BUILDING INTEGRITY: PROCESS AND IMPACT MONTENEGRO

FOREWORD

AMBASSADOR THRASYVOULOS TERRY STAMATOPOULOS

NATO Assistant Secretary General for Political Affairs and Security Policy

At the NATO Summit in Wales, Heads of State and Government reaffirmed the Alliance as a community of values, committed to the principles of democracy, human rights and the rule of law. This includes civil and democratic control of the armed forces that provide effective security and offer value for taxpayers.

Countries are faced with the challenges of reforming and strengthening institutional and operational capabilities to be able to meet the challenges of an increasingly interconnected world. Together with Partners, Allies have built cooperative security based on the rule of law and a shared common vision for security.

The NATO Building Integrity (BI) Programme has become one of the most effective NATO tools to support Allies and Partners in the process of reforming defence institutions and developing capabilities at a time of serious financial constraints. It was launched within the Euro-Atlantic Partnership Council (EAPC) in 2007 in the framework of the Partnership Action Plan on Defence Institutions Building (PAP-DIB), which helps Partners develop effective and democratically responsible defence institutions. The Wales Summit reaffirmed BI as a key component of the Defence Capacity Building Initiative (DCBI).

From the outset, the NATO BI Programme has focused on developing practical tools to support nations in strengthening integrity, transparency and accountability and reducing the risk of corruption. Through dialogue, exchange of experience and education and training, this programme provides nations with mechanisms and capabilities to make defence and security institutions more effective and smarter.

Fostering good governance and strengthening accountability is an objective that requires continuous long-term efforts. In this regard, BI underpins defence reforms by reinforcing their effectiveness and sustainability. At the same time, it is broader in scope as it involves inducing and sustaining change of the institutional mindset and organisational culture of defence establishments.

As a driving force for transformation, the NATO BI Programme provides a strategic approach to building integrity through the application of proven values, norms and principles as well as through identifying good practices and policies that countries apply in order to minimise the risk of corruption in the area of defence. The Programme thus promotes dialogue among countries, both Allies and Partners, to share their experience and to transfer knowledge.

The NATO BI Programme also creates synergy between national ownership of defence reforms and international cooperation to promote good practices. Political will at a national level is vital for initiating and sustaining reforms by drawing upon available tools and methodology developed at an international level, such as the Self-Assessment Questionnaire (SAQ) and the NATO Peer Review Process. Subsequently, a strong vision and a clear strategy are essential for the implementation of recommendations and priorities at a national level.

I would like to commend the consistent efforts of the Ministry of Defence of Montenegro and its leadership to strengthen the integrity, transparency and accountability of its defence and security sector. As an active participant and beneficiary of the NATO BI Programme, Montenegro has systematically pursued the implementation of the different steps of the BI process, resulting in the adoption of the Integrity Plan of the Ministry of Defence and the Armed Forces for the period of 2014-2016.

Sharing experience and knowledge is part of the learning process and I trust that the present publication would contribute to consolidating the BI community of practice based on our common values.

Ambassador Thrasyvoulos Terry Stamatopoulos

FOREWORD

PROF. MILICA PEJANOVIC-DJURISIC PhD

Minister of Defence of Montenegro

I am honoured to have the opportunity to address the issue of fighting corruption in defence sector. This topic requires attention of all of us focused on developing global partnership and active exchange of information in order to properly prevent and combat corruption.

In today's world, corruption is a threat to stability, it is a crime on its own, and it supports appearance of other crimes. It erodes trust in public institutions and political processes, and undermines the functioning of markets. In one way or another, corruption affects us all by endangering national security and representing one of major threats to peace.

Nevertheless, I am confident that at present both developed and less developed countries have better understanding of corruption, its effects and the damage it can bring to our respective defence and security systems. Experiences have thought us that integrity, accountability, transparency and good governance, are indispensable for effective, efficient and legitimate defence institutions. These additionally underpin democracy, human rights and the rule of law – values to which we are committed.

It has been eight years since Montenegro regained its independence and started reforming its defence and security system. Modernisation of our military capabilities was our high priority. In addition, we have been committed to establish trustworthy relations with our international partners aiming to become part of a collective defence system. Efforts we invested in ensuring the long term stability of our country have taught us that trust is essential for every success, while it could be undermined by corruption which is detrimental to any progress. Wishing to succeed in modernising defence and security system, Montenegro joined different NATO programmes and initiatives. A key support to the efforts of the Ministry of Defence in fighting corruption has been provided through the NATO Building Integrity Programme, which raises awareness of basic principles and values that are widely shared among European and Euro-Atlantic nations. Upon joining this initiative, in late 2012, the Ministry of Defence and Armed Forces of Montenegro have gone through the NATO BI Self-Assessment Process, i.e. provided answers to 58 questions regarding risks to corruption, discussed them openly with NATO BI experts and, in early 2014, received the NATO Peer Review Report containing recommendations for improvement. This was the starting point of our internal work, which resulted in a comprehensive Action Plan focusing on, inter alia, leadership and management, human resources policies and ethics, budgeting, procurement procedures, military operations, assets disposal, etc.

The implementation of our Integrity Action Plan shall be our next challenge. However, knowing that we are on the right track and, most importantly, that we can count on our partners' support, we are encouraged to continue with the active involvement in preventing and combating corruption. For all of you interested to learn more about this process, you may find details in the following pages of this brochure.

Promotion of the principles of good governance, integrity, transparency and accountability, as well as the fight against corruption, will continue to be among the Ministry's top priorities. Safeguarding these values will strengthen credibility of our defence system, improve effectiveness and legitimacy of national institutions, and enhance military capabilities, thereby contributing to democratisation of Montenegrin society as a whole.

Milica Pejanovic Djurisic

TABLE OF CONTENTS

I. About the NATO Building Integrity Programme

THE BUILDING INTEGRITY PROGRAMME: AN OVERVIEW

The BI Programme is a NATO-led capacity building programme providing practical tools to help nations strengthen integrity, transparency and accountability and reduce the risk of corruption in the defence and security sector.

BI promotes good practice, processes and methodologies, and provides nations with tailored support to make defence and security institutions more effective.

The programme was established by the Euro-Atlantic Partnership Council in November 2007 in the framework of the Partnership Action Plan on Defence Institution Building (PAP-DIB), which helps partners to develop effective and efficient defence institutions under civilian and democratic control.

At the Chicago Summit (2012), the NATO Heads of States and Government, noting the progress of BI and the need for a more structured approach, established BI as a NATO discipline and agreed on the BI E&T Plan.

In December 2013, when NATO Foreign Ministers identified defence capacity building support to partners and, potentially, non partner countries as a key objective, BI was earmarked as an instrument to help promote democratic values and human rights, contribute more generally to security and stability, and help develop or enhance interoperability.

At the Wales Summit (2014), BI has been reaffirmed as a key component of the Defence Capacity Building Initiative (DCBI).

The BI Programme also supports the implementation of the United Nations Security Council resolution 1325 on Women, Peace and Security and has integrated a gender perspective into its methodology and practical tools. BI is tailored to meet national needs and requirements. It is demand driven and participation is on a voluntary basis.

It is open to NATO Allies, Euro-Atlantic Partnership Council members, Mediterranean Dialogue, Istanbul Cooperation Initiative and Partners Across the Globe. Requests from other nations are reviewed on a case by case basis by Allies.

As of February 2015, 16 Nations are engaged in the Self-Assessment and Peer Review Process (11 have completed it): Afghanistan, Armenia, Bosnia and Herzegovina, Bulgaria, Colombia, Croatia, Georgia, Hungary, Latvia, the Republic of Moldova, Montenegro, Norway, Poland, Serbia, the former Yugoslav Republic of Macedonia[1] and Ukraine.

THE BUILDING INTEGRITY TOOLKIT

The BI Programme focuses on developing practical tools to help nations strengthen integrity, transparency and accountability, and reduce the risk of corruption in the defence and security sector. The toolkit includes:

- The BI Self-Assessment and Peer Review Process;
- Tailored Programmes;
- Education and Training Activities;
- Publications.

THE BI SELF-ASSESSMENT QUESTIONNAIRE AND PEER REVIEW PROCESS

The BI Programme includes a set of tools available to help nations assess their risk of corruption and strengthen good governance. Participation is on a voluntary basis and BI support is tailored to meet national needs and requirements.

The BI Self-Assessment Questionnaire (SAQ):

Completing the SAQ is the first step in the process. Countries that decide to take part in BI can, on a voluntary basis, fill it in. It is a diagnostic tool that, when completed, provides nations with a snap shot of existing procedures and practices. It addresses current business practice in the defence and security sector. This includes:

1 Turkey recognizes the Republic of Macedonia with its constitutional name.

- Democratic control and engagement;
- National anti-corruption laws and policy;
- Anti-corruption policy in the defence and security sector;
- Personnel-code of conduct, policy, training and discipline;
- Planning and budgeting;
- Operations;
- Procurement;
- Engagement with defence companies and suppliers.

While primarily intended for Ministers of Defence, some nations have used the SAQ for other ministries in the defence and security sector.

The completed SAQ is forwarded to the NATO IS who is responsible for the conduct of the Peer Review and in-country consultations. The NATO-led expert review team does not share information with third parties. All activities and recommendations are coordinated with the country, as well as the composition of the peer review team.

The Peer Review and in-Country Consultations:

The completed SAQ is reviewed in-country with representatives of the government. The aim of the peer review is to better understand the current situation, exchange views on best practices and on practical steps to strengthen the transparency, accountability and integrity of the defence and security sector.

Each peer review is tailored to the individual nation. It is strongly recommended that the SAQ and peer reviews be developed with contributions from Parliamentarians and the civil society including NGOs, media and academics.

The Peer Review Report:

The **Peer Review Report**, prepared on the basis of the completed SAQ and consultations in capitals, identifies good practice as well as recommendations for action. This is intended to help nations develop a BI Action Plan and make use of existing BI and other NATO mechanisms.

The Peer Review Report in principle covers three areas:

Observations on good practices	Observations on the areas to be improved	Recommandations for actions

The Action Plan:

Having completed the SAQ and Peer Review Process, many nations proceed with the development of a national action plan. In doing this, nations are recommended to make full use of NATO resources and partnership tools. Nations are also encouraged to take advantage of expertise of civil society organisations from within their own country and region. Such an approach helps promote transparency and build local capacity.

Where possible, the BI programme is integrated and aligned with national processes as well as NATO partnership mechanisms, including the Individual Partnership Cooperation Programme, Membership Action Plan, Individual Partnership Action Plans, Partnership Planning and Review Process, and for Afghanistan the Enduring Partnership. This also includes identifying opportunities to link with other ongoing programmes such as the Professional Development Programme for Georgia and Ukraine.

Countries can request BI support without being obliged to proceed to the next phase. The whole process can be conducted on a one-off basis or as part of a repeated cycle.

TAILORED PROGRAMMES

Two tailored programmes aimed at meeting the specific needs and requirements of the countries concerned were developed by BI: the Tailored BI Programme on South Eastern Europe (SEE) - under the auspices of the South Eastern Europe Defence Ministerial (SEDM) process, and the Tailored BI Programme for Building Integrity and Reducing the Risk of Corruption in the Afghan National Security Forces (ANSF).

EDUCATION AND TRAINING (E&T)

E&T are key to making and sustaining change and to producing long term benefits: courses are organized to assist and train nations in building capacities and enhance institutions in the spirit of co-operative security.

A large spectrum of tailored educational activities can be offered to assist the country: these include residence, online and mobile courses, activities organized periodically and others on demand to address special needs, pre-deployment and professional development training, "train-the-trainers" activities. They are aimed at personnel in the defence and security sector (civilian and military) and can be held in different languages. Some courses are organised directly by NATO and others by the NATO BI implementing partners.

As tasked by the North Atlantic Council, work has focused on developing a structured and sustainable approach to education and training. The BI Education and Training Plan, developed in cooperation with the NATO Military Authorities and agreed by the North Atlantic Council, addresses NATO's current and future operations and ongoing NATO civilian and military efforts to contribute to good governance in the defence and security sector.

