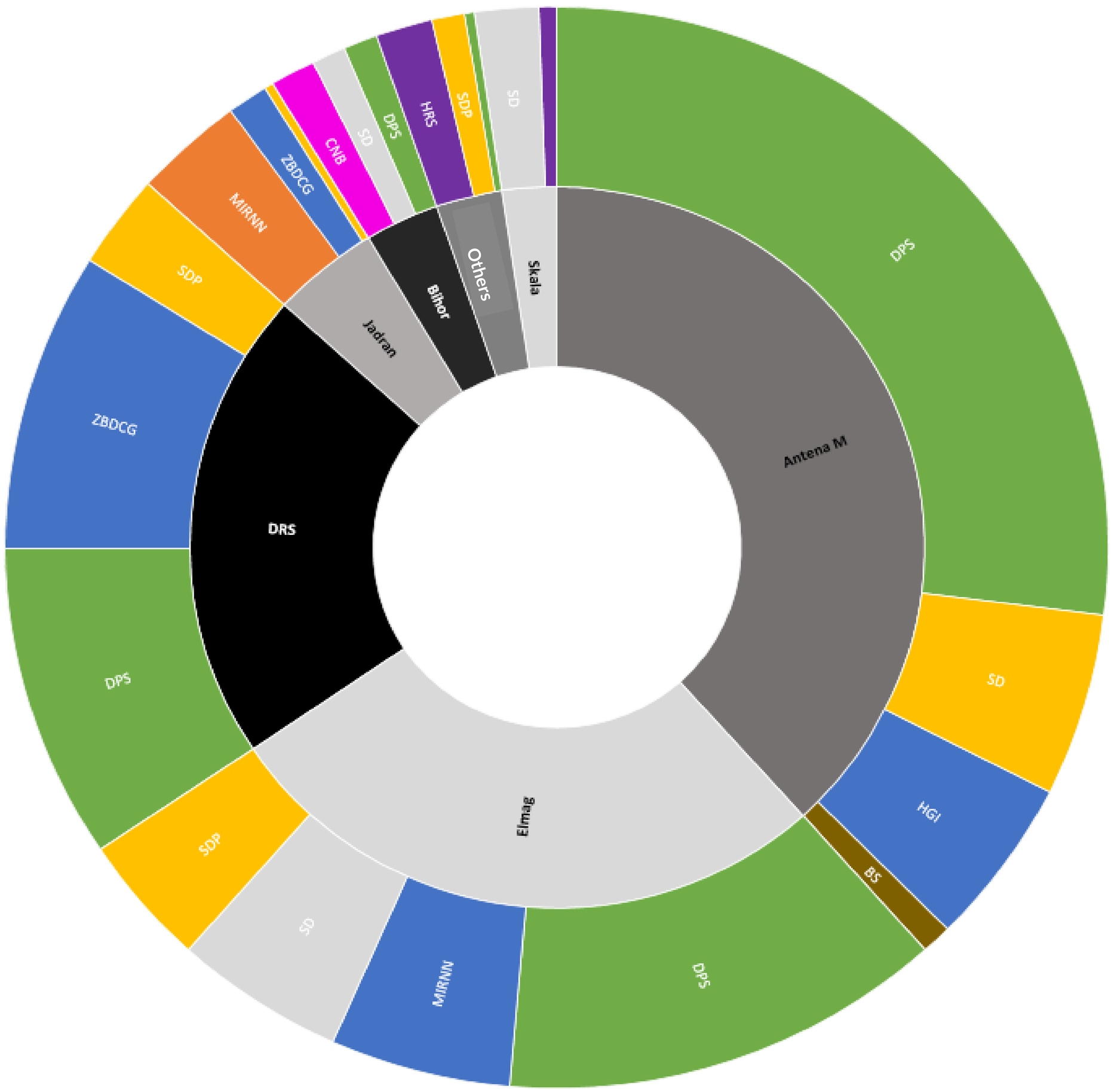
We noticed that this media outlet gave the same discounts in invoices of other electoral lists available to us, including SDP, Peace is Our Nation, Black on White and the Croatian Reform Party.

1.3. Radio stations

Around 61 thousand euros was spent on advertising on radio stations, mostly by DPS, nearly 30 thousand. MIRNN coalition spent around nine thousand, SD over seven thousand, and ZBDCG around 6.5 thousand. SDP spent nearly four thousand euros, HGI around 2.7, HRS around one thousand, and BS around 500 euros for advertising on radio stations.

Highest advertising costs were calculated by radio Antena M, over 20 thousand euros. Radio Elmag is in second place with around 15 thousand, while the costs of advertising on DRS radio were less than 12 thousand euros.

The costs of advertising on radio stations
during 2020 Parliamentary elections campaign



4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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Case study: Antena M

Antena M submitted to the Agency for Prevention of Corruption the price list for advertising in the election campaign only on July 22, 2020, i.e. 19 days after the legal deadline. Despite that, it was on that radio station that the electoral lists had the highest advertising costs.

Following MANS' report, APC found that Radio Antena M had violated the law.

N.V.O. "M N S"
Br. 61-RAM
Podgorica 01.09. 2020 201.....god.

Crna Gora
Agencija za sprječavanje korupcije

Broj:UPI-02-02-173/5-2020

AGENCIJA ZA SPRJEČAVANJE KORUPCIJE na osnovu člana 56 Zakona o finansiranju političkih subjekata i izbornih kampanja („Sl.list CG", br.3/2020 i 38/2020) u vezi sa članom 18 Zakona o upravnom postupku ("Službenom listu CG", br. 56/2014, 20/2015, 40/2016 i 37/2017), odlučujući o prijavi broj UPI 02-02-173/2020 od 24.07.2020.godine, podnijetoj protiv Radio Antene M, zbog kršenja člana 16 stav 6 Zakona o finansiranju političkih subjekata i izbornih kampanja, dana 28.08.2020.godine donijela je

R J E Š E NJ E

UTVRĐUJE SE da je Radio Antena M prekršila član 16 stav 6 Zakona o finansiranju političkih subjekata i izbornih kampanja nedostavljanjem cjenovnika usluga medijskog oglašavanja u izbornoj kampanji u roku od deset dana od dana raspisivanja izbora i pružanjem usluge medijskog oglašavanja izborne kampanje.

O b r a z l o ž e nj e

Dana 24.07.2020.godine, Agenciji za sprječavanje korupcije je podnesena prijava, zavedena pod brojem UPI 02-02-173/2020, kojom je zatraženo da se pokrene postupak u skladu sa ovlašćenjima propisanim zakonom i da se utvrdi kršenje člana 16 stav 6 Zakona o finansiranju političkih subjekata i izbornih kampanja.

U prijavi se navodi da je Radio Antena M poslala ASK-u cjenovnik usluga izbornog oglašavanja dana 21.07.2020.godine, navodeći da isti nije dostavljen u zakonom propisanom roku odnosno da je krajnji rok za dostavu cjenovnika bio 3.jul 2020.godine, što predstavlja kršenje člana 16 stav 6 Zakona o finansiranju političkih subjekata i izbornih kampanja.

Kralja Nikole 27/V
Podgorica
Crna Gora

Agencija za sprječavanje korupcije

+382 20 44 77 02
kabinet@antikorupcija.me
www.antikorupcija.me

Excerpt from the APC's decision regarding Antena M radio

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

A

It is particularly interesting that the contract between that radio station and one electoral list - Social Democrats of Montenegro - was only partially published. Namely, two pages are missing in the contract, thus, it is not possible to determine under what conditions that electoral list was advertised on Antena M radio. [47]

RADIO ANTENA M

Klijentu se stavlja na raspolaganje emitovanje radijske reklame, na radiju Antena M, na sljedeći način :

1

Ugovor u sljedećem roku od 15 dana. Svaka strana je dužna da izmiri svoje obaveze koje su nastupile i dospjele do trenutka jednostranog raskida ugovora.

Ugovorne strane imaju pravo da raskinu ugovor i sporazumno uz otkazni rok od 15 dana uz obavezu da svaka ugovorna strana izmiri sve svoje obaveze nastale do dana raskida Ugovora.

VIŠA SILA

ČLAN 7.

Ugovorne strane mogu biti oslobođene od odgovornosti u određenim slučajevima koji su nastupili nezavisno od njihove volje. Nastale okolnosti, nezavisno od volje stranaka, koje ni pažljiva stranka ne bi mogla izbjeći, niti mogla otkloniti njihove posljedice, smatrće se kao slučajevi koji oslobađaju od odgovornosti, ako su nastali poslе zaključenja ugovora, a sprječavaju njegovo potpuno ili djelimično izvršenje.
Strana pogođena višom silom treba odmah telegramom ili teleksom da obavijesti drugu stranu o nastanku, vrsti i eventualnom trajanju više sile, odnosno drugih okolnosti koje sprječavaju izvršenje ugovorne obaveze. Ako se blagovremeno ne javi nastupanje navedenih okolnosti iz ovog člana, strana koja je tom okolnošću pogođena gubi pravo da se poziva na nju, izuzev ako sama ta okolnost ne sprječava slanje takvog obaveštenja.

Za vrijeme trajanja više sile i drugih okolnosti koje oslobađaju od odgovornosti, obaveze ugovornih strana miruju i ne primjenjuju se sankcije zbog neizvršenja ugovornih obaveza u roku.

UGOVORNA VOLJA

ČLAN 8.

Odredbe ovog Ugovora predstavljaju integralnu volju ugovornih strana i sadrže sve o čemu su se ugovarači sporazumjeli. Svi usmeni ili prethodni pismeni dogovori, prepiska i razgovori koji nisu uključeni u odredbe ovog ugovora smatraju se nepostojećim i nemaju nikakvog uticaja na ugovorne odnose ugovornih strana.

USTUPANJE I PRENOS UGOVORA

ČLAN 9.

Ugovorne strane su saglasne da se prenos pojedinih prava i obaveza, kao i prenos cijelog ugovora ne može izvršiti na treća lica osim uz prethodnu saglasnost druge ugovorne strane.

IZMJENE I DOPUNE UGOVORA

ČLAN 10.

Izmjene i dopune ovog Ugovora mogu se vršiti pisanim putem.

Biće punovažne i obavezivače za ugovorne strane samo one izmjene i dopune koje su sačinili sporazumno u pisanoj formi.

RJEŠAVANJE SPOROVA

ČLAN 11.

3

Excerpt from the Contract between Antena M and the Social Democrats of Montenegro on advertising for 2020 Parliamentary elections published on APC's website, which is missing two pages

[47] http://www.antikorupcija.me/media/documents/Ugovor_o_pru%C5%BEanju_medijskih_usluga-Antena_M_i_Socijademokrate.pdf

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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2. Analysis of other promotion expenses

Electoral lists reported nearly 1.4m euros of other promotion expenses. The most money was spent on printed material, around 485 thousand euros, while the official costs of billboards and other street panels were nearly 440 thousand. The reported costs of advertising on social media were around 245 thousand, and over 220 thousand euros was officially spent on making of promotional videos.

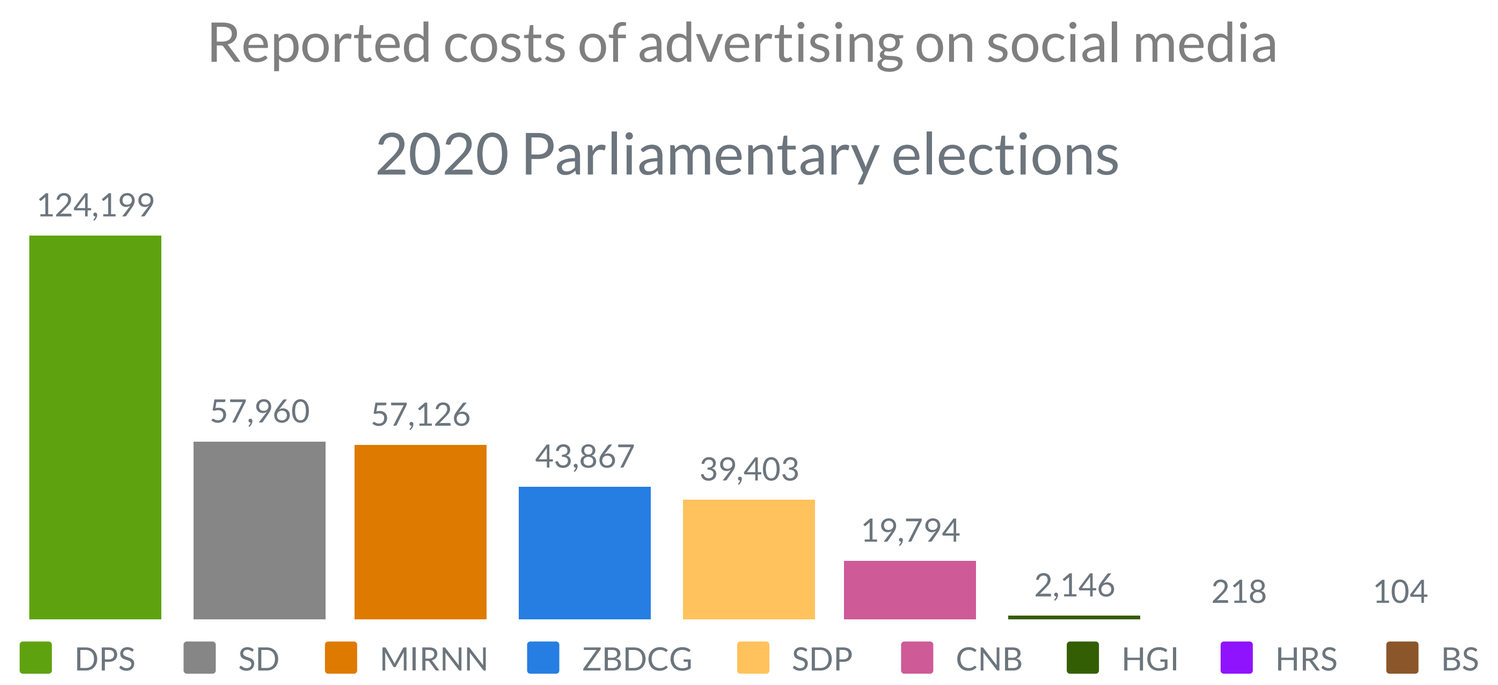
Expenses of advertising on social media is almost ten times higher than in the previous parliamentary elections. The growing popularity of social media certainly contributed to this, as well as the fact that the elections were held in a pandemic, but also by somewhat greater, although insufficient, transparency of advertising on Facebook.

A related company provided services of billboard advertising, which is not specifically regulated by the law and leaves room for abuse. Some electoral lists had a very similar quality of videos but large differences in prices, especially compared to previous elections, which indicates that the reported costs were not realistically stated.

2.1. Advertising on social media

According to official reports, all electoral lists spent around 245 thousand euros on advertising on social media.

The parties reported almost ten times greater costs of advertising on social media during the election campaign for 2020 parliamentary elections than in the elections held four years earlier. That is, in 2020, they reported around 350 thousand, compared to only 36 thousand that were reported in 2016.



4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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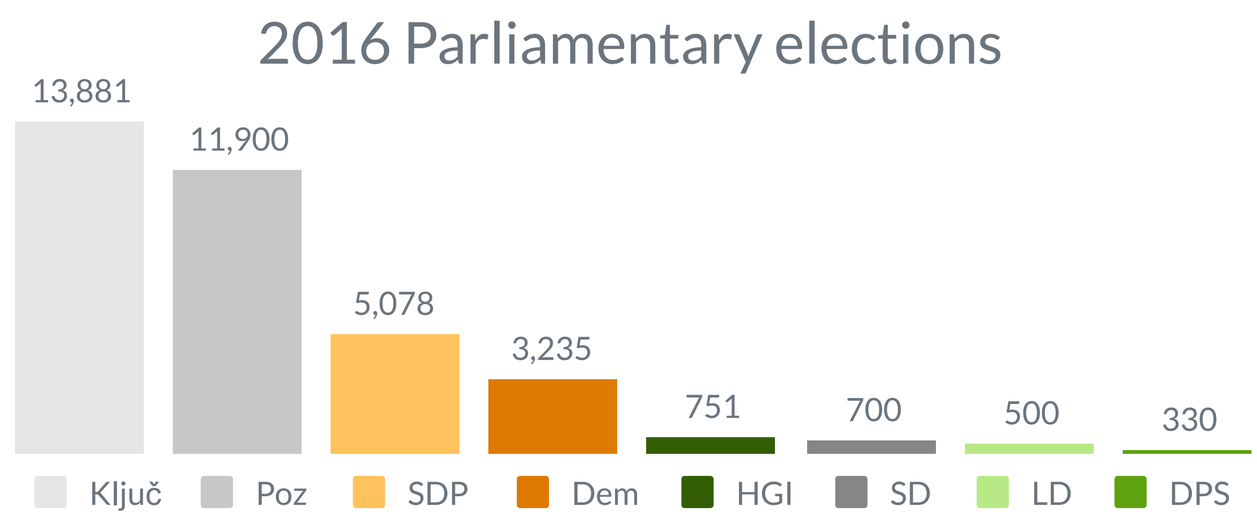

It is very difficult to estimate the real costs of advertising on social media, primarily because the tech giants do not provide adequate access to their data in the Balkans, thus in Montenegro as well.

Part of the information on advertisements on Facebook was available for the first time in these elections, which enabled an insight into the approximate amounts paid. It is especially important that for the first time electoral lists had to register their ads as political, which made it easier to follow them. However, unlike, for example, the countries of Western Europe or the USA, the database on advertising cannot be accessed in Montenegro, which would enable a more detailed analysis of very extensive data on Facebook ads.

A particular issue is that the public did not have access to data on the prices of paid ads on Google and You Tube at all, although in other countries, these companies publish much more information.

Finally, in the official reports of individual electoral lists, it was impossible to determine which costs related to the internet campaign, because many reported costs in that category were characterized as other expenses. This was particularly problematic in the case of SD (Social Democrats) and Albanian Coalition 'Unanimously' (Democratic Party, Democratic Union of Albanians, Democratic Alliance in Montenegro), which did not submit any additional information on their finances under the Law on Free Access to Information.

In addition, the competent Agency refused to provide that information, thus, only the information from official reports is available to the public.

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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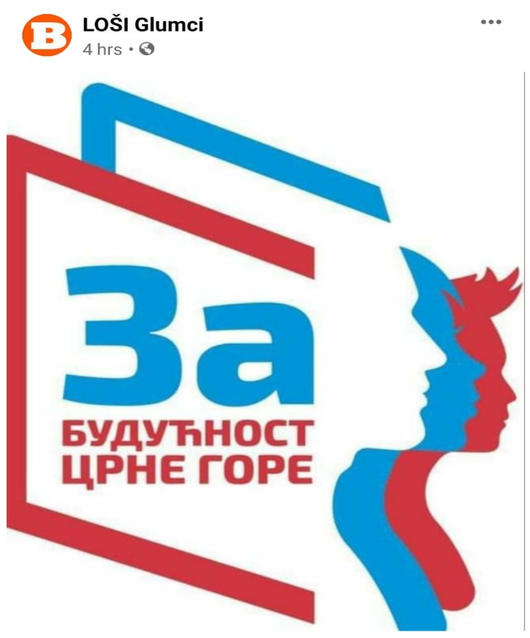
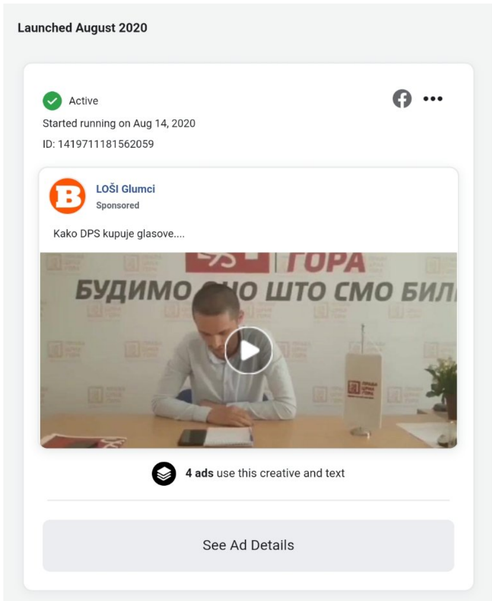
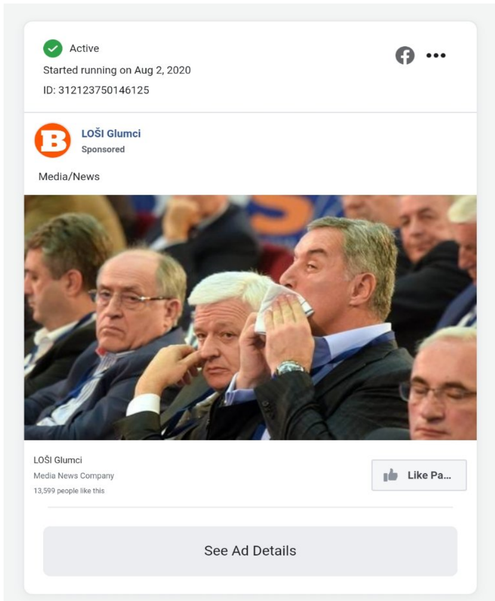
Case study:
The role of third parties or bad actors from abroad

Other unknown actors from abroad also paid for ads on Facebook on behalf of certain electoral lists, but the extent of these phenomena cannot be determined without access to the data of that company.

During the election campaign, page *Loši glumci* (Bad Actors) paid for advertisements on Facebook in which it promoted ZBDCG coalition and criticized DPS, even though it was not registered for political advertising.

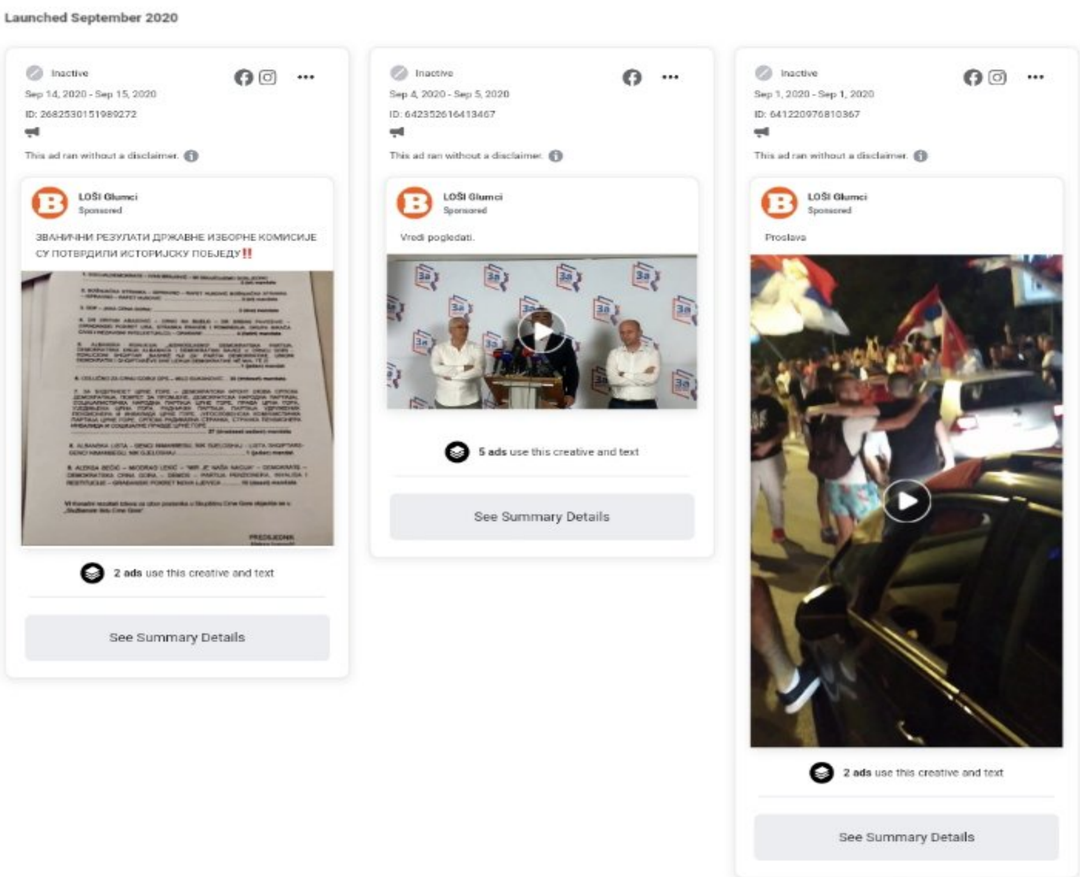






The page registered for political advertising much later in the campaign.

In the Facebook archive, data is available on only one paid advertisement that was published during the election campaign and three advertisements published after it finished.



Paid ads of the page Loši glumci, excerpt from the Facebook archive

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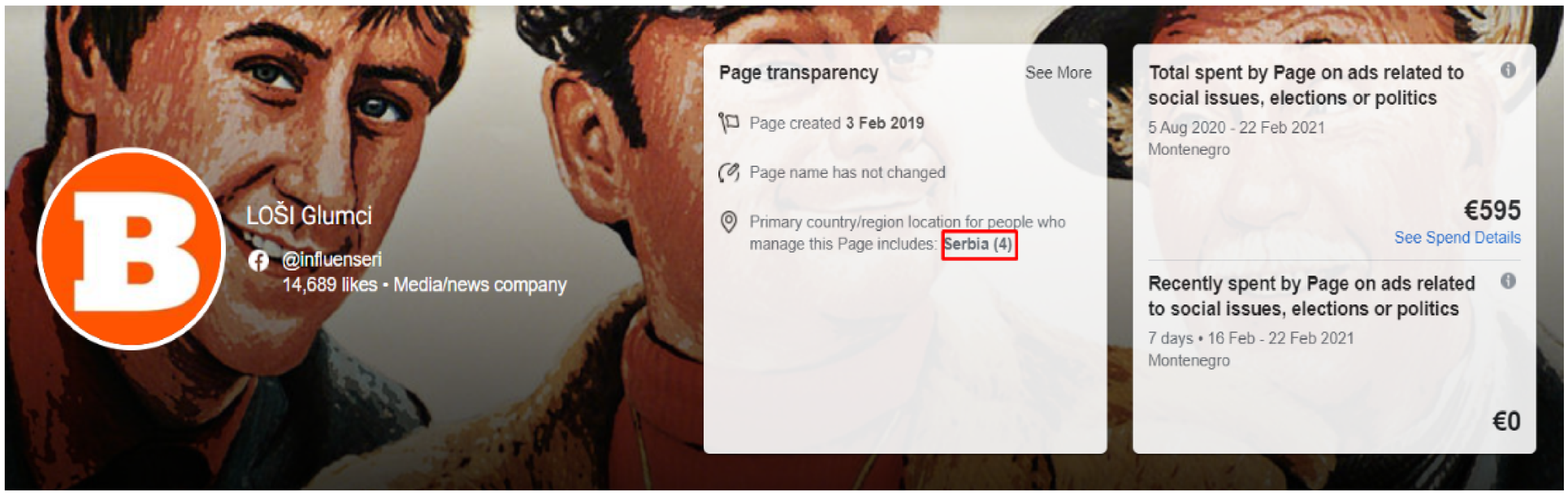
That page was not officially connected to ZBDCG, it had four administrators and they were all from Serbia.



Case study:
Social Democrats of Montenegro circumvented the rules

During the election campaign, SD began advertising its programme through a Facebook page that was not registered for posting political ads, making it impossible for the public to get an insight into those expenses.

According to Facebook data, the first paid advertisement of that party since it was registered for political advertising was only on August 6, 2020.

Bearing in mind that SD persistently hides the complete documentation on its finances, it is not possible to determine whether the initial costs of advertising of that page are included in the officially reported expenses.

Photo of one of the paid SD's ad during the election campaign from a page that was not registered for political advertising

A

2.2. Making of promotional videos

All electoral lists reported spending a total of over 220 thousand euros on making of promotional videos.

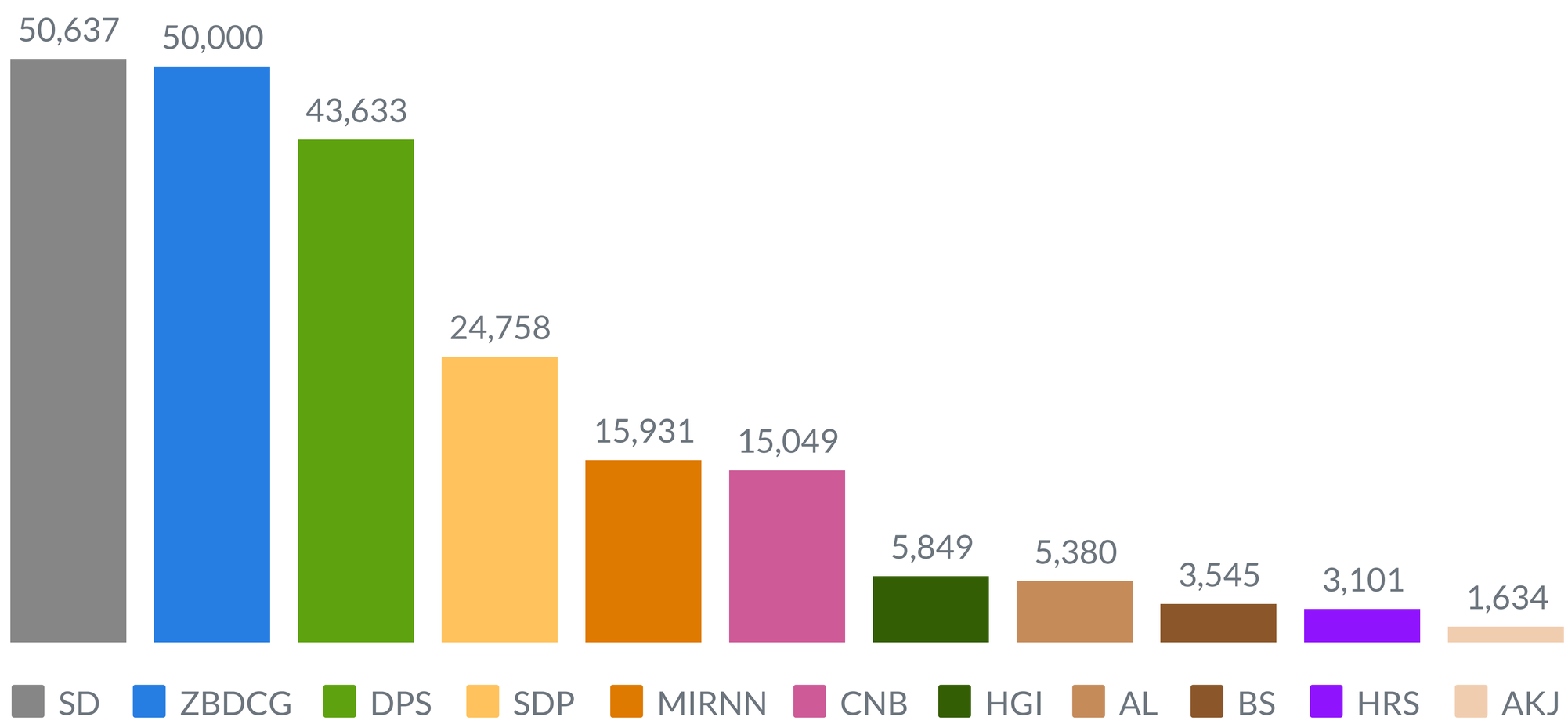
Highest costs of making of videos were reported by SD - over 50 thousand euros, and coalition ZBDCG, which reported exactly 50 thousand euros.

They are followed by DPS, which reported costs of less than 44 thousand euros.

SDP reported the costs of making videos of nearly 25 thousand, while MIRNN reported less than 16 thousand euros.

CNB reported costs of making of videos of around 15 thousand euros, HGI around six thousand, AL around five, BS around 3.5, HRS around three thousand and AKJ around 1.6 thousand euros.

Reported costs of making of promotional videos
in 2020 Parliamentary elections



MANS collected all videos of the electoral lists that were published on their social media and televisions with a national frequency. The collected data from the monitoring are given in the table below.

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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Electoral list	Reported expenses	Number of videos (monitoring)	Description of videos (monitoring)
SD	50.637	2	More complex videos, shot in different locations with extras and a large number of short clips.
ZBDCG	50.000	10	Medium complex, animated, a few more complicated that include amateur acting and extras.
DPS	43.633	4	More complex videos, shot in different locations with extras, shots taken on the highway, Moračica bridge, airport...
SDP	24.758	8	Medium complex: mostly drone footage from different locations with several actors, one more complex video with a song recorded for the campaign
MIRNN	15.931	13	Medium complex feature videos including extras and amateur actors, one video with a song recorded for the campaign
CNB	15.049	5	More complex animations and extras
HGI	5.849	2	Medium complex: shots from towns, bars, drones
AL	5.380	1	Shots from the drone, very simple
BS	3.545	2	Shots from the drone, very simple
HRS	3.101	N/A	No classic videos, a couple of short, simple clips in which candidates speak
AKJ	1.634	N/A	No recorded videos

Electoral lists SD and DPS had similar total costs of making of videos, as well as similar quality, but DPS got twice as much for less money.

The videos of the ZBDCG list were less complex and probably less funds were needed to make them than in the case of SD and DPS. That list had as many as 10 videos, mostly animated, although some included actors and extras.

It is interesting, however, that the costs of SDP for making of eight videos, one of which includes a custom made song for the needs of the campaign, are even twice less than the SD's. It is similar with the MIRNN coalition. The videos of the CNB coalitions had the most complex animations of all the videos of political parties.

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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Case study:
Company from Cyprus made videos

ZBDCG coalition hired an offshore company from Cyprus for making of videos, which has not submitted financial reports since its establishment, and whose owners are hidden behind agents who deal with company registration.

That coalition signed a contract with Limanaki Studios LTD.

The contract specifies that the company is to make commercials for the needs of ZBDCG, and states the price of 50 thousand euros.

It is interesting that the contract does not specify the number of commercials that the company should make, or the deadline within which it must be completed, only the payment deadline. This is especially because the agreement entered into force only on August 5, when the election campaign largely began.

The coalition started broadcasting those videos on August 11, just six days after the contract for making those videos was signed.

The invoice of that company also does not state the number of videos that were made for the needs of the ZBDCG coalition.

НОВА СРПСКА ДЕМОКРАТИЈА
Број 335
Подгорица, 05.08 2020год

UGOVOR

Između: Limanaki Studios LTD

Korporacija registrovana u drzavi Kipar broj korporacije H E 373244 sa sjedistem u 11 Kyriakou Matsi, Office 303, Nikozija 1082 Kipar

Predstavnik MEGASERVE NOMINEE SERVICES LTD, koju zastupa Antonis Polyviou

(U daljem tekstu: producent) jedna od strana

Koalicija "Za budućnost Crne Gore"

(U daljem tekstu: Korisnik) druga strana

Budući da je: Producent je kompanja sa iskustvom u izradi reklaminih spotova za izborne i društveno medijske kampanje

1. budući da je: Korisnik želi da angažuje usluge producenta za namjenu izrade spotova izborne kampanje u Crnoj Gori

(U daljem tekstu Zadatak)

i budući da je: Obije strane žele da formulisu i razgraniče njihove zajedničke odgovornosti u skladu sa uslovima koje su navedeni u daljem tekstu.

Dakle ovo je svjedočenje i deklarisanje i dogovor izmedju oBiju strana na sledeći način:

1. Uvod ovog Ugovora mora imati formu nerazvojenih strana
2. Producent ovim preduzima odgovornost da obezbijedi Korisniku usluge koje se tiču zadatka. uključujući produkciju spotova izborne kampanje. (U daljem tekstu Usluge.)
3. Korisnik prihvata da plati usluge Konsultanta shodno sledećoj dinamici: Iznos od 50.000EUR da bude plaćen, ne više od deset radnih dana od kada producent podnese fakturu na ime troškova produkcije .

4. Ovaj ugovor stupa na snagu 5. Avgusta 2020. and okončače se 30. Avgusta 2020.
5. Obije strane posebno se zalažu I deklarišu da nikakve informacije, kumunikacije,dukumentacija rezultati istraživanja ili Bilo koje druge informacije pripisuju jednoj od strana u vezi sa kampanjom, moraju Biti tretirane kao jako povjerljive i ne javne direktno ili indirektno ili u komunikaciji sa nekom trećom stranom, nezavisno da li je pitanju razmatranje ili ne, bez ovlaščenja druge strane.
6. Nijedna strana ovog ugovora nema pravo da dodje ljuje ili predvodi njihova prava ili obaveze ovog ugovora nekoj trećoj strani bez saglasnosti druge strane.
7. Sve dopune ovog ugovora u cilju efikasnosti mora biti u pismenoj formi i potpisan od obije strane.

Excerpt from the Contract between the coalition ZBDCG and the company Limanaki Studios LTD

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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LIMANAKI STUDIOS LTD

НОВА СРПСКА ДЕМОКРАТИЈА
Број 684
Подгорица, 14.09 2020

TO: NSD - ZA BUDUCNOST CRNE GORE HERCEGOVACKA 18, PODGORICA MONTENEGRO VAT No: 02746476	DATE: 31.08.2020.
INVOICE No: 002 /2020	
Video production for purpose of election campaign strategy in Montenegro for the coalition "Za budućnost Crne Gore" FUNDS TO REMIT TO: BENEFICIARY: LIMANAKI STUDIOS LTD BANK: BANK OF CYPRUS PLC 0173 BRANCH, NICOSIA CYPRUS VAT No: 10373244K SWIFT: BCYPCY2N EUR IBAN: CY96002001950000357026153196 NOTE: INTRA COMMUNITY TRANSACTION THIS INVOICE IS PAYABLE AT PRESENTATION	50.000,00
	EUR 50.000,00

FOR LIMANAKI STUDIOS LTD

LIMANAKI STUDIOS LTD NICOSIA CYPRUS

11, KYRIAKOU MATSI, NIKIS CENTER, OFFICE 303,1082 NICOSIA, CYPRUS
PHONE /+357 22 767 770, FAX /+357 22 767 740

Invoice of the company Limanaki Studios LTD issues to the ZBDCG coalition

The company Limanaki Studios LTD was registered in Cyprus on August 31, 2017. It is not known whether the company was previously active on the Montenegrin market, and it was certainly not on the list of suppliers of political parties for the previous election campaigns.

The address of that company is at the same address as at least 132 other companies, and the owners are hidden behind agents who deal with company registration.

The company did not submit financial reports in Cyprus, although it has been registered since August 2017. Therefore, it is not possible to determine whether the amount paid to it by the ZBDCG coalition is significant in relation to its overall business, i.e. whether that company worked before the arrangement with that coalition.

Folder Contents | Addresses | Directors and Secretary | Equity | Charges & Mortgages | Name history | HE32 Archive

Name	LIMANAKI STUDIOS LTD
Registration number	UN 373244
Type	Company
Subcategory	Private
Name Status	Last Name
Registration date	31/08/2017
Organization Status	Registered
Status Date	
Purposes	Investments and more.

Date Last Registration HE32

Envelope: Main File / Charges and Mortgages / Translations
Date Application
Form Description
Perform | Cleaning Filters

Results are sorted by page number.
Found 5
Appear on a page

Service	No. Form	Form Description	Date Application	No. Page	Scanned
Registration of Officials	HE3	HE3 - Data in relation to the first Directors and Gramm	29/8/2017	5	YES
Registration of a Registered Office Address	HE2	HE2 - Comm. Of the Registry Office or change it	29/8/2017	4	YES
Registration of a Private Company with Share Capital	HE44	Company Establishment Certificate	31/8/2017	3	YES
Registration of a Private Company with Share Capital	XI00	Founding and Articles of Association	31/8/2017	2	YES
Registration of a Private Company with Share Capital	HE1	UN1 - Declaration of Conformity by Law	31/8/2017	1	YES

1 of 1

Excerpt from the Cypriot company register for Limanaki Studios LTD

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ZBDCG reported costs for making of videos of around 50 thousand, and over 40 thousand euros of internet campaign costs.

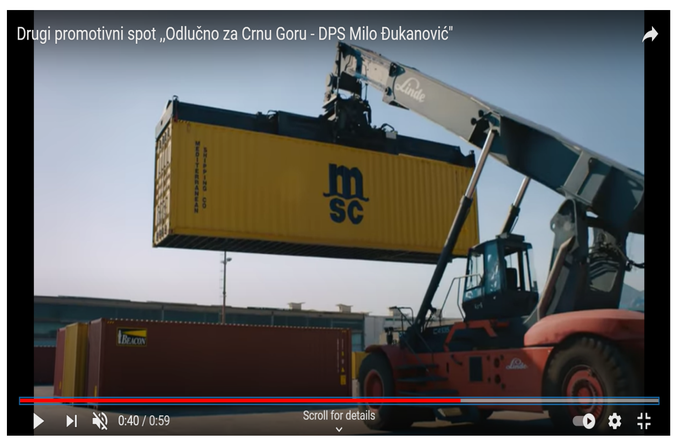
However, in the elections held in 2016, the then Democratic Front reported that in their political campaign it had paid a total of 60 thousand euros for the internet campaign, video production and consultant's fee. [48]

The quality of the videos of that political alliance from 2016 was incomparably better than the videos made in the last parliamentary elections. Those videos included numerous extras, and much more advanced ways of filming and editing than the videos that ZBDCG coalition had in the last parliamentary elections.

Case Study: Video in locations with limited access

One of the DPS' videos was filmed in several locations to which access is limited, but filming permits are not available to the public, which leaves much room for suspicion that this was an abuse of the party's institutional advantage. [49]

That video (https://youtu.be/Ei2pqF4iRgg), among other things, was filmed on the airport runway, the highway construction site and the container terminal of the Port of Bar.



MANS requested from the Airports of Montenegro, the Ministry of Transport and the Port of Bar the documentation on providing consent for the use of property, funds and locations for the purpose of recording commercials.

Neither the Airports nor the Ministry of Transport responded to our requests, while the Port of Bar declared the requested information a business secret.

In addition, several presentations in the form of short videos were published on the party's Facebook page, promoting the Government's measures against the COVID pandemic and featuring DPS' logo, but it is not known who paid for the materials. [50]

[48] More detailed information is published in the MANS' publication Implementation of the Law on Financing of Political Entities and Election Campaigns (2016 - 2018) at: http://www.mans.co.me/en/wp-content/uploads/2019/04/FPPen.pdf .
[49] More detailed information on institutional advantage is given in a separate chapter - B. INSTITUTIONAL ADVANTAGE OF RULING PARTIES
[50] More detailed information in the chapter on institutional advantage - B. INSTITUTIONAL ADVANTAGE OF RULING PARTIES

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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Na osnovu čl. 14, 29 i 30 Zakona o slobodnom pristupu informacijama, postupajući po zahtjevu NVO MANS iz Podgorice br. 132014 od 17.8.2020, „Luka Bar" AD Bar donosi

RJEŠENJE

Akcionarsko Društvo „LUKA BAR" – Bar
Broj: 5302
Bar, 30.09. 2020 god.

ODBIJA SE KAO NEOSNOVAN zahtjev NVO MANS br. 132014 od 17.8.2020. godine.

OBRAZLOŽENJE

NVO "MANS" iz Podgorice obratila se "LUKA BAR" AD zahtjevom br. 132014 od 17.8.2020. godine, kojim je tražena "kopija kompletne dokumentacije koja se odnosi na postupak davanja saglasnosti za korišćenje imovine AD "Luka Bar" za potrebe snimanja reklamnih spotova u periodu od januara 2020. godine do danas".

Postupajući po predmetnom zahtjevu, „Luka Bar" AD nalazi da pristup traženim informacijama, u smislu čl. 14 st. 1 t. 5 Zakona o slobodnom pristupu informacijama i Pravilnika o poslovnoj tajni, treba ograničiti, u interesu zaštite konkurencije i poslovne tajne, pa je predmetni zahtjev odbijen kao neosnovan.

Pristup traženim informacijama ima se odbiti i po osnovu posebnog statusa "Luka Bar" AD kao osnivača i operatora Slobodne zone Luka Bar, koja uživa privrednu eksteritorijalnost, shodno Zakonu o slobodnim zonama Crne Gore, kao specijalnom zakonu (lex specialis), koji obezbjeđuje poseban status i zaštitu korisnicima i operatoru slobodne zone.

PRAVNA POUKA: Protiv ovog rješenja može se izjaviti žalba Agenciji za zaštitu ličnih podataka i slobodnom pristupu informacijama u roku od 15 dana od dana prijema istog .

Direktor Sektora administracije

mr Pavle Miljanić, dipl. pravnik

IZVRŠNI DIREKTOR "LUKA BAR" AD

Vladan Vučelić, dipl. ecc.

LUKA BAR PORT OF BAR

Dostaviti :

-NVO MANS Podgorica
-Arhiva

Response of the Port of Bar to the request for information on consent for the use of the location for recording videos

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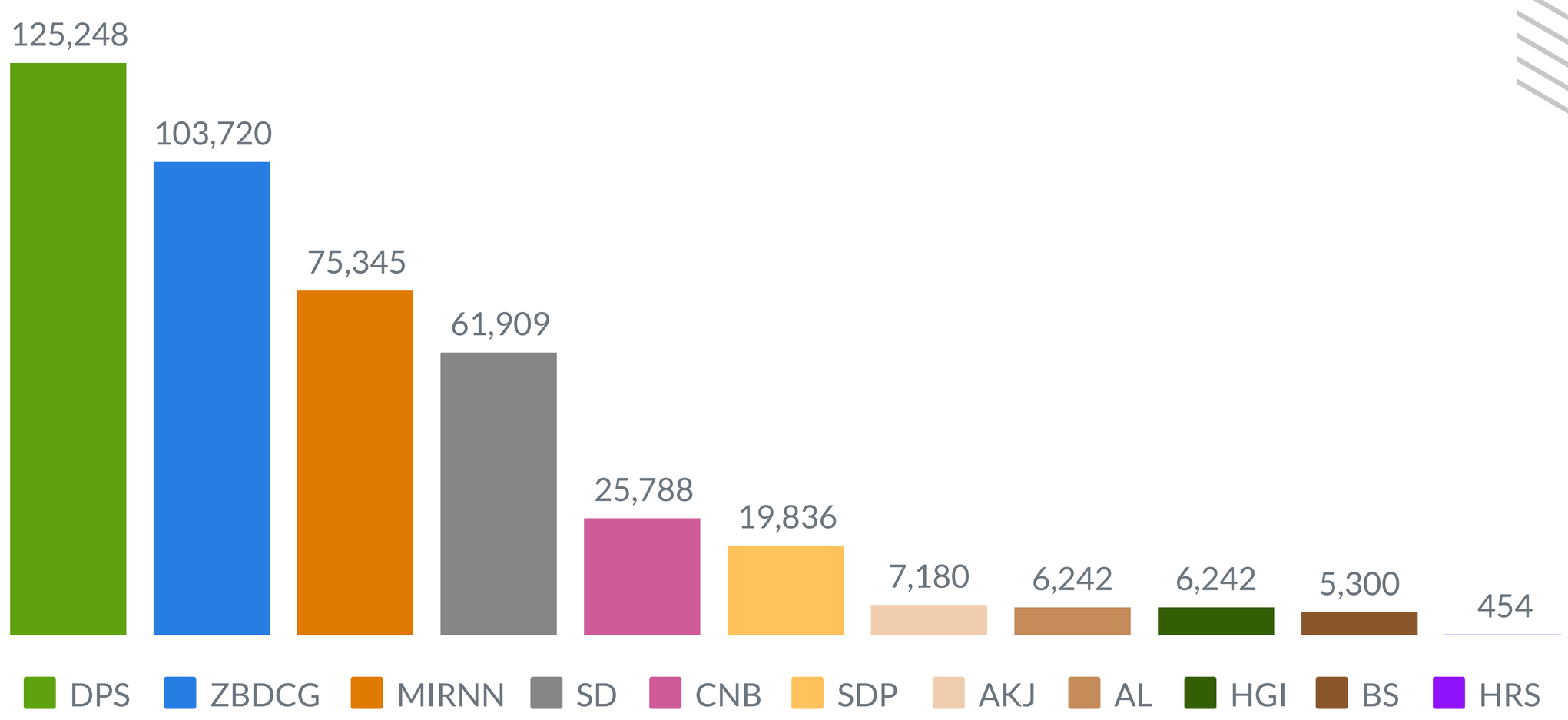
2.3. Billboards and other advertising panels

Electoral lists reported nearly 440,000 euros in advertising costs for street advertising panels, primarily billboards.

Largest expenses were reported by DPS, over 125 thousand euros, followed by the ZBDCG coalition with over 100 thousand euros. Behind them is the coalition MIRNN, which reported the costs of advertising on street panels of around 75 thousand, and SD with nearly 62 thousand. CNB coalition reported costs of over 25 thousand euros in this category, while SDP reported less than 20 thousand euros.

Reported total expenses of advertising on billboards and other street panels in 2020 Parliamentary elections



The two largest suppliers of billboards were the company Montenegro Metropolis Media, which charged costs of 235 thousand, and the company Đoković with a total of 125 thousand euros.

DPS leased the most billboards and other advertising space from Metropolis, nearly 105 thousand euros, in second place is MIRNN with nearly 50 thousand, SD with nearly 48 thousand, followed by CNB with nearly 18 thousand.

ZBDCG leased billboards worth over 100 thousand euros from Đoković LLC, SDP around 16 thousand, and MIRNN around eight thousand euros.

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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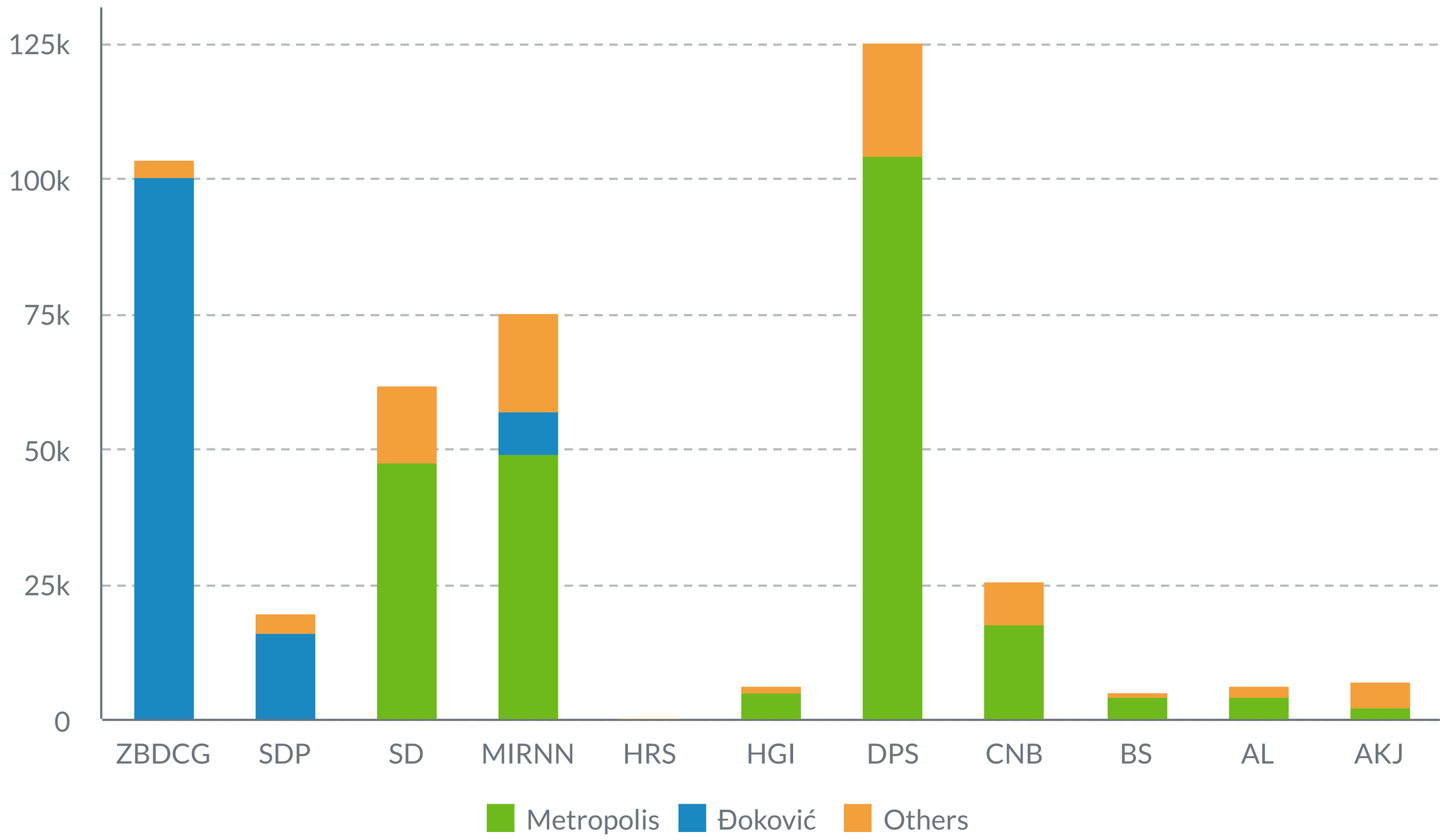
Reported expenses of advertising on billboards and other street panels in 2020 Parliamentary elections, by major suppliers



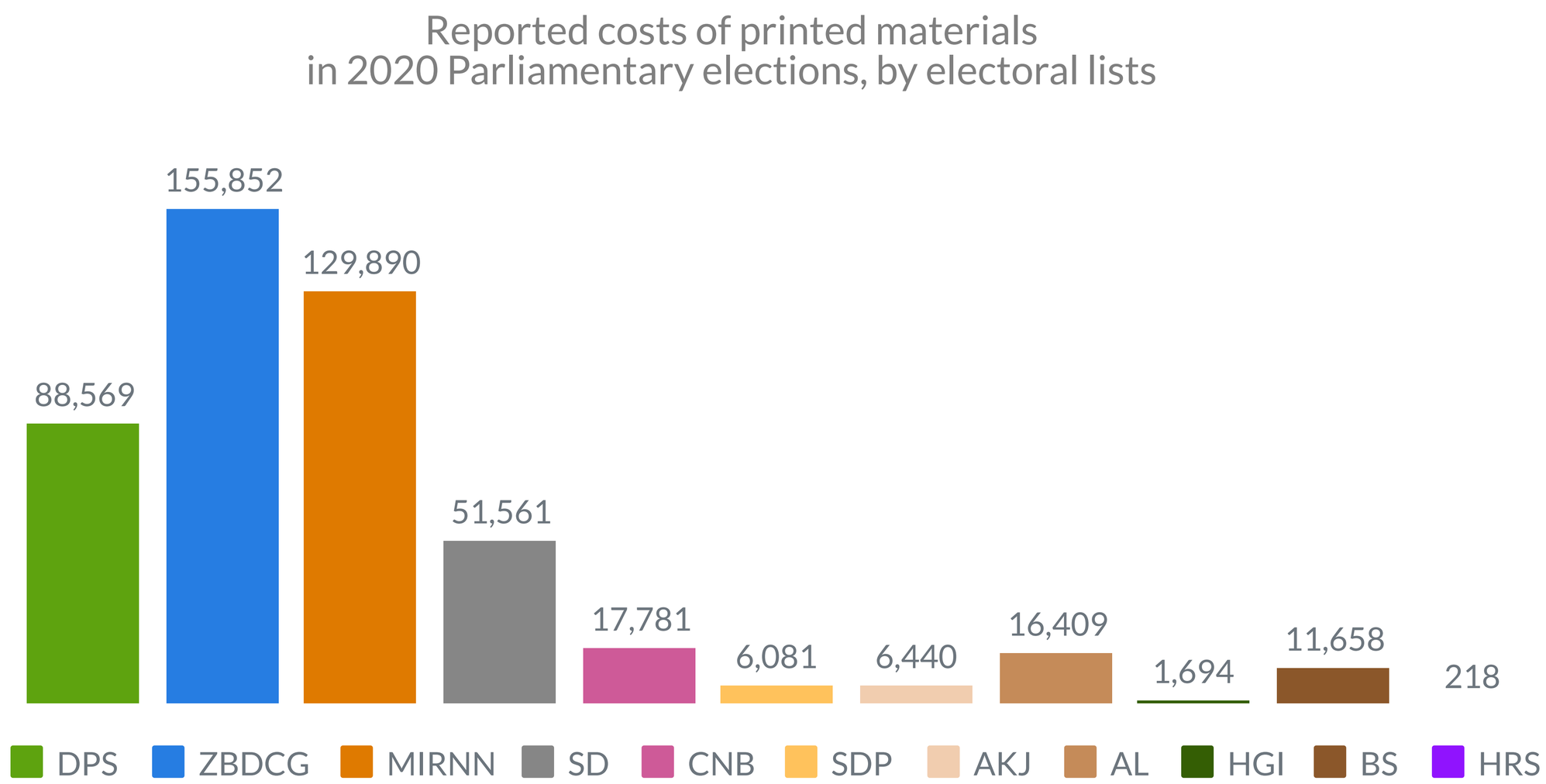
ZBDCG coalition almost exclusively leased billboards from the Đoković company, whose owner is in the party's leadership. [51]

Other major suppliers include Crossmedia agency LLC with nearly 20 thousand, CG Media with around eight thousand, Monteput with less than 6.5 thousand and Foto Bruno with around five thousand euros.

[51] More detailed information is published in the MANS' publication Implementation of the Law on Financing of Political Entities and Election Campaigns (2016 - 2018) at: http://www.mans.co.me/en/wp-content/uploads/2019/04/FPPen.pdf .

2.4. Printed materials

Total reported expenses of printed materials of all electoral lists were around 486 thousand euros. The highest costs were reported by ZBDCG, over 155 thousand euros, while MIRNN reported costs of around 130 thousand. DPS reported less than 90 thousand, and SD around 50 thousand euros.



In previous parliamentary elections, DPS reported twice the costs of printed materials, i.e. around 155 thousand euros, while for these costs in 2016, DF reported around 113 thousand euros.

The largest supplier was the Post of Montenegro because ZBDCG paid over 90 thousand euros to that company for packaging and distribution of promotional material. According to official data, other electoral lists did not use the services of that company, and it was not one of the suppliers in previous elections.

In second place when it comes to suppliers of printed materials is the company Ras Press from Nikšić, which invoiced over 50 thousand euros, exclusively for the needs of ZBDCG. The company M promo from Danilovgrad is in third place, with around 47 thousand euros of printing costs for the MIRNN coalition.

Montenegro Advertising and Production Agency (MAPA) is in fourth place with around 36 thousand euros, which it charged for the printed material of DPS. The company Primodesign is in fifth place, which charged DPS around 33 thousand euros.

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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3. Analysis of the field campaign expenses

Official data suggest that many electoral lists reported lower expenses of the field campaign than the actual ones. Consequently, the concealed part of the costs had to be paid from unlawful sources.

Irregularities in the reported expenses of the largest electoral lists - ZBDCG and DPS, are particularly pronounced. For example, although it organized promotional rallies, DPS did not officially spend a dime on transportation, accommodation, food or drink, per diem or telephones for officials, headquarters or activists of that party who worked in the field.

ZBDCG did not report the costs of organizing the rallies, their official transportation costs were almost eight times lower compared to the MIRNN coalition, and they did not report the cost of disinfectants or mobile phones.

3.1. Promotional rallies and transportation

Total reported costs of organizing promotional rallies were around 136 thousand euros, and transportation costs around 86 thousand. In the previous elections held in 2016, 3.5 times higher costs of promotional rallies were reported [52], and only around 40% higher costs of transportation. [53]

	2020 Parliamentary elections			2016 Parliamentary elections		
Electoral list	Reported costs of rallies	Reported costs of transportation	**Total**	Reported costs of rallies	Reported costs of transportation	**Total**
AKJ	6.305	10.817	**17.122**	N/A		
AL	416	4.924	**5.340**	N/A		
CNB	6.821	2.342	**9.162**	N/A		
DPS	106.364	--	**106.364**	279.817	24.655	**304.472**
MIRNN	2.944	30.423	**33.366**	9.224	13.717	**22.941**
SD	5.766	27.400	**33.166**	21.541	11.000	**32.541**
SDP	7.478	5.907	**13.385**	13.869	6.752	**20.621**
HGI	--	532	**532**	1.432	2.577	**4.009**
ZBDCG	--	4.000	**4.000**	52.047	2.440	**54.487**

Table: Reported costs of promotional rallies and transportation in 2020 Parliamentary elections

[52] Around 475 thousand euros
[53] 115 thousand euros

4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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Official data suggest that the costs of organizing the rallies, and especially the costs of transportation, were not reported in real amounts.

By far the largest costs of organizing promotional rallies were reported by DPS, over 100 thousand euros - considerably more than all other electoral lists combined. Almost all reported costs relate to the services of BBA Agregati for the technical production of outdoor conventions.

DPS, however, did not report a single dime of fuel costs during the entire election campaign, although its representatives travelled from Podgorica to promotional rallies across the country.

Photographs from some DPS' rallies, where officials from different towns are present

The situation was identical in the previous elections, where DPS also did not report any fuel consumption during the campaign organized in 2016.

ZBDCG electoral list reported only four thousand euros in transportation costs, and not a single dime for the costs of organizing rallies, although its representatives were at numerous rallies throughout Montenegro.

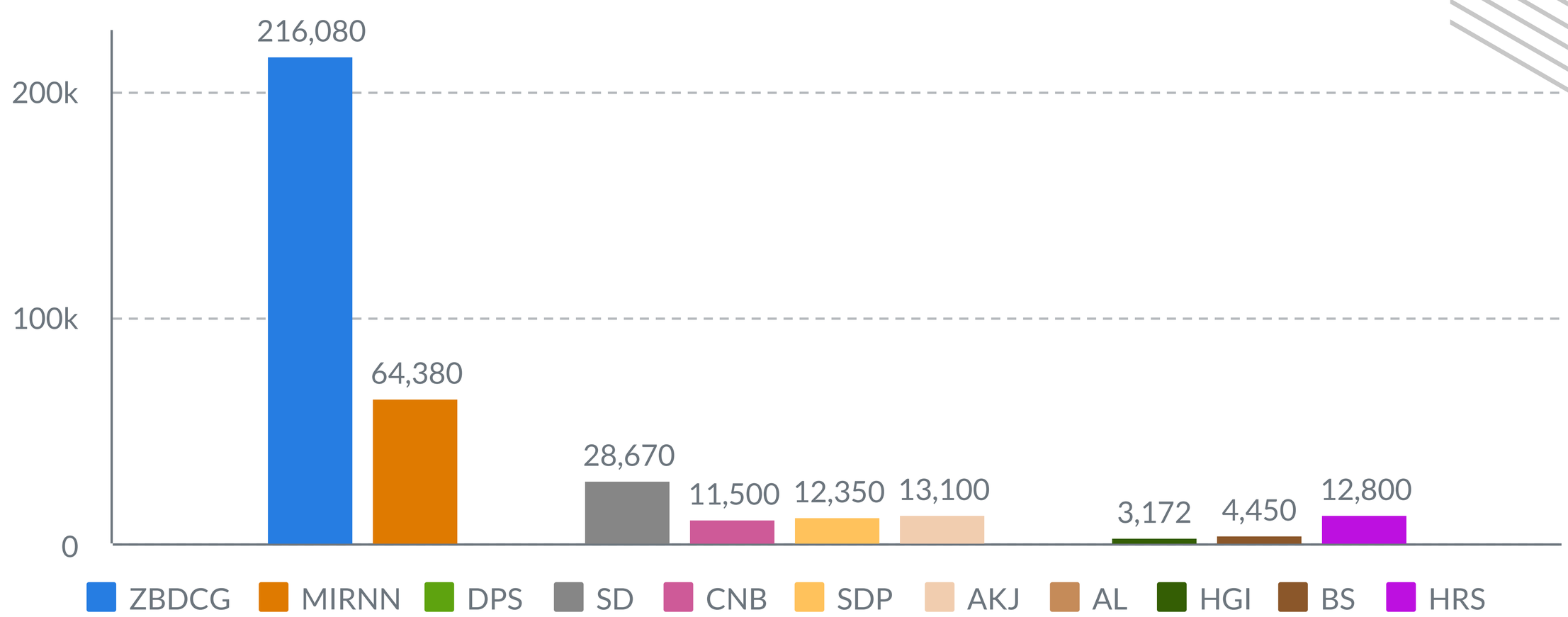
3.2. Per diem

Electoral lists reported total per diem costs of around 366,000 euros, almost three times greater than in previous parliamentary elections when those costs were around 130,000 euros.

The highest costs were reported by the ZBDCG coalition, around 216 thousand euros, almost ten times greater than in the previous elections.

On the other hand, DPS did not report a single dime of per diem costs during the entire election campaign. In the previous elections, that party reported that it had spent over 50 thousand euros on per diem costs.

Reported per diem costs in 2020 Parliamentary elections, by electoral lists



MIRNN coalition reported spending around 65,000 euros for per diem costs, while the Democrats reported only around 1,500 euros for per diem costs in the last elections.

In the last elections, SD reported less than 30 thousand per diem costs, while in the elections held in 2016, it did not report them at all.

3.3. Overhead and other expenses

Total costs of food, drinks and accommodation reported by the electoral lists were around 74 thousand euros, i.e. 2.5 times less than in the previous parliamentary elections.

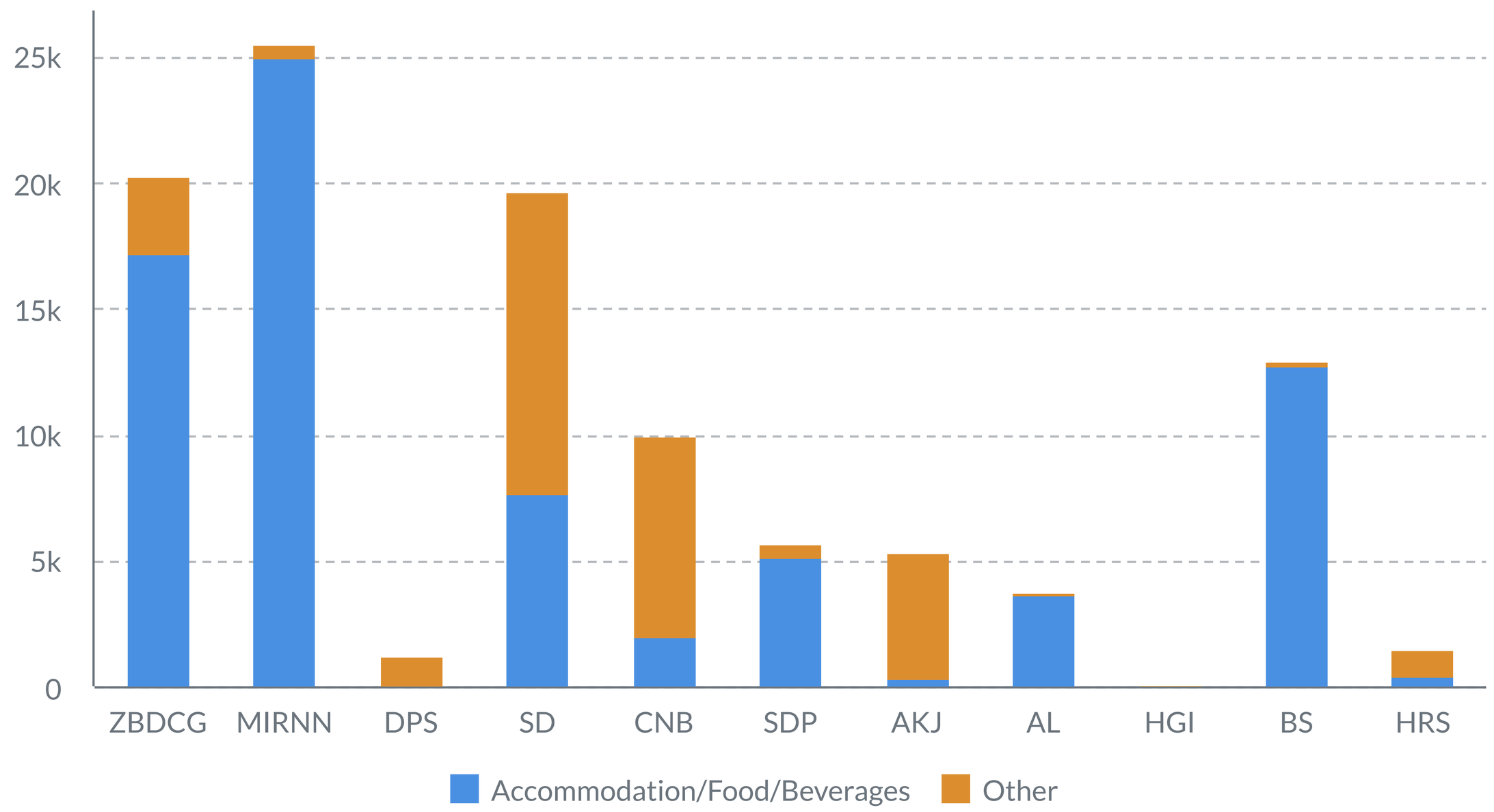
The highest expenses in this category were reported by the MIRNN coalition, nearly 25 thousand euros, or twice as much as in the previous elections.

ZBDCG coalition reported that it had spent around 17 thousand euros on food, drinks and accommodation, and BS reported less than 13 thousand. In the previous elections, DF reported around 22 thousand euros of these costs, and BS around eight thousand euros.

SD reported spending around 7.6 thousand euros, SDP around five thousand, AL 3.7 thousand, and CNB around two thousand euros on accommodation, food and beverages costs.

It is particularly interesting that DPS did not report this type of costs. This is especially bearing in mind that the party organized conventions in numerous towns, and did not report fuel costs.

Reported accommodation/food/beverage costs and other expenses in 2020 Parliamentary elections, by electoral lists



4 ANALYSIS OF THE EXPENSES OF ELECTORAL LISTS

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The highest other costs were reported by SD, nearly 12 thousand euros, and it was mainly for the purchase of disinfectants. In second place is CNB with nearly eight thousand euros, of which nearly 2.5 thousand were spent on disinfectants.

Other electoral lists did not have or reported very modest disinfectant costs, although some of them organized rallies with a larger number of people.

AKJ reported other costs of nearly five thousand euros, mostly for lease agreements, but it is not known whether it was a facility, advertising space or something else.

ZBDCG coalition reported only around 3,000 euros in other costs, mostly for the purchase of equipment and taxes. DPS reported less than 1.3 thousand euros and exclusively for commission costs.

Although the two lists organized rallies, neither of them reported the costs of purchasing disinfectants. MIRNN coalition and SDP also did not report those costs, while BS reported very modest expenses.

5 ACCESS TO INFORMATION

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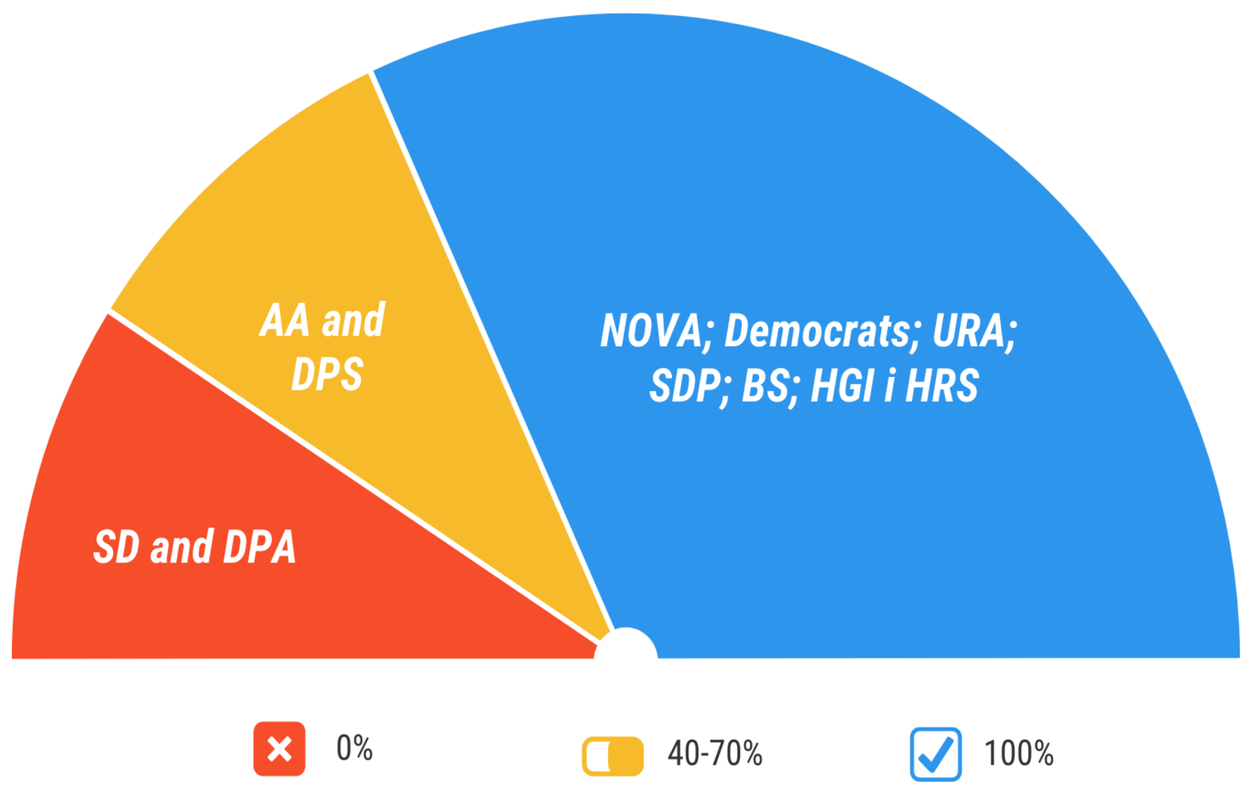
Based on the monitoring of the election process in 2020, it can be concluded that political entities as participants are more transparent compared to previous election cycles when it comes to funding data. The transparency of the parties has greatly increased, and 90 percent of the information was provided through the Law on Free Access to Information, which MANS referred to when sending requests to political entities.

On the other hand, public control over the financing of election campaigns, as in previous cycles, was being limited by the Agency for Prevention of Corruption, despite the changed leadership, and thus continued the practice of its predecessors.

1. Political entities

In order to collect contracts and invoices for the payment of election campaign expenses, we sent requests for free access to information to 11 political entities responsible for financial management of all coalitions and political parties that participated in the elections. Accordingly, seven political parties [54] provided us with all the requested information, two provided partial information [55], and two [56] did not respond to our requests.