Working in cooperation with Allied Command Transformation, the NATO IS serves as the Requirement Authority for BI E&T, meaning that it defines the required capabilities and performance competencies to be developed through the E&T activities. The Centre for Integrity in the Defence Sector (CIDS, Norway) serves as the Curricular Department Head and is responsible for translating operational requirements into education and training objectives with a subject, programme, module and/or course.
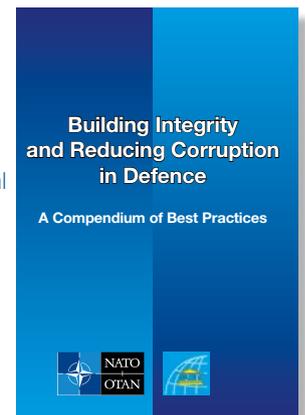
PUBLICATIONS

The book "Building Integrity and Reducing Corruption in Defence: a Compendium of Best Practices" provides a strategic approach to reducing corruption risks. It focuses on practicalities of designing and implementing integrity-building programmes in defence, while taking into account the cultural specifics of defence organisations.

"Building Integrity in Defence Establishment: a Ukrainian Case Study" offers the final results of a BI project in the form of a policy paper with practical recommendations for the Ukrainian government on the ways of decreasing the risk of corruption.

In addition to these publications, others are regularly produced and distributed by NATO and implementing partners.

The BI Website (https://verity.hq.nato.int/BuildingIntegrity) includes information on the BI Programme, the latest events and related publications, as well as a community of experts.

Building Integrity and Reducing Corruption in Defence

A Compendium of Best Practices

THE ACTORS

NATO Staff

Financial Contributors

The Actors

BI Pool of Subject Matter Experts

BI Implementing Partners

NATO STAFF

The BI Programme is developed and managed by the NATO International Staff. The NATO civilian staff work in close cooperation with NATO Military Authorities, including the NATO Military Staff as well as Allied Command Transformation, Allied Command Operations and subordinated commands. They meet regularly in the framework of a task force led by NATO-International Staff.

BI IMPLEMENTING PARTNERS

BI is supported by a network of implementing partners drawn from NATO and non NATO countries, civil society and other international organisations: they provide expert advice, host events and conduct research and analysis.

- United Nations Office on Drugs and Crime (UNODC, Vienna)
- Centre for Integrity in the Defence Sector (CIDS, Norway)
- Defence Resources Management Institute (DRMI, USA)
- EUPOL Mission to Afghanistan
- Geneva Centre for Democratic Control of the Armed Forces (DCAF, Switzerland)
- Geneva Centre for Security Policy (GCSP, Switzerland)
- Ministry of Defence Bulgaria
- Ministry of Defence Norway
- NATO School Oberammergau (NSO, Germany)
- Naval Postgraduate School (NPS, USA)
- Norwegian Agency for Public Management and Government
- PfP Training Centre for Governance and Leadership (UK)
- Turkish PfP Training Centre (Turkey)
- Peace Support Operations Training Centre (PSOTC, Bosnia and Herzegovina)
- Swedish National Defence College
- Transparency International UK Chapter (TI, United Kingdom)

The NATO International Staff also work closely with the Organization for Security and Co-operation in Europe (OSCE), the Asian Development Bank (ADB, Kabul office) and the World Bank (Kabul Office). This is consistent with the BI approach to add value and offer contributions that complement the efforts of others, in particular those working in a theatre of operation.

BI POOL OF SUBJECT MATTER EXPERTS

BI is supported by a pool of Subject Matter Experts (SMEs) drawn from national civilian and defence ministries, international organisations and civil society. These experts provide advice and take an active role in the development and implementation of all aspects of the BI Programme. SMEs are called on as required and have taken an active role in conduct of Peer Reviews, conduct of BI E&T as well as development of factsheets and documenting good practice.

FINANCIAL CONTRIBUTORS

The BI Programme is supported by voluntary contributions to a Trust Fund managed by NATO International Staff and led by Belgium, Bulgaria, Norway, Poland, Switzerland and the United Kingdom. Contributions to the BI Trust Fund are used for ministerial capacity building and are considered as Official Development Assistance (according to the OECD principles).

Financial contributions are provided by: Austria, Belgium, Bulgaria, Czech Republic, Finland, Iceland, Ireland, Lithuania, Netherlands, Norway, Poland, Slovakia, Switzerland, United Kingdom, United States.

In addition, BI is also supported by in-kind contributions provided by Allies and Partners.

Signng Ceremony (2013): Representatives of Lead Nations and NATO Deputy Secretary

II.   MONTENEGRO: NATO Peer Review Report

BUILDING INTEGRITY

SELF ASSESSMENT

PEER REVIEW REPORT MONTENEGRO

Podgorica, December 2013

MONTENEGRO BUILDING INTEGRITY SELF ASSESSMENT PEER REVIEW REPORT

OVERVIEW

1. The Building Integrity (BI) Programme is part of NATO's commitment to strengthening good governance in the defence and security sector elaborated in the Partnership Action Plan on Defence Institution Building (PAP-DIB)1 agreed at the Istanbul Summit in 2004. Making effective use of resources in the defence and security sector is a challenge faced by all nations. The BI Self-Assessment/Peer Review Process is part of the practical tools to promote good practice and strengthen transparency, accountability and integrity in the defence and security sector. The BI Self-Assessment Questionnaire provides nations with a snapshot of current structures and practices. The subsequent BI Peer Review helps nations to confirm areas of good practice and those that may require further effort.

2. In line with the Government's support of the Building Integrity Programme within the South Eastern Defence Ministerial (SEDM) framework, at a ministerial meeting on 20 July 2012, the Montenegrin Minister of Defence expressed her Ministry's interest in carrying out a Self-Assessment (SAQ). The Ministry of Defence (MoD) subsequently submitted their completed BI SAQ to NATO in February 2013.

3. In accordance with the Law on Parliamentary Oversight of the Security and Defence Sector, the Parliamentary Committee for Security and Defence stressed that both the Government and Parliament are strongly committed to counter corruption through measures that build integrity. They further stressed that they will provide support to the MoD to ensure that a building integrity plan is put in place and that all required training is undertaken. MoD officials expressed the intention to make the necessary changes to promote integrity, transparency and accountability within the Ministry.

4. The Ministry of Defence has already stated that procurement is an area of high risk. Questionable activities in previous years concerning sales of excess military property indicate the need for increased oversight. This should involve a coordinated and cooperative effort on the part of Parliament, the MoD and government authorities.

5. This report focuses on the Peer Review of the Self-Assessment Questionnaire completed by the Montenegrin MoD. Extensive meetings and interviews were conducted from 13 to 16 May 2013. A follow up visit took place on 4 and 5 December 2013 the findings of which are included in this report. A list of those taking part in the initial Peer Review interviews and the follow up visit is at Annex 1, Annex 2 and Annex 3.

6. The Peer Review Team noted several examples of good practices and these are highlighted in the detailed findings and comments.

7. The Peer Review Team offers the following general recommendations for Montenegro's consideration:

a. Develop a MoD internal action plan to address the recommendations from this report and how best to take this advice forward. The BI experts could be requested to return for any follow-on action as necessary, to perform a review of progress or other assistance as determined by the MoD in consultation with NATO.

b. Initiate systemic and comprehensive anti-corruption training for all civilians and military personnel. Encourage senior leadership to openly promote programmes to build integrity and increase transparency.

c. Urgently consider reversing the decision made in May 2013 to align and move the Department of Contractual Arrangements and Procurement from the Material Resources Branch to the Section for Finance, Contracting and Procurement. Therefore, the Peer Review Team strongly encourages the Government to change the current structure into a new system ensuring that separate individuals have delegated powers of examination for procurement and finance.

d. Continue to align efforts in embedding EU legislation especially in the area of public procurement. This should notably include a comprehensive review of public procurement procedures as they apply to the MoD to determine the changes necessary which will improve the transparency and efficiency of defence-related procurement activities.

e. The Government should review procedures for state property management, handling and utilisation, and ensure there are adequate regulations for the use, transfer, and disposal of any type of state property with a military purpose. Regulations on asset disposals in the defence sector should be aligned with international standards.

f. Develop new human resource management policies concerning the special vetting of persons selected for positions which are sensitive or at risk for potential corruption.

g. Make maximum use of existing partnerships tools and mechanisms to embed transparency, accountability and integrity in the Montenegrin defence and security sector. In spring 2013, Podgorica identified BI as a PARP goal. This is a very good first step. Further use of existing partnership mechanisms could be explored such as integrating BI recommendations in the Membership Action Plan and Annual National Programmes.

h. Make use of BI-NATO SEDM programme, including promoting good practice and strengthening regional capacity.

DETAILED FINDINGS AND COMMENTS

DEMOCRATIC CONTROL AND ENGAGEMENT

8. According to the Law on Parliamentary Oversight of the Defence and Security Sector (December 2010), democratic and civilian control of the Ministry of Defence is executed by Parliament directly through the Defence and Security Committee. Parliament requires that the President or an authorised member of the committee provide a detailed Ministry of Defence annual performance report and recommendations for improvements or changes for consideration by the Parliament. In addition, the President or an authorised member of the committee is responsible for ensuring that appropriate information is disseminated to the public and other public bodies.

9. The responsibilities of the Defence and Security Committee include oversight of the work of the following institutions: Ministry of Defence (MoD), Armed Forces (AF) of Montenegro, National Security Agency (NSA), Police Directorate, Ministry of Internal Affairs (MoIA), as well as other agencies and institutions of the security and defence sector. The committee also has oversight of national security documents, plans for the deployment of members of the Armed Forces of Montenegro on multinational operations as well as the deployment of members of other civil bodies such as Police and State Administration employees in peacekeeping missions and other international activities. This committee is also tasked to evaluate the execution and performance of the budgets allocated to the Ministry of Defence, Armed Forces, National Security Agency, Police Directorate and Ministry of Internal Affairs.

10. The Ministry of Defence is responsible for: developing the National Defence Plan; defence planning, programming, budgeting and budget execution; proposing the organisational structure and size of the Armed Forces; ensuring that the execution of decisions and other acts by the President of Montenegro are in accordance with the law; organising electronic communications and the protection of information in the defence system; and conducting military intelligence, counter intelligence and security affairs in accordance with the law.

11. The President of Montenegro chairs meetings of the National Security Council (NSC) and acts as the Commander in Chief of the Armed Forces in accordance with decisions and recommendations of the NSC. Parliament issues the National Security Strategy, the Military Strategy, declares states of war and emergency, and renders decisions for the deployment of forces on international missions. All documents related to national security are accessible to the public through the websites of the Parliament, Government and the Ministry of Defence.

12. The Constitution of Montenegro stipulates that the Defence and Security Council whose members include the President of Montenegro (Chairman), the President of the Parliament and the Prime Minister is responsible for:

a. Decisions on the command structure of the Armed Forces of Montenegro.

b. The analysis and evaluation of the security situation in Montenegro and if necessary making recommendations to Parliament of appropriate measures.

c. Recommending to Parliament that a state of emergency or a state of war be declared. The Defence and Security Council will also provide recommendations to Parliament concerning the deployment of military personnel in support of international missions; and

d. The appointment, promotion, or revocation of appointments in the Armed Forces of Montenegro.

13. The National Security Agency is responsible for matters related to the protection of order, security and territorial integrity of Montenegro as stipulated by the Constitution.

14. The Public Prosecutors office is the national body responsible for prosecuting offenders. Crimes, including organised crime and corruption, are the responsibility of the Special Prosecutor. Courts are independent and autonomous. Courts adjudicate in accordance with the Constitution, Montenegrin law and international agreements, while the establishment of extraordinary courts is prohibited. The Supreme Court ensures the unified implementation of laws by all courts.

15. The Constitution and the 2012 Law on Free Access to Information provide for access to information. In meetings the Peer Review Representatives of the MoD underlined the importance of transparency and value of free and unhampered journalism. However, recent reports identify the MoD as being among those government agencies reluctant to provide information. The media plays an important role in the detection of cases of suspected corruption and the authorities should make best use of the information available to seek to strengthen their relationship with the media.