Percentage of responses to all requests for information submitted by MANS in the election year 2020

[54] New Serbian Democracy (NOVA), Democratic Montenegro (DEMOCRATS), United Reform Action (URA), Social Democratic Party (SDP), Bosniak Party (BS), Croatian Civic Initiative (HGI), Croatian Reform Party (HRS)
[55] The Albanian Alternative (AA) claimed that they are providing all the information (responsible entity AL), but there were missing documents related to some expenditures, while the Democratic Party of Socialists (DPS) provided information on 40% of the submitted requests.
[56] Social Democrats (SD) and Democratic Party of Albanians (responsible entity AKJ)

5 ACCESS TO INFORMATION

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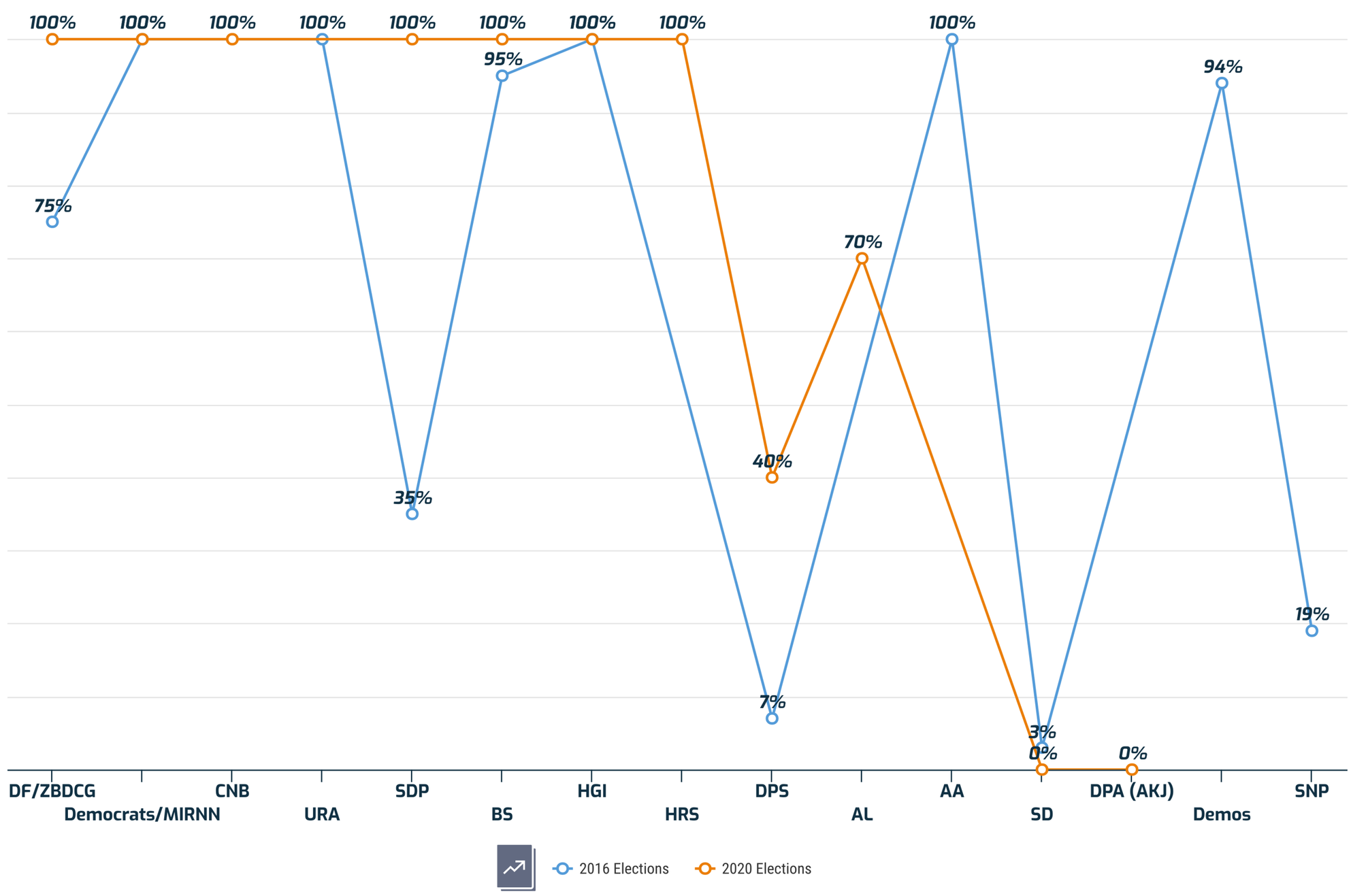
1.1. Parties' responses to requests for information

During the parliamentary elections, MANS submitted requests for free access to information to political parties that participated in this election cycle within their electoral lists, in order to collect data on their financing. [57] We continued to collect data even after the parliamentary elections, having in mind other election campaigns at the local level, but also regular activities. [58]



Comparative percentage of responses to all requests for information submitted by MANS during the election years 2016 [59] and 2020

In that sense, the Social Democrats continued their practice, and did not allow the public to see their data on financing, which is also the case with the Democratic Party of Albanians, which participated in the parliamentary elections within the list of the Albanian Coalition – Unanimously (AKJ).

[57] The documentation requested by MANS included receipts, invoices and contracts for all types of expenditures, as well as all report forms submitted to the Agency for Prevention of Corruption.
[58] Documentation concerning regular work includes bank account statements.
[59] More detailed information on the parties' responses to requests before the parliamentary elections held in 2016 is available in the publication – Finansiranje izbornih kampanja, Sprovođenje Zakona o finansiranju političkih subjekata i izbornih kampanja (2016 - 2018.) (Financing of election campaigns, Implementation of the Law on Financing of Political Entities and Election Campaigns (2016 - 2018)), in Chapter A.5. Access to information, p. 51, http://www.mans.co.me/en/wp-content/uploads/2019/04/FPPen.pdf .

5 ACCESS TO INFORMATION

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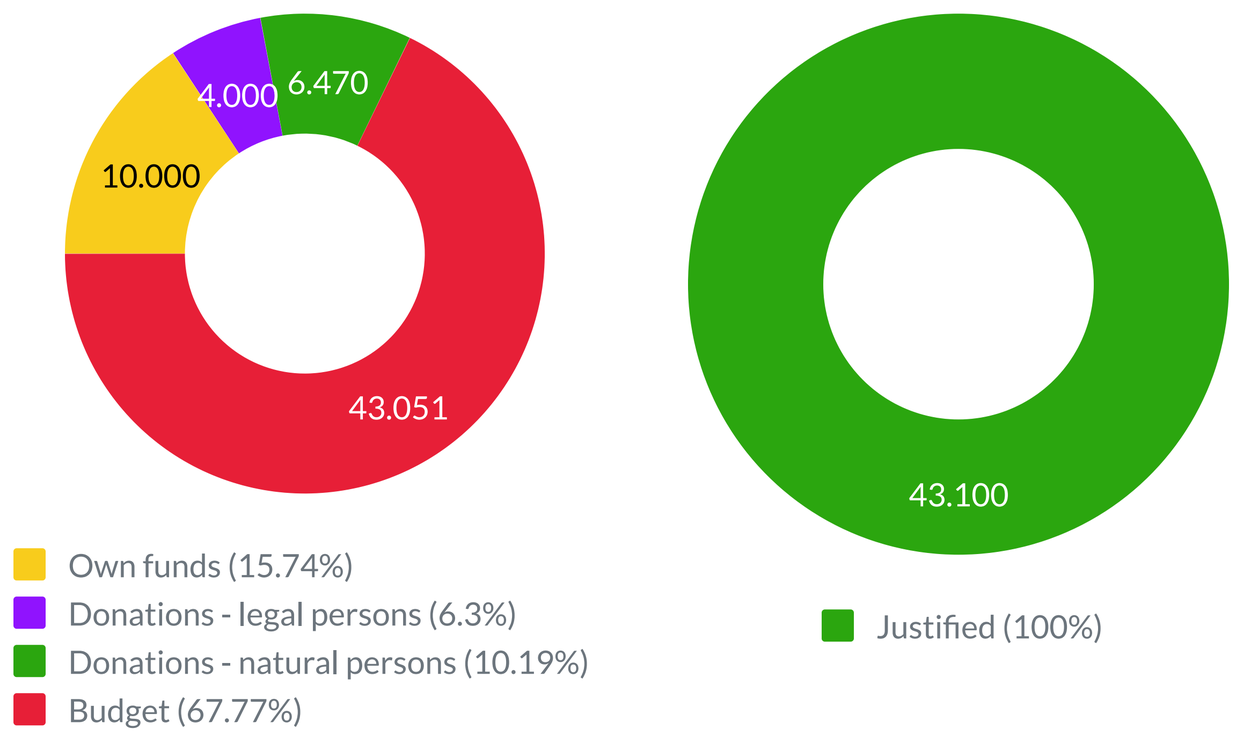
When it comes to the former ruling party, the Democratic Party of Socialists, access was allowed in case of 40% of the submitted requests.

Among the most transparent were the political entities responsible for the finances of the three largest opposition groups in this year's elections: For the Future of Montenegro, Peace is Our Nation and In Black and White, which provided full access to the requested information. On the other hand, there was a change in practice and increase in adherence to the law for both the SDP and the Bosniak Party, while the HGI and HRS allowed full access to information. However, the Albanian Alternative as principal constituent of the Albanian Electoral List (AL), allowed access to the data, but after reviewing that data it was found that the documents related to a number of expenditures were missing.

1.2. Access to information on campaign expenditures for parliamentary elections

Bosniak Party [60] is a political entity that has continued the positive practice in terms of providing information on expenditures, while the Croatian Civic Initiative [61] increased its transparency during this election cycle and submitted invoices and contracts for all expenditures reported in reports submitted to the Agency. Also, the Croatian Reform Party [62] was participating in the election process for the first time and has allowed full access to its expenditure data during the campaign.



Reported revenues and expenditures of the Bosniak party

[60] The total official expenditures of the BS amounted to 43,100 euros.
[61] The total official expenditures of the HGI amounted to 28,588 euros, while ineligible expenditures amounted to 44 euros.
[62] The total official expenditures of the HRS amounted to 26,288 euros.

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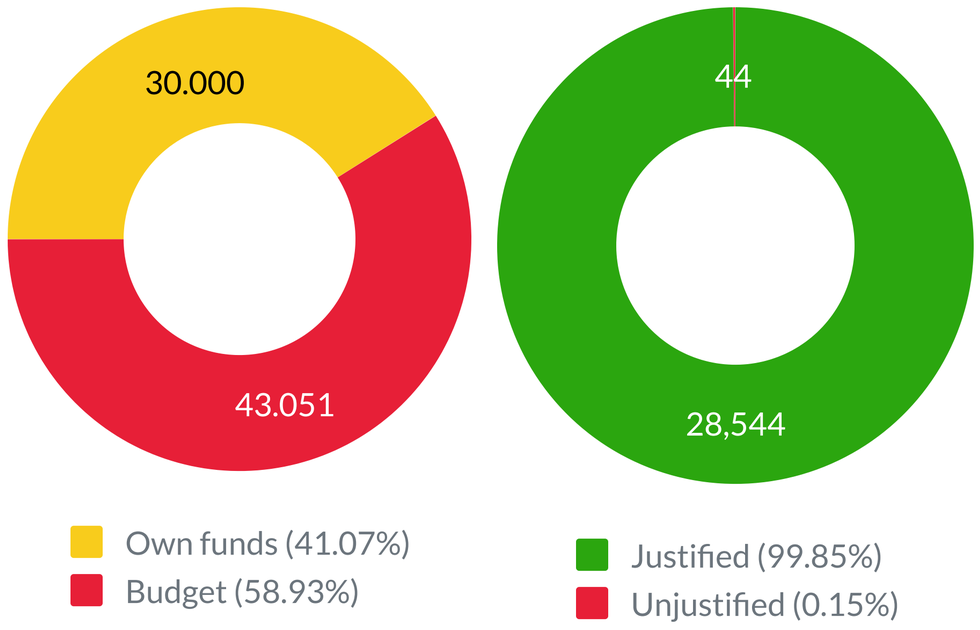
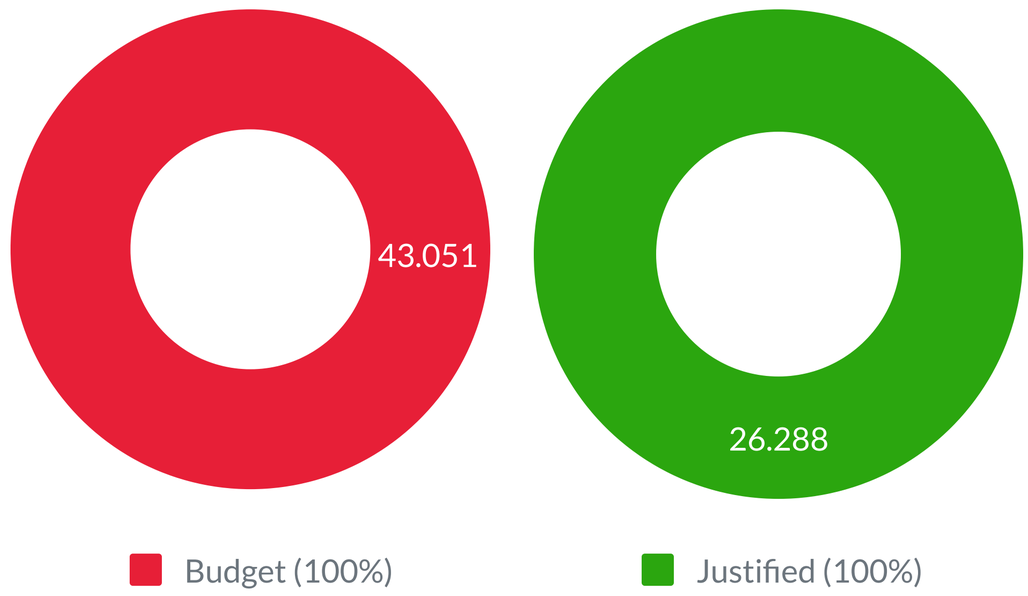
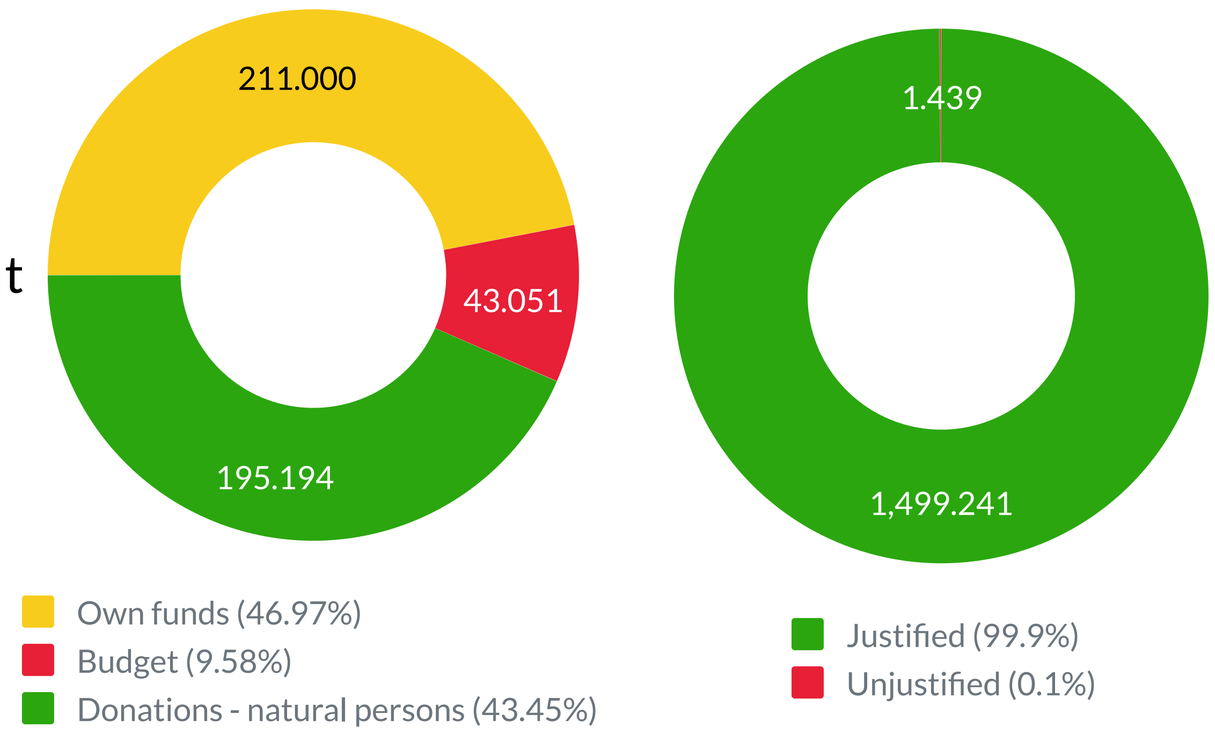


Reported revenues and expenditures of the Croatian Civic Initiative

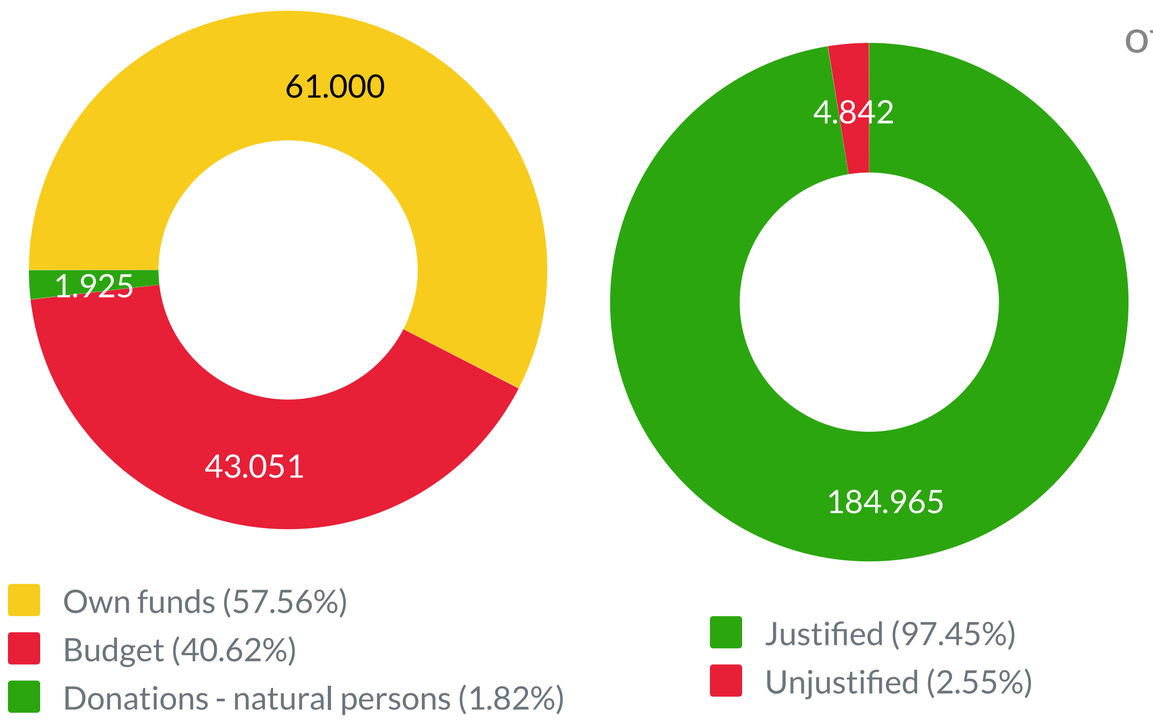


Reported revenues and expenditures of the Croatian Reform Party

In front of the ZBDCG coalition [63] New Serbian Democracy, being the responsible political entity within that coalition, out of the official total amount of expenditures [64] justified the expenditures and submitted receipts, contracts and invoices for 99.9% of the requested data. [65]



Reported revenues and expenditures of the coalition For the Future of Montenegro



Reported revenues and expenditures of the coalition In Black and White

Since the coalition In Black and White [66] was lead led by the URA, it submitted data for 97.5% of expenditures [67], where the ineligible expenditures referred to overhead expenses and general administration, and a part also referred to promotional videos and materials.

[63] Democratic Front (New Serbian Democracy, Movement for Change, Democratic People's Party), Socialist People's Party of Montenegro, True Montenegro, United Montenegro, Labour Party, Party of United Pensioners and Disabled People of Montenegro, Yugoslav Communist Party of Montenegro, Serbian Radical Party, Party of Pensioners, Persons with Disabilities and Social Justice of Montenegro.
[64] The total official expenditures of the ZBDCG amounted to 1,500,679.46 euros.
[65] Ineligible expenditures include other expenditures – IOPPD forms in the amount of 880 euros and bank fees to the Hipotekarna bank (Mortgage Bank) in the amount of 559 euros.
[66] Civic Movement URA, Justice and Reconciliation Party, Voter Group CIVIS and independent intellectuals.
[67] The total official expenditures of the In Black and White amounted to 189,806.27 euros.

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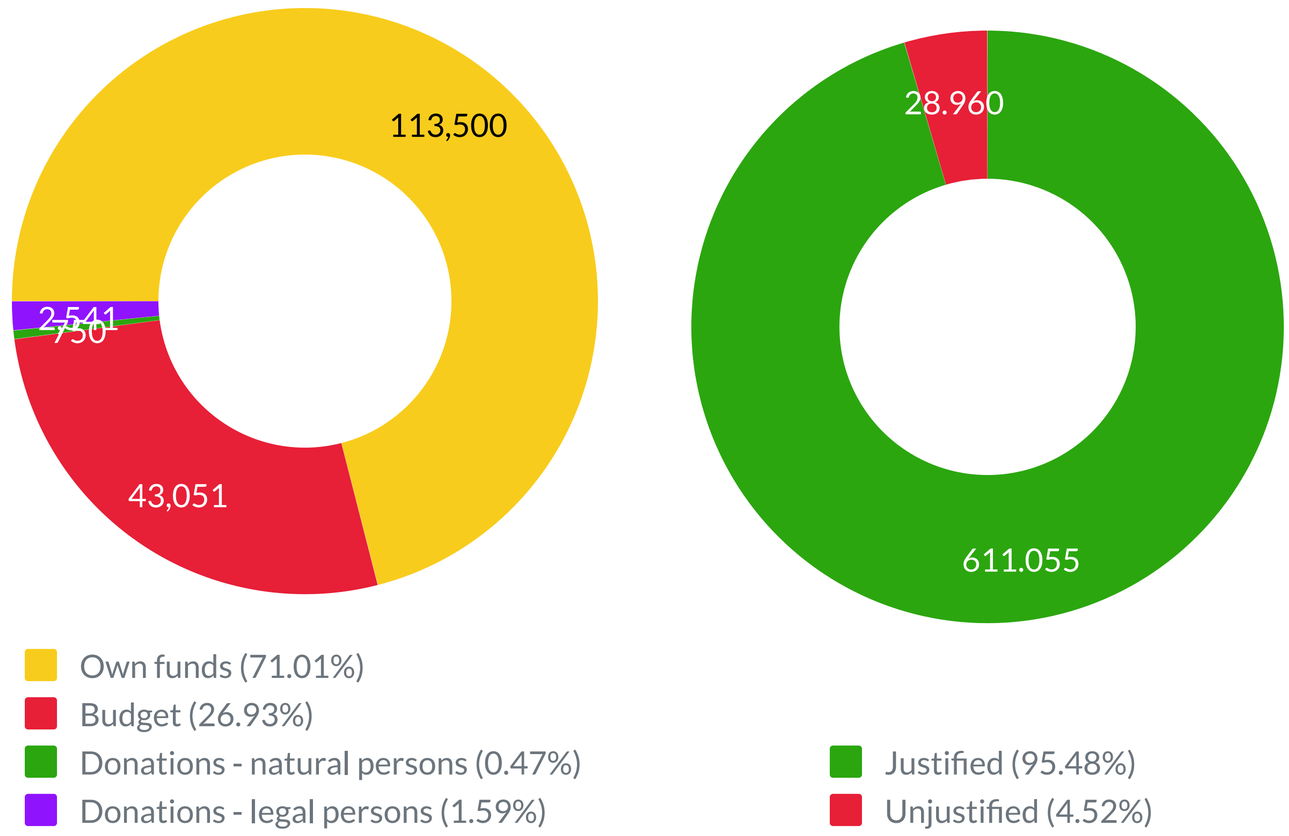
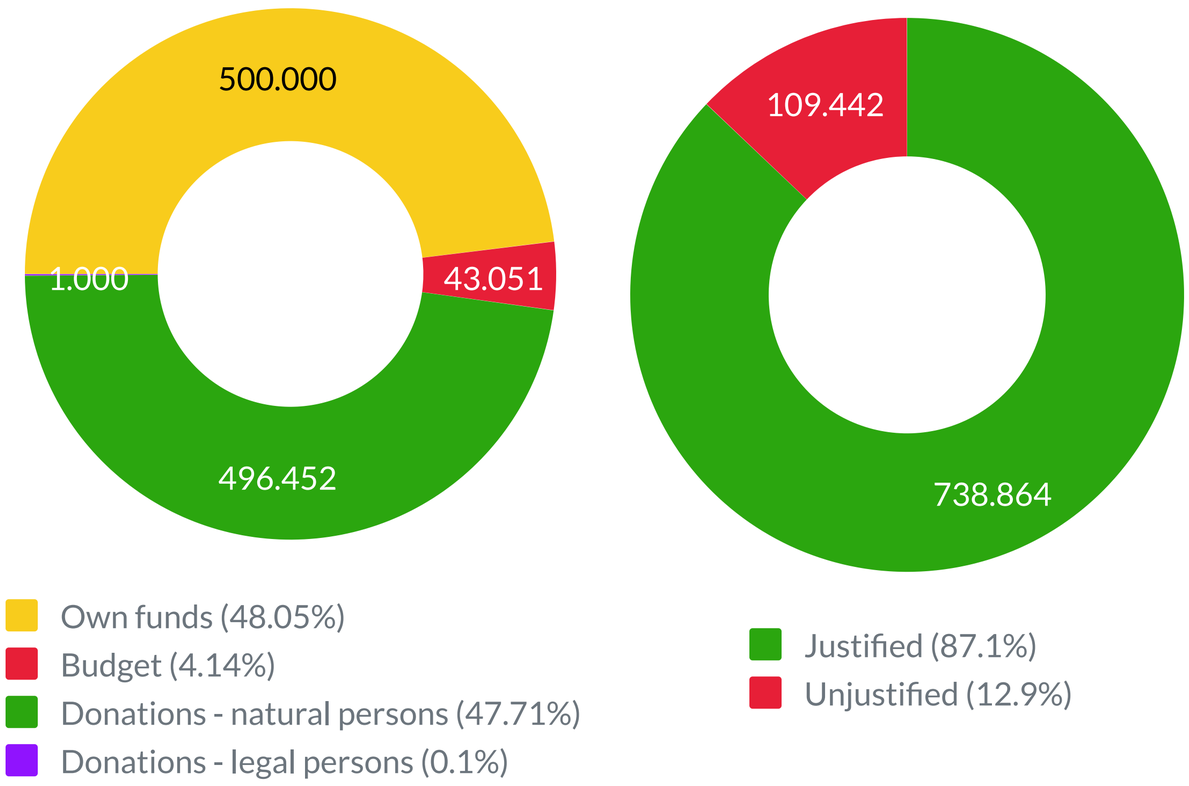
Democrats [68] being the responsible political entity in the coalition Peace is Our Nation, provided data for 96% of the expenditures. [69] The major part of ineligible amount of expenditures refers to the engagement of authorized representatives, almost 22,000 euros, while the rest refers to promotional videos and materials, media presentation, as well as overhead expenses and general administration.



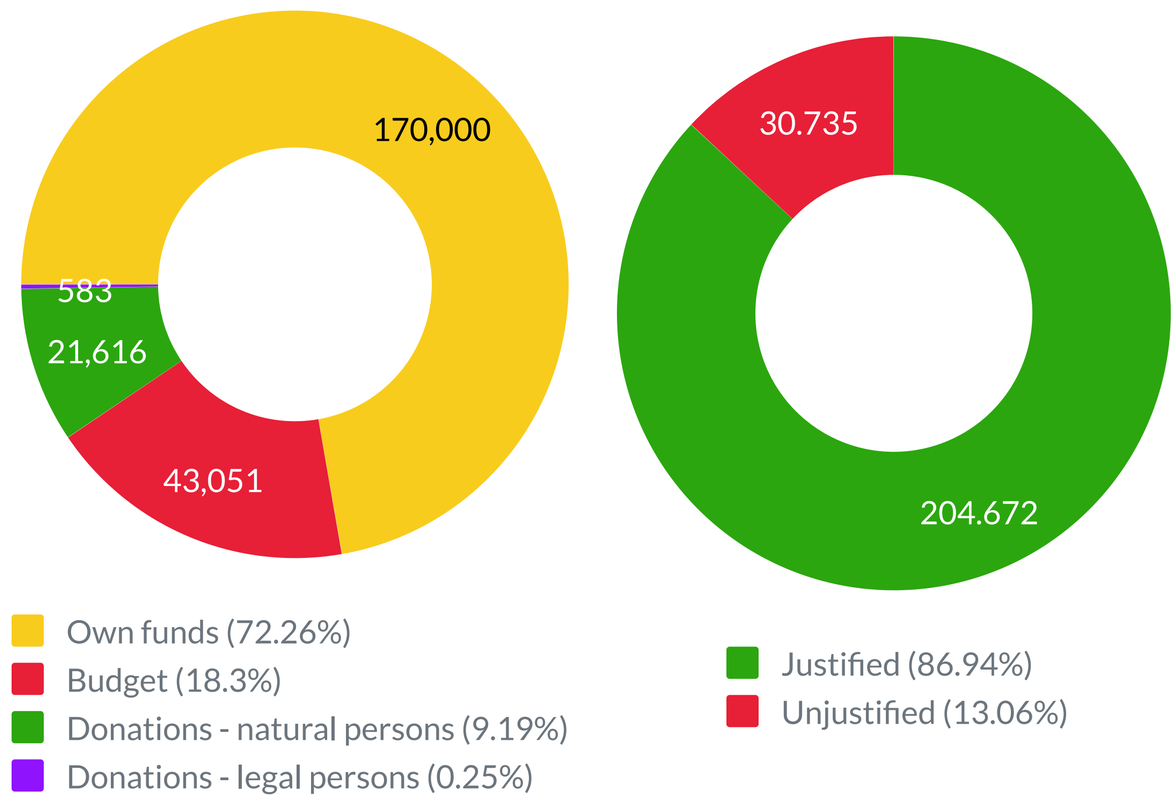
Reported revenues and expenditures of the coalition Peace is Our Nation



The Democratic Party of Socialists submitted documentation for 87% of the reported expenditures. [70] Ineligible expenditures related to the total amount of expenditures for election rallies, which were over 106,000 euros, while an insignificant amount refers to media presentation, as well as overhead expenses and other administration costs.

Reported revenues and expenditures of the Democratic Party of Socialists

The Social Democratic Party justified the submitted data for 87% of the expenditures [71] where a bit less than 30 thousand euros of ineligible amount refers to media presentation, and about 1,100 euros are other expenditures.



Reported revenues and expenditures of the Social Democratic Party

[68] DEMOCRATS - DEMOCRATIC MONTENEGRO - DEMOS - PARTY OF PENSIONERS, PERSONS WITH DISABILITIES AND RESTITUTION - CIVIC MOVEMENT THE NEW LEFT
[69] The total official expenditures of the coalition MIRNN amounted to 640,015 euros.
[70] The total official expenditures of the DPS amounted to 848,306 euros.
[71] The total official expenditures of the SDP amounted to 235,407 euros.

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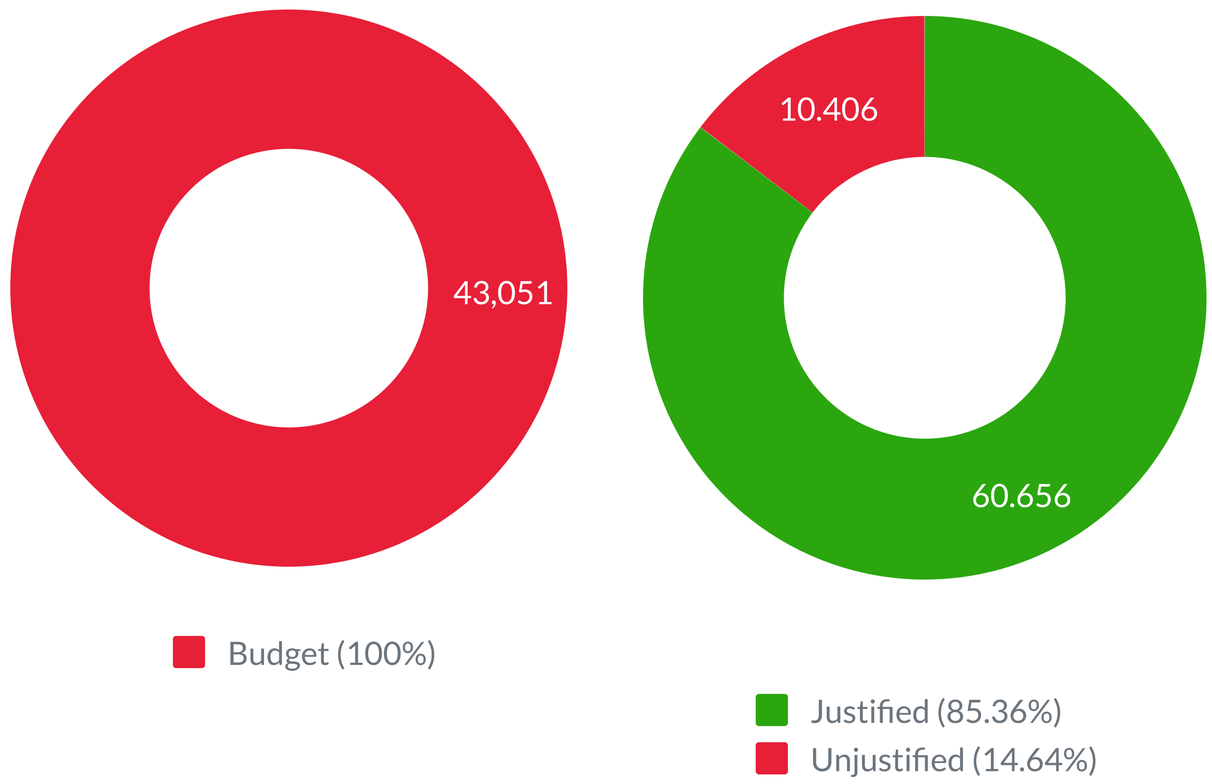
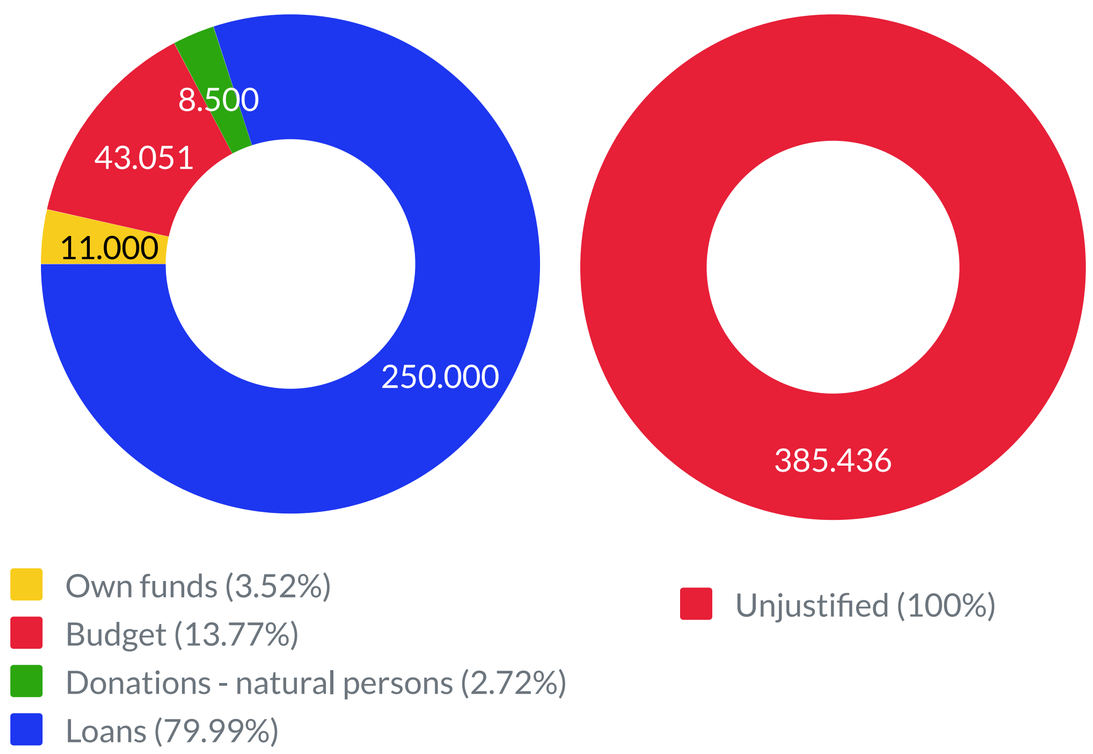
Albanian Alternative as the principal constituent of the Albanian List [72] provided data for 85% of expenditures. [73] Half of ineligible expenditures refer to promotional videos and materials, while the other half refers to other expenditures, which include consulting services and bank fees, as well as media presentation.

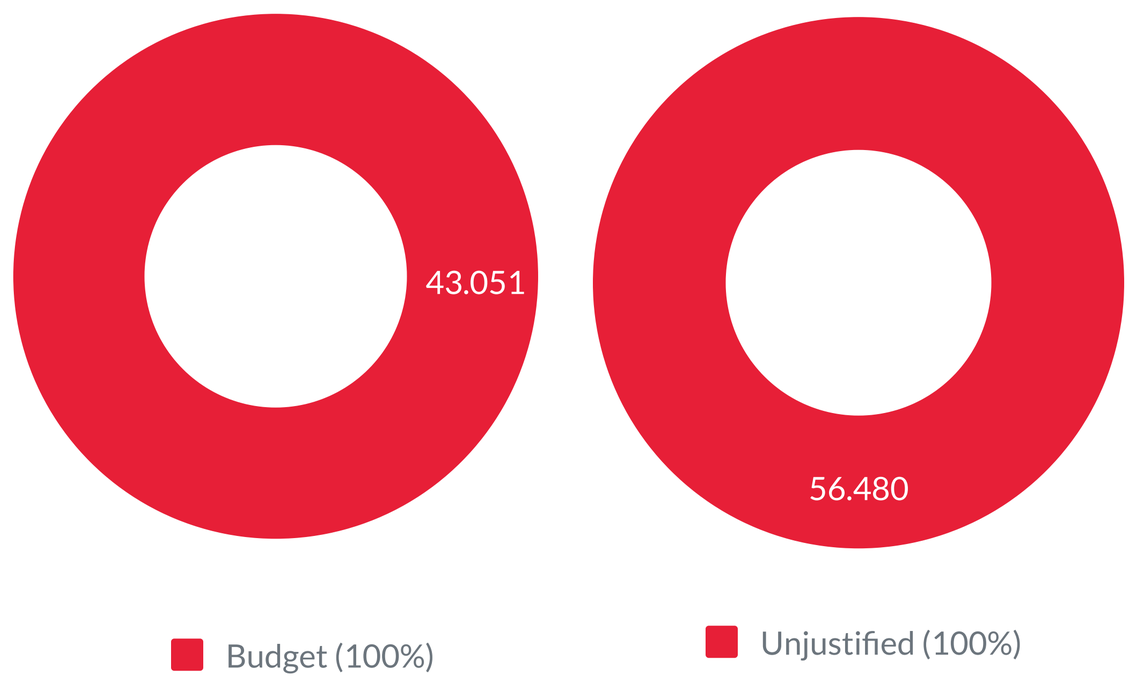


Reported revenues and expenditures of the Albanian List

In contrast to political entities that provided full or at least partial access to information on their spending during the campaign, the Social Democrats [74] continued with their practice of not providing us with any information during this election cycle. The same is the case with the responsible political entity from the Albanian coalition "Unanimously". [75]



Reported revenues and expenditures of the Social Democrats of Montenegro



Reported revenues and expenditures of the Albanian coalition Unanimously

[72] Albanian Alternative, Democratic Alliance of Albanians, FORCA, Civic Movement Perspektiva and Union Tuzi
[73] The total official expenditures of the coalition AL amounted to 71,062 euros.
[74] The total official expenditures of the SD amounted to 385,436 euros.
[75] Democratic Party, Democratic Union of Albanians and Democratic Alliance in Montenegro; The total official expenditures of the AKJ amounted to 56,480 euros.

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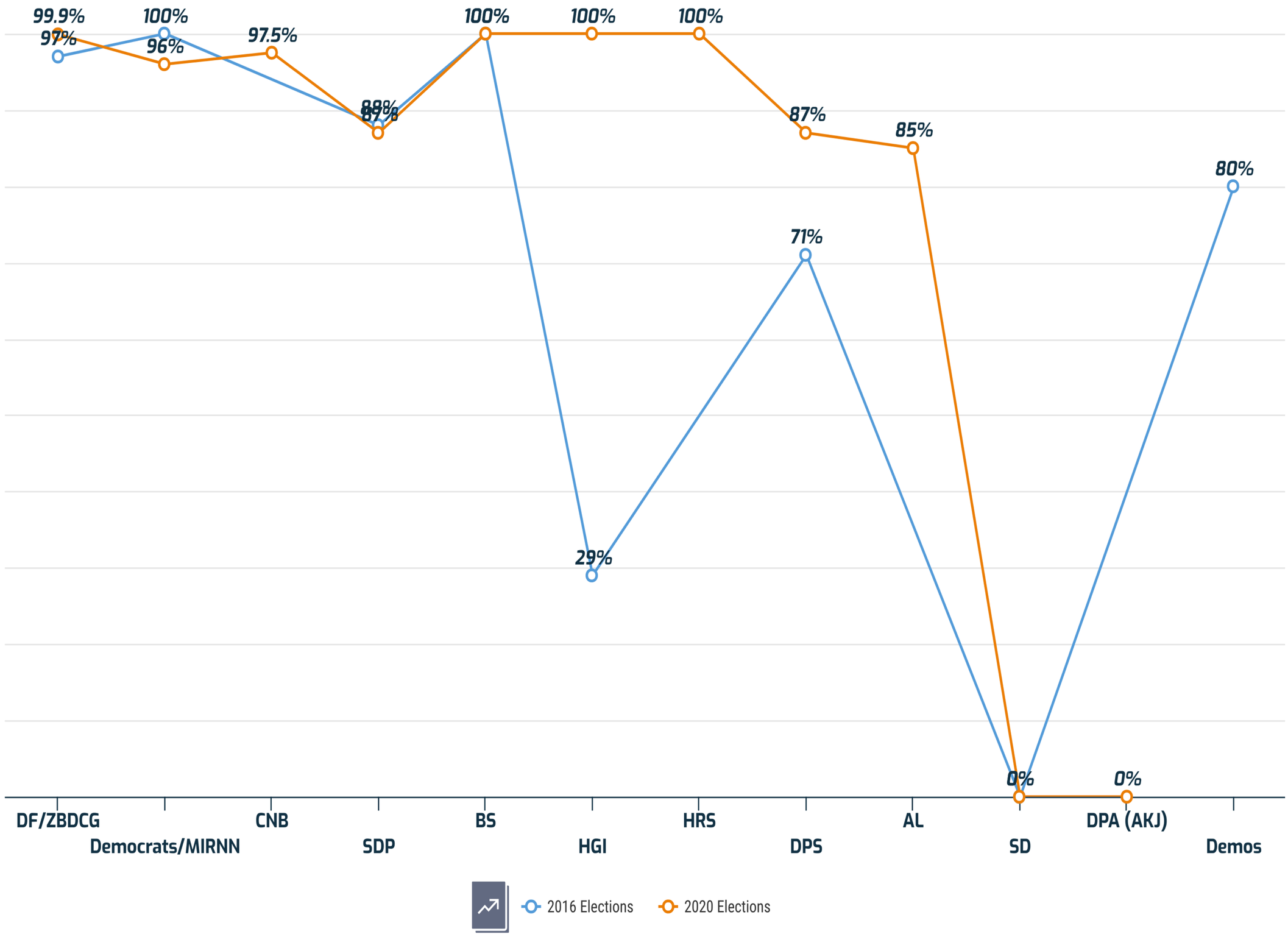

Eligibility of reported expenditures by contracts and invoices for the 2016 [76] and 2020 parliamentary elections

More detailed information on revenues and expenditures of political parties during the election campaign for the 2020 parliamentary elections, as well as complete financial documentation submitted by responsible political entities is available at the web address: http://www.mans.co.me/finansijski-profil-izbori-2020/ .

[76] More detailed information on expenditures ahead of the 2016 parliamentary elections is available in the publication - Financing of Election Campaigns, Implementation of the Law on Financing of Political Entities and Election Campaigns (2016 - 2018), Chapter A.5. Access to information, p. 50, http://www.mans.co.me/en/wp-content/uploads/2019/04/FPPen.pdf .

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2. Agency for Prevention of Corruption

Despite being the key institution in charge of public control over the financing of the election process, the Agency for the Prevention of Corruption (APC) has continued with its practice of hiding information from the public.

Thus, the Agency denied access to all information on expenditures, including contracts and invoices provided to it by all political entities after the elections. Namely, although MANS requested this information from the Agency through the Law on Free Access to Information one month after the end of the elections, the Agency referred to the fact that the analysis of this data was still ongoing at the time when the request had been submitted, and that the results of the compiled data would be provided in the Report on conducted supervision during the campaign, which the Agency is obliged to develop and publish on its website within 60 days from the day of the announcement of the final election results.

Rukovodeći se prikupljenim podacima, u skladu sa članom 58 stav 6, Agenija je dužna da izradi i objavi na svojoj internet stranici Izvještaj o sprovedenom nadzoru u toku izborne kampanje, 60 dana od dana proglašenja konačnih rezultata izbora, kao ključnog iskaza o finansiranju i kontroli finansiranja izborne kampanje za izbore održane 30.8.2020.godine.

Analiza tražene informacije je u toku u trenutku dostavljanja Agenciji predmetnog zahtjeva za slobodan pristup informacijama. Član 14 stav 1 tačka 4 alineja 1 Zakona o slobodnom pristupu informacijama propisuje da organ može ograničiti pristup informaciji ako je to u interesu vršenja službene dužnosti radi zaštite od objelodanjivanje podataka koji se odnose na planiranja inspekcijske kontrole i nadzora od strane organa vlasti, pa imajući u vidu da Agencija vrši nadzor, kako je to prethodno objašnjeno, odbijen je zahtjev za pristup informaciji kopiji svih ugovora i faktura pojedinačno za sve troškove, dostavljenih od strane Demokratske partije socijalista nakon održanih parlamentarnih izbora 2020. godine.

Decision of the Agency for Prevention of Corruption, number: 03-04-2321//2, dated 15 October, 2020 (MANS no. 132400)

However, after the deadline for publishing the aforementioned report, MANS reiterated the same requests, believing that the supervision and control of the data submitted by the parties was completed and that the Agency would allow access to the requested data. Nevertheless, the Agency once again refused all access to information, citing the fact that the same requests had already been submitted and that the decision regarding the initial requests was still being deliberated, to which MANS filed complaints with the competent second instance body. Decisions on appeals in these cases were in favour of transparency, but came only six months after the elections, and the Agency allowed 80% of the requested data to be made available to the public, i.e., after so much time that it is no longer relevant for revealing potential lack of responsibility of political entities during the election campaign.

Budući da se u momentu podnošenja zahtjeva NVO Mans br. 132757 od 23.11.2020. godine u bitnom promijenilo faktičko stanje koje je za posledicu imalo i promjenu u pravnom stanju dolazi se do zaključka da se zahtjev NVO Mans br. 132757 od 23.11.2020. godine i zahtjev NVO Mans br. 132402 od 05.10.2020. godine ne mogu tretirati kao ista upravna stvar, uprkost nespornoj činjenici da je ista stranka podnijela sadržinski istovjetne zahtjeve.

Excerpt from the decision of the Agency for Personal Data Protection and Free Access to Information, by which the appeals of the NGO MANS were upheld [77]

[77] The decision of the Agency for Personal Data Protection and Free Access to Information, number: UPII 07-30-188-2/21, dated 4 February, 2021

INSTITUTIONAL ADVANTAGE OF RULING PARTIES

B

The abuse of institutional advantage through the practice of incorporating the party interests of the ruling parties into public policies and party promotion with the help of state-funded projects was noticed also in the run-up to the 2020 parliamentary elections.

An example of creating public policies tailored to the interests of the ruling parties in order to gain an advantage in the elections are the Government's measures to combat the negative effects of the crisis caused by the COVID-19 virus outbreak. The third package was adopted at the end of July, during the election campaign, which enabled the payment of huge funds for short-term support measures to citizens and the economy before the elections, which was used to promote the ruling parties. For example, in the election material of one party, the amount of budget funds allocated for financing support measures from the third package of Government measures is shown, and the logo of the Government is replaced with the logo of that party.

In less than three months, during the election campaign, over 46 million euros were paid from the budget reserve, **almost 12 times more than in the same period last year**, not counting four secret transactions whose amounts are unknown.

In anticipation of the elections, the beneficiaries of the lowest pensions were provided with a retroactive increase from the beginning of that year, and the payment was realized just before the elections.

During the election campaign, the expenditures for construction and reconstruction of infrastructure increased significantly. For example, the Public Works Administration spent their entire annual budget earmarked for building local infrastructure just during those few pre-election months. On the other hand, the Transport Administration spent most of the money on infrastructure investments, such as expenditures for the reconstruction of regional and main roads, before the election, and during the election campaign high-ranking party officials opened some of these construction sites.

INSTITUTIONAL ADVANTAGE OF RULING PARTIES

B

Thus, the construction of infrastructure, which is financed from the state budget, was put in the function of achieving the electoral institutional advantage of the parties in power during the election campaign. Senior officials of these parties announced or opened various infrastructure projects at **at least 65 public events.** The ruling party also presented state infrastructure projects in promotional materials, using its own logo.

In the election campaign, **increased employment was noticed through service contracts, as well as payments for consulting services**. During the election campaign, the Property Administration spent twenty times more than in the same period last year, while the Army of Montenegro spent 16 times more. During the campaign, the Tax Administration had a 12-fold increase of expenditures for consulting services than in the same period last year, and the Public Works Administration a 6-fold increase.

In the election period, **uncategorised expenditures doubled**, and a particularly characteristic example is the Army, which spent as much as 92 times more from the "other" account than in the same period last year. It is interesting that during the election campaign, **payments to non-governmental organizations were significantly increased, especially from the budget of the Fund for the Protection of Minorities.**

Monitoring of state budget spending is largely limited by **cumulative payments** to several persons' commercial bank accounts, from which **the funds' end users cannot be determined**, which was especially problematic in the case of payments from the third package of Government measures, but also in the case of consulting services and transfers to NGOs. In addition to that, **55 transactions** realized during the election campaign were **declared classified, so the public had no insight into the amount of funds spent, or to whom and why they were paid.**

1 INSTITUTIONAL ADVANTAGE AND LOCAL MONTENEGRIN CONTEXT

B

For the purpose of this report, institutional advantage is defined as the advantage that candidates in elections have the opportunity to achieve over political competition based on their position as a holder of power, at the local or national level.

In the next part of this report, we will consider the specifics of the local Montenegrin context, which is important for understanding the extent of the institutional advantage enjoyed by the Democratic Party of Socialists (DPS) together with its traditional coalition partners until the loss of power in the last parliamentary elections.

Institutional advantage of DPS is recognized in relevant reports of the ODIHR observation missions for the parliamentary and presidential elections in Montenegro. The final ODIHR report on the last parliamentary elections stated, among other things, that DPS gained "an undue advantage, through misuse of office and state resources and dominant media coverage." [78] Similarly, for years now, reports by previous ODIHR observation missions on elections held in Montenegro have warned of a clear institutional advantage of the ruling party or, in the case of presidential elections, the advantage of the ruling party's candidate. [79]

The development of democracy and conducting of multi-party elections in Montenegro, from the fall of the communist system to the last parliamentary elections held in August 2020, took place in the conditions of thirty years of uninterrupted rule of DPS. During this period, its institutional advantage in the electoral context was made possible through the captured institutions and full control of state resources, as well as the blurring of lines between the state and the party.

[78] See: ODIHR Limited Election Observation Mission Final Report, parliamentary elections, 30 August 2020, Montenegro, page 1, paragraph 2. Available at: https://www.osce.org/files/f/documents/9/9/475223.pdf. This source will be referred to hereinafter as the 'ODIHR Final Report on the parliamentary elections in Montenegro'.
[79] See OSCE/ODIHR Election Observation reports for Montenegro. Available at: ODIHR Limited Election Observation Mission Final Report, parliamentary elections, 30 August 2020, Montenegro, page 1, paragraph 2. Available at: https://www.osce.org/files/f/documents/9/9/475223.pdf.

1 INSTITUTIONAL ADVANTAGE AND LOCAL MONTENEGRIN CONTEXT

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1. Captured institutions

As a direct successor of the former Communist Party, relying on its strong party infrastructure, DPS maintained its power on the same principles as the party it replaced - absolute dominance of the party over all levers of power in the state. Instead of building strong and independent state institutions, DPS's decades-long rule was focused on building the party as the strongest institution.

For the purpose of maintaining this system, the so-called 'captured state'[80] was created, where one dominant party was in a position that enabled it complete control over all three branches of the government. In such situation, the institutions of the system were placed in the service of defending the interests of DPS and its survival in power, which in the public discourse of the party's leadership were often equated with the interests and survival of the state.

Key difference between the rule of the Communist Party and the system of government established by DPS after the fall of communism was the regular holding of multi-party elections. However, in conditions where one dominant party has complete control over state institutions for a long time, and in a country that has never experienced a change of government in this way until the last elections, for many years, holding the elections per se did not pose a serious threat to DPS remaining in power.

On the contrary, except for the purpose of simulating democratic processes in order to ensure the external validation of this *de facto* undemocratic regime, [81] the elections in Montenegro have served to periodically publicly demonstrate the unlimited power of DPS.

[80] See, for example: Transparency International, 2020, „Examining State Capture: Undue Influence on Law-Making and the Judiciary in the Western Balkans and Turkey". Available at: https://images.transparencycdn.org/images/2020_Report_ExaminingStateCapture_English.pdf.
[81] This fact has been well known in Montenegro for a long time, but recently, international observers also decided that it was time to officially remove Montenegro from the list of democratic countries. See: Zselyke Csaky, „Nations in Transit 2020: Dropping the Democratic Façade", Freedom House. Available at: https://freedomhouse.org/report/nations-transit/2020/dropping-democratic-facade.

2. Control of state resources

Through complete control of state resources and all three branches of the government, this party and its coalition partners competed in the elections not as a party, but as a "state", guaranteeing current and future voters the right of priority in access to state resources.

In a captured and impoverished country where the state is the largest employer, being in power means, among other things, being able to solve the livelihood issue of a large number of citizens through public sector employment, as well as to control social benefits and write off debts to individuals and legal entities to state-owned enterprises. In a system of weak institutions subdued to the ruling party, elections are an opportunity to re-establish the ruling party as a political option with no alternative by managing state resources as its own financial resources.

Ensuring DPS's electoral advantage through the misuse of state resources has found its publicly recognizable expression in the form of the famous wording 'one employee – four votes' as a trademark of the 2012 'Snimak' (*Tape recording*) affair. This affair, which seriously undermined the legitimacy of the election process in the eyes of the domestic and international public, testifies, among other things, to party employment in the public sector and other forms of misuse, including social benefits, in order for DPS to gain electoral advantage in 2012 parliamentary elections. The "Snimak" affair is particularly important because until its disclosure there was not much solid evidence of systematic abuse of state resources for the political goals of the ruling party, although its existence was indicated by the numerous individual cases. [82]

The formula 'one employee – four votes' refers to the statement of the then director of the Employment Agency and a high-ranking DPS official, Zoran Jelić, recorded on the published audio recordings of conversations from party meetings, held in the run-up to the upcoming parliamentary elections. In these statements, Jelić says that for each DPS employee employed, this party can count on four votes on average (per family, author's note). [83]

In developed democratic systems with strong institutions, exposing such misuses would entail both political consequences for the ruling party and a judicial epilogue for the officials whose activities were the subject of this affair. However, persistent urging by the interested public and the international community, the EU in the first place,[84] to bring this case to an end, have remained without an adequate institutional response.

[82] See, for example: http://www.mans.co.me/jednokratna-socijalna-pomoc-uoci-izbora-2/ .
[83] For more information on the 'Snimak' affair see: http://www.mans.co.me/wp-content/uploads/Analize/IzgradjivanjePovjerenja.pdf.
[84] See, for example, annual reports the EU on Montenegro for 2013, 2014, 2015, 2016, 2018, 2019, and 2020, available on the official website of the European Commission: https://ec.europa.eu/neighbourhood-enlargement/countries/detailed-country-information/montenegro_en. Annual Report of the EU on Montenegro is not published in this format for 2017.

1 INSTITUTIONAL ADVANTAGE AND LOCAL MONTENEGRIN CONTEXT

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Apart from symbolic judgements against a small number of local officials,[85] the ruling party and the main actors in the 'Snimak' affair not only did not suffer any political or legal consequences, but were rewarded with promotion to even more responsible positions. One of the most striking examples is the case of the aforementioned DPS official Zoran Jelić, the author of the famous term "one employee – four votes", against which the then State Prosecutor's Office rejected the charges, explaining that it was a "verbal offense".

In the meantime, Jelić was elected senator of the State Audit Institution, which is responsible precisely for controlling the spending of budget funds and managing the state property. This act sent a clear message about the inviolability of ruling party officials who, instead of establishing their legal and political responsibility for the misuse of state resources for election purposes, were rewarded with promotion to even more responsible positions.

After the "Snimak" affair, DPS did not give up on the misuse of state resources for election purposes. However, although there was no reason to fear a serious institutional response to misuses of state resources, in order to preserve the minimum legitimacy of elections in the eyes of the international public, the mechanisms for achieving this kind of institutional advantage of ruling parties have become more sophisticated over time. In the following years, the misuse of state resources continued through a more careful integration of party interests into public policies and regular budgets, including the agendas of the Government and other institutions, adopted in the regular procedure.

Although paradoxical, in the absence of an adequate institutional response despite solid evidence, 'Snimak' affair as well as other affairs that followed could not jeopardize DPS's political position. In conditions of a long tradition of impunity for the misuse of state resources for electoral purposes, the unlimited disposal of state money has actually contributed to strengthening trust in this party as an institution that is able to provide livelihood without any legal consequences in exchange for election support, as well as the right of priority to access services that can be offered by the state.

This semi-public trade, from the election cycle to the election cycle, has continuously undermined citizens' trust in the election process as the basic mechanism for checking the party's legitimacy and created a strong perception of DPS's inviolable institutional advantage over other election participants.

[85] State Prosecutor's Office rejected almost all criminal charges against DPS officials. Only a small number of local officials, the director and employees of the Centre for Social Welfare in Pljevlja were tried for violating the freedom of voting by paying one-time social benefits, while in a small number of cases where perpetrators were found guilty, mostly suspended sentences of 6 months were given. See Annual Report of the European Union for Montenegro 2014, p. 42 and 43, available at: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2014/20141008-montenegro-progress-report_en.pdf and Annual Report of the European Union for Montenegro 2015, p. 6., available at: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2015/20151110_report_montenegro.pdf.

3. Field activities of public officials in the pre-election period

Years-long institutional advantage of DPS, based on maintaining power through the said full control of state resources and institutions, has led to the blurring of lines between the state and the party. This blurring has also been used extensively to gain the advantage of the ruling parties in the context of elections.

One of the most common forms of abuse of the blurred lines between the state and the party in Montenegro is reflected in the use of public office or connections with state institutions to achieve electoral advantage, which is also a form of misuse of state resources. [86]

Significantly increased investing of public money in the pre-election period, such as expenditures for infrastructure and other development projects, enable the ruling parties to gain an electoral advantage over political competition. Allocation of funds for such investments in Montenegro is traditionally planned according to the election calendar, and their implementation is accompanied by increased activity of public office holders and senior party officials of the ruling parties in the field promotion of state projects in the pre-election period.

In its statements during the election campaign in the run-up to the latest parliamentary elections, by providing information and publishing fact-based analyses, MANS sought to raise public awareness on the extent of this misuse of institutional advantage for election purposes by the ruling party. [87]

This mechanism for achieving the institutional advantage of the ruling parties in Montenegro has also been recognized by international observers. The aforementioned final report of the ODHIR observation mission in the latest parliamentary elections in Montenegro, which recorded a large number of cases of public officials attending events across the country,[88] assessed that “various forms of misuse of office and state resources gave the ruling party an undue advantage in the campaign and could unjustifiably influence the will of the voters." [89]

[86] See: ‘OSCE/ODIHR Handbook for the Observation of Campaign Finance', subheading G. 'Abuse of State Resources', page 20. Available at: http://www.eods.eu/library/OSCE.ODIHR.Handbook%20for%20the%20Observation%20of%20Campaign%20Finance.pdf
[87] See MANS’ investigative stories, published during the election campaign. Available at: http://www.mans.co.me/en/categories/investigative-stories/ .
[88] See also footnote 53 of the ’Montenegro parliamentary elections 2020: OSCE/ODIHR limited election observation mission final report’.
[89] The ODIHR observation mission recorded the presence of public officials at about 50 events from 6 to 26 August, with the President participating in 10, the Prime Minister in 14, the Minister of Agriculture in seven, the Mayor of Podgorica in five, the Minister of Health in four, the Minister of Culture in two, the Mayor of Cetinje in two; while, in the same period, numerous public officials opened 25 projects, both public infrastructure ones and those of private businesses (roads, educational institutions and hospitals, supermarkets, creative workshops, etc.) and made 11 visits to municipalities.
See: Report of the ODIHR Election Observation Mission to Montenegro 2020, p. 12., paragraph 2. Available at: https://www.osce.org/files/f/documents/9/9/475223.pdf.

1 INSTITUTIONAL ADVANTAGE AND LOCAL MONTENEGRIN CONTEXT

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In this regard, the report states, among other things, that it was "evident... that members of the Government officially opened a number of public infrastructure projects across the country in the presence of the public"[90] and that, "although he was not a candidate, the President, as the leader of DPS, was a key figure in the campaign and largely participated in the campaign and institutional events." [91]

In addition, the ODIHR's media monitoring showed that in its prime time news broadcasts on RTCG 1 channel, the national public broadcaster regularly reported on government representatives in official capacity in a very positive way, which gave the ruling party an advantage. [92]

Of course, the activities of ruling party officials who help their party's campaign by overlapping pre-election party activities with the activities they carry out in the capacity of public officials, are not distinctive feature of the latest parliamentary elections alone. This aspect of achieving institutional advantage has been noticed and noted in earlier ODIHR reports on elections in Montenegro as well. [93]

However, regardless of the widespread use of such forms of misuse of state resources despite the bans, no public official in Montenegro has ever been punished on this basis. The absence of any proceedings against officials of the ruling parties for such actions has contributed to the creation of an electoral atmosphere characterized by high tolerance for this type of party promotion, which has traditionally not been exposed to adequate public criticism.

Below we will make a brief review of the existing international standards and recommendations of relevant organizations, as well as the national legal framework which seeks to limit the institutional advantage of the ruling parties.

[90] See also footnote 52 of the 'Montenegro parliamentary elections 2020: OSCE/ODIHR limited election observation mission final report'.
[91] The report particularly lists a wide range of pre-election activities of the President, which - in addition to speaking at events within the DPS campaign - included his presence at various events, from opening roads to visiting pensioners' associations. The activities of the President during the election campaign included events in municipalities where, in addition to parliamentary elections, local elections were also held on the same date, such as the opening ceremony of reconstructed roads in Gusinje and the construction of tourist facilities Portonovi in Kumbor, the Municipality of Herceg Novi.
[92] See also page 18, paragraph 1.
[93] See in particular ODIHR Observation Mission Report on 2013 Presidential Elections, Page 1, paragraph 2 and page 15; ODIHR Report on 2012 Parliamentary Elections, p. 2, para. 3 and p. 15, para. 5. Available at: Link: https://www.osce.org/files/f/documents/b/0/97940.pdf; ODIHR Report on Presidential Elections in Montenegro 2008, p. 7, paragraph 4. Available at: https://www.osce.org/files/f/documents/f/3/33218.pdf , and ODIHR Parliamentary Elections Report 2006, page 10, paragraph 4 and p. 16. Available at: https://www.osce.org/files/f/documents/b/f/23565.pdf

2 INTERNATIONAL STANDARDS AND NATIONAL LEGAL FRAMEWORK

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Generally speaking, it is important to note that a certain institutional advantage of the parties in power is not necessarily a feature of an undemocratic regime. In this regard, relevant OSCE/ODIHR handbooks, which contain guidelines and recommendations for regulating the conduct of political entities and financing of election campaigns, recognize a certain electoral advantage of a candidate currently in power as "natural and unavoidable." [94]

However, bearing in mind precisely the inevitability of a certain degree of institutional advantage of the ruling parties, these documents also insist that, through an adequate legal framework and its effective implementation, it is necessary to ensure that this type of advantage of the ruling parties is not further increased, especially through misuse of state resources for the election purposes.

In the following part, we will look at the key principles and prohibitions guaranteed by international standards of particular importance for limiting the institutional advantage of the parties in power in the election game.

1. International standards

Separating the state from the party is one of the key principles on which free elections are based. As a member of the OSCE, Montenegro has committed itself to respecting the Copenhagen Document, which treats this principle as one of the basic elements of the fairness of the electoral process, essential for exercising of equal rights. [95]

Misuse of state resources and public office for electoral purposes contributes to blurring the lines between the party and the state and enables the ruling parties to gain an undue advantage over other participants in the elections. For this reason, misuse of state resources and public office are explicitly prohibited by relevant international norms. [96]

International obligations and standards in the field of financing political entities and election campaigns are contained in relevant documents of international organizations such as the OSCE/ODIHR, the United Nations (UN) and the Council of Europe. [97]

[94] For example, by nature of the public office they hold, senior officials who are also party officials in power enjoy greater public attention thanks to the media coverage of their activities as public officials, including during election campaigns.
[95] See OSCE Copenhagen Document, paragraph 5 and paragraph 5.4. Available at: https://www.oscepa.org/documents/election-observation/election-observation-reports/documents/1344-osce-copenhagen-document-1990-eng/file.
[96] See: OSCE/ODIHR Handbook for the Observation of Campaign Finance, pages 9-11.
[97] See for example: 'OSCE/ODIHR Handbook for the Observation of Campaign Finance', page 20. Available at: http://www.eods.eu/library/OSCE.ODIHR.Handbook%20for%20the%20Observation%20of%20Campaign%20Finance.pdf; OSCE/ODIHR Guidelines for Reviewing a Legal Framework for Elections, pages 36 and 37, available at: https://www.osce.org/files/f/documents/f/8/104573.pdf; and Guidelines on Political Party Regulation by OSCE/ODIHR and VENICE COMMISSION, paragraph 207, available at: https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD(2010)024-e.

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In the context of protection of the principle of separation of the state and the party and prohibition of misuse of state resources, international standards address, among other things, the behaviour of public officials in the pre-election period. This refers to the activities of officials such as visits to municipalities and attending the opening ceremonies of infrastructure and other state projects, which government representatives may use for pre-election party promotion. [98]

Relevant international standards offer important guidelines for development of an adequate national legal framework that needs to further limit the institutional advantage of the ruling parties, while respecting the aforementioned principles and prohibitions, in order to strengthen the trust of citizens and participants of the elections in the election process.

Below, we will refer to the current national legal framework in Montenegro, which regulates in more detail the area of financing political entities and election campaigns.

2. National legal framework

Prohibitions and restrictions on actions that can achieve the institutional advantage of the ruling party over other election participants are prescribed by the Law on Financing of Political Entities and Election Campaigns and, in part, by the Law on Election of Councillors and Members of Parliament. [99]

National legal framework governing the financing of political entities and election campaigns has been amended several times. With the expert assistance and mediation of the international community, these amendments sought to achieve a legal framework that would, inter alia, identify and limit the various observed and possible misuses.

Due to the specifics of the local context, during the amendments in Montenegrin national legal framework for the financing of political entities and election campaigns, great efforts have been particularly made in elaborating prohibitions and restrictions on misuses that contribute to the institutional advantage of the ruling parties.

[98] Among other things, international standards prescribe certain guidelines for media coverage of these events. In this sense, the ODIHR Handbook on Media Monitoring for Election Observation Missions distinguishes between events that are:
a) genuine and relevant, such as national celebrations, anniversaries, signing of international treaties, etc.
b) genuine, thus, not organised for the needs of the election promotion, but they do not deserve significant public attention by their nature and;
c) pseudo-events, occasions created or managed by the government with the aim of garnering more extensive positive media coverage.
See also: 'Handbook on Media Monitoring for Election Observation Missions', pages 28-29. Available at: https://www.osce.org/files/f/documents/1/0/92057.pdf.
[99] Relevant provisions of these laws are listed in Annex I of this report.

Current Law on Financing of Political Entities and Election Campaigns was adopted on December 27, 2019. In April 2020, an analysis of this law was published, prepared for the needs of MANS by an independent anti-corruption expert and Senior Advisor for the German Bundestag, Dr. Tilman Hoppe. [100]

In terms of limiting the institutional advantage, in this expert analysis, certain novelties brought by the new law on financing were positively assessed. [101] These include the need for a greater transparency in the work of institutions, as well as the introduction of additional restrictions on the use of state resources and a number of new misdemeanour provisions. [102]

However, this analysis also identified significant weaknesses in the new legal framework, which primarily relate to the inadequacy of criminal provisions. [103] According to the findings of this analysis, the sanctions envisaged by the new Law on Financing of Political Entities and Election Campaigns are almost exclusively of an administrative nature. In addition, the envisaged penalties, contrary to comparable international practice, are in most cases minimal and do not have a deterrent effect on potential perpetrators of violations. In addition to this, the conclusions of this analysis state that certain violations that existed in the previous Law on Financing of Political Entities and Election Campaigns in are no longer present in the new law. [104]

In addition, in its assessment of the current legal framework governing the financing of political entities and election campaigns, the ODIHR notes that their previous recommendations regarding measures against misuse of state resources have not been complied with, and that the existing legal framework does not provide effective safeguards against circumvention of campaign finance rules. [105]

[100] See: 'The new Law on Political Entity and Election Campaign Financing 2020: Compliance of Montenegro with recommendations', Dr Tilman Hoppe, LL.M., Senior Advisor for the German Bundestag, independent anti-corruption expert. Available at: http://www.mans.co.me/en/wp-content/uploads/2020/07/Compliance-of-Montenegro-with-recommendations.pdf .
[101] Previously, the same expert made an analysis of the previously valid Law on Financing of Political Entities and Election Campaigns from 2015, which was published in March 2019. For more information on the findings of the analysis and recommendations for changing the legal framework, see MANS' publication: 'Political finance reforms in Montenegro: Proposals for legislative reform' from March 2019. Available at: http://www.mans.co.me//wp-content/uploads/2019/06/PFreforms.pdf .
[102] See publication ''The new Law on Political Entity and Election Campaign Financing 2020: Compliance of Montenegro with recommendations', especially pages 7, 16 and 40-41.
[103] See also pages 7 and 8.
[104] In terms of limiting institutional advantage, the expert states in his report that the new law did not transpose the provisions on misdemeanours related to the use of official vehicles, contained in Articles 55 and 57 of the Financing Law from 2015. See also page 7, paragraph 3.
[105] See ODIHR Final Report on Parliamentary Elections in Montenegro. p. 1, paragraph 3 and p. 2, paragraph 4.

3. Amendments to the Law on Financing of Political Entities in the run-up to the elections

Contrary to good practice, the Law on Financing of Political Entities and Election Campaigns was amended in the election year. As already mentioned, the new Law on Financing of Political Entities and Election Campaigns was adopted in December 2019, and its amendments were adopted only four months later, in April 2020. These amendments changed the provisions of the previous legal text, which provided for an explicit ban on the allocation of social benefits from the current budget reserve in the election year. [106]

Mentioned amendments to the Law on Financing of Political Entities and Election Campaigns were adopted in the context of the COVID-19 virus epidemic, which turned into a global pandemic during the first half of 2020. In addition to explaining the need to amend the legal text to enable the payment of necessary social benefits in given circumstances, the amendment to the law provides for an exception to the prohibition of allocating social benefits from the budget reserve in an election year in exceptional circumstances, including epidemics or pandemics of communicable diseases. [107]

Bearing in mind the current pandemic, the very initiative to amend the law has a legitimate basis in the need to meet the socially vulnerable categories of the population in such circumstances. In that regard, in his analysis of the new Law on Financing of Political Entities and Election Campaigns, Tillman Hoppe states that deviations from the prescribed prohibitions on social benefits from the budget reserve may be necessary under certain extraordinary circumstances, which may make the introduction of such exceptions an acceptable amendment. [108]

However, while fully respecting the entirely legitimate need to provide social benefits during the pandemic, when it comes to Montenegro, these amendments to the law are controversial due to the persisting issue of non-transparent payments from the budget reserve, as well as the procedure in which the law was amended.

Namely, thanks to the chronic non-transparency of the budget reserve spending, all payments from this fund are shrouded in secrecy. For this reason, the budget reserve spending in the pre-election period carries with it a high risk of misuse of state funds in order for the ruling parties to achieve the electoral advantage.

[106] See Article 40, paragraph 3 of the Law on Financing of Political Entities and Election Campaigns of December 2019, available at: Official Gazette of Montenegro, No. 3/2020, available at: http://www.sluzbenilist.me/pregled-dokumenta-2/?id={3B343703-6C98-4539-9E3E-7D24858BD681}#.
[107] See Art. 1, paragraph 2 of the Law on Amendments to the Law on Financing of Political Entities and Election Campaigns, Official Gazette No. 38, available at: http://www.sluzbenilist.me/pregled-dokumenta/?id={C35B7FD3-5569-4260-8302-803F2487051C}.
[108] See: 'The new Law on Political Entity and Election Campaign Financing 2020: Compliance of Montenegro with recommendations', Dr Tilman Hoppe, LL.M., p. 41. paragraph 2.

This is especially true in the case of payments for purposes such as social benefits, as a recognized form of misuse of state money in order to achieve the electoral advantage of the ruling party. This distinguished feature of the local context is the very reason why the payments of social benefits from the budget reserve in the pre-election period are generally covered by the prohibitions and restrictions of the law in question.

At the same time, the increased risk of misuse of social benefits for election purposes created by these - for legitimate needs legalized - payments of social benefits from the budget reserve, is not accompanied by adequate guarantees of greater transparency of spending money from this fund before the elections.

In this sense, MANS has long pointed to the non-transparent spending of the budget reserve as a persisting problem which is one of the key challenges in monitoring government spending in the pre-election period,[109] which will be discussed in the next part of this report in more detail.

No less important is the fact that the legalization of social benefits payments from the budget reserve was made possible by a unilateral amendment of the law by the then parliamentary majority, led by DPS. At the initiative of the government, led by DPS whose years-long rule stands out due to a large number of scandals about the misuse of state money for election purposes, the law was changed abruptly, without any consultation with political entities from the opposition and other stakeholders.

Finally, bearing in mind the fact that in April 2020 it was already obvious that the epidemiological situation could not change significantly until the elections, the amendment of this law *de facto* strengthened the institutional advantage of the ruling parties. Namely, thanks to this amendment to the law, DPS and its coalition partners were in a position to plan and distribute significant amounts of money from the budget reserve to the citizens before the elections on behalf of social benefits, which will be discussed in the next part of the report in more detail.

This practice runs counter to the ODIHR guidelines, which insist that the legal framework governing election campaign financing should not contribute to further strengthening the institutional advantage of the ruling parties. [110]

In the next part of the report, we will take a closer look at some of the key mechanisms for achieving the institutional advantage by the ruling parties in Montenegro in the context of the 2020 parliamentary elections.

[109] See for example: http://www.mans.co.me/en/wp-content/uploads/2019/04/FPPen.pdf .
[110] See 'OSCE/ODIHR GUIDELINES ON POLITICAL PARTY REGULATION', subheading Abuse of State Resources, paragraph 207, available at: https://www.oscepa.org/documents/election-observation/election-observation-reports/documents/1344-osce-copenhagen-document-1990-eng/file .

3 KEY MECHANISMS FOR ACHIEVING INSTITUTIONAL ADVANTAGE

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In order to fully understand the mechanisms for achieving the institutional advantage of DPS and the parties that participated in the government with DPS, it is necessary to keep in mind the previously mentioned local context, and the fact that DPS's decades-long rule rested on the principle of captured institutions, which enabled the systematic misuse of state money for election purposes.