16. A new strategy to improve public relations has been developed by the Head of the Public Relations and Protocol Department to improve the current level of service and to promote new ideas and recommendations. Implementation of the new strategy was expected at the end of June 2013. Since the initial visit in May 2013 the new strategy has been accepted and is now in place. Additional staff officers have been recruited in line with the recommendations made by the Peer Review team in May 2013, there are now seven staff in total. Additionally, the official website of the MoD, www.odbrana.gov.me is now updated on a regular basis and reflects current activities, news and general information. The MoD also publishes a free magazine, "The Partner", which is widely available.

17. The Public Relations and Protocol Department has recruited younger personnel who speak, read and write in English and are familiar and experienced in the use of social media websites. This has been very successful and interest in the defence sector by younger members of the wider population has increased.

18. Since the adoption of the new strategy and recruitment of additional staff, the Public Relations Department have reduced the time taken to answer enquiries and investigate complaints.

19. Work continues to improve relationships with NGO's and to ensure that requests for information from NGO's are dealt with professionally and timely. NGO's are encouraged to attend events, seminars and briefings to further develop good working relationships. Work will continue as part of an ongoing process of improvement and development.

20. The State Audit Institution (SAI) reports to Parliament and the Government. The SAI requests its budget directly from Parliament which also appoints its members. It is the institution serving the constitutional parliamentary mandate to oversee the executive. The Law on the SAI was adopted in 2004 and has been amended several times, the last in 2007. The German Technical Cooperation agency (GTZ) initiated an assistance project in 2002 which led to the creation of the SAI in 2004.

21. The Constitution defines the SAI as an independent and supreme authority of state audit. It is an agency directed by a senate of five and a president elected from among them. The remit for auditing includes all bodies funded from the state budget or created using state property and the SAI can carry out regularity (financial) and performance audits regarding the use of public funds and assets. However, to date the audits performed have mostly concentrated on regularity. The staff has more than 50 personnel, of which almost 40 fill positions as senior or junior auditors. Apart from the SAI senate, staff members are civil servants who are recruited and managed according to merit-system rules defined by law.

22. In determining its annual work plan, the SAI can include a broad selection of bodies and institutions. All organisations are legally obliged to submit any information requested by the SAI. This approach may be made more effective by introducing more risk-based selection criteria upon which to base its choice of bodies to be audited each year.

23. The SAI submits its audit reports to Parliament and Government, while its annual report is made available to the general public. Secondary legislation also stipulates the dissemination of special reports through publication, internet, press releases, press conferences and other means. The provisions on reporting transparency make no exception for security and defence-related audit reports. The SAI audited the MoD for the first time in 2008 and in 2012 it audited the NSA. Subsequently, the NSA was noted as being very diligent in implementing the recommendations of the SAI.

24. The institution of an Ombudsman was created in 2003 as a Protector of Human Rights and Freedoms and whose competences were focused on the field of human rights. This institution has no jurisdiction on matters other than human rights; therefore, maladministration and corruption fall outside its normal remit. In consequence, the Ombudsman (Protector) can intervene over defence and security forces only if there are allegations of human rights violations. In 2011, the Ombudsman processed 13 complaints against the Ministry of Defence and adjudicated 12 of those. The Ombudsman submits an annual report and as many specific reports as necessary.

25. The Ombudsman and his deputy are elected by a simple majority of Parliament for a six-year term with possibility of re-election. The position is full time and incompatible with membership in political parties. The Ombudsman can initiate a legislative procedure to amend existing laws or introduce new legislation in the field of human rights and propose a procedure on the constitutionality of laws to be filed before the constitutional court. The Ombudsman can also request the initiation of disciplinary procedures against officials deemed to be responsible for human rights violations.

RECOMMENDATIONS:

a. The Public Relations and Protocol Department is commended for its efforts to improve the service they provide and should continue to develop new ideas and maintain a high standard of service.

b. Ensure that the MoD website is updated regularly and includes information such as regular briefing dates, special events, venues and timings of activities.

c. The SAI should introduce more risk-based selection criteria upon which to base its choice of agencies to be audited each year.

d. The Ombudsman (Protector) should have more financial autonomy and managerial independence from the executive.

e. A progress report on MoD integrity initiatives should be produced at the six-month point of implementation for further discussion with NATO IS/PASP and eventually made available to SEDM and the EAPC.

f. The newly established BI Working Group within the MoD should continue to support ongoing cooperation with NATO HQ as well as NATO BI SEDM to take advantage of BI capacity building educational programmes and activities. The establishment of the BI Working Group is a good practice which should be shared with others BI stakeholders.

g. The MoD should consider publishing this report on the MoD website and update information as well as progress made on a regular basis.

NATIONAL ANTI-CORRUPTION LAWS AND POLICY

26. Montenegro is a full member of the Regional Anti-Corruption Initiative and has signed the Declaration of Ten Joint Measures to Curb Corruption in South Eastern Europe in 2005 (Brussels Declaration). It is also a member of GRECO (Group of States of Council of Europe against Corruption), the body which monitors the implementation of the European Council Conventions against corruption. Montenegro is also engaged in MONEYVAL, the Council of Europe's Committee for the Prevention of Money Laundering and the EGMONT Group, the global association of financial intelligence services.

27. The National Strategy to fight Corruption and Organised Crime defines strategic directions including goals, objectives and principles. It provides for the establishment of an effective system to fight corruption and organised crime in both the public and private sectors, and for the development of an effective and sustainable system to evaluate the national response to the threats posed by corruption and organised crime. The recommendations of the National Committee's interim report and the obligations defined in the National Programme for the Integration of Montenegro into the European Union (EU) for the period 2008 – 2012 were used as the starting point in defining strategic goals.

28. The Strategy for the Fight against Corruption and Organised Crime for the period 2010-2014 and the Action Plan for that strategy for the period 2010-2012 were provided to the Peer Review Team. Reform objectives defined by the Judicial Reform Plan 2007-2012 have been included in the Action Plan and include measures for their achievement. The Anti-Corruption Strategy defines legal and institutional frameworks to fight corruption and organised criminal activities in Montenegro. Laws providing the legal framework supporting the fight against corruption and organised crime are in force. Anti-corruption efforts in the security and defence sector are not addressed specifically in the national strategy; however, the Ministry of Defence is aware of potential areas that are a corruption-risk.

29. The Strategy for the Fight against Corruption and Organised Crime for the period 2010 – 2014 is based on previous experience, reports of national and international organisations on anti-corruption reforms in Montenegro as well as on sector specific action plans noted in previous documents. Areas identified in the strategy as of particular risk for bribery and corruption include the privatisation process, the public procurement system, spatial planning, education, health, local self-governance, civil society, the media and sport.

30. The fight against corruption at the national level involves a number of bodies adopting and implementing strategic documents and action plans. A special focus was placed on the raising of public awareness on the importance of fighting corruption and encouraging the participation of citizens and institutions to confront this important social issue.

31. A committee made up of representatives of the Judiciary, Police and Prosecutors (known as the "Tripartite Commission") is responsible for following up matters relating to corruption and organised crime and for reporting such matters directly to the Government.

32. The Directorate for the Anti-Corruption Initiative (DACI), under the authority of the Ministry of Justice, is the Government's central body responsible for the prevention of corruption and has a wide range of tasks and responsibilities. These tasks include educating civil servants and employees, local officials and councillors, representatives of NGOs and the private sector, and secondary school students; conducting research on the extent, forms, causes and mechanisms of corruption; providing a hotline for the reporting of alleged corruption and for the provision of this information to the appropriate body for further investigation; participating in regional and international organisations and implementing joint projects with local and international partners; organising educational programs through the media; producing, distributing and promoting informative written material to target groups; and participating in global anti-corruption campaigns.

33. The Directorate for the Anti-Corruption Initiative (DACI) and the Commission for the Prevention of Conflict of Interest have some overlapping roles in the fight against corruption. There is an initiative to merge DACI with the Commission on Conflict of Interest and it is felt that this will enhance the structures which currently operate independently.

RECOMMENDATIONS:

    a. Urgently develop the MoD Anti-Corruption Strategy and ensure it is coordinated with and supportive of the national strategy.

    b. Establish a track record in implementation of national strategies on organised crime and corruption.

    c. Consider a MoD public information campaign to promote integrity, accountability and transparency throughout the MoD and Montenegrin Armed Forces.

ANTI-CORRUPTION POLICY IN DEFENCE AND SECURITY

34. The new Civil Service Law mandates the development of integrity plans within each government institution to address the main vulnerabilities to corruption and the law requires the development of mechanisms to reduce the risk of corruption and promote good practice. In the MoD, the Head of the Internal Revision Department is responsible for working alongside DACI to produce and implement the integrity plan. Together, they are working alongside other Ministries, including the Ministry of Justice, to maximise their experiences.

35. A working group has been established in the Ministry of Defence under the Head of the Internal Revision Department and has already met several times. Currently work on the BI plan is limited but a template has been produced but not yet fully developed. It is anticipated that a fully developed plan will be produced and adopted for implementation by the end of January 2014. It is unclear how or if this target date will be met as there is clearly a great deal of work to be undertaken and experience in planning, particularly performance measurement is very limited. The MoD is encouraged to consider enveloping partnership goal to support development and implementation of a BI Action plan.

36. Civilian staff within the MoD is subject to the Law on Conflict of Interest and are obliged to declare income and assets, while military personnel are excluded from this requirement. The government should review the Conflict of Interest Law and consider its application to all personnel holding positions at risk of corruption, to include those serving in the military.

37. There are no special procedures for members of the Ministry of Defence or armed forces to report perceived corrupt practices. They are required to follow the standard procedures currently in place which serve both the private and public sectors in Montenegro. Open phone lines are available for individuals to call DACI and report suspected corrupt activities. There is no specific law protecting whistle blowers, but the 2011 Law on Civil Servants obliges civil servants to report corruption to their superiors who are then to take appropriate measures, including protecting the anonymity of the whistleblower. However, the 2012 Code of Ethics for Civil Servants appeared to provide insufficient protection to fully protect whistleblowers from abuse. This has now been rectified by a new law on anti corruption expected to be effective from December 2013. This will afford significantly improved protection to whistleblowers.

38. The position of Inspector General was established in the MoD Department of Inspection Oversight in 2006. The Inspector General, a military officer, is appointed by the government through a public procedure upon his/her nomination by the Minister of Defence. The Inspector General reports directly to the Minister and has a mandate of four years. The main responsibility of the Inspector General is to carry out inspection oversight and internal control in accordance with the 2007 Law on Defence and to protect the rights of military personnel. The Inspector General is also responsible for the oversight of the combat readiness of the armed forces, but has no role in financial management, public procurement or internal financial control.

RECOMMENDATIONS:

    a. Urgently complete the Integrity Plan for the MoD. Determine the capacity of the MoD staff to complete this complex task and implement the plan. Additional staff may be required.

    b. Consider if additional assistance is required from NATO to achieve the production of a detailed Integrity Plan.

    c. Identify selected MoD personnel from across the staff to support implementation of the integrity plan and ensure they cooperate effectively with NATO BI including with the BI pool of experts, and make full use of BI education and training programmes.

    d. Review as a priority the Conflict of Interest laws with a view to applying them equally to both civilian and military personnel, but especially those in positions prone to corruption risk.

    e. Consider developing special procedures within the MoD for members of the Ministry of Defence or Armed Forces to report perceived corrupt practices and review how best to fully protect whistleblowers.

PERSONNEL, EDUCATION AND TRAINING

39. On 1 January 2013, the new Law on Civil Servants and State Employees came into force. A Code of Ethics for Civil Servants and State Employees has been developed and implemented this serves as a guide for civil servants and state employees of the Ministry of Defence. A new merit system has been introduced regarding the hiring of government employees; however, the lack of constitutional backing may be detrimental to the sustainability of these reforms.