In practice, the institutional advantage was achieved in several phases realized through the usual life cycle of public policies, where the executive and the legislative power were placed in the service of achieving the electoral goals of the ruling parties.

Preparations for the elections begin with the Government's planning of the state budget and public policies in order to serve the pre-election interests of the ruling parties. This *de facto* election budget is used to plan increased public spending on items traditionally used by Montenegrin ruling parties to gain advantage in elections, such as infrastructure and other significant government projects, increased employment and social benefits.

The Parliament adopted such planned budget without much discussion and in a very short time, by the votes of the parliamentary majority controlled by the DPS, which closed the circle of integrating the party interest into the regular functioning of the state.

In the election year, the budget adopted in this way enabled the unhindered realization of increased public spending through activities that enable an electoral advantage to DPS, provided for by regular public policies, adopted in a legitimate procedure.

This inviolable institutional advantage of the ruling parties enabled the seamless fitting of party interests into regular public policies, which put the spending of money from the state budget of all citizens in the function of financing the election campaign of DPS and its coalition partners.

Public spending on financing the state projects, the implementation of which is planned in the described way so as to bring an electoral advantage to the ruling parties, was especially widely promoted in the run-up to the elections. This promotion took place largely through the aforementioned increased 'field' activity of public officials, who are at the same time high-ranking officials of the ruling party.

In order to achieve the electoral advantage of the ruling parties in the run-up to the elections, public spending intended for the implementation of state projects was often openly promoted as money received directly from DPS, as will be shown in concrete examples below.

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Finally, the pronounced non-transparency in the spending of budget funds enabled the ruling parties to provide additional institutional advantage in the elections through hidden transactions and other disputable payments, through possible abuses of state budget spending, the structure of which we have no information about, which will also be discussed below.

When it comes to 2020 parliamentary elections, it was not even possible to monitor whether the institutions complied with the spending limits set by the Law on Financing of Political Entities and Election Campaigns, which prohibits monthly spending higher than the average monthly spending in the previous six months from the day of calling of the elections until the day of holding of the elections. [111]

Namely, despite numerous requests for free access to information, MANS has not received data on budget spending for January 2020 from the Ministry of Finance, necessary for the needs of analysing the average spending of institutions financed from the budget in the pre-election period and determining possible overruns. [112]

Bearing in mind that even six months after the election, MANS failed to obtain official spending data for January 2020, MANS's analysis of budget spending in the pre-election period is based on information on spending that could be obtained, i.e. for the period February-August 2020. [113]

This well-coordinated system of achieving electoral advantage through the integration of party interests into public policies and the aforementioned insufficient transparency of spending of the state money in the pre-election period, was also used in the run-up to the 2020 parliamentary elections.

Planning and spending of the third package of aid measures to combat the adverse effects of the crisis caused by the current pandemic is one of the most obvious examples of systemic (mis)use of state resources for electoral purposes, which will be discussed in more detail below. In this part, we will pay special attention to the issue of non-transparency of spending the budget reserve in the pre-election period from which the funds for financing these government measures were paid.

[111] See: The Law on Financing of Political Entities and Election Campaigns, Art. 38.
[112] During the campaign for 2020 parliamentary elections, MANS monitored the spending of institutions financed from the budget of Montenegro. This monitoring covers 63 budget users, and a complete overview of the spending of institutions during the parliamentary elections in 2020 is available on the portal "Clean Campaign", developed as part of MANS's project "Clean Money - Fair Elections", which is financially supported by the European Union. For more information see: https://cistakampanja.me/potrosnja-institucija-izbori-2020/ .
[113] MANS requested the missing data from the Agency for Prevention of Corruption as well, which is in charge of controlling the implementation of this law in accordance with the Law on Financing of Political Entities and Election Campaigns, and it informed us that they did not have the requested information. As the Agency for the Prevention of Corruption stated in the later published Report on the conducted supervision during the election campaign, in the pre-election period, the control of compliance with the prescribed ban on exceeding monthly spending was conducted, for which purpose the Agency still had to dispose of the requested data in order to obtain information on the spending of institutions for January 2020 from this institution, MANS also addressed the Agency for the Protection of Classified Information with a request. However, MANS did not receive a response to this request until the conclusion of this report in February 2021.

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1. Measures to combat the pandemic-induced crisis

In the first half of the election year 2020, adverse economic effects of the COVID-19 had a strong negative impact on the economy as well as on the economic security and social status of a large number of citizens in Montenegro.

As an institutional response to the adverse economic effects of the crisis caused by the COVID-19 pandemic, on March 19, 2020, the Government adopted the first package of aid measures to combat them, worth a total of 280.6 million. In order to preserve the liquidity of certain sectors and jobs, this package envisages delays in collecting tax and credit obligations to businesses and citizens, providing credit lines as a form of supporting corporate liquidity, as well as social benefits to vulnerable groups in the form of electricity subsidies and one-time financial assistance.

Effects of the implementation of the first package of aid measures	
Aid measure	**Amount in EUR**
Deferred payment of liabilities to the Investment and Development Fund (IDF), the Tax Administration and rents to the state	205.8 million
Provided support to the economy through dedicated credit lines of IDF	73.4 million
Benefits to vulnerable categories of the population in the form of electricity subsidies and one-time financial assistance	1.4 million
Total	**280.6 million EUR**

Source: Government of Montenegro [114]

Shortly after the first package, on April 24, the Government adopted a second aid package providing additional measures to support businesses and employees in the form of direct subsidies to employees in businesses for monthly wages, aid packages for the agricultural sector and social benefits for vulnerable groups.

The table below presents the effects of the second package of aid measures as of June 2020. [115]

[114] Source: 'THIRD PACKAGE OF SOCIO-ECONOMIC MEASURES', Government of Montenegro, July 2020, p. 19 Available at: file:///C:/Users/anavu/Downloads/2020%2007%2023%20-%20Vlada%20-%20Treci%20paket%20ekonomskih%20mjera%20-%20BROSURA%20(2).pdf
[115] Information on the effects of the second package for July has not been made public.

Effects of the implementation of the second package of aid measures

Aid measure	Amount in EUR
Salaries of employees for around 64,000 employees in over 15,000 Montenegrin companies	33.2 million
Aid to agriculturists	4.02 million
One-time financial assistance to the most vulnerable categories of population	0.89 million
Total	**38.11 million**

Source: Government of Montenegro [116]

In June 2020, the President of Montenegro and the leader of DPS called parliamentary elections for August 30, and local elections were scheduled for the same date in five Montenegrin municipalities, i.e. Budva, Kotor, Tivat, Gusinje and Andrijevica.

The way in which the government measures to combat the adverse effects of the crisis are further planned and implemented is a very good example of creating public policies tailored to the interests of the parties in power, in the context of achieving their electoral advantage.

Namely, as already mentioned, the first two packages of measures were adopted one after the other - in March and April - in order to respond to the legitimate need to help the economy and citizens with certain economic measures. However, after the elections were called, the adoption of the third and widely announced Government package of measures took a full three months.

In the style of the famous quote "Never let a good crisis go to waste"[117], DPS-led government has adjusted the date of adoption of the third package of measures to the election calendar so that news of its adoption, and especially the payments planned by this package of aid measures could be used for the needs of pre-election promotion of the ruling party.

Third package of socio-economic measures, which envisaged several short-term and long-term measures to support citizens and the economy, was finally adopted only at the end of July,[118] and its implementation began in August, i.e. before the parliamentary elections.

[116] See also page 26.
[117] The quote is attributed to British Prime Minister Winston Churchill.
[118] The government estimated the total fiscal effect of the third package of aid measures at 1.22 billion euros. However, the overwhelming majority of these funds refers to the implementation of medium-term and long-term measures that represent a kind of vision of Montenegro's economic strategy for the next four years and which has yet to be allocated by future budgets and secured through additional borrowing.

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Within the short-term aid measures, the announcement and implementation of which are of special importance in terms of achieving the electoral advantage of the ruling parties in the context of the upcoming elections, the third package envisages subsidizing interest rates for reprograms and new loans, favourable credit lines, tax relief, subsidizing employee salaries, as well as social support measures for vulnerable categories of the population. [119]

For these short-term measures, a total of 82.7 million euros was allocated from the third package of measures for 2020.

Financial framework for short-term measures from the third package for 2020

Aid measure	Amount in EUR
Support to the tourism sector	50.95 million
Incentives for agriculture, agro-industry and fisheries	0.75 million
Programme of improving the competitiveness of the economy	10 million
Support to the economy through wage subsidies	4.2 million
One-time support to vulnerable categories of the population	1.8 million
Total	**82.7 million**

Source: Government of Montenegro [120]

Two days after the government's third package of socio-economic aid measures to combat the adverse effects of the COVID-19 crisis was presented to the public, DPS posted a promotional material on its social networks where the official government logo was simply replaced by the party's logo. [121]

The photo below compares a part of the promotional material by which the Government of Montenegro presented the funds allocated for financing short-term aid measures envisaged by the third package and the pre-election promotional material of DPS posted on social media during the election campaign in the run-up to the August elections.

[119] Source: 'THIRD PACKAGE OF SOCIO-ECONOMIC MEASURES', Government of Montenegro, July 2020, p. 33 Available at: file:///C:/Users/anavu/Downloads/2020%2007%2023%20-%20Vlada%20-%20Treci%20paket%20ekonomskih%20mjera%20-%20BROSURA%20(2).pdf.
[120] Source: 'THIRD PACKAGE OF SOCIO-ECONOMIC MEASURES', Government of Montenegro, July 2020
[121] See also investigative story "DPS abusing state development projects in an online campaign" from 2.8.2020. Available at: http://www.mans.co.me/en/dps-abusing-state-development-projects-in-an-online-campaign/ .

Source: DPS Facebook page

In this way, **in the run-up to the elections and without any mention that these are actually measures of the Government of Montenegro and money from the budget, the third package of aid measures was promoted by DPS as its own money donated to the endangered economy and citizens of Montenegro.**

In that sense, it is important to underline that all three packages of measures contained social measures, including one-time financial aid and electricity subsidies for socially vulnerable citizens, which are also some of the most recognizable mechanisms of influencing the electoral will of voters in Montenegro.

1.1. Social benefits and subsidies for electricity

As explained above, the ban on the payment of social benefits from the budget reserve in the pre-election period - which was completely prohibited by the previous version of the law on the financing of political entities and election campaigns due to the large space for their misuse for election purposes - was suspended in the context of current pandemics, in the eve of calling the August elections.

Without questioning the legitimacy of the need to increase social benefits, as explained above, it is evident that great efforts have been made to create ways in which these benefits will be approved and distributed to help the ruling party's election campaign.

By planning the adoption and implementation of the third pre-election package of aid measures in particular, and by publicly promoting this money as its own funds during the election campaign, DPS and its coalition partners have openly placed the service of strengthening one's own electoral position in the midst of the election campaign.

According to official information,[122] through three packages of measures, around four million euros of one-time social assistance from the budget reserve was allocated in the run-up to the elections. This has certainly increased the institutional advantage of DPS over other election participants, especially in the case of payments provided for short-term measures under the third package of measures which, thanks to the legalization of social benefits from the budget reserve, were realized only two weeks before the elections.

The first package of measures envisages a one-time financial assistance to pensioners with the lowest pension and beneficiaries of material security in the amount of 50 euros, as well as relief for settling electricity bills. [123]

Within this package, one-time financial assistance was paid to 8,593 families - relief beneficiaries, in the total amount of 429,650 euros, as well as to 12,012 beneficiaries with the lowest pension, in the total amount of 628,700 euros. [124]

In addition to one-time financial assistance, the first package also envisages a measure to reduce the electricity debt, which is another proven mechanism for the misuse of state resources by DPS for the purpose of gaining an electoral advantage. [125]

[122] Source: 'THIRD PACKAGE OF SOCIO-ECONOMIC MEASURES', Government of Montenegro, July 2020
[123] See also measures 5 and 6, page 18.
[124] Also
[125] See for example: http://www.mans.co.me/uigrana-sema-zloupotrebe-drzavnih-fondova/.

The reduction of the fixed part of the electricity bill covered 31,669 consumers, and the total amount of the exempt part of the bill amounted to 50,703 euros. For socially vulnerable categories of consumers, subsidies were approved for electricity bills from 30% to 50% of the amount of the bill, which covered 21,272 consumers for April, while the amount of subsidies was 227,516 euros.

In addition to direct relief, EPCG suspended coercive measures of exclusion from the network, allowed the postponement of debt collection for consumers who concluded debt settlement agreements with which they were unable to comply due to the pandemic crisis, and allowed regular payers to receive a discount on electricity consumption in the amount of of 13%. [126]

According to official data, within the first package of aid measures, total benefits to vulnerable categories of the population in the form of subsidies for electricity and one-time financial assistance amounted to around **1.4 million euros**. [127]

Below is a tabular presentation of official data on social benefits through the first package of measures to combat the adverse effects of the crisis caused by the COVID-19 virus.

Package of aid measures	Type of social benefits	Amount in EUR	Number of beneficiaries covered
First package of measures	One-time financial assistance of EUR 50 to pensioners with the lowest pension	628,700 EUR	12,012 pensioners
	One-time financial assistance of EUR 50 to users of relief	429,650 EUR	8,593 families
	Reduction of the fixed part of the electricity bill	50,703 EUR	31,669 beneficiaries
	Subsidies on electricity bills for socially vulnerable consumers from 30% to 50% of the amount of bills	227,516 EUR	21,272 beneficiaries
	Discount for regular payers for consumed electricity in the amount of 13%	Amount unknown	Number of beneficiaries unknown
	Deferred payment of debts	N/A	Number of beneficiaries unknown
Total	**1.4 million euros**		

Source: Government of Montenegro [128]

[126] See: 'THIRD PACKAGE OF SOCIO-ECONOMIC MEASURES', page 18.
[127] Also
[128] Source: 'THIRD PACKAGE OF SOCIO-ECONOMIC MEASURES', Government of Montenegro, July 2020

Second package of socio-economic measures, in addition to subsidies to entrepreneurs and the support plan for the agriculture and fisheries sector, [129] **envisages one-time aid measures for identified categories of the population that are in a state of social need due to the negative consequences of the epidemic, which were not covered by the first set of measures.** [130] This one-time financial assistance of 50 euros is intended for unemployed persons registered with the Employment Agency who did not exercise the right to financial compensation, as well as for pensioners who receive proportional pensions whose amount does not exceed the minimum pension of 128.82 euros. [131]

Within the second package of measures, one-time financial assistance was paid for at least 17,157 unemployed persons registered with the Employment Agency. As of June, under the second package of measures, one-time financial assistance was paid to the most vulnerable categories of residents in the total value of around **890,000 euros**. [132]

Information on the amount paid for pensioners with proportional pensions and the number of beneficiaries covered is not known to the public.

Below is a tabular presentation of official data on social benefits through the second package of measures as of June.

Package of aid measures	Type of social benefits	Amount in EUR	Number of beneficiaries covered
Second package of measures	One-time financial assistance of 50 euros to the unemployed who are not entitled to financial compensation	890,000 EUR	At least 17,157 unemployed persons
	One-time financial assistance of 50 euros to pensioners with proportional pensions	Amount unknown	Number of beneficiaries unknown

Source: Government of Montenegro [133]

According to the known information, the amount of funds paid in the form of one-time financial assistance under the first two packages of measures was 1,948,350 euros, which was received by around 40,000 people; while the reductions in electricity bills, made possible by the Electric Power Company of Montenegro (EPCG) as a partially state-owned company, covered over 50,000 consumers in April alone. [134]

[129] See also pages 22-24.
[130] See also page 20.
[131] See also page 22, measure 4. Note: Proportional pensions are pensions of beneficiaries of the pension insurance who have exercised this right partly on the basis of insurance in Montenegro, and partly on the basis of pension and disability insurance of other countries in which the insurance period has been achieved, with which Montenegro applies international social security agreements. The specific measure refers to beneficiaries whose amount of Montenegrin proportional pension, together with the pension from abroad, does not exceed the amount of the lowest pension of 128.82 euros. In order to receive this financial assistance, they had to submit proof to the Pensions and Disability Insurance Fund of Montenegro on the amount of pension by the pension and disability insurance holder of another country, which would confirm that the cumulative pension does not exceed the lowest pension in Montenegro.
[132] See also page 26.
[133] Source: 'THIRD PACKAGE OF SOCIO-ECONOMIC MEASURES', Government of Montenegro, July 2020.
[134] This does not include the number of households that are provided with other types of benefits such as debt deferrals and discounts for regular payers because we do not have precise data on the number of beneficiaries 'covered' by these benefits.

Third package of measures which was distributed in the eve of the elections also provided for one-time support to vulnerable groups in the total amount of 1,800,000 euros. [135] The allocated amount of 1,800,000 euros for one-time financial assistance was obtained by planning higher individual benefits than was the case in the previous two packages, which in the amount of 200 euros each were allocated to 8,428 families which, according to the Government records from July, were registered as recipients of material security and 587 users of financial support of veterans. [136]

In order to mitigate the consequences of the epidemic on the social status of the most vulnerable categories of the population, on August 10, within the third package of measures, one-time social assistance worth 1,704,400 euros was paid for families receiving financial assistance, as well as one-time social assistance which is around 20,000 more than the originally planned 1,800,000 euros.

Below is the table of official data on social benefits through the third package of measures.

Package of aid measures	Type of social benefits	Amount in EUR	Number of beneficiaries covered
Third package of measures	One-time social assistance in the amount of 200 euros for families receiving relief	1,704,400 EUR	8,428 families
	One-time social assistance in the amount of 200 euros for beneficiaries of relief for veterans	115,600 EUR	587 beneficiaries
Total		**1,820,000 EUR**	

Source: Government of Montenegro [137]

In addition to this, apart from the adoption of the third package of measures, at the end of July, the Government adopted a draft law on amendments to the law on pension and disability insurance as an additional social measure. With its adoption in the Parliament at the end of July, in the run-up to the elections, the beneficiaries of the lowest pension were provided with an increase in pensions in the amount of 13.6%, as well as retroactive payment of this increase from January 2020.

[135] See: 'THIRD PACKAGE OF SOCIO-ECONOMIC MEASURES' p. 30, measure 7.
[136] See the statement from the government session of July 23, 2020, available at: https://www.gov.me/vijesti/229697/Premijer-Markovic-predstavio-III-paket-Vladinih-mjera-podrske-gradanima-i-privredi-Nakon-280-mil-u-prvom-i-40-mil-u-drugom-paket.html, accessed on 26. 01. 2021, at 4 p.m.
[137] Source: 'THIRD PACKAGE OF SOCIO-ECONOMIC MEASURES', Government of Montenegro, July 2020.

Based on this measure, on August 20, 2020, the beneficiaries of the lowest pension were paid a doubled July check, which includes an extraordinary adjustment of 13.6%. Around 16,000 pensioners received these payments, which were made ten days before the elections.

Namely, 12,318 pensioners who receive the lowest pension in the amount of 128.82 euros received a check in the amount of 247.47 euros, which includes a retroactive increase of 118.65 euros, as well as 3,586 pensioners whose pension amount is between 128.83 and 145.77 euros, who received the difference from January 1, 2020 in the amount from their previous pension to the newly determined amount of the lowest pension. [138]

Precise data on the fiscal effects of payments based on this increase of the minimum pension have not been published, but based on known information, it can be concluded that around 4 million euros was paid for minimum pensions, of which around 2 million was paid as retroactive increase. [139]

It is interesting that the statement of the Government announcing this payment prior to the elections does not mention that the motive for changing the law and introducing this measure are the adverse effects of the crisis caused by the epidemic, but 'an expression of our care for pensioners' which ‘ensures fairness and adequacy of benefits’, and which was ‘proposed by the Prime Minister’, Duško Marković (DPS). [140] Based on the above, it is clear that the time of adoption and payment of social and other benefits, especially within the Government's third package of aid measures, perfectly coincided with the key phase of the election campaign before the August elections, thus providing an obvious electoral advantage to the ruling party. We have also seen that as part of its pre-election activities, DPS openly appropriated these Government measures, precisely in the expectation that the related pre-election payments from the state treasury would strengthen their electoral position.

Planning, implementation and appropriation of the Government measures to combat the adverse effects of the crisis, including the payment of social benefits in the pre-election period, is a textbook example of fitting of the party interests into public policies, which at the same time illustrates key mechanisms of abusing the institutional advantage of DPS for pre-election purposes.

It is no less important to note that the payments of social and other benefits from the budget reserve ahead of the August 2020 elections are extremely problematic from the aspect of transparency of their allocation, which raises the question of their possible misuse, which will be discussed in more detail in the next section which discusses the issue of transparency of the budget reserve which financed the Government's measures to combat the adverse effects of the crisis.

[138] See the statement of the Government of Montenegro from 19 August 2020: https://www.gov.me/vijesti/230382/Penzionerima-sa-najnizim-primanjima-od-sjutra-julski-cek-i-sedmomjesecni-iznos-uvecanja-za-13-16-koje-je-predlozio-premijer-Mark.html .
[139] Precise data cannot be calculated because it is not clear from the Government's statement how much exactly was paid to pensioners whose pension was between 128.83 and 145.77 euros. However, if in addition to the July pension, around 16,000 pensioners covered by this measure received at least 118.65 euros for the retroactive increase in pensions for the period January-July, at least about 1,898,400 had to be provided from the budget reserve for this purpose.
[140] See also

1.2. Budget reserve

As mentioned earlier, spending of funds from the budget reserve in Montenegro is extremely non-transparent, and the distribution of money from this fund is done in accordance with the 2009 Rulebook on detailed criteria for the use of funds from the budget reserve.

Despite its name, this rulebook, apart from the amount, does not define any "detailed criteria" according to which the money should be distributed and as such does not meet even the minimum requirements for ensuring transparency in the distribution of state money from the budget reserve. [141]

Insufficient transparency of spending money from the budget reserve from the election cycle to the election cycle, creates a large space for the misuse of these funds for election purposes, which MANS has been persistently pointing out for many years.

Increasing of the budget reserve in the election year

In light of the aforementioned practice of the ruling parties to gain an electoral advantage by fitting the party interests into budget planning and regular public policies, it is interesting that before the pandemic, planned budget reserve for 2020 increased many times compared to the previous year.

Compared to 2019, when the planned budget reserve amounted to 20 million euros, the budget for 2020 planned funds for this purpose amounted to as much as 88.5 million euros.

The table below shows the comparative plan of the budget reserve for 2019 and 2020.

2019		2020	
Reserves	20,000,000.00	Reserves	88,500,000.00
Programme: Reserves	**20,000,000.00**	**Programme: Reserves**	**88,500,000.00**
Expenditures	20,000,000.00	**Expenditures**	88,500,000.00
Reserves	20,000,000.00	**Reserves**	88,500,000.00
Current budget reserve	20,000,000.00	**Current budget reserve**	85,999,187.01
Current budget reserve	20,000,000.00	Current budget reserve	85,999,187.01
		Permanent budget reserve	2,500,812.99
		Permanent budget reserve	2,500,812.99

[141] See also: MANS: 'Distribution of the budget funds must be more transparent than before', from 19.02.2021. Author: Dejan Milovac. Available at: http://www.mans.co.me/en/distribution-of-the-budget-funds-must-be-more-transparent-than-before/ .

After the beginning of the epidemic, according to the budget revision adopted on June 23, i.e. two months before the elections, the funds in the budget reserve were additionally increased from 88.5 to 133.6 million euros.

The table below shows the budget reserve for 2019 and 2020 after the budget revision.

2019 Budget revision		2020 Budget revision	
Reserves	25,000,000.00	Reserves	133,630,500.00
Programme: Reserves	**25,000,000.00**	**Programme: Reserves**	**133,630,500.00**
Expenditures	25,000,000.00	**Expenditures**	133,630,500.00
Reserves	25,000,000.00	**Reserves**	133,630,500.00
Current budget reserve	25,000,000.00	**Current budget reserve**	131,262,694.09
Current budget reserve	25,000,000.00	Current budget reserve	131,262,694.09

Compared to other beneficiaries, the budget reserve also records the largest increase in spending during the election campaign compared to the same period in 2019, in the amount of 42 million euros.

In the pre-election period, according to known information, at least 46 million were spent, i.e. nearly 12 times more than in the comparable period in 2019.

Planned budget and spending *(in millions of euros)*	**2019**	**2020**	**Difference**
Planned current + capital budget	25.00	133.63	108.63
Spending February-August	6.03	80.56	74.53
Spending June 20 - August 30	3.86	45.96	42.1

Large expenditures from the budget reserve, as well as additional increases through the pre-election budget revision, were justified by the expenditures for financing the Government's measures for combating the adverse effects of the crisis caused by the epidemic. However, the fact that a much larger budget reserve was planned even before the epidemic took place, supports the suspicion that the increase in these funds was intended for the electoral advantage of the ruling parties, in a similar way as in previous elections. [142]

[142] MANS previously announced that the day after the last presidential elections, 240 thousand euros of aid was paid from the budget reserve for various types of financial assistance, mainly to improve financial situation of natural persons. MANS also revealed that a month before the local elections in Podgorica and several other municipalities, the Ministry of Finance paid three times more money from the budget reserve to legal entities than in the previous period, and significant funds were distributed in the month after the elections. See: "Budget reserve as a pre-election cash machine" of 27.08.2020. Author: MANS Investigative Centre. Available at: http://www.mans.co.me/en/budget-reserve-as-a-pre-election-cash-machine/ .

Secret spending of the budget reserve

Bearing in mind the usual suspicions regarding the misuse of money from the budget reserve for election purposes, the non-transparency of spending the budget reserve increases the risk of using these transactions for unlawful election influences.

In that sense, the fact that **four transactions from the budget reserve were declared secret** in the pre-election period, of which two were paid during July and two during August 2020, is especially worrying.

For transactions that have been declared state secrets, the Ministry of Finance deleted the amount, data on suppliers to whom the funds were paid, the basis for payment, even the source of funds.

In the first half of 2020, this ministry **declared five more transactions secret**, and based on their statistics on budget implementation, it was determined that the value of these transactions was **3.2 million euros**. [143]

The table below compares payments from the budget reserve by accounts for 2019 and 2020 from June 20 to the end of August, i.e. during the campaign.

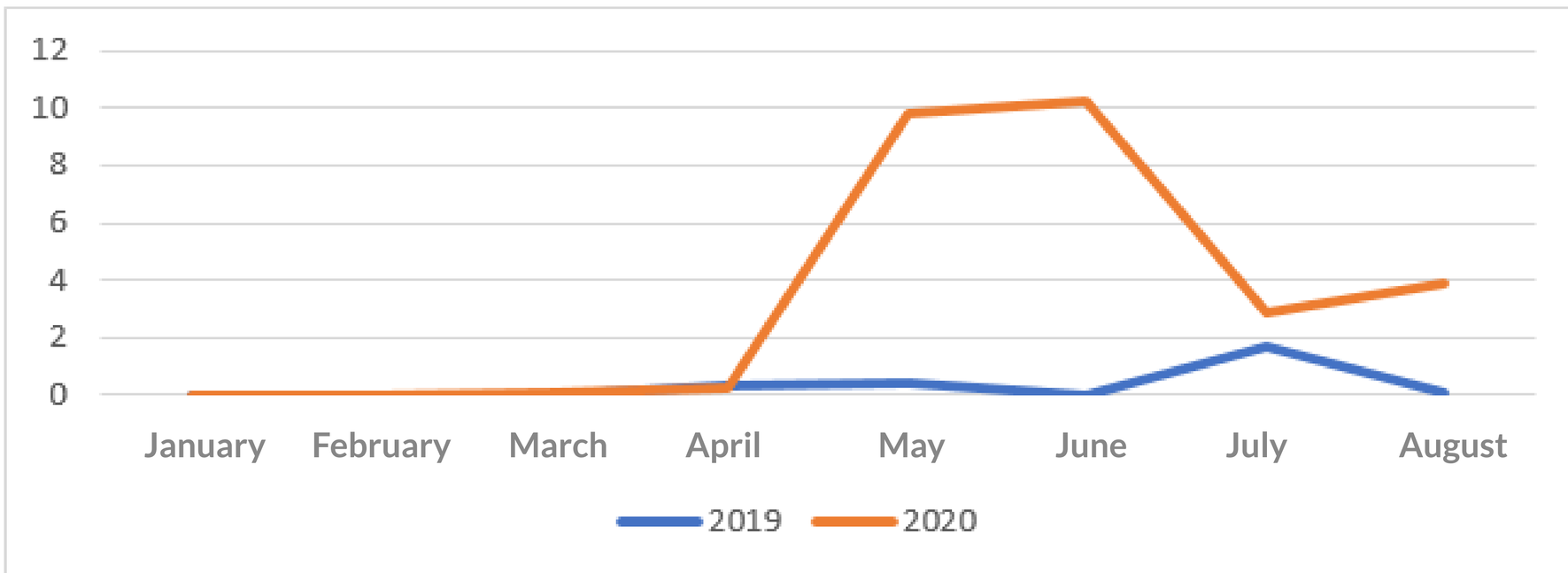
2020 budget reserve	Amount	2019 budget reserve	Amount
Government decisions - Ministry of Economy	10,057,731	None	None
Government decisions - Ministry of the Interior	400,000	Government decisions - Ministry of the Interior	400,000
Government decisions - Ministry of Health	1,607,524	None	None
Government decisions - Ministry of Finance	2,466,225	None	None
Government decisions - Ministry of Agriculture	632,940	Government decisions - Ministry of Agriculture	246,345
Government decisions - Ministry of Transport	25,000,000	None	None
Government Decisions - Solidarity Fund for Natural Disasters	73,150	Government Decisions - Solidarity Fund for Natural Disasters	150,000
Government decisions - Government of Montenegro	4,535,595	None	None
Government Decisions - Ministry of Foreign Affairs	330,000	None	None
None	None	Government decisions - Ministry of Culture	50,000

[143] See also: MANS: "Budget reserve as a pre-election cash machine"

2020 budget reserve	Amount	2019 budget reserve	Amount
Government decisions - aid to legal entities	500,000	Government decisions - aid to legal entities	1,000,000
Permanent reserve - funds for elections	473,561	None	None
None	None	Decisions of the Budget Committee - other types of aid	1,400
None	None	Decisions of the Budget Committee – aid for treatment	21,600
None	None	Decisions of the Budget Committee – aid to legal entities	13,350
None	None	Decisions of the Budget Committee – aid to improve financial situation	149,050
None	None	Decisions of the Budget Committee – aid for education	14,700
None	None	Decisions of the inner cabinet – aid for treatment	2,000
None	None	Decisions of the inner cabinet – aid to improve financial situation	1,100
None	None	Government decisions - Ministry of Defence	40,000
None	None	Government Decisions - Ministry of Sustainable Development	1,770,000
None	None	Government decisions - Ministry of Labour and Social Welfare	6,000
Secret transactions (x4)	--	Secret transactions (x146)	--
Total	**46,076,727**	**Total**	**3,865,545**

Most of the money spent from the budget reserve in the pre-election period was paid to commercial banks in the amount of 30 million euros.

The chart below shows payments from the budget reserve to banks for 2019 and 2020, in millions of euros.



These transactions allegedly represent payments from the aforementioned third package of measures, which opened the door for payment of significant funds from the budget reserve during the election campaign.

However, thanks to the notorious non-transparency of payments from the budget reserve, based on available data, it is possible to make an insight only into the total payments to commercial banks, while the data on the final recipients of this money are unknown.

These payments are particularly problematic in terms of the transparency of spending a significant amount of money for financing Government measures in the run-up to the elections, thus creating a large space for their misuse.

Hiding the end users of payments from the budget reserve is additionally suspicious, bearing in mind that, as mentioned earlier, the Government's measures cover some of the recognized types of influence on voters.

Possible misuse of social benefits

In light of the fact that pre-election social benefits in Montenegro are a proven mechanism for influencing voters, the non-transparency of social benefits creates a large space for their potential misuse for election purposes. In that sense, it is especially disputable that by looking at the accounts of the budget reserve, it is not possible to determine how much money from this fund was paid for social benefits in the run-up to the 2020 elections.

By reviewing information on social benefits on the official website of the Ministry of Labour and Social Welfare, it can only be concluded that the information on payments contained in the published tables is unreliable, because the data on the payment of one-time financial assistance for June and July do not correspond to the increases envisaged and certainly paid within the aforementioned packages of the Government measures, while the information for August was not published at all. [144]

[144] See the website of the Ministry of Labour and Social Welfare: https://mrs.gov.me/informacije/pomoci. Accessed 28.01. 2021 at 4 p.m.

Thanks to the information on the amount and structure of social benefits that can be collected from other, publicly available sources, we are familiar with the mentioned social benefits provided by the Government packages of aid measures to combat the adverse effects of the crisis, as well as social measure of increasing the minimum pension.

Within the Government's package of measures, **around four million euros**, **paid** in the period March-August 2020, have been allocated **for social benefits**. Of that, as we saw in the previous text, **the first package allocated 1.4 million euros, the second package 890 thousand, while around 1.8 million euros was paid from the third package for this purpose**.

Although due to the lack of precise information on the fiscal effects of the social measure of increasing the minimum pensions, the public does not have information on how much money was paid for the promised retroactive increase for the period January-July, based on the available information, it is can be concluded that around two million euros has been allocated from the budget reserve for this purpose.

Based on the mentioned official data available to the public, we know that the social benefits from the second and third packages that were paid during July and August totalled around 2.7 million euros. This means that the total amount of social benefits from the budget reserve for July and August, together with the mentioned 2 million euros to finance the social measure of retroactive increase of pensions from January, should amount to around 4.7 million euros.

However, these amounts do not match the information contained in the ODIHR observation mission report, which states that expenditures from the budget reserve for extraordinary social benefits for July and August amounted to around 10.4 million euros. [145]

Therefore, if 4.7 million for social benefits from public sources that we know of do not make up even half of the payments distributed according to the ODIHR for this purpose in the two months before the August elections, the question arises as to who else, and on the basis of which criteria [146] during the last two months before the elections, distributed the remaining 5.7 million euros of social benefits from the budget reserve.

The non-transparency of spending money from the budget reserve for social benefits, as well as the inconsistency of publicly available information on social benefits with the data contained in the ODIHR report, strongly indicate the possibility of misuse of social benefits from the budget reserve for pre-election purposes, enabled by the mentioned amendments to the Law on Financing of Political Entities and Election Campaigns.

Although during the parliamentary debate on amending the law DPS MPs pointed out the existence of mechanisms available to MPs when it comes to controlling the spending of funds on social benefits, during the election campaign, opposition MPs could not receive information on these payments, which it only contributes to suspicions about the legality of their distribution.

[145] See: ODIHR Election Observation Mission Report for Montenegro 2020, p. 12, paragraph 3 and p. 12 footnote 54.
[146] Suspicions about the legality of the distribution of social benefits were also confirmed by the findings of ODIHR observers, who found that funds from the budget reserve for this purpose were allocated on the basis of 'unclear' criteria. See: Also.

Namely, at the initiative of the chairman of the Anti-Corruption Committee, who comes from the opposition, during the election campaign, a control hearing of the line ministries and the then Deputy Prime Minister Milutin Simovic was initiated regarding the distribution of money for social benefits, which was then rejected by the votes of the MPs of the ruling majority. [147]

At the same time, the results of the control of payments of one-time assistance and social benefits carried out by the Anti-Corruption Agency, as the institution responsible for monitoring compliance with prohibitions and restrictions prescribed by the Law on Financing of Political Entities and Election Campaigns, were more than modest. According to the report on the conducted supervision, the Agency initiated only five misdemeanour proceedings, four for 24 one-time assistance paid by the Municipalities of Danilovgrad, Herceg Novi, Pljevlja and Ulcinj, and one against the responsible person in JSC "Aerodromi Crne Gore" who did not act upon the request of the Agency to submit the required data in the process of implementation of the control and supervision plan. [148]

Additional allocations for infrastructure

In the context of possible misuse of state money for election purposes, it is especially interesting that the budget of the **Public Works Administration was additionally increased from the budget reserve** before last year's elections, which in the election period recorded significantly higher spending of budget funds compared to the same period last year, which will be discussed in the continuation of this report.

Through two government decisions in August, in the eve of the elections, 280,000 euros was paid to the Administration. Of that money, 130,000 euros are intended for paving of roads in Rožaje, while the rest is intended for the construction of a water supply system in Žabljak. [149]

[147] See the article by Vijesti: „DPS odbio kontrolno saslušanje o raspodjeli socijalnih davanja," available at: https://www.vijesti.me/vijesti/politika/451375/dps-odbio-kontrolno-saslusanje-o-raspodjeli-socijalnih-davanja. The information from the session of the committee was not available on the website of the Parliament at the time of accession for the purpose of checking the minutes of January 27, 2021. at 09:00 AM.
[148] See: Anti-Corruption Agency: Report on the monitoring conducted during the election campaign for the elections held on August 30, 2020. Pages 24-25 Available at: http://www.antikorupcija.me/media/documents/Izvjestaj_o_sprovedenom_nadzoru_u_toku_izborne_kampanje_2020._god_1.pdf .
[149] See: "Budget reserve as a pre-election cash machine" of 27.08.2020. Author: MANS Investigative Centre. Available at: http://www.mans.co.me/en/budget-reserve-as-a-pre-election-cash-machine/ .

1.3. Construction of infrastructure

MANS's analysis of public spending in the months leading up to the parliamentary and local elections held in August 2020 shows significant increases in public spending on infrastructure investments.

Pre-election spending of money for the implementation of infrastructure projects and their pre-election promotion by the party, including by public officials, are one of the most recognizable mechanisms for achieving the institutional advantage of the ruling parties in the elections in Montenegro.