40. The Ministry of Defence's Personnel Admission Commission is responsible for both open and restricted recruitment of civilian staff for the MoD. This commission provides to the Minister of Defence, a list in order of ranking of candidates deemed to meet the skills and qualifications required for the position. The Minister is then free to make the final selection but is required to justify the decision as to which candidate was selected. There is a right of appeal by candidates who were not selected. This system does not appear to be well documented, transparent or well regulated and leaves the procedure and the individuals involved in the process open to allegations of nepotism and unfair treatment. It is hoped that the upcoming revision of the Law on Administrative Procedures will address the issue of providing rationale for administrative decisions, improve transparency and facilitate audit trails. The entire recruitment process should be reassessed as part of the recommended review of the Human Resource (HR) system. It was advised that there is a project managed by the Norwegian Government to provide a gap analysis and assist in the development of new HR procedures.

41. Aspects of personal conduct and behaviour are established by the Law on Civil Servants and State Employees, and for military personnel by the Law on Armed Forces. The Law on the Armed Forces prescribes that a person serving in the armed forces shall perform his/her duties in accordance with the Code of Military Ethics. The Code is a set of ethical principles for persons serving in the Armed Forces and is based on international and national standards. The Code of Military Ethics was issued by the Ministry of Defence and published in the "Official Gazette of Montenegro" in October 2010. An extract representing a code of ethics derived from this code of conduct is printed on a small pocket size card and is carried by all military personnel. Breaches of the Code of Ethics are considered to be cause for discipline.

42. Disciplinary procedures can be initiated by an individual's immediate superior and are substantiated through a disciplinary committee. The interested party is to be heard before any final decision is taken and legal assistance may be sought by the individual. Military personnel may appeal administrative decisions on discipline to civilian courts, while civil servants and state employees may appeal decisions to an administrative court.

43. There have been no proceedings in relation to corruption taken against civilian personnel in the Ministry of Defence or military personnel of the Armed Forces in the last three years and before; nonetheless, the lack of any proceedings does not in itself indicate the absence of corruption. However, the report of the Tripartite Commission on the review of corruption and organised crime cases for the period 2010 to 2013 is currently being written and will be submitted to the government when completed.

44. Training in building integrity is organised by the Human Resource Management Authority in conjunction with DACI. Some training has already taken place but this will be reviewed and updated in line with the Building Integrity Plan for the MoD.

45. The Head of the Internal Revision Department and a limited number of MoD staff have already attended BI courses but additional training is required, a needs analysis is being developed and will be reviewed taking account of offers for assistance available through NATO and BI SEDM.

46. Positions more exposed to the risk of corruption have not been identified in the MoD and therefore there is no policy for the rotation of personnel in posts which have been identified as being at risk.

RECOMMENDATIONS:

a. Review all posts in the MOD which are deemed to be more exposed to the risk of corruption or are deemed to be sensitive positions, and develop a rotation policy for these billets.

b. Review the entire civilian HR system to include recruitment and promotion procedures. Career management and respective training requirements should also be a part of the review.

c. Initiate systematic and comprehensive needs analysis, taking account of anti-corruption training and education offered for all civilians and military personnel through BI NATO and SEDM.

d. Encourage senior leadership to continue to openly promote programmes to build integrity and increase transparency and ensure BI aspects are embedded in leadership training and education.

PLANNING AND BUDGET

47.   Annual plans are developed in accordance with national legislation. The preparation of these documents is carried out primarily by the General Staff, Logistics Staff, and MoD financial staff. A Strategic Defence Review has been adopted in July 2013 and among its recommendations are changes to existing short, medium and long term planning. Its implementation should improve the effectiveness and efficiency of the MoD's planning efforts. Planning, programming and budgeting are currently cash based (input) and do not provide visibility of programmes or objectives (output based).

48.   The bidding process takes place at the beginning of the annual budget cycle for the following year. All public bodies are responsible for submitting their individual requests for a budget allocation to the Ministry of Finance. The Ministry of Finance reviews each request and prepares a draft budget proposal for the Government. After Government review, the draft budget is sent to Parliament as a draft proposal and representatives of each government agency are required to appear before Parliament to defend their budget submission. The Security and Defence Committee represents the MoD and answers any questions raised by Parliament. Public hearings on the MoD budget are held before members of the Parliamentary Committee for Security and Defence, as well as before the full Parliament when considering the Annual Report on the work of the Ministry of Defence. Once adopted, the Law on the Budget is published in the Official Gazette of Montenegro. This takes place prior to the beginning of the new budget year.

49.   At the end of the budget year, a report in the format of a balance sheet is submitted by the MoD to the Ministry of Finance. This report is then submitted to Parliament and once adopted, is published in the Official Gazette of Montenegro. In addition to this formal reporting of the MoD's budget, the Ministry also submits its balance sheet to various non-governmental organisations and other interested parties. This is a sound practice which should help build trust and confidence with civil society. The Law on Budget also requires the Ministry of Defence to submit quarterly reports on budget performance to the Ministry of Finance.

50.   All requests for payment submitted to the Ministry of Finance are required to be signed by the Minister of Defence or a person authorised by him and the Head of the Financial Department or their Deputy. The Ministry of Finance is responsible for validating personnel numbers and for authorising salary payments to individuals. There is no delegated authority system in place in the MoD, as currently all payments have to be signed by the Minister. This can be delegated, but generally it is the Minister who authorises payments before they are submitted to the Ministry of Finance for payment. This is a burdensome task for the Minister and consideration should be given to implementing a clearly defined structure whereby signing powers are delegated through a transparent, efficient and accountable system. Letters of delegation should be drawn up and signed by both the person making the delegation and those receiving it. This letter of delegation should include the responsibilities and the accountability of the delegate.

51.   All procedures related to assets, including management and leasing are carried out in accordance with the Law on Property of Montenegro. Pursuant to the provisions of the law, authorised bodies responsible for the disposal of assets are required to maintain records of all actions taken in relation to the disposal and decommissioning of assets. Such assets include those which have reached the end of their usable life or are surplus to requirements. In order to proceed with a disposal action, a report must be prepared on the condition and value of items, and the reason for disposal. This report must be submitted to the Ministry of Finance and the Government of Montenegro seeking approval to dispose of these assets as surplus. It was not clear if there was an annual planned programme for the disposal of assets or if each request was dealt with as and when the surplus was identified.

52.   On receipt of approval to dispose of surplus assets, the responsible agency is required to make a public announcement detailing the proposed sale; evaluate offers received; proceed with the sale based on the evaluation; and on completion of the sale, provide a report to the Government with details of the sale.

53. Revenues generated from the sale of assets are paid to the account of the Ministry of Finance, as the body responsible for assets and finances, and for asset recording and reporting. In the case of the MoD, details of the sale of assets are included in their annual report which is submitted to the Government and Parliament of Montenegro. The use of income generated by the sale of surplus assets is decided by the Ministry of Finance and the Government.

54. Despite the detailed procedures for the disposal of assets, according to the Montenegrin State Audit Institution, in 2006 and 2007 the Defence Minister approved the sale of significant amounts of defence equipment and defence property (valued at some 14.6 million Euros). The sale was not detailed in the MoD budget for the relevant years, nor was the revenue properly recorded or spent in compliance with Montenegrin financial regulations.

55. In addition to the capital and current financial allocations in 2008, 2010 and 2012 provided to the Ministry of Defence, additional funding was made available from receipts generated from sales of surplus armaments and military equipment. In order to provide additional funds to the MoD, the initiative for using funds generated from the sale and lease of former military property was launched in 2012. There are still a number of cases under review relating to the disposal of these assets. Advice is currently being sought on the disposal of assets such as ammunition, as these require additional safeguards. It was not clear if there was a standard system in place for the planned disposals of assets or real estate in previous years, or what the system was for receiving receipts. More transparent procedures for disposal of assets and increased oversight would reduce the risk of corruption.

RECOMMENDATIONS:

a. Consider moving from an "input" to an "output" based financial system to improve transparency and management of funds. Such a change will impact the planning and programming system.

b. Develop a clear strategy and annual plan for asset disposal which is visible to the Ministry of Finance and Parliament and which includes the management of receipts generated from these sales.

c. Review procedures for state property management, handling and utilisation and ensure there are adequate regulations for the use, transfer, and disposal of any other type of state property with a military purpose. Align regulations on asset disposals in the defence sector with international standards.

d. In order to maximise sound financial management, new procedures should be introduced to provide more transparency and improve outdated management policies. A delegated authority system should be considered.

e. As a matter of urgency separate the management and control of financial procedures from contractual procedures. A recommendation to reverse the decision made in May 2013 to amalgamate the finance and contract departments under one appointment is made in other areas of this report.

OPERATIONS

56. There is no specific military doctrine on how to address corruption in context of operations. An education module which highlights the impact of corruption on operations and addresses good practices should be included in pre-deployment training for the Armed Forces. The Montenegrin MoD is encouraged to take review the NATO's Building Integrity Education and Training Plan[2] and to take part in the annual discipline conference to identify requirements.

RECOMMENDATIONS:

a. Include a module on the concept of corruption as a security risk in pre-deployment training as a matter of policy.

b. Develop a system to capture anti-corruption lessons learned from operations.

c. Encourage participation of deployed personnel or personnel to be deployed in NATO BI related courses to understand the concept, risk and consequence of corruption during an operation or mission.

d. Encourage the development of national and/or regional courses with specific tailored curriculum. Assistance from NATO and BI Subject Matter Experts remains available.

---

2 PO(2012)0364 and MCM-007S-2012, dated 18 July 2012.

PROCUREMENT

57. The 2011 Law on Public Procurement entered into force on 1 January 2012, but the EU Directive 2009/81 on Defence has not been transposed. This legal framework is supplemented by the Laws on Administrative Procedures (2003), on Administrative Disputes (2003), and on Concessions (2009), as well as the Decrees on the Organisation and Functioning of the State Administration (2012) and on Special Purpose Foreign Trade (2010).

58. The legal framework establishes exceptions to the application of the general legislation on public procurement and excludes weaponry and munitions procurement along with other defence-related supplies. The broad range of exceptions to public procurement procedures encourages arbitrariness in public procurement, supports increased single source procurement and therefore encourages inflated prices while increasing the risk of corruption.

59. The Decree on Special Purpose Foreign Trade determines that the purchase of assets for special means is carried out through confidential equipment procurement procedures. The Minister of Defence has discretion to decide when procurement should be identified as confidential, and the degree of confidentiality within the criteria established by the legal framework, especially the Law on Foreign Trade Ammunition, Military Equipment and Goods with Dual Use.

60. Institutional arrangements for public procurement consist of the Public Procurement Authority, which is an autonomous administrative body responsible for policy preparation and implementation, and the State Public Procurement Control Commission, which is the reviewing body for complaints. The two institutions have acquired wider control powers under the new Law, while the Ministry of Finance is in charge of supervision of the legality and purposefulness of the Public Procurement Authority.

61. Each contracting authority has to appoint a "Procurement Officer" responsible for monitoring the legal conformity of all procurements carried out within the remit of that authority, but final decisions on procurements are taken by tenders committees, both for open and confidential tenders. Despite no clear specification existing in legislation as to who can be a member of a tender committee, efforts are being made in the MoD to establish a pool of personnel who can be called upon to sit on a tender committee. It is intended that this action will build integrity in the procurement system, thus reducing the risk of corruption. The establishment of a tender committee does not remove the authority, responsibility or accountability of the Procurement Officer. This arrangement must be carefully implemented to make clear the role and responsibilities of the Procurement Officer and Tender Committees. It is understood that the Procurement Officer remains responsible for the quality of the procurement processes and outcomes, and is liable to administrative sanctions in case of errors.

62. Contracting authorities are required to inform the Public Procurement Authority before initiating procurement procedures. The latter publishes the tender on its website, known as the Public Procurement Portal, which is an example of "good practice". Potential tenderers are given sufficient time to prepare their bids, as the length of time depends on the complexity of the tender. The minimum time limit in open procedures is 37 days, but the contracting authority may extend the time limit or shorten it by reason of urgency (but never less than 22 days).