Institutions whose cost structure is particularly interesting in the context of pre-election infrastructure investments include the Public Works Administration, the Transport Directorate and the Railway Directorate. [150]

Case study: Public Works Administration

Planned budget and spending *(in millions of euros)*	2019	2020
Planned budget	63.3	34.8
Spending February - August	20.7	40.7
Spending June 20 - August 30	12.3	14.9

In the election year 2020, the Public Works Administration planned a budget of 47 million euros, i.e. 20 million less than in 2019. With the revised budget adopted in June, that budget was further reduced by almost 25%, to 34.8 million, which is almost half lower than the budget for 2019.

Despite that, from February to August 2020, 40.7 million euros was spent, i.e. the complete budget of this institution for 2020, plus an additional 6 million euros. The costs of the Public Works Administration for this period were 20 million higher than the costs of this institution in the same period in 2019, when spending was half lower and the budget almost twice as high.

The most money was paid to the company "Novi Volvox LLC" - 7.4 million euros, of which 1.6 million after the election.

[150] An overview of the institutions' spending in the run-up to the 2020 elections is available on the "Clean Campaign" portal. For more information see: https://cistakampanja.me/potrosnja-institucija-izbori-2020/.

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PUBLIC WORKS ADMINISTRATION			
Budget Programme	Total spending February – August 15, 2020	Total spending February – August 15, 2019	Increase
Improvement of the tourist offer	12.446.000,00 €	3.706.000,00 €	8.740.000,00 €
Construction and reconstruction of facilities for the work of state bodies	6.607.000,00 €	647.550,00 €	5.959.450,00 €
Construction of the local infrastructure (local roads, streets and parks)	3.299.000,00 €	1.291.000,00 €	2.008.000,00 €
Construction and reconstruction of facilities of social welfare	3.190.000,00 €	1.542.000,00 €	1.648.000,00 €
Construction and reconstruction of sports facilities	1.759.000,00 €	941.000,00 €	818.000,00 €
Environmental projects (water supply systems)	509.000,00 €	197.000,00 €	312.000,00 €

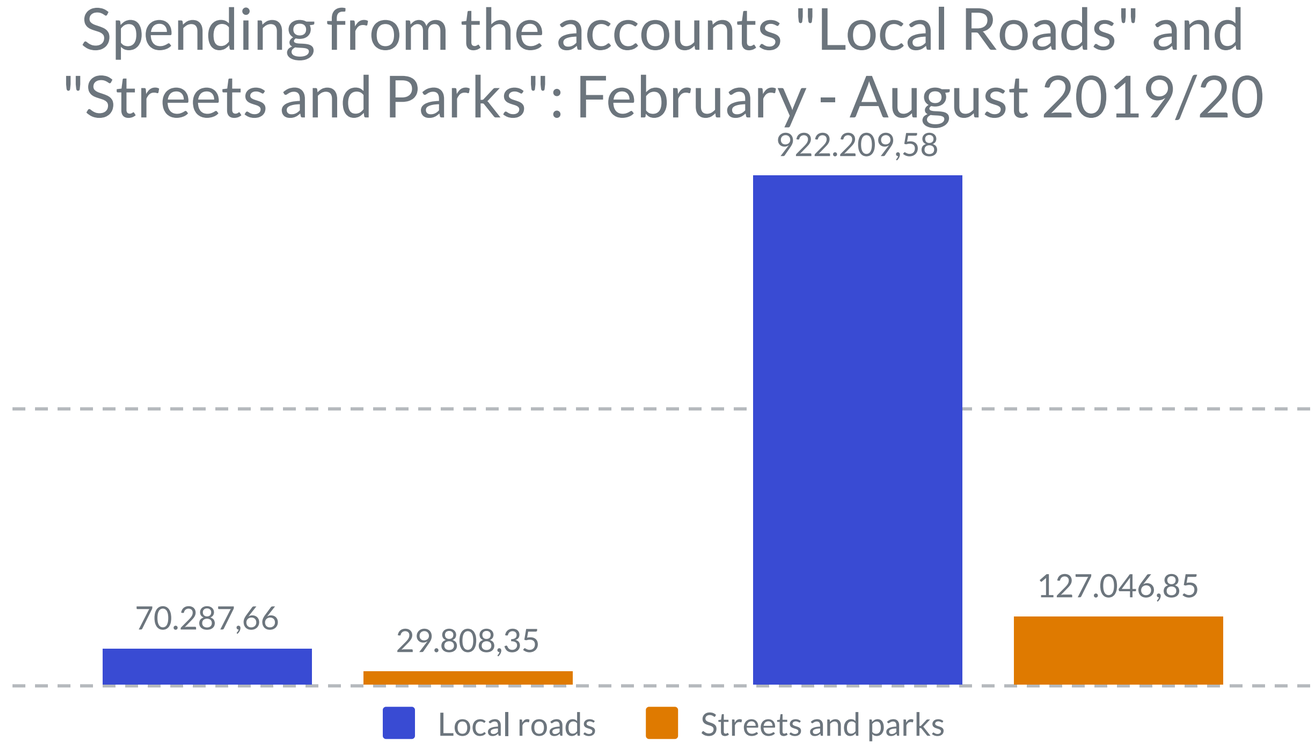
Despite the fact that the results of the tourist season were decimated by the coronavirus epidemic and the delayed opening of borders for tourists, it is interesting that from February to the end of August, the Public Works Administration spent over 12 million euros to improve the tourist offer, i.e. around nine million more compared to the same period in 2019. This information is especially interesting in light of the fact that in 2019, the budget for this purpose was twice as large, there were no elections, but there was a tourist season. [151]

During the election campaign, the Public Works Administration spent a total of 14.9 million euros, i.e. over 40% of the total budget planned for this year. In this period, the average monthly spending of the Administration increased by 20% compared to the same period last year, although this year's budget is one third lower than in 2019.

During that period, most of the money from the budget of the Public Works Administration was also spent on improving the tourist offer, around 3 million euros, i.e. around 33% of the planned budget.

Almost the same amount of money was allocated for the construction of local infrastructure, for which 2.97 million euros was spent. The largest suppliers paid in the pre-election period were "Bemax LLC" - 2 million, and "Fidija LLC" - 1.4 million euros.

For the construction of local roads and the arranging of parks, in seven months of this year, the Administration spent 10 times more money than last year i.e. almost one million euros. Over 90% of those funds were spent in July and August this year. In this period, most of the money was paid to the company "Bemax LLC", nearly 0.7 million euros.



[151] Available at: https://cistakampanja.me/kako-je-uprava-javnih-radova-podrzala-funkcionersku-kampanju-dps-a/; http://www.mans.co.me/en/how-the-public-works-administration-supported-the-officials-campaign-of-dps/ .

Although this year's budget for the construction of local infrastructure is three times lower than last year's [152] from February to August, the Administration spent 900 thousand euros more than in the same period last year. [153] **The average monthly spending this year was 30% higher than last year**. [154]

Public Works Administration - Construction of local infrastructure		
Planned budget and spending *(in millions of euros)*	**2019**	**2020**
Planned budget	6.7	2.2
Spending February – August	2.8	5
Spending June 20 – August 30	1.6	2.9

In seven months, the Administration spent almost 5 million euros on construction of the local infrastructure and went over the budget by about 2.8 million. [155]

During the pre-election campaign, the entire budget for this purpose for 2020 was spent on the construction of local infrastructure. Namely, during the pre-election campaign, entire 2.21 million, i.e. 100% of the budget for 2020, was spent for this purpose, as well as an additional 700 thousand euros that were not previously planned in the budget.

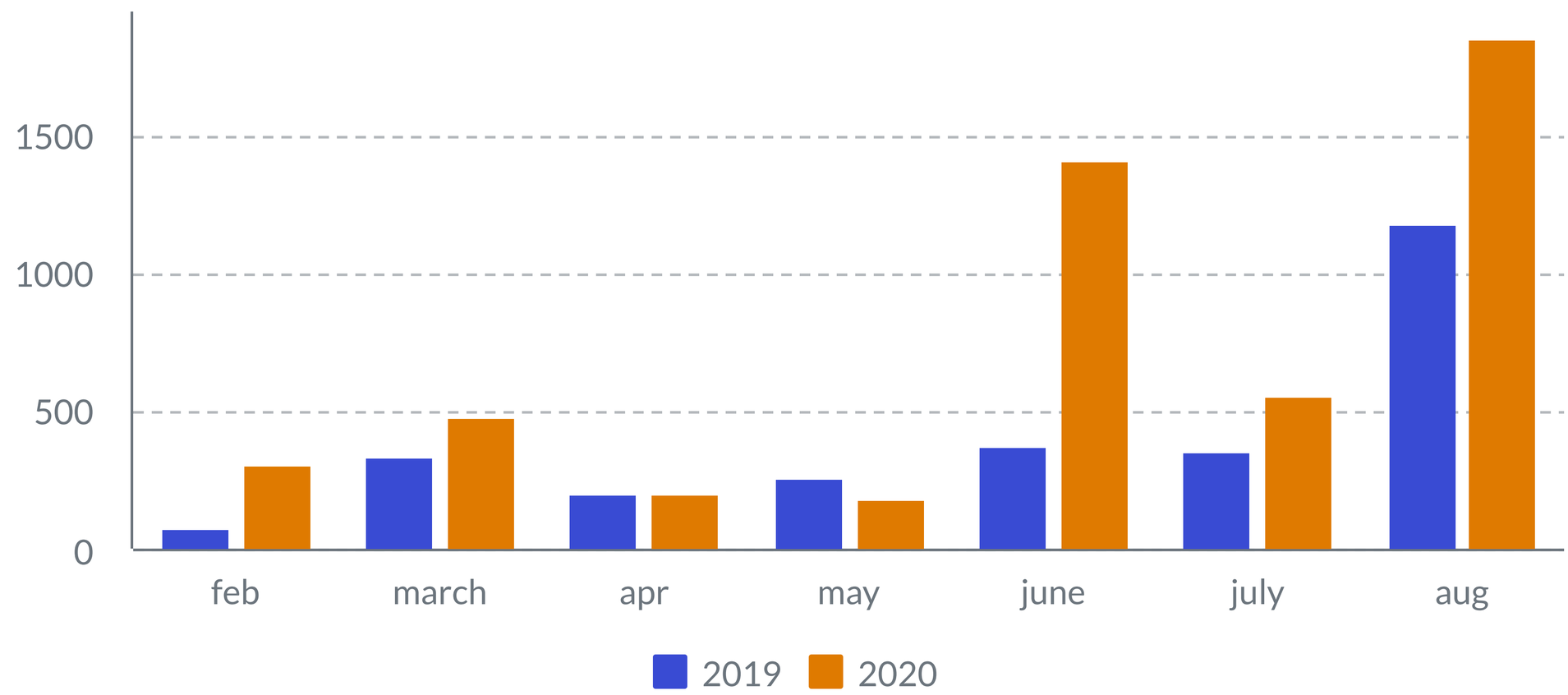
For the sake of comparison, in the same period in 2019, the Public Works Administration spent a total of 1.67 million, i.e. 1.23 million less, for the construction of local infrastructure, although the budget for this purpose for 2019 was significantly higher, i.e. 6.71 million.

The dynamics of spending is also different, while last year 90% of payments were made in the second semester, this year the highest spending was in June and August, during the election campaign.

The most money was spent after calling the elections - around 3 million euros, which is 1.3 million more than in the same period last year. The most money in this period was paid to the company "Tofi LLC" - 430 thousand euros, while the company "Putevi LLC" was paid 400 thousand euros. Higher payments to other companies: "Mehanizacija i programat Nikšić LLC " - 325 thousand, "Asfalt beton gradnja LLC " - 280 thousand, "Fidija LLC" 250 thousand, "Yu Briv Kotor LLC" - 208 thousand, "Tehnoputme LLC" - 204 thousand .

[152] Budget **Construction of the local infrastructure**: 2019 – 6.7 million; 2020 – 2.2 million.
[153] Around 1.5 million euros.
[154] Average monthly spending: 2019 – 158k; 2020 - 206k.
[155] Budget revision for this year envisages a total of 2.2 million euros.

Consumption within the programme "Construction of the local infrastructure": February - August 2019/20, by months



In addition, 1.1 million euros was spent for the programme "Development projects of the Old Royal Capital Cetinje", i.e. almost twice as much as in the same period in 2019, when 600 thousand euros was spent for this purpose. Of this money, almost a million euros was spent on the construction of roads and parks in Cetinje alone, while in the same period in 2019, there was no spending on these investments.

Budget allocations for local roads in the pre-election period	
Development projects of the Old Royal Capital Cetinje	0.9
Public Works Administration – Improvement of the tourist offers	0.7
Public Works Administration - Construction of the local infrastructure	1.36
Total	**2.97**

Increased expenditures during the election campaign were also noted for the construction and reconstruction of sports facilities. For this purpose, out of 2 million euros planned for 2020, 800,000 euros was spent in the pre-election period, which is also 100 thousand euros more than in the same period last year.

1.8 million euros was spent for the construction and reconstruction of the social welfare facilities from the budget of the Public Works Administration, i.e. nearly 20 times the amount planned in the budget for 2020, which amounted to 100 thousand euros.

From the program "Environmental Protection", of the total budget, which amounted to 1.6 million, the Public Works Administration spent almost a million euros in pre-election months, i.e. three times more than in the same period in 2019 when the budget was twice as large, i.e. 3.2 million. The largest individual expenditure from this programme, in the amount of over 300,000 euros, was spent from the account "Water Supply Systems", while in the same period last year, less than 100 thousand euros was paid from that account.

In the pre-election period, nearly 30% of the planned budget for this year was spent for the construction and reconstruction of administrative space for the work of state bodies, which is about 35 times more than for the same period last year.

Case study: Traffic Directorate

Planned budget and spending (in millions of euros)	2019	2020
Planned budget	232.6	130.8
Spending February – August	109.5	60.9
Spending June 20 – August 30	63.3	23

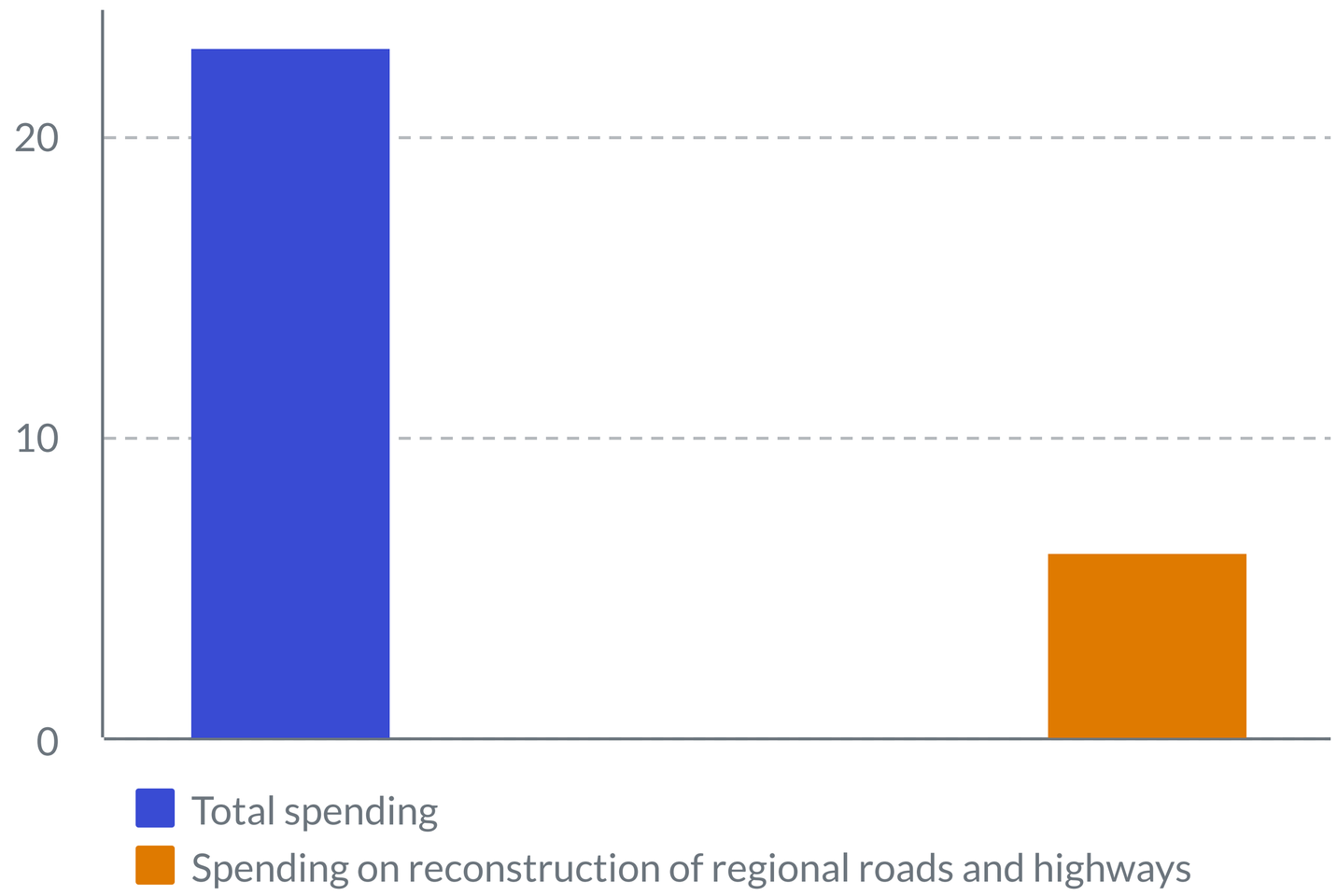
In seven months, from February to August 2020, the Traffic Directorate spent around 60 million euros, i.e. around 45% of the planned budget. The largest supplier was the Chinese company "CRBC", which was paid 22.6 million euros, while the company "Crnagoraput JSC" was paid 7.6 million euros.

The company "Mehanizacija i Programat Nikšić JSC" was paid 6.3 million euros, and "Euro Asfalt LLC" 6.1 million euros.

During the pre-election campaign, around 23 million euros were spent, and the total spending of the Traffic Directorate in this period is lower by 40.3 million than the spending of this institution in the comparative period of 2019. Most of that difference relates to payments to CRBC company for the construction of the highway.

It is interesting that a significant part of the money spent during the election campaign, from the end of June to the end of August, was spent on the reconstruction of regional and main roads - around 6.2 million euros, i.e. 23% of the planned budget for this programme. The largest supplier during the election campaign was the company "Crnagoraput JSC", which was paid around 3.5 million euros in that period. The companies "Bemax LLC", "Euroasfalt LLC" and "Tehnoput ME LLC" were paid around one million euros each.

Total spending of the Traffic Directorate in relation to the spending on road reconstruction, June 20 - August 30



For this purpose, for a period of seven months, from February to August, the Traffic Directorate spent **over 23 million euros**, **i.e. 90%** of the 26.2 million that were the total funds planned in the budget for 2020. Although the planned budget for 2020 is lower, it is at the same time eight million euros more for the reconstruction of regional and main roads than in the same interval in 2019, when the budget for this purpose was one million euros higher and amounted to 27.3 million euros. The largest part of the cost refers to the "Roads" account, around 19 million.

Traffic Directorate - Reconstruction of regional and main roads

Planned budget and spending *(in millions of euros)*	**2019**	**2020**
Planned budget	27.3	26.2
Spending February - August	14.88	23.06
Spending June 20 – August 30	6.36	6.23

For the programme "Investment coating of regional and main roads", from February to August 2020, the Traffic Directorate spent **over 80% of the planned budget**, i.e. around 2.5 million euros. Although the planned programme budget remained the same, 1.7 million euros more was spent in the election year than in the previous one.

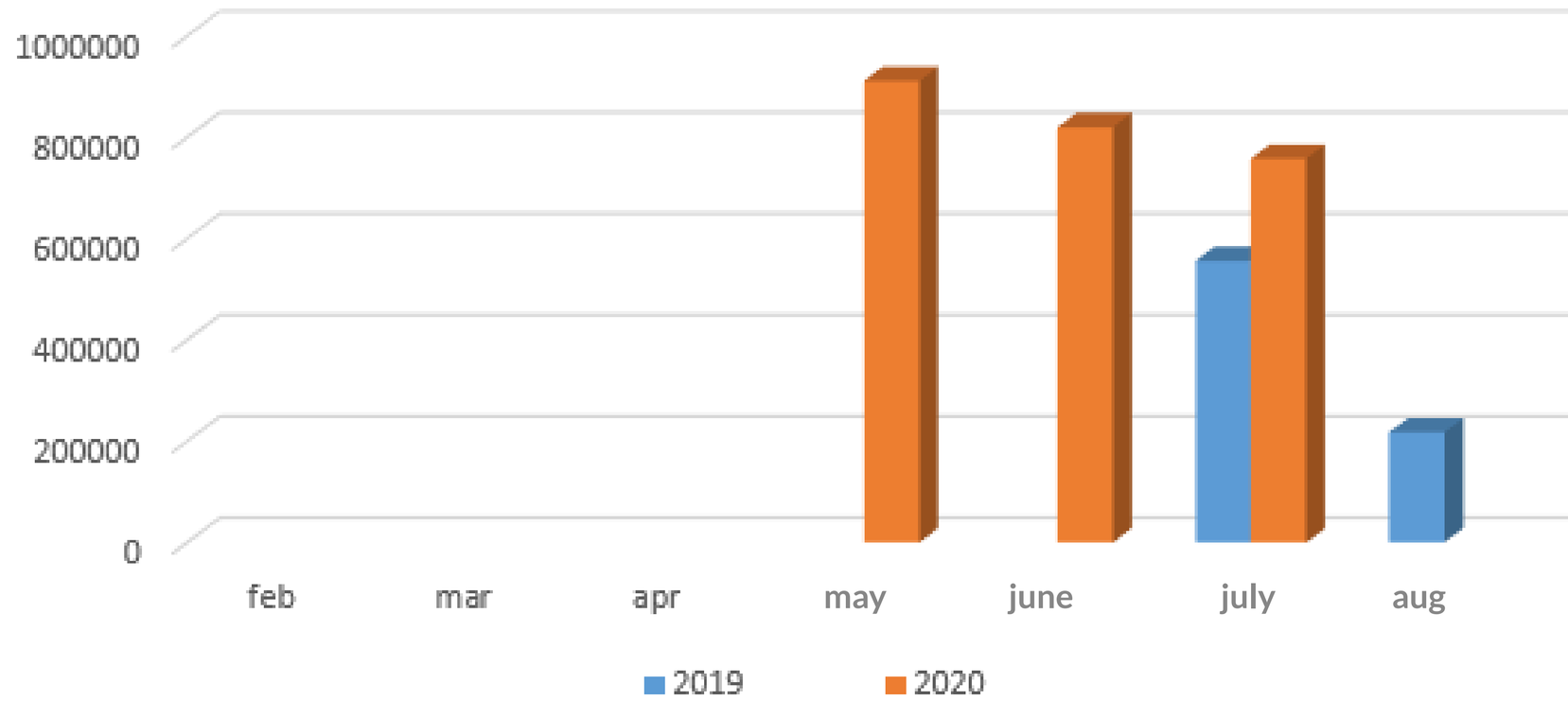
Of that, during the period of the election campaign, 1.2 million was spent for paving of main and regional roads, i.e. 50% more than for the same period last year when 770 thousand was spent for this purpose.

The largest supplier during the election campaign was the company *Mehanizacija i Programat Nikšić*, which was paid 430 thousand euros.

Traffic Directorate - Investment paving of regional and main roads		
Planned budget and spending *(in millions of euros)*	**2019**	**2020**
Planned budget	3	3
Spending February - August	0.77	2.48
Spending June 20 – August 30	0.77	1.18

It is interesting that during 2019, the funds from this programme were mostly spent in the second half of the year, while in the election year 2020, significant costs were incurred precisely during the election campaign. In 2018, there was no spending during the pre-election period (from the end of January to the middle of April).

Spending of the programme "Investment paving of regional and main roads", February – August 2019/20, by months



From February to the end of August, the Directorate spent around 1.2 million euros, i.e. 65% of the planned budget from the programme "Investment maintenance of regional and main roads, supervision, design, expropriation, audits".

Traffic Directorate - Investment maintenance of regional and main roads		
Planned budget and spending	**2019**	**2020**
Planned budget	2.5	1.8
Spending February - August	0.36	1.19
Spending June 20 – August 30	0.12	0.9

Although a lower budget was planned in the election year than in the previous one, during seven months, spending was three times higher. The average monthly spending of the Directorate in the election year was nearly 20% higher than in the previous year.

Most of the money was spent after the elections were called - around 900 thousand euros, which is eight times more than in the same period last year.

The largest supplier in this period was the company "Asfalt Beton Gradnja doo", which was paid almost half a million euros in July.

Case study: Railway Directorate

Planned budget and spending	2019	2020
Planned budget	16.7	19.07
Spending February - August	9.05	10.8
Spending June 20 – August 30	2.04	2.6

The planned budget for 2020 for the Directorate, after the revision, is 19 million, and is higher than the budget from the previous year by 15%.

The spending of the Railway Directorate in the pre-election period also increased compared to the same period last year.

In seven months, in the period February-August, 10.7 million i.e. 56% of the budget was spent, while in the pre-election period, 2.6 million i.e. 14% of the total budget was spent.

Highest allocations of the Railway Directorate in the period between February and August, in the amount of about 3 million euros, were for "other transfers to institutions." Of this amount, 360,000 was spent on railway infrastructure during the election campaign, while in the previous year, there were no such allocations.

1.4. Institutional advantage

Pre-election increase in expenditures for infrastructure projects that were implemented throughout Montenegro in the run-up to the August elections, despite the virus epidemic and the upcoming economic crisis, corresponds to the pronounced DPS officials' campaign.

Between June 4 and August 25, 2020, MANS Investigative Centre identified 65 events at which various projects were announced or opened by senior officials of the ruling DPS in their capacity as representatives of the Government, and these activities were especially intensified after the calling of 2020 parliamentary elections.

Most events was recorded at locations in Podgorica, both because the pre-election competition in the capital city is traditionally the most important because almost a third of the Montenegrin population lives there, and due to the fact that officials living and working in Podgorica have the fastest and easiest access to these locations. However, a large number of visits by high-ranking state and party officials of DPS were recorded in other municipalities as well. [156]

Total value of projects, mostly infrastructure, which were promoted by state and senior officials of the Capital City in Podgorica alone during the mentioned period, amounted to close to 57 million euros. [157]

As for individual officials, data collected by the MANS Investigative Centre show that the most active 'officials' campaign' was led by the then-Prime Minister and senior DPS official Duško Marković, Mayor Ivan Vuković, and the then Deputy Prime Minister and Minister of Agriculture Milutin Simović.

Marković recorded the most visits, visiting or opening over 20 events in towns across Montenegro. [158] As the elections approached, the number of visits to municipalities and events increased sharply, from four in June and July to as many as 14 in August, which is the month when institutions are traditionally on collective leave. [159] The total value of the projects that Marković promoted in the pre-election period is over 180 million euros. [160]

[156] See: Database of the MANS Investigative Centre on visits of high state and party officials in the pre-election period. Available upon request.
[157] This does not include projects that were promoted in the Capital City and not presented at events by public officials. For a list of all projects see: also.
[158] IBetween June 4 and August 25, Prime Minister Duško Marković attended 6 events in Podgorica alone or accompanied by other senior officials; 4 in Bar; 2 in Bijelo Polje and Tivat; and one in Cetinje, Kotor, Mojkovac, Žabljak, Plav, Ulcinj, Kolašin, and Pljevlja.
[159] See also the investigative story about Marković's officials' political campaign in the pre-election period: 'Marković does not see the difference between the state and the party', from 13.08.2020. Available at: http://www.mans.co.me/en/markovic-does-not-see-the-difference-between-the-state-and-the-party/ .
[160] See: Database of the MANS Investigative Centre on visits of high state and party officials in the pre-election period.

The Mayor of Podgorica also led a very active 'officials' campaign', with his personal participation in a total of 18 events in the Capital City. In the same manner, the number of events attended by Mayor Vuković rose from three in June to six in July, to as many as eight in August.

When it comes to number of visits, in third place is the then Deputy Prime Minister Simović, who attended 13 events across Montenegro,[161] five of which were held in June, two in July and six in August. The total value of loans, subsidies, and announced and completed works promoted by Simović amounted to over 6.2 million euros. During the pandemic, Simović was specially active in the public thanks to his position of the chairman of the National Coordination Body (NCB) for the fight against coronavirus.

The analysis of the MANS Investigative Centre also shows that, for the needs of political promotion of the ruling party, certain infrastructure projects of great value were timed for the pre-election campaign. One example is the construction of the Golubovci-Mataguži road for which, according to the Public Procurement Plan of the Agency for Construction and Development of Podgorica, the tender should have been announced at the end of 2020, i.e. after the parliamentary elections, but the contract for this job – worth close to 900,000 euros – was signed in May, i.e. a few days after calling of the elections. [162] This category also includes the reconstruction of Boulevard Sveti Petar Cetinjski, worth more than half a million euros, which was not foreseen by the Spatial Planning Program for 2020, as well as the construction of new bicycle paths, which were not planned by the Spatial Plan of Podgorica or lower plans. [163]

[161] Between June 4 and August 25, Vice President Simović attended 3 events in Podgorica, 2 in Nikšić and Bar, and one each in Žabljak, Bijelo Polje, Pljevlja, Rožaje, Petnjica and Danilovgrad.
[162] See the investigative story "DPS campaign at the expense of all citizens", from 19.07. 2020. Author: Dejan Milovac. Available at: http://www.mans.co.me/en/dps-campaign-at-the-expense-of-all-citizens/ .
[163] See the investigative story: "Party campaign more important than the law", from 25.08.2020. Author: Lazar Grdinić. Available at: http://www.mans.co.me/en/party-campaign-more-important-than-the-law/ .

In a pandemic, which due to the limited possibilities for pre-election competition on the ground led to a greater importance of the online campaign, the party's appropriation of development projects financed with state money was strongly expressed in the DPS online campaign. [164]

In addition to the third package of government measures to combat the adverse effects of the crisis, which was discussed earlier in this report, other significant projects and investments for which the credit was openly attributed to DPS were promoted on the social media pages of municipal boards and local officials of the ruling party.

Thus, for example, the municipal board in Danilovgrad, with the inevitable DPS logo, promoted an investment in the city stadium worth 1.2 million euros, while the DPS Youth Council of that town advertised the reconstruction of the bridge worth over one million euros as its party's investment.

In Mojkovac, DPS promoted the construction of a regional road to Berane, while in Pljevlja the construction of a kindergarten worth over one million euros was promoted.

When it comes to the Capital City, several local public officials, including Mayor Ivan Vuković himself, promoted projects that were financed with money from all citizens of Podgorica under DPS logo on the Instagram profile of that municipal board.

[164] See the investigative story: "DPS abusing state development projects in an online campaign," from 02.08.2020. Available at: http://www.mans.co.me/en/dps-abusing-state-development-projects-in-an-online-campaign/ .

3 KEY MECHANISMS FOR ACHIEVING INSTITUTIONAL ADVANTAGE

B

In Ulcinj, the installation of public lighting was promoted in this way, i.e. this information was posted next to the party's logo on the Instagram page of the DPS Youth Council.

In Herceg Novi, local DPS took credit for the construction of a kindergarten worth 2.4 million euros, but also for bringing in private investors who are investing in that city.

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The same type of party pre-election promotion was done in the municipalities where, in addition to the parliamentary elections, local elections were also held. Thus, in Kotor, the municipal board of DPS promoted the installation of children's playgrounds on several locations in that town, while DPS logo was also found on the information about the reconstruction of the old prison, worth 1.6 million euros.

1.5. Recruitment

Discretionary payments to natural persons in the pre-election period are a particularly problematic form of using institutional advantage for election purposes as the most direct way to buy votes.

In the previous chapter, we already talked about certain types of payments to natural persons that were paid in the run-up to the last parliamentary elections as a form of economic support provided by the Government's measures to combat the adverse effects of the pandemic crisis. We then saw that the method of payment of this type of assistance was contrary to international practice in that the allocated money, instead of companies, was paid directly to natural persons. As a reminder, such was the case, for example, with the Government's measure of subsidies for employees' wages, but also with the mentioned measures of assistance to farmers and payments for social benefits, which called into question the transparency of these payments realized before the elections.

Another previously recognized mechanism for achieving the institutional advantage of the ruling parties, which was used before the 2020 elections, concerns the practice of pre-election employment, mainly by concluding temporary employment contracts, or purchasing consulting services which were also paid directly to bank account holders who are not known to the public.

Numerous affairs, including the aforementioned "Snimak" affair, testify to the widespread practice of abusing pre-election employment in Montenegro in order to influence voters to vote for the ruling party. Precisely due to the large space for misuse for election purposes, the Law on Financing of Political Entities and Election Campaigns provides for restrictions on the employment of persons for a certain period of time. [165]

MANS did not monitor employment during last elections. However, based on the analysis of information collected on the total spending of institutions in the run-up to the elections, **increased expenditures for employment contracts and consulting services were found**. The increase in spending on these bases is particularly significant due to the high risk of possible misuse of these types of expenditures to achieve the electoral institutional advantage of the ruling parties.

[165] According to the law, in the period from the day of calling until the day of holding of the elections, in exceptional cases for reasons of ensuring smooth and regular functioning of state bodies, persons may be employed for a fixed-term as well as hired under a temporary service contract, only if it has been planned by the act on systematization and job descriptions. See Art. 44 of the Law on Financing of Political Entities and Election Campaigns.

Case study: Temporary service contracts

From February to the end of August 2020, a total of 6.6 million euros was paid for temporary service contracts, i.e. over 2 million more than in the same period in 2019. During the election campaign, 1.7 million was paid for temporary service contracts, i.e. close to half a million more than in the comparable period of the previous year. [166]

Expenditures based on the payment of temporary service contracts

	2019	2020	Increase	%
February-August	4,535,127	6,594,379	2,059,252	+45.4
Pre-election period	1,722,170	2,173,001	450,831	+26.2

Although most of the increase in payments based on temporary service contracts was made in the first five months of 2020, in some institutions such as the Armed Forces of Montenegro, the Administration for Inspection Affairs, as well as the Ministry of Culture, the increase in payments was particularly pronounced before the very elections.

For example, from February to the end of August 2020, the Armed Forces of Montenegro paid over 350 thousand euros to natural persons on the basis of temporary service contracts, spending about 280 thousand more than in the same period last year. The largest part of that increase - almost 160 thousand - was spent before the elections, which means that in the period June-August 2020, the Armed Forces of Montenegro paid sixteen times more money on the basis of temporary service contracts than in the comparable period of 2019.

Also, in the period February-August, the Property Administration spent as much as 45 times more money on the same basis than in 2019 - 1.19 million euros, of which over 270,000 in the pre-election period alone, i.e. twenty times more than in the same period in 2019.

Neither institution has a pronounced need for temporary service contracts, as evidenced by the fact that in the previous year they were not even among the top 15 institutions that recorded the most significant expenditures on this basis, while in the election year 2020, they were among the top 3 according to this type of employment.

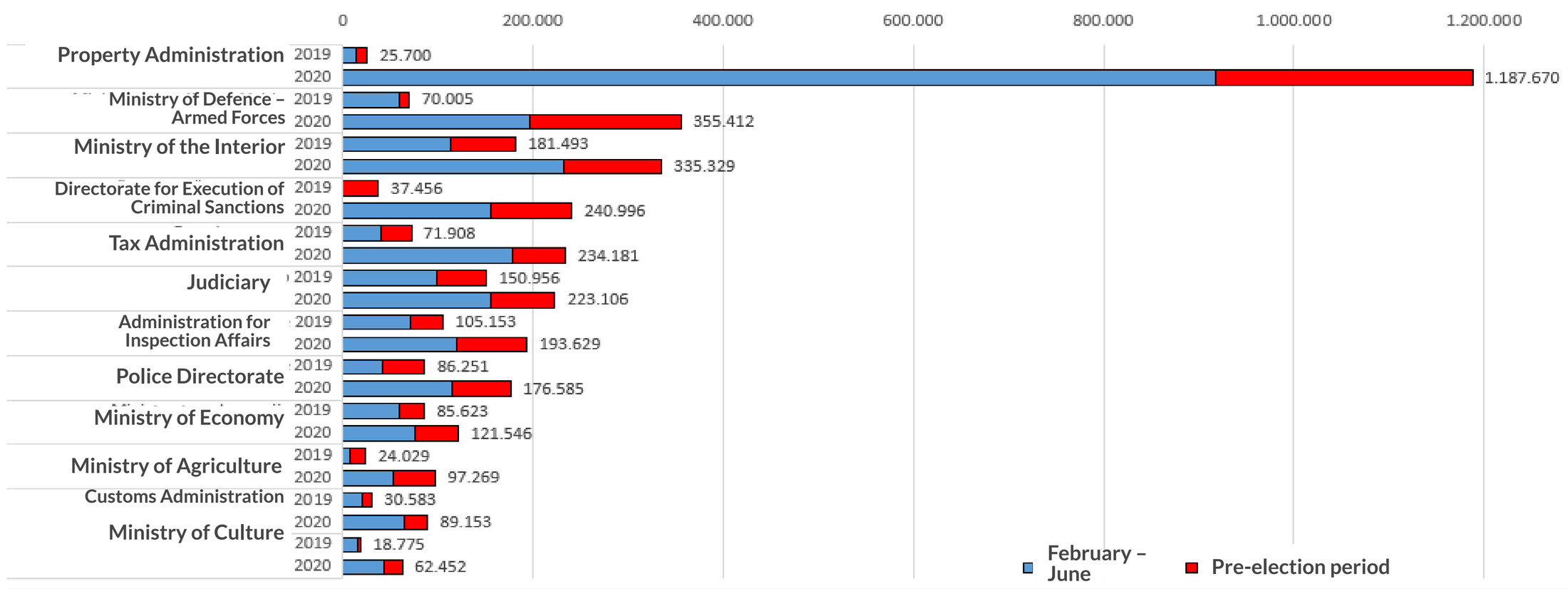
[166] The costs shown for the temporary service contracts include taxes and contributions paid in the reference period.

The most recent affair revealed in August 2020, in the eve of the parliamentary elections, also testifies to the party's abuses of contracts in the Armed Forces. [167] An audio recording published by the media shows a conversation between DPS activist in Podgorica, Dušica Vulić, and candidate for soldier, Marija Marković. In this interview, Ms. Vulić is telling Ms. Marković, who is attending the interview with her father Slavoljub Marković, a non-commissioned officer of the Armed Forces of Montenegro, that candidates, regardless of other qualifications, must receive confirmation from the local DPS board that they are members or voters of this party in order to get a job in the Armed Forces, and that as such they must be 'recognized by the terrain', i.e. local party officials. After the recording was published, the Ministry of Defence denied the participation of the Armed Forces of Montenegro in the party's pre-election activities, while DPS did not make any statements.

Other institutions in which payments based on temporary service contracts in the election year 2020 exceeded the total expenditures on this basis multiple times in the previous year are the Directorate for Execution of Criminal Sanctions (5.4 times more), the Ministry of Agriculture (4 times more), the Tax Administration (3.2 times more), Customs Administration (2.9 times more), Police Directorate (2 times more). Significant increases were also recorded by the Administration for Inspection Affairs (+84%), the Ministry of the Interior (+84%), the Ministry of Economy (+42%), and the judiciary (+47%).

It is interesting to note that institutions that had a significant increase in workload during the pandemic, such as the Ministry of Health or the Ministry of Education due to the sudden transition to online teaching, for example, do not show the same trend of increasing payments for temporary service contracts or consulting services.

The chart below presents the institutions with the most significant increase in spending on temporary service contracts.



[167] The video was first published by the internet portal IN4S, available at: https://www.in4s.net/video-nepobitni-dokaz-boskovicev-model-partitokratije-da-bi-bili-angazovani-ili-dobili-cin-u-vojsci-cg-mora-stici-prepoznavanje-s-terena-od-strane-dps-a/ .

Case study: Employment Agency

MANS' analysis of budget users' spending also records a significant increase in the expenditures of the Employment Agency in 2020.

In seven months, the Employment Agency spent almost 22 million i.e. 60% of the planned budget.

During the election campaign, 19% of the total budget was spent, i.e. more than 6.5 million, 2.2 million more than in the comparable period of last year.

During the election campaign for the "Employment Agency" program, more than 4 million were spent, 73% more than in the same period last year. 1.1 million more was spent compared to the previous year for unemployment benefits. Expenditures for repayment based on court decisions increased, for which 20 times more funds is allocated than in the comparable period of 2019, and a significant increase in costs was recorded within the programme "Vocational Rehabilitation Fund", for which 2.7 million was spent, i.e. nearly 500 thousand more than in the previous year.

Total spending - Employment Agency

During the election campaign, the Agency increased spending by around 48% compared to the same period of last year.

Planned budget and spending	2019	2020
Planned budget	29,545,820.77	36,412,524.24
Spending February - August	14,298,876.33	21,842,832.40
Spending June 20 – August 30	4,613,059.87	6,825,559.70

The projected budget of the Employment Agency for the election year was around 35 million, but it was increased by additional 1.6 million [168], after the budget review, and it is higher than the last year's budget by almost 7 million.

The spending of the Agency for the first seven months is higher by 53% compared to the same period last year, while the spending in the pre-election period is higher by about 48% compared to the same period last year.

During the first seven months, most funds were allocated for unemployment benefits and one-time social assistance, while in the pre-election period, with increased spending on unemployment benefits, there was a significant increase in spending on repayments based on court rulings.

[168] The projected budget was 34,757,526.24, the budget review increased it to 36,412,524.24

Spending of the "Employment Agency" programme

Spending of this programme in the pre-election period was 1.7 million higher than in the previous year.

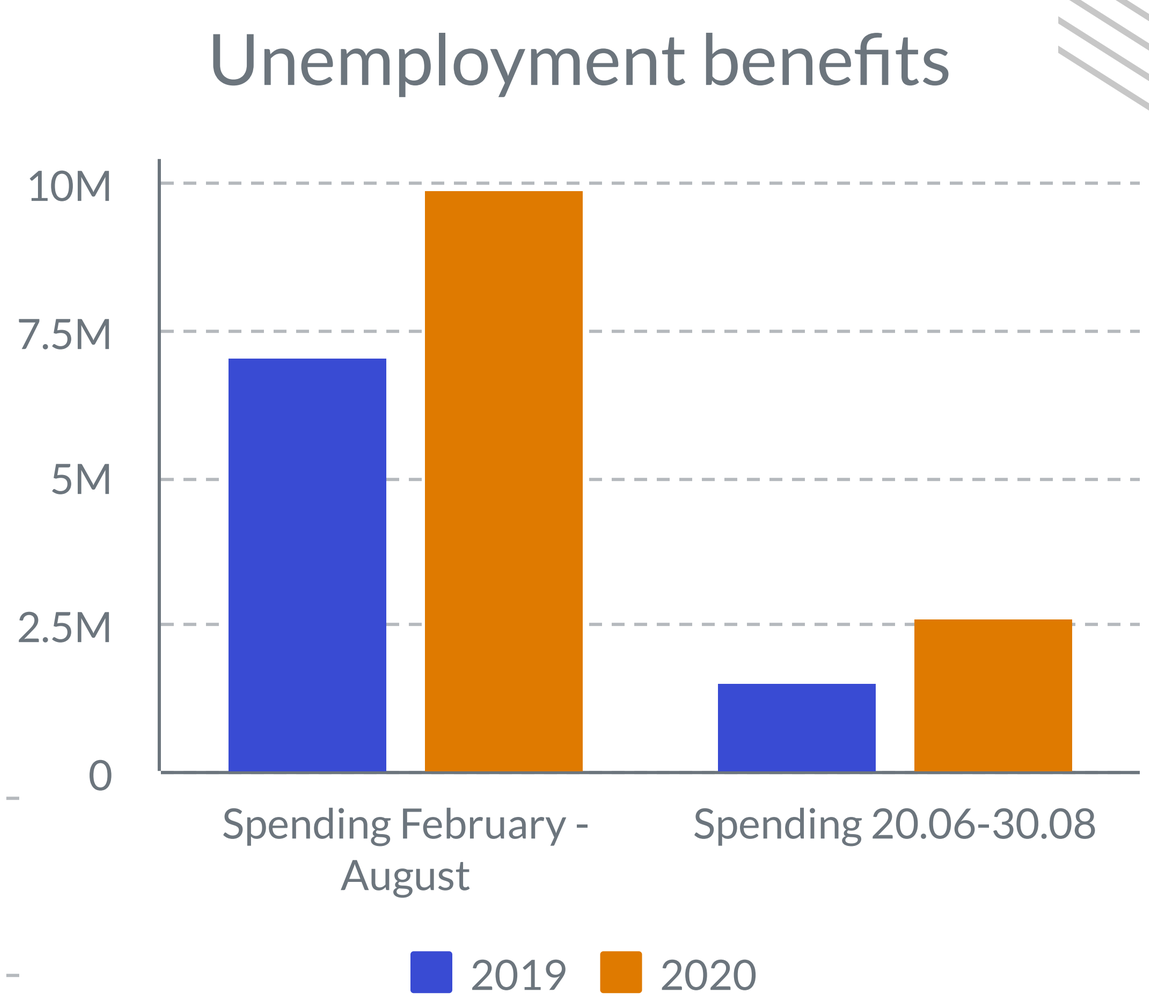
Planned budget and spending	2019	2020
Planned budget	21,545,818.77	26,062,525.24
Spending February - August	9,586,242.21	13,987,479.21
Spending June 20 – August 30	2,344,217.77	4,066,920.69

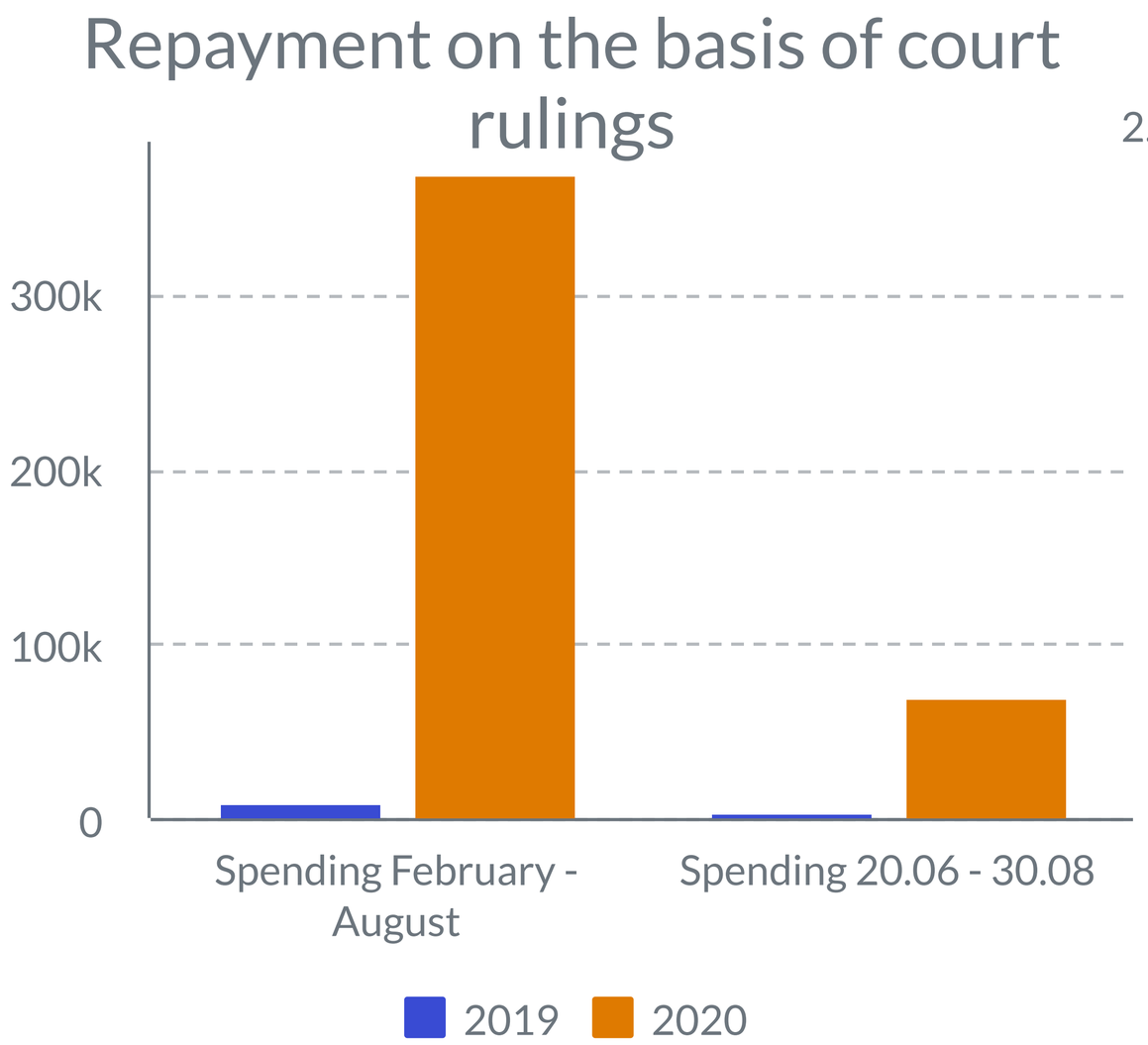
The projected budget of the programme is about 26 million, which is about 4.5 million more than in the previous year. Spending for the first seven months increased by 46%, while in the pre-election period it was higher by 73% compared to the previous year.

439 times more funds were allocated for one-time social assistance in the first seven months than in the comparable period. [169]

In the first seven months, nearly 3 million more funds were paid for the unemployment benefits compared to the comparable period of the previous year. [170]

In July and August, 2.6 million was spent on fees, 70% more than in the same period last year. [171]





There has been a significant increase in spending on repayments based on court rulings. **For the first seven months it is 38 times higher** [172], and 20 times in the election period compared to the previous year. [173]

[169] For the first seven months of 2020, 856,050.00 was paid, and 1,950.00 for the same period in 2019. (853,900.00 paid on 05.05.2020 through CKB bank)
[170] For the first seven months of 2020, 9,909,298.95 was paid, and 7,084,493.86 for the same period in 2019.
[171] In the period 20.06 - 30.08.2020, 2,639,281.65 was spent, and 1,545,105.79 in the comparative period
[172] For the first seven months of 2020, a total of 368,854.65 was paid, and 9,657.65 for the same period in 2019
[173] In the period 20.06 - 30.08. 2020, a total of 69,175.28 was paid, and 3,513.58 for the same period in 2019

Spending of the programme "Vocational Rehabilitation Fund"

During the pre-election period, the costs of this program were higher by nearly 490 thousand compared to the previous year.

Planned budget and spending	2019	2020
Planned budget	8,000,000.00	10,300,000.00
Spending February - August	4,712,643.12	7,302,531.72
Spending June 20 – August 30	2,268,842.10	2,758,315.81

The budget initially envisaged 8.3 million for the programme "Vocational Rehabilitation Fund", and it was increased by 2 million after the budget review.

In the first seven months, spending is higher by 55% compared to the same period of last year, while spending in the pre-election period is higher by almost 490 thousand compared to the same period of last year.

Most of the funds (99%) in both observed periods were allocated for "vocational training of disabled people", which corresponds to spending in previous years.

Spending of the programme "Self-employment support programme"

Planned budget and spending	2019	2020
Planned budget	2.00	1.00
Spending February - August	0.00	552,821.47
Spending June 20 – August 30	0.00	323.20

The estimated budget for the election year was 1.00 euro. In April, over 550 thousand was paid from IPA funds for this programme. [174]

[174] On April 10, 2020, a total of 552,498.27 euros was paid into the accounts of several "small" entrepreneurs.

1.6. Other

In the election year, suspicious increases in spending from the budget item "Other" and from the budget item "Transfers to NGOs" were noticed, as well as the widespread practice of using hidden transactions for payments from the state budget in the pre-election months.

The increase in expenditures on budget items from which money is spent non-transparently in the election period does not contribute to trust in the election process and fuels suspicions of misuse of state resources for the purpose of achieving the electoral institutional advantage of the ruling parties.

Case study: Consulting services

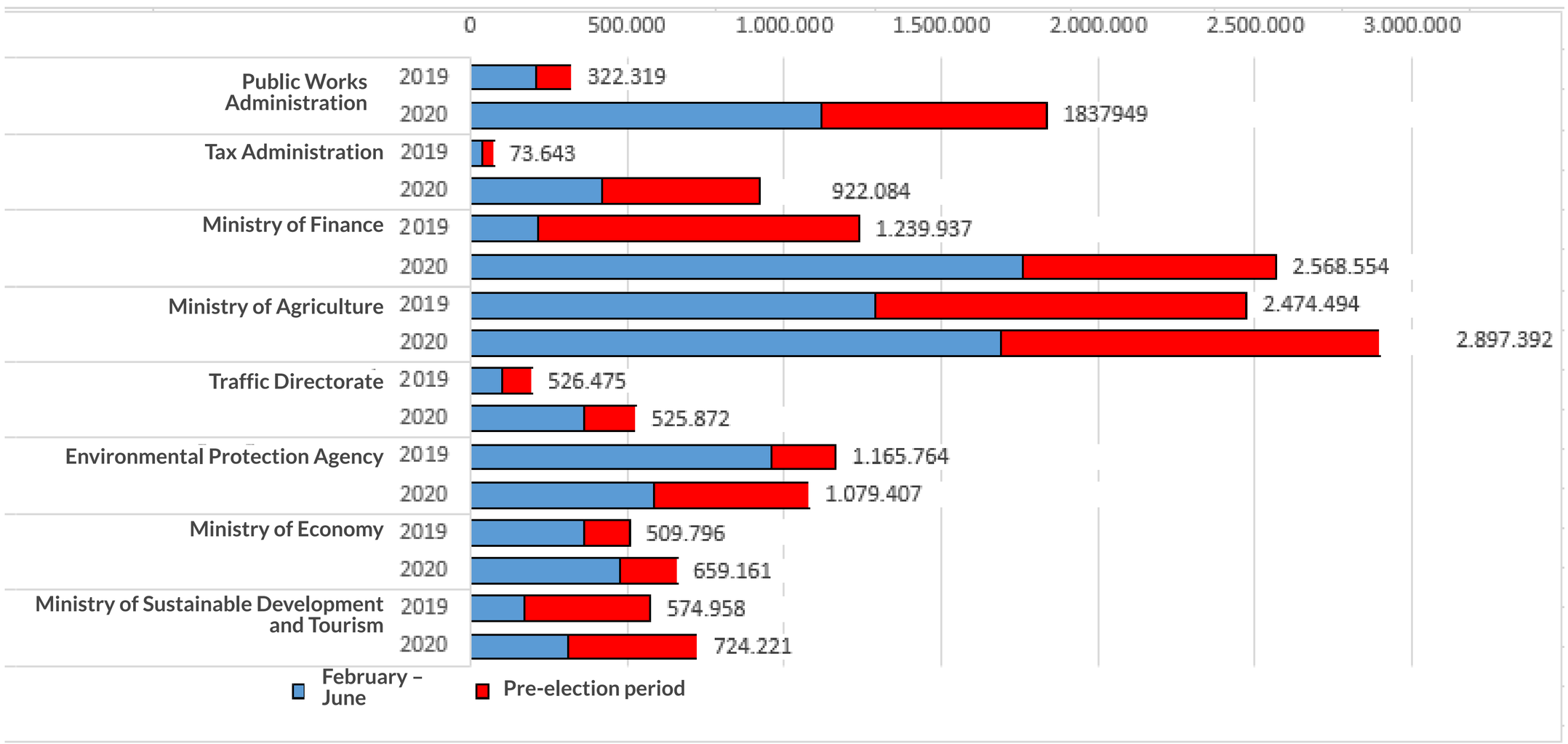
From February to the end of August 2020, budget users spent over 14.5 million euros on consulting services, 3.6 million more than in the same period last year. During the election campaign alone, 5.4 million euros was spent on the "consulting services" account, i.e. over 1 million euros more than in the same period last year.

Consulting services - total				
	2019	2020	Increase	%
First 7 months	10,938,971	14,541,879	3,602,909	+33%
Pre-election period	4,412,861	5,445,110	1,032,249	+123%

Public Works Administration is responsible for most of the increase in payments on this basis - 1.8 million euros, of which over 720,000 in the pre-election period alone. Thus, the Public Works Administration increased its expenditures on the basis of consulting contracts as much as 6.5 times compared to the previous year. Even bigger, twelve-fold increase in payments for consulting services is recorded by the **Tax Administration**, which paid 922,000 euros on this basis in 2020, of which 500,000 during the election campaign alone, compared to only 106.8 thousand euros in 2019.

Significant increases in payments based on consulting services in 2020 were also recorded by the **Traffic Directorate, the Ministry of Finance, the Ministry of Sustainable Development and Tourism, the Ministry of Agriculture, and the Environmental Protection Agency**. The Environmental Protection Agency spent 2.4 times more money on consulting services in the period June-August 2020 than in the same period in 2019, although in the first months of the year, it even reduced expenditures on this basis.

The most significant increases in expenditures for consulting services by institutions are shown in the chart below:



A significant part of payments for consulting services by state institutions in 2020 - 3.4 million in the first seven months, i.e. 1.1 million in the pre-election period - was paid through European fund management programmes, through IPA projects of the Public Works Administration and programmes of funding and EU contracts with the help of the Ministry of Finance.

The increase in costs for consulting services in the pre-election period is suspicious from the position of the possibility of abusing this type of contract. This is particularly important in light of the fact that most of these funds are paid to banks, directly to bank account holders who are not known to the public. In the pre-election period of 2020, of the 5.4 million euros paid for consulting services, as much as two thirds, i.e. 3.4 million were paid through individual bank accounts, so it is not possible to determine the nature of the service or the identity of the supplier.

Case study: Uncategorised expenses

The analysis of the election spending of the institutions revealed significant increases in expenditures from the "Other" budget item, which is especially problematic because of the fact that the interested public has no way to find out exactly what the expenditures were for.

Having in mind the multiple increases in the expenditures of certain budget users on this basis during the election campaign, the non-transparent spending of budget funds from this budget item in the run-up to the 2020 elections additionally fuels suspicions that these may be cases of abuse.

	2019	2020	Increase	Spending in 2020 compared to 2019
February-August	26,435,525	55,085,870	28,650,344	208.4%
Pre-election period	14,672,893	24,206,218	9,533,326	165%

In the period from February to August 2020, over 55 million euros were spent from the "Other" budget item, i.e., twice as much as in the previous year. Of that, close to half of that money was spent in the election period alone, i.e., over 24 million euros, which is almost ten million more than in the same period in 2019, when there were no elections.

Between February and August 2020, the **Public Works Administration** spent over 27 million euros from the "Other" budget item. This means that 2.3 times more was spent in the election year, i.e., 15 million more than in the same period last year.

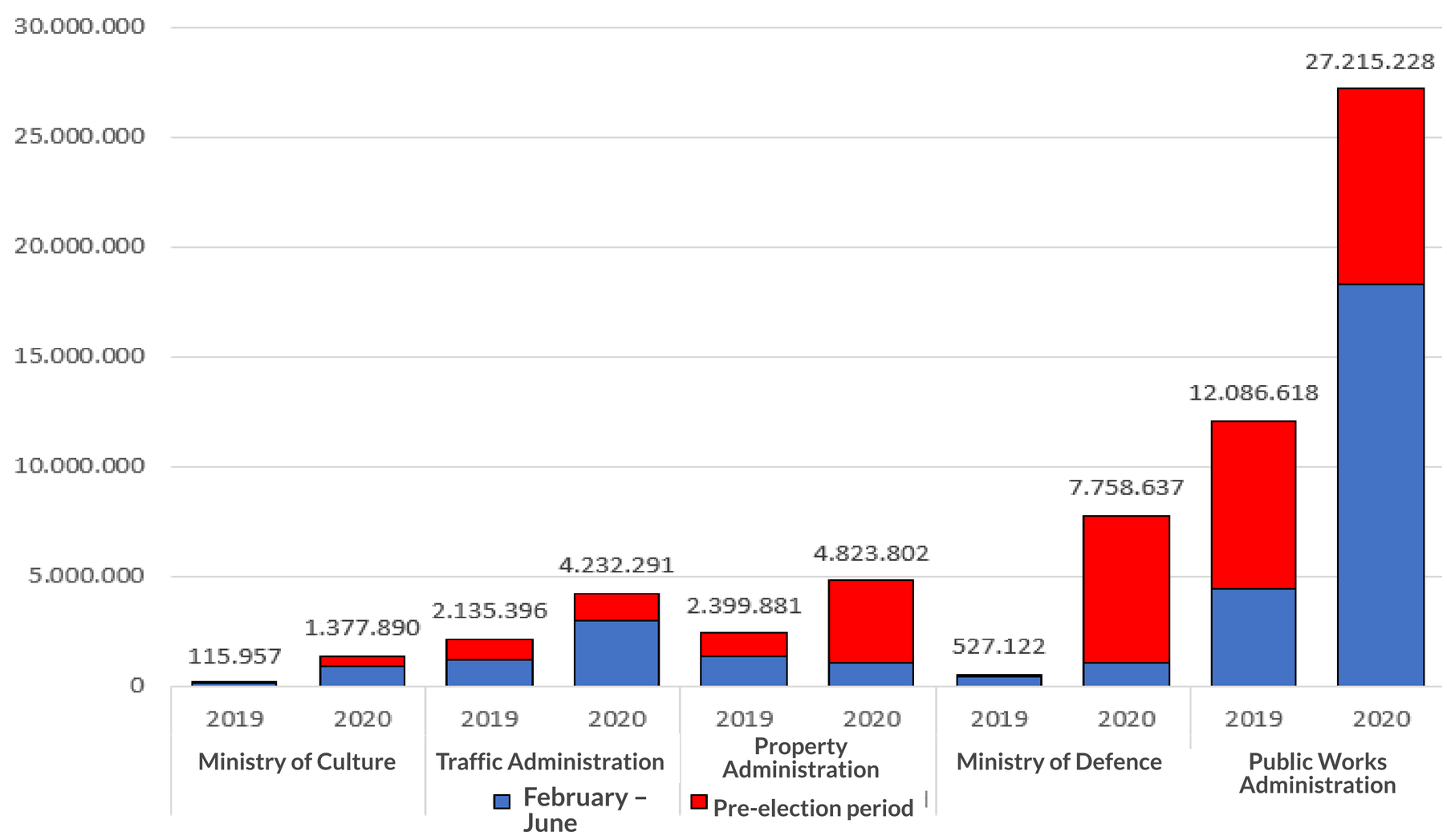
The Ministry of Defence spent almost 15 times more in the seven months of the election year, between February and August, than in the same period in 2019, i.e., 7.7 million euros, compared to only half a million euros spent on this basis in 2019. The largest part of that money, i.e., 6.7 million euros, was spent in the election period, which is 92 times more than in the same period last year, when spending from this budget item was only 73 thousand euros. Almost all that money, 6.1 million euros in the election period, was paid into the account of the Société Générale bank, so it is not known who the recipient is or for what purpose the money was paid.

A similar trend has been observed with the **Ministry of Culture**, although these were much smaller amounts. In the election year 2020, this ministry spent about 1.3 million euros more than in 2019, i.e.,12 times more, of which close to half in the election period alone, i.e., 22.8 times or half a million euros more than in the same period last year. [175]

[175] The largest supplier is the company KOTO LLC from Belgrade, which deals with the maintenance of cultural monuments, to which almost one million euros were paid.

The Property Administration and **the Traffic Administration** also doubled expenditures from the "Other" budget item in the first seven months of 2020 (the former by 2.4 million euros, the latter by 2.1 million euros). In the period of five months, from February until the announcement of the election campaign, the Property Administration spent even less, while in the election period it spent 2.7 million euros more, i.e., 3.6 times more compared to the same period last year. Of the 4.8 million euros spent from February to August 2020, the Property Administration spent almost 3 million euros on the company Koti nekretnine (Koti Real Estate Agency), from which the Government bought a new building for the Statistical Office of Montenegro (MonStat) in the middle of the epidemic and under questionable conditions. [176] The Traffic Administration spent 1.27 million euros in the election period, which is about 300,000 euros, or 30% more than in the same period in 2019. [177]

The chart below is a visual presentation of spending by institutions for 2019 and 2020 from the "Other" budget item.



Significant increases in spending from the "Other" budget item in the election year were also noticed at the **Environmental Protection Agency** and **the Ministry of the Interior**. Although they spent significantly less in the election period than in the previous year, in the period between February and August, the Agency spent 920,000 euros more than in the same period in 2019, while the increase in the Ministry of Interior's spending in the same period last year amounted to 870,000.

[176] For more information, see the article on the Vijesti's internet portal: „Bivši Volvoks je prodavac zgrade za Monstat od 87 miliona" (former Volvox is the seller of the 87 million worth Monstat building). Available at: https://www.vijesti.me/vijesti/ekonomija/458311/bivsi-volvoks-je-prodavac-zgrade-za-monstat-od-87-miliona. Author: Goran Kapor. Published 07 August 2020.
[177] The money spent mostly went to the "Deposit for expropriation of the Ministry of Finance" programme for regional roads and the Bar-Boljare highway, on which the Traffic Administration spent money in 2019 as well, but to a much lesser extent, to be more precise 2.2 million euros less.

The Ministry of Labour and Social Welfare, as well as the **Health Insurance Fund**, had a huge increase in expenditures from the "Other" budget item in the period from February to August 2020. In this period, the Ministry spent a total of 543,000 euros compared to only 150 euros in the same period last year, and the Health Insurance Fund 344,000 euros compared to only 5,600 euros last year. While the increases in the spending of these budget users can be somewhat justified by the effects of the current epidemic, it is interesting that none of the mentioned money was paid in the election period, when the spending from these budget items was 0 euros.

Furthermore, the **Ministry of Sports** and the **Montenegrin National Theatre** recorded a very significant spike in spending from the "Other" budget item in the election year. In the election period in 2020, the Ministry of Sports spent 94,000 euros, the Montenegrin National Theatre spent 82,600 euros, while the spending of both institutions from these budget items in the same period in 2019 was 0 euros. [178]

Case study: Transfers to NGOs

Increases in spending were also observed in the budget item "Transfers to NGOs." **For these payments, 1.2 million euros were spent from the state budget during the election campaign, or about 0.5 million more than in the same period in 2019, when about 725,000 euros were spent for this purpose.**

Although MANS, as part of this report, did not deal with possible abuses of funds by those NGOs which received funds from the state, from the point of view of transparency of spending state money in the election period, it is important to note that the analysis of budget users' spending showed that the largest sums paid to NGOs ended up in commercial bank private accounts, the owners of which are not known to the public.

The table below shows budget users who recorded the most significant increases for transfers to NGOs worth over 100,000 euros.

[178] Most of the money spent from the budget of the Ministry of Sports went to construction companies, while the Montenegrin National Theatre, according to available information on suppliers, paid the entire amount to itself.

	2020 - 7 months	2019 - 7 months	2020 - pre-election	2019 - pre-election	Increase 7 months	Increase pre-election
Fund for the Protection and Exercise of Minority Rights	862,000.0	274,933.5	572,500.0	274,933.5	587,066.5	297,566.5
Ministry of Health	295,375.0	0.0	295,375.0	0.0	295,375.0	295,375.0
Ministry of Transport and Maritime Affairs	278,661.9	172,726.8	278,661.9	172,726.8	105,935.0	105,935.0

The most serious increase for the period of seven months, from February to August, was recorded in the **Fund for the Protection of Minorities**, in the amount of over half a million euros. Of the total amount spent by the Fund in the period February-August 2020, which amounts to 862,000 euros, 572,000 euros were spent in the election period, or about 66%.

Of the 572,000 euros that the Fund spent in the election period in 2020, as many as two thirds, i.e., 360,000 euros, ended up in commercial bank private accounts, the owners of which are not known. This practice was noticed only with the Fund for the Protection and Exercise of Minority Rights, while other institutions paid money to the accounts of specific organizations.

The **Ministry of Transport and Maritime Affairs** and the **Ministry of Health**, which also recorded significant increases in expenditures for transfers to NGOs, had expenditures on these grounds only in the election period. The Ministry of Health, which in the election period in 2020 spent over 295,000 euros on payments to non-governmental organizations, in 2019 had no expenditures on this basis at all. [179] In the election period, the Ministry of Transport and Maritime Affairs spent 278,000 euros on transfers to NGOs, which is an increase of 105,900 euros, or 62% compared to the same period in 2019.

[179] All money was paid through the program "NGO Support for People with HIV".

1.7. Secret transactions

To fully understand the volume and increase in budget users' spending in an election year, it should be borne in mind that, due to the significant number of secret transactions carried out in the months leading up to the elections, the actual costs were actually even higher.

In the observed period from February to the end of August 2020, a total of 107 transactions were declared secret, of which 55 transactions were realized in the election period.

For these transactions, the public has no insight into the amounts of money paid, nor information on the purpose for which and to whom money from the state budget was paid in the election months.

The **Ministry of Finance** leads in the number of hidden transactions in the election year, which in the period of seven months, from February to the end of August, realized **30 secret transactions**, of which 10 were realized in the election period.

The table below presents information on the number of secret transactions by budget users.

Secret transactions

	February-August 2020	February-August 2019	Pre-election period	Pre-election period 2019
Ministry of Finance	30	29	10	16
National Security Agency	25	--	17	--
Ministry of the Interior	25	--	13	--
Police Directorate	18	13	8	7
Budget reserves	6	505	4	146
Ministry of Sustainable Development and Tourism	2	--	2	--
Ministry of Economy	1	4	1	4

Any hiding of money flows from the public in the election period contributes to the distrust of citizens in the election process, because it prevents the interested public from removing suspicions of possible misuse of state money for election purposes.

For this reason, MANS will continue to insist that it is necessary to ensure full transparency of all payments from the state budget in the run-up to the elections.

THE ROLE OF THIRD PARTIES IN THE ELECTION PROCESS

C

Active involvement of the Church in the election period is a distinct feature of the 2020 parliamentary elections in Montenegro. In the environment where the previous parliamentary majority had revived the issue of Church property in the election year, the Church had, by resisting the Law on Freedom of Religion, ended up on the side opposed to the ruling party, including during the election campaign.

Our analysis of the known Church activity in the run-up to elections found no behaviour that could be described as violating the provisions of the Law on Financing of Political Entities and Election Campaigns. At the same time, due to the specific circumstances in the period running up to elections, and a certain 'referendumization' of the Church issue, the identification of certain political entities that make up the new parliamentary majority with the objectives of the Church, in the struggle for the legitimate interests of this religious community, had without doubt contributed to their greater electoral support.

Political benefits that election participants gain by 'leaning' onto third party campaigns—with whom they have no formal connections and who are not subject to the same rules governing activity of election participants—are either not addressed or not clearly defined by the law, and are thereby not prohibited.

Legislative loopholes leave room for misuse and circumvention of existing legal prohibitions and limitations as regards the origin of funding and the permitted limits for election donations, as well as of the rules on financial transparency in electoral campaigns. Moreover, imprecise legal provisions make it difficult to evaluate certain activities of third parties in the electoral process.

On the other hand, **the specific circumstances in which the Church had found itself in the role of a third party highlight the necessity to respect the legally guaranteed rights to freedom of expression and public address during election campaigns.**

It is therefore necessary to amend the Law on Financing of Political Entities and Election Campaigns and regulate in more precise terms the activity of third parties in the election process, at the same time fully respecting all relevant international standards.

1 INTERNATIONAL STANDARDS AND NATIONAL LEGAL FRAMEWORK

1. Definitions and international standards

For the purposes of the present analysis, the term 'third parties' is used to describe "organizations and individuals who do not formally run in elections," but may engage or are engaging "in activities that affect the political and electoral processes in the country." Any legal entity or natural person may act as a third party if through their actions "they may impact the chances of success of policy options or of individual political parties or candidates, without these entities themselves presenting candidates in elections". [180]

Participation of third parties in the electoral processes is by no means a novelty, such as for example trade unions, employers' associations, and other civil society organizations. Advocacy of such interest groups for the ideas they think future power holders should address through public policies, to a larger or smaller extent and depending on the local context, have been part and parcel of election processes since their inception.

There are no firmly set international standards that would regulate the participation of third parties in financing the election processes. Choosing the ways in which the activity of third parties that may affect the election process will be regulated through legislation—as well as the decision whether some form of limiting their influence is necessary and to what extent—depend on the assessment of the legislator.

Many countries have no legal limitations on the participation of third parties in the election process. On the other hand, measures vary significantly among the countries that in some way regulate such activities, both in the rationales for limiting the impact and the type and scope of statutory restrictions. [181]

ODIHR's "Note on Third Party Regulations in the OSCE Region" makes an overview of the reasons invoked when regulating third party involvement. Among them, it lists potential impacts on transparency, equal opportunities and protecting the role of political parties as direct participants in the election process, and potential undermining of the existing regulatory framework in the area of financing political entities and election campaigns. [182]

[180] Paragraph based on: OSCE, "Note on Third Party Regulations in the OSCE Region," Note no. POLIT/372/2020, of 20 April 2020, p. 1. Available at: https://www.osce.org/files/f/documents/d/b/452731.pdf.
[181] Same.
[182] Same. See pages 7-10.

1 INTERNATIONAL STANDARDS AND NATIONAL LEGAL FRAMEWORK

C

In the Note, ODIHR analyses the potential adverse effects of third party involvement in the election process as regards financial transparency, as well as the use of third parties by political entities to circumvent the restrictions on the origin of funding and the permitted spending limits for financing the election campaign. In this regard, the Note states that "the OSCE/ODIHR and Venice Commission recommendations take an overall negative view of this phenomenon". [183] The main reason cited for regulating the behaviour of third parties in the election process is the possibility of undermining the regulatory framework through a *de facto* circumvention of prescribed prohibitions. [184]

In this regard, the Note states that extending the regulatory framework to third parties can help close the loopholes that leave space for possible misuse, which ultimately may contribute to preventing corruption in the political process. [185]

However, in case countries decide to take certain measures in order to regulate third party involvement, ODIHR recommendations strongly emphasize the need to ensure international standards on the "freedom of expression including the right to communication" are not violated. [186]

In the following section, we will look at the existing regulatory framework for financing political entities and election campaigns in Montenegro, as well as the loopholes that leave room for possible misuse of third party engagement in the election process in terms of circumventing existing restrictions.

[183] Same. See item 47, page 11.
[184] Same. See items 31 and 32, pages 7 and 8, as well as items 46 and 47, page 11. See also 'OSCE/ODIHR and Venice Commission Joint Guidelines on Political Party Regulation', article 205. Available at: https://www.osce.org/files/f/documents/2/b/77812.pdf.
[185] Same. See item 35, page 8.
[186] Same. See recommendation 2, page 36. See also Article 9.1. page 8 of the Document of the Copenhagen meeting of the conference on the human dimension of the OSCE, available at: https://www.osce.org/files/f/documents/9/c/14304.pdf.

2. National legal framework

The legal framework governing the financing of political entities and election campaigns in Montenegro contains certain limitations on third party activity, without labelling them 'third parties.'