63. Defence and military procurement responsibilities are centralised in the Ministry of Defence and the Armed Forces. The 2011 Act on Organisation and Systematisation of the Ministry of Defence created the Department for Contractual Arrangements and Procurement under the Material Resources Branch.

64. This department has the main responsibility for all procurement procedures within the MoD and the Army. Other departments provide input to the process. The department is comprised of military and civilian personnel, as well as legal and financial staff. It was not clear whether the training received by staff in this department was sufficient and whether the staff has been provided the tools necessary to ensure the integrity of the system. In May 2013, the Department for Contractual Arrangements and Procurement was realigned from the Material Resources branch to the section for Finance, Contracting and Procurement. It was not clear why this action was taken, but it contravenes good practice as it removes independent financial scrutiny from the procurement chain. The head of section has the responsibility for not only contractual scrutiny but also for financial scrutiny, thus removing any opportunity for the separation of duties or independent review. Separate individuals should have delegated powers of examination for procurement and finance; this should not be divested in one person or separate individuals reporting to the same Head of Department.

65. The initial recommendation made in May 2013 by the NATO BI Peer Review Team to separate financial and contractual functions has not been actioned. In December 2013, during the follow up meeting it was advised that in order to separate these functions the Ministry of Finance has to make changes in the law to reverse the earlier decision to amalgamate the two departments. It was unclear if the Ministry of Finance had been involved in the initial decision to amalgamate the two departments. It was also unclear if the Ministry of Finance had been consulted regarding this issue. The reversal of the decision made in May 2013 to amalgamate these two areas remains an urgent recommendation by the NATO BI Peer Review teams who visited Montenegro in May and December 2013.

66. The Ministry of Defence has already stated that procurement is an area of high risk and therefore every effort should be made to ensure that not only public funds are protected but also that the staff working in these high risk areas are given special consideration. However, it was noted that there was no rotation of staff in sensitive procurement positions, nor special vetting of such personnel. This, coupled with the current structural arrangements for finance and procurement, is a significant risk in terms of corruption.

67. The law forbids discrimination and obliges all contracting authorities to act impartially and in a transparent manner. Procurement specifications are part of the tender documentation, and this reduces the risk of favouritism towards a given supplier. It appears that the law is respected in this regard, but there seems to be a loophole in the law when it comes to objectivising the criteria for assessing the offers, which are provided by the bidders.

68. The Law on Procurement devotes significant attention to preventing possible conflicts of interests on both demand and supply sides. The contracting authority is required to disclose any potential conflict of interest affecting anyone participating in a procurement procedure. No civil servant or authority can, up until two years after the conclusion of the contract, enter into an employment relationship with a bidder to whom a contract was awarded in which that authority was involved.

69. Tender committees are required to keep records and report the procurement procedures with recommendations regarding the choice of the most appropriate bid to the contracting authority, usually a minister. The minister is not compelled to accept the recommendation issued by the tender committee, nor is he obliged to ask a prior authorisation from Parliament or the Council of Ministers. This is one of the main flaws of the current legal framework, although in practice the minister usually chooses the bidder recommended by the tender committee. The Minister enjoys large legal discretion to award procurement contracts, or to discontinue the awarding procedure and he is not required to provide reasons for his decisions. It is hoped that this weakness in the process will be addressed in the ongoing review of the Administrative Procedures Law. The Public Procurement Authority routinely publishes the final award on the Public Procurement Portal, while the MoD follows the good practice of also publishing the award on its website.

70. The State Commission for the Control of Public Procurement Procedures is responsible for the complaints and review mechanism. Its main responsibility, as an autonomous body, is to protect the public interest and the rights of the bidders. The Commission has four members with a five-year mandate who are professionals appointed by the government, but reporting to Parliament. The Secretariat of the Commission is made up of civil servants or state employees. Decisions of the Commission are final, binding and immediately enforceable by the relevant contracting authority.

71. Complaints may be lodged directly to the Commission with a copy to the contracting authority. A fee of 1 % of the contract value, up to a maximum of 8,000 euros, is required to lodge a complaint. The fee was introduced to prevent those with ungrounded complaints from abusing this right, but in some cases where the contract value is relatively low it may deter well-grounded complaints.

72. The most common breaches of procurement provisions have been: discriminatory terms of reference; evaluation criteria inconsistent with the procurement purpose; disregarding reasonable potential alternative offers; passivity of bidders by failing to ask for tender clarifications which are legally mandatory for the contracting authority; and deficient and/or incomplete technical specifications.

73. A major cause for concern is the lack of parliamentary oversight regarding the transparency of the mechanisms used by government for high value military acquisitions as well as for defence related asset disposals.

RECOMMENDATIONS:

a. As a matter of urgency, reverse the decision made in May 2013 to align and move the Department for Contractual Arrangements and Procurement from the Material Resources Branch to the Section for Finance, Contracting and Procurement.

b. Review the procurement list of those items identified as being exceptions to the general procurement rules on military and security with the aim of reducing the number of items on the list.

c. Develop special procedures for selecting, vetting and training both individuals chosen as procurement officers and members of the tendering committees.

d. Develop a system for rotating personnel deemed to be employed in areas of high risk.

ENGAGEMENT WITH DEFENCE COMPANIES AND OTHER SUPPLIERS

74.   The 2011 Law contains provisions determining the exclusion of bidders based on suspicion of corruption or conflict of interest. In case of suspicion of corrupt practices by the tenderers, the contracting authority, including the Ministry of Defence, shall forward the issue to the public prosecutor, with a recommendation to include the relevant bidder on a "black list". The inclusion on a black list has limited consequences, as only the authority taking the initiative to include someone on such a list is constrained by this action. Other state institutions may still contract with a blacklisted supplier.

75.   The Government adopted a General Ethics Code for Public Procurement while demanding that each institution adopt its own code consistent with that of the government. The Ethics Code for Procurement of the MoD is still under development. There are no requirements for potential tenderers to show good business compliance records, but the Ministry of Defence, for example, can request information from other state departments (social security contributions, tax clearance, etc.). There is no requirement for tenderers to demonstrate any examples of "good practice" or to require any internal integrity training or procedures within their businesses.

RECOMMENDATIONS:

    a. Determine if legislation is necessary in order to require companies which do business with the MoD to have a written code of ethics.

    b. Consider development by the MoD of an approved register of companies and suppliers who are authorized to provide services to the MoD.

III. Integrity Plan of the Ministry of Defence and the Armed Forces of Montenegro

1.   INTRODUCTIO N

Recognizing the importance of prevention in fighting corrupt behavior and aiming to protect the reputation of public officials and military staff, the Ministry of Defense of Montenegro joined NATO Building Integrity Programme in 2012, opting to invest additional efforts in building integrity, increasing transparency and improving accountability of both, its employees and the institution as a whole. In addition, the foreign policy strategic objectives of Montenegro primarily relate to European and Euro-Atlantic integration and the fight against corruption is at the top of the Government's agenda. Therefore, development of Integrity Plan of the Ministry of Defense and Armed Forces of Montenegro is another contribution on this path[3].

The main objective of Integrity Plan in defense sector is to reduce the risk of corrupt and unethical behavior of civil and military personnel to a minimum, while preserving or enhancing the efficiency and appropriateness of the budget allocated for defense.

Accordingly, the assessment procedure of MoD & AF took place ascertaining the current situation, which facilitated the development of the Integrity Plan with clearly defined measures to be implemented in future, as well as measurable performance indicators. During the process of implementation, the Integrity Plan shall be periodically reviewed in order to check whether the selected mechanisms for its implementation are sufficiently adequate, and whether they need to be updated.

The document envisages development of missing internal procedures, trainings on ethic and raising awareness of integrity, accountability and transparency in defense. Particular focus shall be put on the compliance with the existing Code of Conducts for Civil Servants & Military staff. The ultimate goal of this process is to act preventively on the possibility for corruption to occur in the Ministry of Defense and Armed Forces of Montenegro by emphasizing the importance of reputation, ideals, basic values and honor.

2.   ASSESSMENT AND ANALYSES OF CORRUPTION RISKS

The Armed Forces of each country are major consumers of the state budget. On the other hand, civilian structures, until recently, did not have access and insight into the work of these structures. However, democratization process changes the approach to this issue, in a way that due to various reasons, it is necessary to establish two-way communication between the defense system and civil society, as well as to establish civilian control over the work of defense system. Analysis, researches and studies, which among others, have been done by "Transparency International"[4] estimated that the defense system, despite the high reputation that armed forces have in most societies, is one of public sectors entrusted to manage public resources, which may be exposed to the corruption risks.[5]

In the countries of young democracy, corruption represents the most dangerous risk that violates fundamental democratic principles and creates possibilities for certain structures to act illegally, which can result with political and economic consequences posing threats to national security, sovereignty and integrity of a specific country. Also, it has a negative impact on the sector's efficiency, adversely affecting the confidence that the Armed Forces enjoy among the citizens.

This phenomenon can be suppressed by preventive and repressive measures. Concrete and sustainable results in preventing corruption could be provided by the building integrity measures at both, institutional and personnel level.

Ministry of Defense and Armed Forces of Montenegro is a complex system that must be managed on the basis of good governance. On the other hand, good governance is possible only if certain conditions are met, i.e. if an adequate normative-legal framework and internal organization are established, which will in a modern way meet the needs of this institution, while at the same time promoting accountability and control.

Building integrity, greater accountability and better transparency in the Ministry of Defense and the Armed Forces relies primarily on the basic capacities of these institutions, namely: people, processes, organization and infrastructure. Bringing these capacities to an adequate level of development represents a basis for success in meeting the objectives outlined in the Constitution of Montenegro, the National Security Strategy, Defense Strategy, the Strategy for the Fight against Corruption and Organized Crime, Law on Defense, Law on Armed Forces, Law on Civil Servants and Public Officials and other relevant regulations.

---

3 Integrity Plan of the Ministry of Defence and Armed Forces of Montenegro at (http://www.mod.gov.me/rubrike/Plan_integriteta/143399/Plan.html)
4 Transparency International (http://www.transparency.org/whoweare/organisation)
5 Best Practices Compendium – Integrity Building and Reduction of Corruption in Defense, page 19,

Comparative experiences of countries that have made the transition indicate the areas in which corruption can occur in the Montenegrin defense system too. This primarily refers to the following areas:

- Planning, preparation and execution of the defense budget,
- State asset disposal (movable and immovable) used by the MoD&AF,
- Participation in international forces, international peacekeeping missions and operations,
- Managing the carriers of civil servants and military staff in the MoD&AF, the allocation of housing and other benefits for employees in the MoD&AF,
- Procurement and maintenance of armaments and equipment,
- The deployment of civil servants and military staff in the MoD&AF
- Arms and ammunition disposal, etc.

Success in these efforts primarily relies on people, on whose knowledge and expertise depends the overall situation in the Ministry of Defense and the Armed Forces. Therefore, education and training that encourages ethical behavior and integrity must be constant and enduring commitment to be fulfilled during the entire career of each employee.

The 2011 Law on Civil Servants and Public Officials[6] introduces integrity principles in the Montenegrin civil service, and according to its Article 68 public authorities in Montenegro are obliged to appoint Integrity Manager[7], and to develop an Integrity Plan. In parallel, the ongoing negotiation processes with the EU resulted with the Action Plans for the Chapters 23 – Rule of Law and fundamental rights & Chapter 24 – Security, Freedom, and Justice prescribing that the Integrity Plans have to be adopted and published until the end of 2014. These efforts corresponded with the MoD's activities within the NATO Building Integrity Programme representing NATO support for the countries aspiring to join NATO and/or members of Partnership for Peace in fighting against corruption in defense and security sector.

Following all the above initiatives a working group for the preparation of Integrity Plan in the MoD has been established, consisting of representatives from various MoD's organizational units. Additionally, the Minister of Defense put special emphasis on the importance and purpose of adopting this document, stating that it is yet another contribution to the efforts that are being made in the context of comprehensive defense system reforms. She pointed out the support which is necessary to be provided to the established working group, expecting that all employees will take an active role in the development of the Integrity Plan.

The group started its work by reviewing legislation governing the work of the Ministry of Defense and Armed Forces of Montenegro and has established direct cooperation with all organizational units of the MoD and Armed Forces. In this regard, review and analysis of the following legislation and other documents has been performed:

- Defense Strategy
- National Security Strategy
- Strategy for the fight against corruption and organized crime
- Law on Defense
- Law on Armed Forces
- Law on Civil Servants and Public Officials
- Law on Budget
- Law on Public Procurement
- Law on the prevention of conflict of interests
- Law on free access to information
- Law on Data Confidentiality
- Law on Parliamentary Oversight in Security and Defense
- Strategic Defense Review
- Rule-Book on internal organization and systematization in the Ministry of Defense
- Human Resources Management Strategy in the Ministry of Defense
- Military Code of Conduct
- Annual Work Plan of the Ministry of Defense for 2014, etc.
- Code of Conduct for Civil Servants and Public Officials.

The analysis and assessment of current situation in defense sector have been conducted, and risk factors for the appearance of unprofessional and unethical behavior, as well as other irregularities that may lead to corruption have been identified in cooperation with NATO Building Integrity Programme experts. During this process Ministry of Defense has provided answers on the Self-Assessment Questionnaire on Building Integrity

---

6 Came into force 1st January, 2013
7 MoD Decision no. 812-4533/13/3 as of 6th June, 2013

and Reducing Corruption Risks[8], which NATO team submitted to the MoD in February 2013. The Self-Assessment Questionnaire was composed of several areas relevant for the assessment of the current situation in the defense system of Montenegro. Ministry of Defense provided answers on 58 questions referring to:

1. Democratic control and engagement;
2. Anti-corruption laws and policy at national level;
3. Anti-corruption policy in the defense and security system;
4. Human resources management policy, training, discipline (calculation and payment of salaries employed by the MoD, as well as persons serving in the Armed Forces of Montenegro, breach of anti-corruption policy and procedures);
5. Planning and budgeting (planning, programming, executing and review of defense budget, disposal with state assets used by the MoD&AF of Montenegro);
6. Military operations (participation of the MoD&AF of Montenegro representatives in international military operation, international missions and operations and other activities abroad);
7. Procurements in defense system (regulations, tender procedures, specification for supply of goods/ services, tender documentation/commission) and
8. Cooperation between the MoD&AF of Montenegro with private sector.

Following the submission of answers, several meetings took place with NATO Building Integrity Programme experts, who have interviewed representatives of various institutions relevant for the defense system of Montenegro. Two cycles of these meetings have been organized.

Wishing to exchange experiences with other nations participating in NATO BI Programme and to collect best practices, members of the working group, as well as other civil servants/ military personnel have attended various conferences, training and education events, as follows.

- Training: „Defense Leadership in Building Integrity course", NATO School, Oberammergau, FR Germany, October, 2012;
- First meeting on the occasion of launching the NATO Building Integrity Initiative, Brussels, 13-14 December, 2012;
- International Conference on Building Integrity in Defense, Monterey, California, USA, February, 2013;
- „Building Integrity" workshop – "Corruption risks in defense and security sector", PSOTC (Peace Support Operations Training Centre), Sarajevo, B&H, 20-22 March, 2013;
- „Building Integrity" workshop – "Integrity in defense procurement, use of resources and public/private partnerships", Sofia, Bulgaria, 23–25 April, 2013;
- „Building Integrity" workshop – "Integrity in defense budget and finances", Belgrade, R. Serbia, 18–20 June, 2013;
- Training „Defense Leadership in Building Integrity Course", NATO School, Oberammergau, Germany, 04–08 November, 2013;
- Experts' meeting on Building Integrity in Defense Sector, NATO HQ, Brussels, 20-21 February, 2014;
- "NATO Building Integrity Conference on Institution Building", Centre for Integrity in the Defense Sector (CIDS), Oslo, Norway, 03–06 March, 2014;
- "Integrity Building for Senior Leadership Course", UK Defense Academy, Shrivenhem, UK, 17-19 March, 2014;
- "NATO Building Integrity Workshop on improving the self-assessment process and developing advanced tools", Polish Institute of Diplomacy, Warsaw, Poland, 15– 17 April, 2014;
- "Integrity in Defense Personnel Management Workshop", Chisinau, Republic of Moldova, 20–22 May, 2014;
- "Integrity in outsourcing and public-private partnerships Workshop", Belgrade, R. Serbia, 11- 13 June, 2014;
- "Integrity Building for Senior NCOs", PSOTC Centre, Sarajevo, B&H, 07– 11 July, 2014;
- „Integrity Building on operations supporting the peace", PSOTC Centre, Sarajevo, B&H, 01–05 September, 2014;
- Conference on "Countering Corruption-Effectiveness through Interagency and Multi-Sectoral Approaches", Tirana, Albania, 23–25 Sept., 2014;
- "Capabilities necessary while drafting and implementing national integrity plans in defense sector, Kiev, Ukraine, 07– 09 October, 2014;
- "Advanced course on building institutional integrity: Action plans for building integrity, Oslo, Kingdom of Norway, 13 – 17 October, 2014;
- "Leadership Building Integrity Course in Defense Sector", NATO School, Oberamergau, FR Germany, 03–07 November 2014.

Table1: List of trainings, workshops, conferences MoD&AF personnal attended to during the course 2013-2014

In February 2014, NATO Building Integrity experts have delivered a Peer Review Report[9] with the recommendations to reduce exposure to a risk of corruption in the Ministry of Defense and Armed Forces of Montenegro, which was then, used by the working group as an comprehensive platform/guidelines for further work in developing the Integrity Plan of Ministry of Defense and Armed Forces of Montenegro.

3. MEASURES FOR BUILDING INTEGRITY AND PREVENTING CORRUPTION IN THE MINISTRY OF DEFENCE & ARMED FORCES OF MONTENEGRO

VISION

Ministry of Defence with efficient system for building integrity and recognizable results in preventing corruption.

MISSION

Ministry of Defence is committed to develop and improve normative-legislation framework, capacities and mechanisms, and to cooperate with other public administration bodies, civil society organizations and international partners on integrity building and preventing corruption in defence.

PRINCIPLES

Integrity Plan of the Ministry of Defence is based on the following principles:

- political will;
- rule of law;
- respect of human rights and freedoms;
- development of personal and institutional integrity and responsibility;
- respect of national and international standards in this area;
- partnership with public, civil society and media;
- transparency of the work in defence system;
- depolitisation of the defence system;
- responsibility for the implementation of Integrity Plan.

MAIN GOAL

Main goal of the Integrity Plan of the Ministry of Defence and Armed Forces of Montenegro is to create preconditions for preventing and sanctioning corruption at all levels of the Ministry and Armed Forces by further enhancement of institutional framework, prevention, education and monitoring the implementation of Integrity Plan 2014-2016.

Realisation of the main goal includes the following components:

- further harmonization of national legislation with international standards in the area of building integrity and preventing corruption;
- increase of the efficiency, enhancement of integrity, responsibility and transparency in the Ministry of Defence and Armed Forces of Montenegro, and with regard to this, strengthening public trust;
- enhancement of intrainstitutional, intrasectoral and international cooperation;
- enhancement of control mechanisms over the work of MoD's organizational units as well as Armed Forces units;
- establishment of efficient and objective mechanism for monitoring the implementation of plan;
- increase of the efficiency of preventive and repressive actions, particularly through the education of employees in the Defence Ministry, as well as persons serving in the Armed Forces of Montenegro;
- increase of awareness on the importance of integrity within the defence system and affirmation of the activities that the Ministry of Defence is taking over in preventing corruption in defence system;
- establishment and development of cooperation with public and civil sector on all important issues relevant to defence system, as well as with private sector.

---

9 Peer Review Report http://www.nato.int/cps/en/natolive/topics_68368.htm
         http://www.mod.gov.me/rubrike/Plan_integriteta/143401/Peer-Review-Report-Montenegro-2013.html

This goal and deadlines for the implementation of measures necessary for its achievement is further elaborated into details within the framework of already defined Integrity Plan matrix, which will cover period 2014-2016.

3.1 Methodology for completing the Integrity Plan form

In accordance with the Guidelines for drafting an Integrity Plan, working group commenced compleating the determined form, which consists of:

- general risk areas
- assessment and measurement of risks
- reaction to a risk
- review and reporting on risks.

Following previously conducted assessment of the existing situation, working group has identified following areas where risk of corruption may occur:

1. Institution Leadership and Management
2. Human Resources policy, ethical and professional behavior
3. Financial planning and management
4. Storage and security of information and documents
5. State assets disposal
6. Military operations
7. Cooperation between the MoD&AF of Montenegro and private sector
8. Working environment
9. Affirmation of the MoD&AF of Montenegro.

Human resources policy represents an area to which special care has to be paid, in a sense that any procedure that may influence on personnel of the MoD&AF of Montenegro may, if not implemented appropriately, cause the corruption. Procedures such are recruitment of soldiers, recruitment of public officials and civil servants, as well as professional military personnel, selection of officers for basic and advanced training, selection and direction of officers to education programmes abroad, deployment of officials and military officers abroad, status issues (salaries, promotions of military personal) are procedures that has to be carefully implemented in the context of removing all misunderstandings aiming to reduce the risk of unethical behavior and possible corruption occurrence at the lowest possible level.

Goal 1: Normative-legal framework in the Ministry of Defence and Armed Forces of Montenegro improved.

Goal 2: Organisational structure of the Ministry of Defence and Armed Forces of Montenegro enhanced.

Goal 3: Human Resources Management in the Ministry of Defence and Armed Forces of Montenegro strengthened.

Defence budgeting is a comprehensive process that includes budget planning, budget execution in accordance with the set plan, reporting on budget execution and audit. Given the complexity of this process, it is necessary to promote integrity throughout the whole process of budgeting, because non-transparent financial management, combined with a lack of accountability encourages the development of corruption. Establishing such a system enables the establishment of transparent connection between the goals defined by the Ministry of Defence in their strategic documents and the available budget.

Goal 4: Planning, execution, reporting and audit of defence budget system in the Ministry of Defence and Armed Forces of Montenegro improved.

From the perspective of building integrity and preventing corruption in the Ministry of Defence and the Armed Forces of Montenegro, one of the most important areas is the implementation of procurement procedures. Implementation of procurement procedures may be considered in two contexts: the procurement of new weapons and equipment for the MoD&AF of Montenegro and procurement of services to maintain the existing capacities/equipment. In this context, it is necessary to carefully monitor the progress of all phases of the procurement cycle, where all relevant organizational units of the Ministry of Defence and Armed Forces of Montenegro should actively participate.

Goal 5: Procurement system in the Ministry of Defence and Armed Forces of Montenegro improved.

Adequate preparation of the Armed Forces of Montenegro officers and NCOs before their deployment in international missions and operations is a prerequisite for successfully led operations abroad, and the successful fulfillment of one of the Armed Forces of Montenegro missions.

> Goal 6: System for deploying members of the Armed Forces of Montenegro in international missions and operations abroad improved

Indispensable partner in good functioning of the MoD&AF of Montenegro and encouraging the anti-corruption activities in the defense system is the private sector. It is therefore very important to develop and enhance modern platform for **cooperation between the MoD&AF of Montenegro and economy**. The cooperation can be improved by raising awareness of the companies that provide commodities and services to the MoD&AF of Montenegro on the importance of reforms taking place in the defense system, the importance of protecting the reputation and integrity of the Ministry and the Armed Forces as an institution, indicating that the companies with which the MoD&AF cooperate should give its contribution to running responsible and transparent business.

> Goal 7: Cooperation in the area of anti-corruption activities between the MoD&AF of Montenegro and the private sector improved.