Article 33, paragraph 1, of the Law on Financing of Political Entities and Election Campaigns states that "the political entities are prohibited from receiving material and financial assistance and in-kind contributions from: other states, companies and legal entities outside the territory of Montenegro; natural persons and entrepreneurs who do not have the right to vote in Montenegro, anonymous donors, public institutions, legal entities and companies with a share of state-owned capital; trade unions; religious communities and organizations; non-governmental organizations; casinos, bookmakers and other providers of games of chance." In addition, paragraph 2 of the same article prescribes that "a person who was convicted by a final judicial decision for a criminal offence with the elements of corruption and organized crime is prohibited from financing a political entity". [187]

Furthermore, paragraph 3 of the same article aims to regulate certain activity of such third parties by prohibiting media and public campaigns on behalf of or for the needs of political entities, in the period from the day of calling the elections until election day. [188]

Article 34 prohibits promising or making conceivable "any political or any other counter favour, privilege or personal benefit to a natural or legal person for the purpose of obtaining financial, material or non-financial support for a political entity;" as well as giving or receiving "contributions in cash or in a form of products or services through third parties (intermediaries)," and concealing "private sources of financing and amounts collected from private sources of financing". [189]

Fines ranging from 10,000 to 20,000 euro,[190] are foreseen for the violation of these prohibitions, while the fines for third parties to which the mentioned prohibitions apply range from 5,000 to 20,000 euro for legal entities [191] and from 500 to 1000 euro for natural persons. [192]

In addition, Article 35 prescribes that "political entities, legal and natural persons"—for the purposes of this analysis deemed potential third parties in the election process—"are prohibited from exerting any form of pressure on legal entities, companies and natural persons in the course of raising contributions or any other activity related to the election campaign and financing of political entities". [193]

However, the prohibitions prescribed by Article 33 relate only to potential cases of political entities receiving material and financial assistance and in-kind contributions directly from certain third parties, or to potential cases of those third parties conducting media or public campaigns on behalf of or for the needs of political entities during the election campaign.

[187] See Law on Financing of Political Entities and Election Campaigns, Article 33, paragraphs 1 and 2. Available at: https://www.antikorupcija.me/media/documents/Law_on_Financing_of_Political_Entities_and_Election_Campaigns.pdf.
[188] Article 33 of the Law on Financing of Political Entities and Election Campaigns prescribes some other prohibitions regarding the restriction of the right of legal and natural persons to give contributions to political entities in the election campaign, including taking loans from natural persons. Legal entities, companies and entrepreneurs and related natural persons which, based on a contract with the competent bodies and in accordance with the Law, performed activities of public interest or concluded a contract through the public procurement procedure, in the period of two years preceding the conclusion of the contract, for the duration of the business relationship, as well as two years after the termination of the business relationship are prohibited from giving contributions to political entities. In addition, natural persons and legal entities, against which the tax authority initiated a procedure of forced collection of debt through the adoption of a decision on forced collection of tax, shall not make contributions to political entities, while legal entity which failed to meet the outstanding obligations towards the employees within the past three months shall not give contributions to legal entities. See article 22, paragraphs 4-7.
[189] Same. See Article 34.
[190] Same. See Article 66, Paragraph 1, items 39 and 41.
[191] Same. See Article 64, Paragraph 1, items 9 and 12.
[192] Same. See Article 70, Paragraph 1, items 5 and 8.
[193] Same. See Article 35.

Consequently, the legal framework regulating the financing of political entities and election campaigns in Montenegro does not at present recognize, nor in any way regulates, such activity of third parties that may affect political and election processes but is not formally linked to a political entity.

The existence of such a legal loophole leaves open the possibility of abuse by circumventing the existing limitations related to transparency of the sources of funding and the permitted spending limits for financing election campaigns.

In this regard, MANS believes that further amendments to the legal framework should be considered with the view to preventing any circumvention of the rules on the spending limits for campaign financing. These amendments may be pursued in light of the Council of Europe recommendations on common rules against corruption in political party financing. [194] With this in mind, it would be necessary to recognize and regulate in an adequate manner any third party activity in the election process that could potentially come from actions coordinated with election participants. This would narrow the scope for any corruptive activity that could adversely affect the election process integrity in terms of conflict of interest, financing transparency, and independence of political entities.

Moreover, the Law does not define with sufficient precision what is considered as running media and public campaigns on behalf of or for the needs of political entities during the election process. Additionally, no instructions have been issued by the competent authority overseeing the implementation of the Law on Financing of Political Entities and Election Campaigns (the Agency for the Prevention of Corruption) that would define such campaigning in terms of the prohibitions prescribed by this Law.

The state of affairs in this regard is not in line with ODIHR recommendations, which stipulate that any regulation of third party involvement in elections and other political processes must be carefully considered in light of the concrete activities envisaged to be regulated. The recommendations further state that clear guidance must be provided to those who engage in such activities. Finally, any regulation of this nature must be coupled with a clear oversight mandate of an independent institution with necessary powers and resources to treat this matter adequately. [195]

At the level of principle, ODIHR recommends that, in case of third party involvement in election campaigns, it is important to regulate third party activity to a certain extent within the legal framework in order to ensure transparency and accountability. However, in determining the manner and scope of regulation of third party activity, strict consideration must be given to the need to respect the freedom of expression through legitimate activity during an election campaign pursued independently of political entities and therefore not constituting a threat of corruption. [196]

[194] See: Article 3, paragraph b, item iii of the 2003 Council of Europe Recommendation on common rules against corruption in the funding of political parties and electoral campaigns of 2003. Available at: https://rm.coe.int/16806cc1f1.
[195] See 'Note on Third Party Regulations in the OSCE Region, Note no. POLIT/372/2020, of 20 April 2020, page 1, paragraph 6 and page 24, paragraph 98 and 99.
[196] See 'Note on Third Party Regulations in the OSCE Region&, Note no. POLIT/372/2020, of 20 April 2020, pages 18 and 19, as well as recommendation 2 at page 36.

2 THE SOCIO-POLITICAL CONTEXT OF THE 2020 PARLIAMENTARY ELECTIONS

C

In the period running up to the 2020 parliamentary elections in Montenegro, two topics dominated the political discourse in Montenegro: the epidemiological situation caused by the COVID-19 virus and the struggle of the Serbian Orthodox Church in Montenegro for the withdrawal of the controversial Law on Freedom of Religion.

The epidemiological situation was the reason behind certain specific conditions surrounding the election process. It has also produced some notable effects in terms of political advantages in the electoral campaign, which we covered in the section of this report on institutional advantages. In that section, we discussed inter alia how DPS as the ruling party used the epidemiological situation in the run-up to the elections to employ the budget reserve spending intended for alleviating the economic crisis caused by the pandemic for its own party promotion and for gaining political advantage over other election participants.

In this section, we will look at the second distinct feature of the socio-political context of the 2020 parliamentary elections—the revival of the Church issue in the run-up to elections—and in that light consider how certain political subjects used the circumstances to achieve political advantage in the elections. The complexity of the issue of the relationship between the state and religious communities goes beyond the scope of this analysis, which aims only to look at the election process from the point of view of possible third-party effects as defined earlier in this chapter.

2 THE SOCIO-POLITICAL CONTEXT OF THE 2020 PARLIAMENTARY ELECTIONS

C

1. The Church as a third party in the election process

The period prior to the calling of elections was marked by several months of church processions (*litije*) organized by the Serbian Orthodox Church in Montenegro (hereinafter the Church), which demanded the withdrawal of the disputed Law on Freedom of Religion. After the adoption of the Law in December 2019, protest walks organized by Church municipal communities were held in towns across the country, gathering thousands of believers and other citizens who in this way publicly expressed solidarity with the Church (hereinafter: processions).

The political motives behind the adoption of this law just before the election year are not as such in the focus of this report. However, we deem it important to note here that placing the Church at the centre of the pre-election socio-political context is a direct consequence of the decision of the ruling majority at the time to adopt such a controversial law just before the election year, especially having in mind the negative position of the Church as regards the law [197] and what could have been expected as its reaction to the law's passing.

With the choice of this particular point in time to pass the law, an expected chain reaction was set in motion, which led to the establishment of a specific socio-political context in which the Church question became a dominant topic in the election year. This has created an election discourse—previously atypical for Montenegro—in which the Church has found itself on the side opposed to the ruling party during elections, by resisting the Law on Freedom of Religion. It has thereby *de facto* been placed in the category of a third party in the parliamentary elections as defined earlier in the text. The Church's involvement as a third party is another characteristic feature of the 2020 elections and is very atypical for Montenegro, given the fact that the Church had never taken a notable role in the election process before.

However, the Church's involvement in the election process was characterized by certain distinct features, which make its activity to an extent different from what would normally be interpreted as third party involvement.

For example, 'typical' third parties enter the election campaign with the intention of influencing the election process one way or the other through their activity. On the other hand, the circumstances under which the Church became a topic in the election campaign described above show that the Church did not enter the election process of its own volition and with a primary intention of changing the election outcome. The primary objective of the Church's 'campaign,' which took its public shape in the form of church processions, was the withdrawal of the Law on Freedom of Expression.

[197] The content of this law has been the subject of a years-long dispute between interested parties, in the first place DPS, which proposed it, and the Church, which opposed it, since work began on it in 2014. It is important to note that the disputed provisions were also addressed by the Venice Commission in its opinions, which further shows that this is a controversial legal solution, to say the least.

2 THE SOCIO-POLITICAL CONTEXT OF THE 2020 PARLIAMENTARY ELECTIONS

C

In the context of the approaching elections and the participation of opposition politicians in the processions, the Church was publicly accused by the ruling parties of engaging in politics and siding with political opponents of DPS. In response to these accusations, the Church representatives repeatedly and resolutely denied any links between the organization of protest walks and any political option, and called on the political party members to "refrain from any politicization and appropriation of the processions for political gain." [198] They had also been pointing out that the processions have no connection to the upcoming elections, as well as that the processions will be called off once the contentious law has been changed. [199]

This 'campaign' was started with the launch of church processions soon after the adoption of the contentious law in the run-up to the election year. They later continued—as we will see further below—in a changed format and continued in a certain manner throughout the election campaign, in which the Church effectively acted as a third party notwithstanding the circumstances that led to its involvement in the election process.

A second distinct feature of the Church's activity when compared to 'typical' third parties is particularly notable. Namely, after the election campaign had officially started—a period when third parties typically launch their activities aimed at advocating for a certain political agenda—the Church has actually stopped organising the processions, which as we noted have been the most important expression of its opposition to the Law on Freedom of Religion. [200]

The processions organized by Church municipal communities last took place in mid-June, after which they were suspended the day before the procession scheduled for 28 June — exactly one week after the elections had been called on 20 June. Instead of the processions, the Church invited its believers to gather at the same time for liturgical prayers called Molebens (*molebani*), special religious services taking place at temples or Church property, to which the restrictions on public gatherings did not apply as prescribed by the National Coordination Body for Communicable Diseases (NKT).

After the Molebens, instead of the previous protest walks in the form of processions, the so-called 'car processions' (*auto-litije*) against the Law on Freedom of Religion started taking place, in which certain opposition representatives took place. In their public statements, the Church distanced itself from the organization of these protest drives. [201] No one formally took the responsibility for the organization of these rallies, which took place across Montenegro throughout the election campaign and which kept the momentum of the Church and civic opposition to the previous government.

A so-called 'boat procession' (*barka litija*) took place in Budva on 15 August 2020, and around 40 boats took part in them. It was headed by Marko Carević, senior official of the coalition 'For the Future of Montenegro' and head of the list 'For the Future of Budva' at the local elections taking place at the same time as parliamentary elections. Certain photographs of this procession were alleged to show that some church representatives also took part, however from the photographs it is difficult to conclude in what capacity they were present there. [202]

[198] Press Release from 20 June 2020, available on the official website of the Metropolitanate:https://mitropolija.com/2020/06/20/mcp-neistinama-opravdavaju-nezakonite-akcije-proztiv-crkve/.
[199] An example is the Press Release from 6 June 2020, available on the official website of the Metropolitanate: https://mitropolija.com/2020/07/06/mitropolija-crnogorsko-primorska-ministru-odbrane-rezima-saopstenje-za-javnost/?fbclid=IwAR3Kex0gCsgnp2bnu161JUT7Ez2AuMWFjiloojUsOS915b8ZYkSTHN0w_IU.
[200] Due to the epidemiological situation in the country, the organization of church processions was first suspended in March, then renewed in mid-June, after which they were suspended again at the end of June.
[201] An example is the epistle of Metropolitan Amfilohije from 23 August 2020, available on the official website of the Metropolitanate: https://mitropolija.com/2020/08/23/velikogospodjinska-poslanica-2020-ljeta-gospodnjeg/.
[202] A formal connection of Mr Carević with the Church has long been known to the Montenegrin public, including that Mr Carević is the chairman of the Serbian Orthodox Church Municipality of Stari Grad in Budva. According to his statement given to Vijesti, this is an honorary position to which he was appointed as a distinguished believer and benefactor of the Metropolitanate of Montenegro and the Littoral. See article: "Carević je predsjednik Srpske pravoslavne crkvene opštine: Objedinio izvršnu i duhovnu vlast", available at: https://www.vijesti.me/vijesti/politika/31775/carevic-je-predsjednik-srpske-pravoslavne-crkvene-opstine-objedinio-izvrsnu-i-duhovnu-vlast. Accessed on 12 January 2020 at 16:00.

The suspension of processions, however, did not mean that the Church gave up on its 'campaign' for the withdrawal of the law, nor on the public criticism of the government, stopping short of singling out any political entity. This is obvious in the numerous statements of the Church high officials in the run-up to elections, in which they invited their believers not to vote for those who adopt anti-Church legislation. [203]

As we mentioned in the part of this analysis dealing with the legal framework, **the provisions of the Law on Financing Political Entities are not sufficiently clear as regards prohibiting third parties—religious communities included—of conducting media and public campaigns on behalf of or for the needs of political entities during the election campaign.** In this particular case, it is not possible to determine what third party conduct—for example, statements by the Church representatives condemning some of the direct participants or supporting their opponents—could be considered a form of legitimate freedom of expression of a third party, and in which cases it could be considered a public campaign on behalf of or for the needs of political entities in the election campaign. In addition, it is unclear whether the mentioned prohibitions refer only to paid media content, or to any statements that have a public character.

As already mentioned, the Law on Financing of Political Entities and Election Campaigns limits certain third party activities, including of religious organizations. Following the afore-mentioned ODIHR recommendations, it is necessary for the competent authority, the Agency for Prevention of Corruption, to prepare clear guidelines about what third party activity is not permitted under the law. In this particular case, that means distinguishing between the activities undertaken during the election campaign that fall within the domain of freedom of expression and public address, and the activities that constitute a media or public campaign on behalf of or for the needs of a political entity. [204]

In the environment of imprecise legal provisions and of the tardiness of the anti-corruption agency, who failed to issue guidelines that would alleviate the imprecissions, this analysis does not aim to evaluate the behaviour of Church representatives in the election campaign. It further does not aim to question in any way the rights and freedoms of religious communities — including their freedom to address their believers and the general public on any topic.

The above notwithstanding, it is necessary to take into consideration the unquestionable influence that a publicly stated political preference of the Church might have on the equal opportunity of election participants and the very outcome of the elections. For this reason, we deem it important to note that in the local context of Montenegro it is important, at the level of principle, to maintain the good practice of refraining from making statements during the election campaign that may influence the election process.

[203] Press Release from 23 August 2020, available on the official website of the Metropolitanate: https://mitropolija.com/2020/08/23/mitropolit-amfilohije-izadjite-na-izbore-i-glasajte-za-svetinje-bozije-protiv-bezakonika-i-bezakonih-zakona/?utm_source=rss&utm_medium=rss&utm_campaign=mitropolit-amfilohije-izadjite-na-izbore-i-glasajte-za-svetinje-bozije-protiv-bezakonika-i-bezakonih-zakona&fbclid=IwAR1z_AgdLlzlKHlvJpu8zUZvTMQn--cMt1ene1x_SyR5uKM8Ne1mzHkXsik. See also the above-mentioned epistle of Metropolitan Amfilohije from August 23, 2020, available on the official website of the Metropolitanate: https://mitropolija.com/2020/08/23/velikogospodjinska-poslanica-2020-ljeta-gospodnjeg/.
[204] See "Note on Third Party Regulations in the OSCE Region," Note no. POLIT/372/2020, of 20 April 2020, page 24, Paragraph 99.

2. Gaining electoral advantage by using the Church as a third party in the election process

In the environment of a prolonged confrontation of Church representatives with the government at the time, many analysts noted that the processions were perceived as a sort of symbol of both civic and Church resistance not only to the law, but to the government as well. The aforementioned withdrawal of the Church from the organization of protests against the Law on Freedom of Religion at the start of the election campaign created a vacuum in articulating public dissatisfaction with the treatment of the Church, both among its believers and citizens at large. Meanwhile, the momentum of resistance to the Law during the election campaign was maintained through gatherings at the protest Molebens.

In the context of these specific socio-political circumstances that marked the election period, a certain number of participants in the elections found a political interest in creating a strategy of translating the aforementioned dissatisfaction into an expression of the electoral will of citizens. Political entities applying such tactics largely belonged to the coalition "For the Future of Montenegro."

This coalition focused a great deal of activity in its election campaign on showing their commitment to the Church and emphasizing the friendly attitude of the Church towards their activists. During the election campaign, the "For the Future of Montenegro" social media channels published over 30 videos and 50 photographs [205] showing the Church and its representatives in some form. [206]

The promotional videos of the coalition "For the Future of Montenegro" often featured the widely recognizable slogan of the processions—"*ne damo svetinje*" ("we will not give up the sacred places")—and the overall atmosphere of their election campaign and activist work was focused on presenting this electoral list as the political option defending the Church.

While it is a legitimate right of each political entity to choose the topic on which to base their election strategy, the coalition "For the Future of Montenegro" blurred the lines between what is a legitimate struggle of the Church against the Law and what is the coalition's own campaign. The coalition had essentially 'leaned' its election campaign activity onto the already established platform of Church resistance to the Law on Freedom of Religion. This 'leaning' has enabled the coalition, in the circumstances of a virtual 'referendumization' of the Church question, to gain political points from the broad recognition of and support for the Church's 'campaign' against the Law on Freedom of Religion among many citizens and the Church believers in particular.

[205] For the purposes of this report, MANS collected and analysed information on the content of election campaigns of the political entities participating in the elections. Said information refers to promotional videos and photographs published on Facebook and Instagram accounts of the coalition "For the Future of Montenegro" and it was collected during the election campaign.
[206] Most of the material shows the coalition's activists outside the churches in the various towns they visit, and some include footage of priests who greet and welcome them in a friendly and cordial manner.

However, this 'leaning' onto the Church's 'campaign' is not illegal as such in the sense of the prohibitions prescribed by the Law on Financing of Political Entities and Election Campaigns. As has been shown in the section of this analysis on the regulatory framework governing third party activity, whatever does not constitute a direct material or financial support or in-kind contributions received by political entities from third parties, including religious communities, is not recognized as illegal by Montenegro's Law on Financing of Political Entities and Election Campaigns.

Whether the two campaigns, that of the Church and that of the coalition "For the Future of Montenegro," are seen as two separate activities that have achieved synergy, or as coordinated election activities without a formal connection, mere 'leaning' of a political entity onto a third party campaign, or parallel running of campaigns on the same issues, is not prohibited nor in any way addressed by the Law on Financing of Political Entities and Election Campaigns.

However, such 'leaning' onto the results of Church activity with a view to gaining electoral advantage has underlined certain shortcomings of the regulatory framework governing the relations between election participants and third parties.

By blurring the lines between the objectives of the Church's campaign (withdrawal of the contentious law) and its own objectives as a political entity running in elections (achieving the best possible election result), the coalition "For the Future of Montenegro" had intertwined its political programme with the pre-existing platform of the Church's resistance to the Law on Freedom of Religion. In the months prior to the launch of the election campaign, the Church had used its own infrastructure and means to mobilize the support of its believers and citizens at large for the 'Church issue' and for creating a church and civic movement of resisting the Law on Freedom of Religion. By 'leaning' onto this Church 'campaign' with the view of gaining an electoral advantage, the coalition "For the Future of Montenegro" had in effect circumvented the existing legal prohibitions and limitations.

In this particular case, the Church did not run a campaign on behalf of or for the needs of a political entity during an election campaign, which if it had been the case would have had constituted a violation of the law in the sense of the existing prohibitions. At the same time, there had not been a formally established relationship between them. However, considering the specific circumstances in the period running up to elections, and a certain 'referendumization' of the Church issue as mentioned above, the fact that the coalition "For the Future of Montenegro" had equated its own objectives with those of the Church had enabled this political entity to benefit in political terms from leaning into the results of a legitimate Church campaign, a campaign that had continued during the election process.

As we noted in the first part of this analysis, any political benefits that direct participants in the elections gain from the campaigns of third parties are problematic from the viewpoint of financial transparency. This is because third parties are not subject to the same rules of transparency and accountability as the election participants. In this particular case, the activities of the Church that the coalition "For the Future of Montenegro" had indirectly employed for the benefit of its own campaign cannot be subjected to the same level of scrutiny that the law envisages for the activities of election participants. At the same time, it is not possible to count the funds that may have had been used for those activities towards the total value of the election campaign expenditures.

The circumstances described above highlight certain loopholes in Montenegro's regulatory framework governing the activity of third parties. Those loopholes could be abused to circumvent the prescribed prohibitions and limitations in the election process by ways of indirect third party support to election campaigns in cases where no formal links to political entities exist.

However, this specific situation in which the Church found itself in the role of a third party highlights a looming danger that any further tightening of restrictions on third party activity might jeopardize the right to free expression and public address of third parties.

In this regard, MANS believes that optimal approaches to seeking possible legal amendments should be considered in cooperation with international experts and by analysing comparative practice. If such amendments are to be made, they would need to ensure a delicate balance between limiting corruptive practices of political entities in the form of (mis)use of third party activity, on the one hand, and the need to guarantee the respect for fundamental rights and freedoms of third parties, on the other.

In terms of any potential direct material and financial support or in-kind contributions by third parties that are prohibited by the law, MANS is not in possession of any information that would point to possible violations of relevant legal norms by the Church.

However, by analysing the activities of certain political entities and third parties, we noted certain activities that could be a topic further investigation, but which according to our information have not been dealt with by the competent authorities in any way.

For example, a week before the elections, on Sunday 23 August 2020, Mr Zdravko Krivokapić, in his capacity as the holder of the electoral list "For the Future of Montenegro," gave a speech in front of the Cathedral of the Resurrection of Christ in Podgorica, where a Moleben took place that same day. Commenting on the police blockade of a group of citizens who wanted to attend the Moleben, in his address to the clerics and the attendees he said that the objective of the blockade was to prevent his timely arrival at the Moleben and his address to the attendees, and he said that "the opposition victory in the upcoming elections is certain."

In terms of the provisions prohibiting the receiving of direct material or financial assistance or in-kind contributions from third parties, including religious communities, the Agency for Prevention of Corruption would have to investigate who provided financial funds and logistics for holding this event in front of the Podgorica cathedral. Given that the event was used for the purposes of electoral promotion of a political entity, the Agency should determine whether the organizing of Mr Krivokapić's address was linked with the Church's organization of the Moleben at the cathedral in such a way that would not be permitted under the legal prohibitions.

In the instance of this statement by Mr Krivokapić, which directly links the Moleben of 23 August with the electoral campaign of the coalition "For the Future of Montenegro," the Church did not follow its previous practice of distancing itself from attempts at political 'appropriation' and 'politicization' for electoral gains of the Church struggle against the Law on Freedom of Religion. However, in the absence of any concrete evidence about abuse in the sense of receiving direct material or financial assistance or in-kind contributions from the Church, this behaviour on its own was not illegal and could be interpreted only as tacit support to a participant in the elections.

3 RECOMMENDATIONS FOR AMENDING THE LEGAL FRAMEWORK

C

On the basis of the present analysis and having in mind the local context and needs, the following recommendations are offered for due consideration of competent authorities ahead of the next parliamentary elections:

1 WITH THE VIEW TO REDUCING THE POSSIBILITY OF CIRCUMVENTING THE PRESCRIBED PROHIBITIONS AND LIMITATIONS, CONSIDER THE NEED AND DESIRED SCOPE OF POTENTIAL FURTHER LIMITATIONS ON THIRD PARTY ACTIVITY, IN CASES WHERE SUCH ACTIVITY MAY INFLUENCE THE POLITICAL ELECTORAL PROCESSES, AT THE SAME TIME MAKING SURE NOT TO INFRINGE ON THEIR RIGHTS TO FREE EXPRESSION AND PUBLIC ADDRESS AND TAKING INTO CONSIDERATION THE RELEVANT RECOMMENDATIONS OF ODIHR AS WELL AS GOOD COMPARATIVE PRACTICE;

2 IN TERMS OF THE PROHIBITIONS PRESCRIBED BY THE LAW ON FINANCING POLITICAL ENTITIES AND ELECTION CAMPAIGNS, DRAFT A SET OF GUIDELINES THAT WOULD MORE CLOSELY DEFINE THE ACTIVITIES THAT ARE UNDERSTOOD TO CONSTITUTE THE RUNNING OF MEDIA/PUBLIC CAMPAIGNS ON BEHALF OF OR FOR THE NEEDS OF POLITICAL ENTITIES DURING AN ELECTION CAMPAIGN;

3 DRAFT A CODE OF ETHICS OF POLITICAL PARTIES, IN PARTICULAR AS REGARDS THEIR BEHAVIOUR IN ELECTION CAMPAIGNS, WHICH WOULD REQUIRE SAFEGUARDING THE INTEGRITY OF THE ELECTION PROCESS AND OF THIRD PARTIES, BY RESPECTING THE PRINCIPLE OF SEPARATION OF STATE FROM RELIGIOUS COMMUNITIES AND BY CONDEMNING ATTEMPTS TO BASE ELECTION CAMPAIGNS AROUND THE MISUSE OF RELIGIOUS TOPICS FOR THE PURPOSE OF GAINING ELECTORAL BENEFITS.

ANNEX

Prohibitions, restrictions and misdemeanor provisions of the current legislative framework relevant in the context of preventing the realization of the improper institutional advantage of the party in power

Law on Election of Councillors and Members of Parliament

The relevant provisions of the Law on Election of Councillors and Members of Parliament are contained in Chapter VII, which regulates the representation of applicants and candidates from electoral lists, i.e., Articles 50, 50a, 51 and 51a. [207]

In order to ensure respect of the principle of separation of state and party and prevent the misuse of state resources for party purposes, these provisions provide for a ban on the use of assets (money, technical means, space, equipment, etc.) of state bodies, public companies, public institutions and funds, local governments units and companies with majority state ownership (Article 50, paragraph 4); ban to public officials and civil servants and employees from participating in the election campaign during working hours, i.e., during the performance of their official duties and from publicly expressing personal views on the occasion of the elections (Article 50a, paragraph 1); as well as a ban to police officers and members of the National Security Agency on participation in the election campaign in any form (Article 50a, paragraph 2).

Articles 51 and 51a regulate the conduct of the national public service, as well as regional and local public broadcasters in relation to the election participants, in terms of ensuring equal treatment with regard to the equal presentation of validated candidate lists submitting entities, and the presentation and explanation of their electoral programmes on a daily basis, of equal duration and as part of the same timeslots within the political information programme, and within the precisely defined political marketing blocks (Article 51); as well as the conduct of public officials during the election campaign when they appear in the media as representatives of electoral lists (Article 51a, paragraph 1).

Article 51a also prohibits state and local government officials "from misusing their media appearances in the capacity of state or other public officials and from using them for advertising a candidate list and/or its electoral programme" (Article 51, paragraph 2).

Chapter XII on Penal Provisions, Article 115, provides for a three-year prison sentence for the criminal offence "on those who order the use of or use the military, military bodies, interior affairs bodies, judicial and state bodies and equipment of these bodies to represent, make popular or attack a certain candidate list, as well as employees of these bodies and other persons who work for these bodies or cooperate with them, if they act upon such orders" (Article 115, paragraph 1). If this criminal offence is committed by the President of Montenegro, Speaker of the Parliament, Prime Minister and members of the Government, Head of the Constitutional Court and judges, Head of the Supreme Court and judges, state prosecutor and Head of the State Prosecutor's Office, they shall be punished by a prison sentence of up to five years. (Article 115, paragraph 2).

[207] See Law on Election of Councillors and Members of Parliament, Article 50, paragraph 4, as well as Articles 50a-51a.

ANNEX

The Law on Election of Councillors and Members of Parliament provides for fines for violation of Articles 50a and 51a paragraph 2, for legal entities in the amount of EUR 500 to 2,000 (Article 116, item 3); as well as for violation of Article 51, for legal entities, in the amount of 2,000 to 20, 000 euros (Article 117, item 3).

The Law on Election of Councillors and Members of Parliament does not provide for penalties for Article 50, paragraph 4, which prescribes a ban on the use of state funds and state-owned assets.

Prohibitions on the misuse of state resources are more closely regulated by the Law on Financing of Political Entities and Election Campaigns.

Law on Financing of Political Entities and Election Campaigns

Relevant provisions of the Law on Financing of Political Entities and Election Campaigns are contained in Article 9, paragraph three, which regulates the use of budget funds, where paragraph three prohibits the use of budget funds for personal needs of candidates of political entities, as well as in Chapter V which prescribes prohibitions and restrictions, especially in Articles 35-44.

Article 35 prescribes the prohibition from exerting any form of pressure on legal entities, companies and natural persons in the course of raising contributions or any other activity related to the election campaign and financing of political entities. (Article 35).

Articles 36 and 37 prohibit the use of state assets (use of state-owned premises of public institutions, state funds and companies founded or owned by the state) for election campaign activities, unless the same conditions are provided to all election participants, as well as the distribution of promotional materials and collecting support signatures for the submission of the electoral list and candidacy (Article 36) and; prohibition of paid advertising of state bodies and local self-governing bodies, public companies, public institutions and state funds in Montenegro, which could in any way place into a favoured position the political entities or their representatives during the election campaign (Article 37).

Article 38 prescribes restrictions on the use of state funds by state and local spending units [208], as well as legal entities exercising public authority / activity of public interest and publicly owned companies (paragraphs 1 and 3). These restrictions include prohibition from monthly spending higher than the average monthly spending in the previous six months from the day of calling of the elections until the day of holding of the elections, except in cases of emergency, and if the elections are held in the first half of the year, budgetary spending units shall be prohibited from monthly spending exceeding the amounts specified by monthly spending plans established by the Ministry or local administration body at the beginning of the fiscal year (paragraphs 1 and 2).

Notwithstanding paragraph 1 of this Article, monthly spending higher than the average monthly spending in the last six months of the previous year is prohibited for state institutions for social and child protection and for state and local authorities competent for agriculture. (Article 38, paragraph 4).

[208] The State and Municipal Election Commissions are exempt from these restrictions. See Article 38, paragraph 1. Law on Financing of Political Entities and Election Campaigns.

ANNEX

From the day of calling until the day of holding of the elections, as well as one month following the holding of the elections, all budgetary spending units, at the state and local level, shall post on their websites weekly analytical statements from all the accounts in their possession and submit them to the anti-corruption working body of the Parliament (hereinafter referred to as: The Committee) and to the Agency (Article 38, paragraph 5).

Article 39 prescribes that it is prohibited for business organisation founded or majority-owned by the state or a local self-government to give their machinery and equipment to third parties for use without special decision and without a compensation contract, within six months before the planned deadline for holding the elections, except under the conditions prescribed by law.

In order to ensure the transparency of social benefits, Article 40 prescribes 1) Prohibition of providing one-time financial assistance by state and local budget spending units, except in situations prescribed by this law (Article 40, paragraph 1); 2) Prohibition to local budget spending units from monthly spending on social welfare benefits under the jurisdiction of the local government unit exceeding 20% of the average monthly spending on these benefits in the third quarter of the previous budget year. (Article 40, paragraph 2), as well as; 3) Prohibition of allocation of social benefits from the current budget reserve from the state and local level in the year in which local or parliamentary elections are held, except in case of war, state of emergency, epidemic or pandemic of infectious diseases (Article 40, paragraph 3).

Compliance with the prohibitions prescribed by Article 40 is controlled by the Agency for Prevention of Corruption and the Parliamentary Committee for Anti-Corruption, to which the Ministry in charge of social welfare and local self-government submits relevant information and publishes it on its official websites (Article 40, paragraphs 5 and 6).

The Law on Financing of Political Entities and Election Campaigns also prescribes obligations in terms of transparency of budget expenditures, which includes periodic publication of statements from state and local treasuries, as well as analytical cards on the use of funds from budget reserves in the period from the announcement to the election day, as well as submitting this information and relevant decisions to the Agency for Prevention of Corruption and the Parliamentary Committee for Anti-Corruption (Article 41).

Article 42 prohibits legal entities founded, owned in major part or partly by the state or a local self- government unit from writing off debts of the citizens, including bills for electricity, water and for all types of public services in the period from the day of calling until the day of holding of the elections, as well as one month following the holding of the elections (Article 41, paragraph 1); prohibition of introduction of new or one-off electricity subsidies and subsidies for utilities provided by the companies founded by and/or fully or partially owned by the national or local governments (Article 42, paragraph 2); as well as the prohibition of writing off the liabilities on the basis of exemption from value added tax, other taxes and para-fiscal duties (Article 42, paragraph 3).

Article 43 prohibits public officials [209] from using official cars in the period of the election campaign, except for the needs of official duties, as well as the obligation of public institutions and institutions, state funds and companies founded or owned by states or local self-government units to periodically publish all issued travel orders for official vehicles, form the day of calling of the elections until the day of holding of the elections and submit this information to the Agency for the Prevention of Corruption and the Parliamentary Anti-Corruption Committee.

[209] This prohibition does not apply to persons who have the status of protected persons (Article 43, paragraph 2).

ANNEX

Article 44 regulates the employment and hiring of employees. This article stipulates that in the period from the day of calling until the day of holding of the elections, in exceptional cases for reasons of ensuring smooth and regular functioning of state bodies, state administration bodies, local self- government bodies, local administration bodies, public companies, public institutions and state funds, and based on a decision of the competent body of these entities, persons may be employed for a fixed-term as well as hired under a temporary service contract, only if it has been planned by the act on systematization and job descriptions (Article 44, paragraph 1). The decision on employment is submitted by these bodies and legal entities to the Agency within three days, and the Agency is obliged to publish them on its website within seven days from the day of submission.

Article 44 also prohibits the engagement of public officials [210], employees in state bodies, state administration bodies, local self-government bodies, local administration bodies, public companies, public institutions and state funds from engaging, during working hours, in the activities of the election campaign (Article 44, paragraph 3).

The manner of performing control over the application of the above provisions is governed by a special act issued by the Agency for the Prevention of Corruption (Article 46).

Chapter IX prescribes penalties for violating the provisions of this law.

For legal entities, the prescribed fines range from 5,000 to 20,000 EUR, for cases of violation of the ban on monthly spending higher than the average monthly spending in the previous six months from the day of calling until the day of the election, except in cases of state of emergency, in accordance with law (Article 38, paragraph 3); debt write-offs for electricity, water and all types of public services (Article 42, paragraph 1); obligations to publish travel orders for the use of official vehicles and not to deliver them to the Agency (Article 43, paragraphs 3 and 4); prohibition of employment (Article 44, paragraph 1), as well as the obligation to submit information on employment and accompanying documentation to the Agency within the legally prescribed period (Article 44, paragraph 2). [211]

For political entities, the prescribed fines also range from 5,000 to 20,000 euros, for cases of violation of the prohibition on the use of premises of state bodies, state administration bodies, local self-governing bodies, local administration bodies, public enterprises, public institutions and state funds and companies founded and/or owned in major part or partly by the state or local self-government unit, for the preparation and implementation of the campaigning activities, unless the same conditions are provided for all participants in the election process (Art. 36, paragraph 1); as well as distributing promotional materials and collecting support signatures for submission of a political entity's electoral list and submission of a candidate's candidacy for the election of the President of Montenegro in the state bodies, state administration bodies, local self-government bodies, local administration bodies, public enterprises, public institutions and state funds and companies founded and/or owned in major part or partly by the state or a local self-government unit (Art. 36, paragraph 2). The prescribed fine for this offence for the responsible person is from 500 to 2,000 euros. [212]

[210] This prohibition does not apply to MPs and councillors (Article 44, paragraph 3).
[211] See Article 64, paragraph 1, items 4, 15, 16, 17, 18 and 19.
[212] See Article 65, paragraph 1, items 12 and 13.

ANNEX

For violations committed by a responsible person in the Agency for Prevention of Corruption, fines of 500 to 2,000 euros are prescribed, in case of violation of personal data protection contained in the relevant documentation, failure to submit documentation to the Parliamentary Anti-Corruption Committee, and failure to publish data on its website, within the meaning of the requirements laid down in the relevant provisions of Articles 38, 40, 41, 43, and 44. [213]

For responsible persons in a state body, state administration body, local self-government body, local government body, public institution, state fund and company founded or owned by the state, the prescribed fines for misdemeanours range from 200 to 2,000 euros. Fines refer to violations of the prohibition on paid advertising, which may favour certain political entities and their representatives in the election campaign (Art. 37); prescribed spending restrictions (Article 38, paragraphs 1-4); obligations to publish analytical cards and submit them to the Agency and the Board (Art. 38, paragraph 5); prohibition of giving machinery and equipment to third parties for use in the period provided by law and submission of relevant information to the Agency and the Board (Art. 39, paragraphs 1 and 2); prohibition of payment of one-time financial assistance (Article 40, paragraph 1); prohibition of exceeding monthly spending in terms of material benefits from social protection in the competence of local self-government units (Art. 40, paragraph 2); prohibition of allocation of social benefits in the election year from the current budget reserve from the state and local level (Art. 40, paragraph 3); obligations to publish relevant data and submit them to the Agency and the Board (Article 40, paragraph 7); obligations to publish statements from the state treasury, analytical cards on the use of funds from the budget reserve (Article 41, paragraphs 1 and 2), as well as submitting them to the Agency and the Board (Article 41, paragraph 3); prohibition of introduction of new or one-time subsidies for electricity and payment of utilities in the election year (Art. 42, paragraph 2); write-off of the liabilities on the basis of exemption from value added tax, other taxes and para-fiscal duties (Article 42, paragraph 3); obligations to publish travel orders for the use of official vehicles (Art. 43, paragraph 3), as well as failure to submit them to the Agency (Art. 43, paragraph 4); prohibition of employment (Art. 44, paragraph 1) and submission to the Agency of employment decisions with accompanying documentation within the legally prescribed period (Article 44, paragraph 2). [214]

[213] See Article 67, paragraph 1, items 6-9.
[214] See Art. 68, paragraph 1, items 2 and 23-42.

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Chapter B

B

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