In order to achieve greater transparency of the work of the Ministry of Defense and the Armed Forces of Montenegro civil society has irreplaceable role. The modern concept of good governance in the MoD&AF of Montenegro involves management culture that is oriented primarily to the citizens. The legitimacy of modern management culture is based on encouraging the participation of civil society when developing strategically important documents in the MoD&AF of Montenegro. On the other hand, good governance implies true, correct and timely information of public where the role of all forms of media is essential. Given that the media helps establishing accountability and transparency in general, it is necessary to develop cooperation between the MoD&AF of Montenegro and media.

> Goal 8: Cooperation between the Ministry of Defence and Armed Forcesa of Montenegro with civil sector and media improved.

3.2 Adoption of Integrity Plan

Elaborating identified risks, the working group has determined 63 measures for reducing corruption risks. However, in order to implement these measures, the working group has identified responsible organizational units/persons, as well as it has set deadlines.

The estimations of identified risks have been measured at the scale from 1 to 100, where by assessing probability for risk to occur and its impact on specific processes provides risk level. The estimations on scale from 1 – 15 represent low risk levels, estimations from 15 – 49 represent medium risk levels, while estimations from 49-100 represent high risk levels.

3.3 Proposal to the Minister of Defence to adopt the Integrity Plan

Pursuant the article 68 of the Law on Civil Servants and Public Officials, the working group suggested to the Minister of Defence to adopt the proposed Integrity Plan by making a Decision[10] on its adoption and enforcement.

3.4 Raising awareness among the employees on risks and responsibilities stemming from the adopted Integrity Plan

Integrity Manager is responsible for monitoring the implementation of Integrity Plan, namely for periodical risks' controls and update of determined measures.

All employees of the Ministry of Defence and personnel serving in the Armed Forces of Montenegro are obliged to inform Integrity Manager on the occurrence and/or action which could be assessed as a potential for corruption, conflict of interests, unethical or other inadequate behavior.

---

10 Decision on the adoption of Integrity plan of MoD&AF of Montenegro, no. 801-5523/13-2, issued on 2nd October, 2014.

MINISTRY OF DEFENCE

INTEGRITY PLAN FOR 2014 – 2016

NAME OF INSTITUTION:

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
			ASSESSMENT AND MEASUREMENT OF RISKS					REACTION TO A RISK		REVIEW & REPORTING ON RISKS	
Institutional leadership and management	Minister State Secretary Chief of Defence (CHOD) Senior Leadership Defence Inspector	Disruption of institutional integrity Violation of transparency	Existing Defence Strategy and Strategy on National Security Strategy for the fight against corruption and organized crime Law on the prevention of conflict of interest	Incomplete definition of strategic documents in the area of building integrity in defence system	2	6	12	Drafting new Defence Strategy with the Chapter defining the issue of integrity within defence system Recommendation to the Authority responsible for drafting new Strategy on National security referring the issue of integrity building and combating corruption	General Director of the Defence Policy Directorate CHOD Head of Directorate for the strategic planning of defence Head of Department for legislation and European integrations	2015	
Institutional leadership and management	Minister Chief of Defence (CHOD) Senior Leadership Chief of Staff of the General Staff Adviser to the Minister for military issues Commanders of the Armed Forces Units	Incomplete and ambiguity regulations Conflict of interests Disruption of reputation and integrity of institution	Existing regulations Code of Military Ethics	Ambiguity of the Law on Armed Forces in the area of building integrity in defence sector	7	7	49	Drafting the new Law on Armed Forces of Montenegro To insert provisions on the prevention of conflict of interest and protection of professional military persons reporting corruption and other anti-corruption provisions To draft accompanying sub/ legislation/ internal acts	Working group for drafting new Law on Armed Forces	2015 - 2016	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Institutional leadership and management	Minister Secretary State Secretary Chief of Defence (CHOD) Senior Leadership Head of Dept for military/intelligence and security affairs Commanders of the Armed Forces Units	Lack of records on receipt of gifts in the Ministry of Defence and Armed Forces of Montenegro Abuse of public function /official duty Disruption of the integrity of both, institution and employees	Code of Ethics of civil servants and public officials Code of Military Ethics Law on the prevention of conflict of interest Law on Civil Servants and Public Officials	Lack of transparency while receiving /giving gifts	5	7	35	To draft internal act on the content and manner of keeping records of gifts with clear criteria what can be received as a gift, that is what can be provided as a gift on behalf of the MoD&AF Appoint a person, who will be responsible to keep record on gifts received/delivered that is procurement of gifts. Informed the employees of the MoD&AF on the obligation of keeping records of received/ delivered gifts	Head of Service for PR and Protocol Head of Department for normative affairs and EU integrations	2015	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Institutional leadership and management	Heads of Departments Heads of Directorates Heads of Services Chief of Cabinet Adviser to the Minister for military issues Independent advisors Senior Advisors Advisors Professional military personnel	Disruption of reputation and integrity of the institution Non-fulfillment of official duties Misconduct	Existing legislation/sub legislation and internal procedures	Careless and unprofessional work and untimely performance of assigned tasks, assignments and projects	9	7	63	To adopt internal instruction on manners of communication and coordination between organizational units, by introducing the internal reporting system within/among international units of MoD&AF of Montenegro To improve model of reporting Senior Leadership by officers directly responsible for the implementation of a concrete task/project by drafting the Rules of Procedure on the work of Senior Leadership meeting	Senior Leadership in the MoD&AF Experts/Managers level in the MoD&AF	2015	
Human Resources policy, ethical & professional behavior of employees	Military staff assigned on the positions: Chief of Defence, Chief of Staff of general Staff Commanders of Armed Forces units Military staff assigned on the positions of planning and conducting public procurement procedures in the MoD	Disruption of reputation of the institution Conflict of interests Abuse of public function /official duty	Existing legislation/sub legislation	Working posts particularly exposed to the corruption risks have not been defined in the MoD&AF and adequate mechanisms for controlling these posts have not been established	7	7	49	To improve/establish the system for reporting incomes/ assets of MoD&AF personnel covering the positions particularly exposed to the corruption risks through the adoption of new Law on Armed Forces Monitoring the implementation of these provisions from the new Law on Armed Forces	Secretary General Director of the Directorate for Human Resources CHOD (or Working group for drafting Proposal of the new Law on Armed Forces) Direct managers Head of Dept. for inspection	2016	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Human Resources policy, ethical & professional behavior of employees	All employees	Not reporting corruption and other illegal actions	Existing legislation/sub legislation on anti/corruption activities Law on the prevention of conflict of interests Law on Civil Servants and Public Officials Law on Armed Forces Code of Ethics of civil servants and public officials Code of Military Ethics	Lack of awareness for reporting corruption and other illegal activities	7	8	56	Develop curriculum and conduct training of employees in the MoD&AF on the integrity and preventing corruption, at least twice a year Identify, appoint and train trainers for building integrity in the defense sector Consider the need for introducing integrity tests for internships in MoD&AF Establish a system for mandatory training of internships on building integrity and preventing corruption in the defense sector (Integrity Test)	Working group for drafting curriculum: General Director of HR Directorate Integrity Manager CHOD and Chief of Staff of General Staff of AF Commander of AF Training center	2015	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Human Resources policy, ethical & professional behavior of employees	All employees	Disruption of reputation and integrity of the institution Conflict of interests Abuse of public function /official duty	Law on the prevention of conflict of interests Law on Civil Servants and Public Officials Law on Armed Forces Code of Ethics of civil servants and public officials Code of Military Ethics Proffessional mentoring	Inadequately developed system of ethical and professional behavior of employees in the MoD&AF of Montenegro	7	6	42	To draft new Code of Military Ethics To establish Ethical Board and to nominate Ethical Commissioners for monitoring the implementation of the Code of Military Ethics Education and training of Ethical Commissioners To define model for informing the MoD&AF employees on the obligation to comply with the Code of Military Ethics, as well as on possible sanctions that may be imposed due to its incompliance (information letters, round table, brochures...)	General Director of HR Directorate Chief of Staff of General Staff of AF Head od Service for PR and Protocol Members of Ethical Board	2015 - 2016.	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Human Resources policy, ethical & professional behavior of employees	All employees	Disruption of reputation and integrity of the institution Conflict of interests Abuse of public function /official duty	Law on the prevention of conflict of interests Law on Civil Servants and Public Officials Law on Armed Forces Code of Ethics of civil servants and public officials Code of Military Ethics Professional mentoring	Lack of long-term Strategy for human resources management in the MoD&AF Lack of transparent procedures for appointment, advancement of professional military personnel, selection for appointing personnel to training events, selection for participation in international peacekeeping and military missions	7	6	42	To draft new Strategy for HR management in defence sector in accordance with the new Strategic Defence Review To draft career plans for military officers and NCOs of the AF of Montenegro To draft long-term Plan for cadets' education, professional development of military personnel employed in the MoD and those serving in the AF of Montenegro To draft Rules of procedures for the work of various Commission of the HR Directorate Education of the Commissions' members on integrity building issues	General Director of HR Directorate Chief of Defence Members of the working group to be established in the MoD	2015 - 2016.	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Human Resources policy, ethical & professional behavior of employees	All employees	Disruption of reputation and integrity of the institution Conflict of interests Abuse of public function /official duty	Law on the prevention of conflict of interests Law on Civil Servants and Public Officials Law on Armed Forces Code of Ethics of civil servants and public officials Code of Military Ethics Professional mentoring	Inadequate protection of persons reporting corruption	7	8	56	Following the adoption of a relevant Law on national level, to adopt internal procedure on a manner of reporting and protecting identity of a person reporting corruption	Minister General Director of HR Directorate Integrity Manager Head of Dept. for Inspection	2016	
Human Resources policy, ethical & professional behavior of employees	All employees	Disruption of reputation and integrity of the institution Conflict of interests Abuse of public function /official duty	Law on the prevention of conflict of interests Law on Civil Servants and Public Officials Law on Armed Forces Code of Ethics of civil servants and public officials Code of Military Ethics Professional mentoring	Lack of Risk Map of work posts exposed to corruption	8	7	56	To draft Risk Map of work posts and to establish a rotation model accordingly To introduce integrity tests for MoD&AF staff that covers risky work posts as defined in the Risk Map, periodically	General Director of HR Directorate Work group established	2016	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Finance planning and management	Minister Secretary Chief of Defence General Directors Head of Service for Financial Affairs	Adoption of illegal decisions Mistakes while working Conflict of interests Abuse of official duty	Existing legislation and sub legislation from financial management Assignment of working posts Enhance official and professional mentoring	Existing internal act unharmonised with the legislation of delegating or managing delegated powers to manage the approved budget	6	8	48	To improve the existing internal act of delegating or managing delegated powers to manage the approved budget	Minister Senior Leadership Head of Service for Financial Affairs	2015 - 2016	
Finance planning and management	Head of Service for Financial Affairs Finance Manager All employees of the Service for Financial Affairs General Staff - Dept. for finances Armed Forces Units	Inadequate regulations for planning and managing finances in defence sector Abuse of official duty Conflict of interests	Existing legislation and sublegislation from the area of financial management Assignment of working tasks Enhanced official mentoring	Incomplete (inadequate) definition of procedures referring the performance of the following processes: defence budget allocation, flow of financial documents between the org.units, keeping material-finances records, cash-flow records and creation of contracted liabilities	6	8	48	To improve the existing internal procedures regarding preparation of defence budget and cash flow records To adopt internal procedures on the movement of financial documents & book keeping records Clearly defined procedures of authorities, approvals, execution and control To adopt internal procedure on creation of contracted liabilities versus approved budget allocation	Head of Service for Financial Affairs Finance Manager All employees of the Service for Financial Affairs General Staff - Dept. for finances	2015 - 2016	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Storage and security of data	All employees in the MoD & all persons serving in the Armed Forces of Montenegro	Lack of transparency of the Information-Communication System does not provide development capabilities of defence system	Existing IT system	Lack of IT support in the areas of HR management, Material Resources management, accountancy and logistics for the needs of AF of Montenegro	8	8	64	To draft proposal of unique information-communication system necessary for the functioning of MoD&AF	General Director for Material Resources Chief of Defence Head of Directorate for Information-Communication Systems	2016	
Storage and security of data	All employees in the MoD & all persons serving in the Armed Forces of Montenegro	Abuse of confident official information and data	Existing legislation and sublegislation Law on Data Confidentiality Code of Ethics of civil servants and public officials Code of Military Ethics	Inadequately treatment with official documents and data due to incomplete measures of physical security	8	8	64	To perform analysis on the efficiency of existing measures of physical and technical security of documents and information	Head of Dpt. For military-intelligence and security affairs Head of Directorate for infrastructure Head of Service for administrative-technical and assistance affairs	2015	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Assets Disposal	Minister Chief of Defence General Director for Material resources Head of Directorate for infrastructure Comander of Logistics All Commanders of the Armed Forces units	Abuse of official duty Conflict of interests and disruption of institutional integrity Violation of professional, ethical rules and biased behavior of heavy and light effects	Existing measures of securing the property Assignments of working tasks Existing documents Enhanced mentoring Obligation to make reports Existing measures of physical security of property	Inadequately defined management, handling and use of state property/assets for special purposes Lack of internal procedures Inadequate mechanisms regarding property protection	6	8	48	To indicate Ministry of Finance on the need to adopt Decree on keeping unique records for the special purpose property (article 42 of the Law on State property) To draft internal procedures regarding management, handling and use of state property in MoD&AF To draft internal procedure on recording, making stocks and offsets of movable & immovable property for special purposes To draft internal procedure on planning and manners of sale of armaments and military equipment, rental of military equipment, as well as services that the AF provides to third persons To amend existing procedure on conditions, manner of use and special records of MoD's official vehicles To draft internal procedures regarding logistics for the properties used by the AF of Montenegro	General Director for material resources CHOD Working Group composed of: Head of Dpt. for normative and EU integrations Head of Directorate for logistics Head of Directorate for infrastructure Commander of Logistics All Commanders of the Armed Forces units	2015 - 2016	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Procurements in Defence	Minister Senior Leadership CHOD Head of Service for procurement All employees of the Service for procurement Head of Directorate for Defence Strategic Planning Head of Directorate for Logistics	Abuse of official duty Failure to report corruption and other illegal activities Illegalities and disruption of integrity in procurement Conflict of interests & disruption of institutional integrity Endangering public officer in reporting suspicions on corruption and other violation of integrity Receiving gifts and other benefits	Existing legislation and sub legislation Complete documentations on conducted procurement procedure	Inadequate organizational structure in the MoD Inadequately presented Law on public procurements Processing of cases last long Inadequately educated members of the Commissions for bids opening and evaluation Lack of anti-corruption clauses while contracting When appointing members of the Commission for bids opening and evaluating rotation system is not applied Lack of clear guidelines for drafting specification in order to eliminate possibilities that the specification goes in favour of specific bidder	5	9	45	To establish independent Procurement Service in the MoD To appoint the Head of Procurement Service To educate employees of the MoD's Procurement Service and members of the Committee for bids opening and evaluating on integrity building To educate employees of the MoD&AF on the provisions of the Law on public procurement To draft procedure on the procedure of planning, initiating and monitoring all types of procurement To draft procedures on monitoring and execution of contracted liabilities To incorporate provisions on anti-corruption measures (Integrity Pacts) in the text of Contracts to be concluded by the MoD To draft MoD's Guidelines on the obligation to write reports on realization of concluded contracts and their submission to the Procurement Service	Minister CHOD General Director for HR Management Head of Procurement Service and other employees in the Procurement Service General Director for Material Resources Management Head of Directorate for Logistics	2014 - 2015	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Military Operations	Minister CHOD Chief of Staff of General Staff General Director for Human Resources Management Head of Directorate for HR Management Commission for selection and deployment of military officers to military/international missions	Violation of professional and ethical rules Receipt of unapproved gifts or other benefits Endangering lives of the members of AF of Montenegro in international missions Disruption of basic AF activities in international missions Members of the AF of Montenegro to be deployed in international missions are not properly informed on the need to enhance integrity and fight against corruption	Existing legislation and sub legislation Law on Defence Law on Armed Forces Existing training curriculum before deployment to military missions Commanders – experts mentoring	Lac of appropriate training on integrity building and preventing corruption for the AF members, to be deployed in international peacekeeping mission Incomplete curriculum due to ignorance of local population customs Lack of institutional memory (lessons learnt) which is necessary for envisaging specific situations for any other engagement of the AF in international military missions	7	8	56	To develop unique anti-corruption training module for military personnel of the AF of Montenegro, before their deployment to international peacekeeping missions Education of military personnel, before their deployment to international peacekeeping missions according to the developed module Following the „train the trainer" programme create MoD's capacities that will, on regular basis, perform integrity building and anti-corruption training in the MoD To develop module on collecting lessons learnt from the military personnal upon their return from international missions to Montenegro	Working Group on the level of MoD& AF of Montenegro	2015 - 2016	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Cooperation between the MoD&AF and private sector	Minister General Director for Material Resources Head of Directorate for Logistics	Conflict of Interests Abuse of official duty	Existing legislation and sub-legislation	Incomplete regulations regarding the relationship between the MoD and private sector Inappropriate awareness of private sector on gals and tasks of MoD&AF in the area of integrity building	3	5	15	To develop training system (workshops) on integrity building and prevention of corruption through the cooperation established between the MoD and private sector To recommend companies cooperating with the MoD to draft their own Codes of Ethic To draft, on internal level, "white" and "black" lists of suppliers/buyers that are in business with the MoD	General Director for Material Resources Chief of Defence (Working Group)	2015 - 2016	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Working Environment	General Director for Material Resources Chief of Defence Head of Dpt. for Inspection	Inadequate protection and security of the officers in respect to the use of working tools Violation of health of the MoD's employees and military personnel in the AF of Montenegro, as well as violation of the institutional integrity Lack of regulations on defining special working conditions	Existing legislation and sub-legislation	Employees of the MoD&AF of Montenegro have not been properly informed on the procedures of protection in working environment Omissions while using x-ray and other devices containing sources of ionizing radiation	5	9	45	To draft internal procedure on the protection and health of people at work in the MoD&AF of Montenegro To adopt and implement Guidelines for detection and treatment with the sources of ionizing radiation, as well as for the inspection of the functionality of dosimetric equipment Control of implementation of the Guidelines for detection and treatment with the sources of ionizing radiation, as well as for the inspection of the functionality of dosimetric equipment Education of the MoD&AF personnel on the use and security of equipment for detecting sources of ionizing radiation	General Director for Material Resources Head of Directorate for Infrastructure Head of Directorate for Logistics	2015 - 2016	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Mechanisms of control	Minister Senior Leadership from: Dpt. for Inspection Dpt. for Internal Audit Dpt.Military-Intelligence and Security Affairs	Violation of the Institutional integrity Abuse of public duty/ authority Violation of professional and ethic rules and biased behavior	Existing legislation and sub-legislation Internal acts of the Ministry of Defence	Inappropriate HR capacities Insufficient equipment for the Dept. Insufficient training of the Departments' employees in the area of integrity building in defence sector	2	9	18	To fulfil available positions in the Dpts. Of controlling authorities, in accordance with set priorities To appropriately equip departments in accordance with their working tasks and priorities Education of employees in conducting mechanisms of control, emphasizing the fight against corruption and enhancement of integrity in the MoD&AF of Montenegro	Head of the following Departments: Dpt. for Inspection Dpt. for Internal Audit Dpt.Military-Intelligence and Security Affairs	2015 - 2016	

General areas of risks	Working posts	Name of the risk	Existing control measures	Residual risks	Probability	Influence	Risk level	Suggested/implemented measures for risk reduction	Responsible person	Deadline	Progress made since last check
Affirmation of MoD&AF of Montenegro	All employees	Violation of image and integrity of the institution Violation of transparency	Existing legislation and sub-legislation Internal acts of the Ministry of Defence	Lack of appropriate guidelines on establishing communication, on both internal and external level Lack of transparency Lack of informing the public on the MoD&AF of Montenegro activities in the area of integrity building and corruption combating in MoD&AF of Montenegro	4	8	32	To draft MoD's Communication Guidelines To draft MoD's Manual for communicating with the target groups To adequately equip the Service for PR and Protocol To publish on MoD's website information on activities performed in the MoD To launch campaign in order to promote building integrity processes in the MoD&AF To design and publish posters/flyers on integrity building in the MoD To organize round tables/workshops on integrity building at all MoD's levels To create on-line form for reporting corruption, and its availability on the MoD's website	Head of Service for PR and Protocol Working group (established on expert/manager level from different org. units)	2015 - 2016	

TERMS AND SYMBOLS LEGEND

The risk intensity shall be calculated by multiplying influence and probability on the following risk matrix „influence(1-10) x probability(1-10)" shown on the image belowd.

INFLUENCE	Serious	10 9 8									
	Moderate	7 6 5 4									
	Small	3 2 1									
Risk Intensity (influence x probability)			1 2 3 **Low**		4 5 6 7 **Middle**				8 9 10 **High**		
			PROBABILITY								

Total corruption and other forms of integrity violation risk assessment

● /V High volume risk – Corruption is already present in this process or it is very much possible that it will occur

● /S Middle volume risk – The occurance of corruption in this process is possible, but the risk is managed due to the control measures

● /N Low volume risk – Small probability that corruption will occur in this process due to the existing control measures

Risk estimations:

The estimations are from 1 up to 100, therefore the estimations from 1-15 represent »lowest probability« of corruption occurance with the very »low« influence (low volume risk), estimations from 15-49 reprsent »middle probability« of corruption occurance with »moderate« influence (middle volume risk) and estimation from 49-100 means »almost certain« corruption with »very high« assesment (high volume risk).

Progress made from the last check

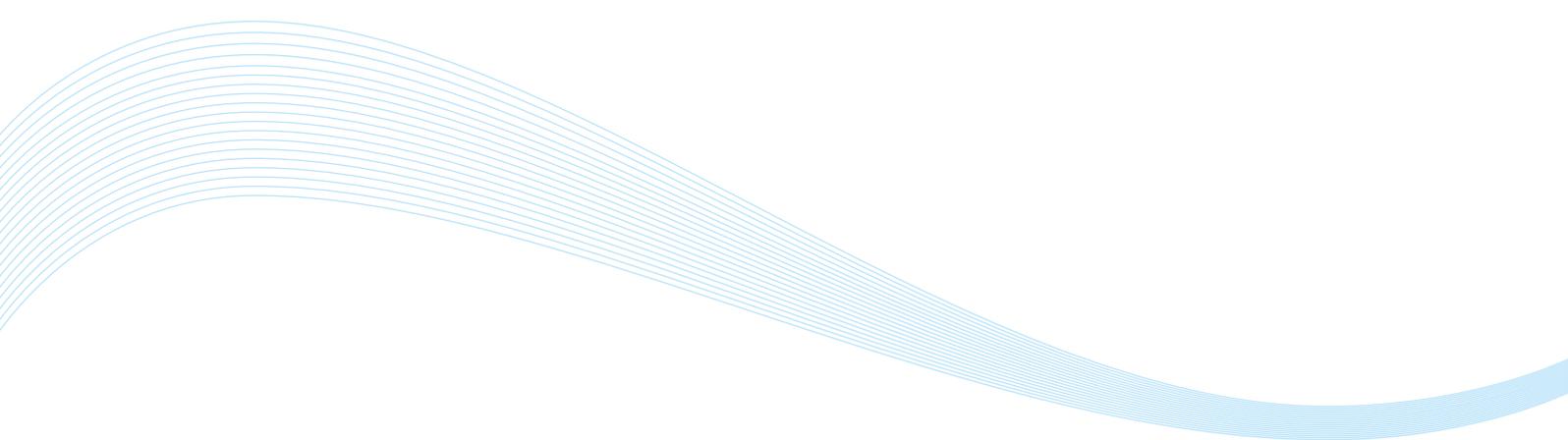↔ Without change

↑ Risk increased

↓ Risk reduced

NOTES

NOTES

NOTES