





Udruženje za odgovorni i održivi razvoj



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## INTRODUCTION

This report presents an analysis of the alignment of the **new Law on Financing of Political Entities and Election Campaigns of Montenegro** (from 2025) with the **relevant recommendations of the OSCE/ODIHR Mission** from the Final Reports for the parliamentary elections of 30 August 2020, the presidential elections of 19 March and 2 April 2023, and the early parliamentary elections of 11 June 2023.

The analysis is limited to the normative framework established by the new Law and evaluates the degree to which this framework incorporates the requirements arising from ODIHR recommendations addressed to the previous 2020 Law.

## METHODOLOGY

First, all ODIHR recommendations relevant to the Law on Financing of Political Entities and Election Campaigns were identified, from three ODIHR Election Observation Mission Final Reports.

Second, a systematic comparison of the content of recommendations with the provisions of the old and the new Law was conducted.

Third, the status of compliance for each group of recommendations – fully, partially, or not fulfilled – was determined based on factual changes in the text of the Law and the standards of international practice.

Note: in cases where the recommendations are substantively identical or overlap, they were addressed jointly.

## ANALYTICAL OVERVIEW AND ASSESSMENT OF ALIGNMENT

### 1.

#### Sanctions, publishing of irregularities and financial flows transparency

ODIHR repeatedly (in 2020 and 2023) recommended that the Law prescribe **effective, proportionate and dissuasive sanctions**, and that the Agency for Prevention of Corruption (hereinafter: APC) be obliged to **publish irregularities**, including **unreported income and expenditures**.

The new Law **expanded** the penal provisions and introduced an obligation for all reports and inspection records to be published **immediately upon receipt**. This increased timeliness and transparency, but there is **no** specific mechanism for publishing unreported flows of funds, nor a system of **differentiated** penalties depending on the severity of violation.

Although formally improved, the Law still does not meet the full standard of a **dissuasive and proportionate** penal policy, nor does it prescribe an explicit obligation for the oversight body to identify and publish information on irregularities, including unreported income and expenditures.

**Assessment:** partially fulfilled.

### 2.

#### Misuse of state resources and pressure on voters

In 2020 and 2023, ODIHR repeatedly highlighted the need to regulate more precisely the ban on the use of public resources and to establish mechanisms to protect employees of state institutions from political pressure.

The new Law contains **more detailed** rules on the prohibition of employment, social benefits, and the use of vehicles and equipment in the campaign; it **introduces** the institute of a ban on officials' campaigning, as well as other restrictions during the election campaign, which is a step forward compared to the previous wording.

However, the Law contains **no procedural provisions** enabling the APC or any other body to conduct proceedings to examine allegations of pressure; it also prescribes no protective measures for whistleblowers, **nor does it establish procedural prerequisites** for the APC to prosecute public officials who use official vehicles during the election campaign for purposes unrelated to official needs. Moreover, the Law **does not prescribe** penal provisions related to the article governing other restrictions during the election campaign.

Despite seemingly significant improvements to the prohibitions related to the employment and engagement of employees (*a more precise time frame, defined exceptions, harmonisation with the Labour Law, a broader range of authorities to which the ban applies, extension of the prohibitions to contracts for services and temporary and occasional jobs*), the new Law **does not provide** for a transparency mechanism, which is contrary to the ODIHR recommendation related to the obligation of publicity, and that APC should consider publishing relevant information on employment in the public sector in a user-friendly format, with due protection of personal data.

Moreover, the new Law **does not contain procedural prerequisites** that would enable APC to initiate and conduct misdemeanour proceedings in which a violation of the Law would be established relating to the ban on engaging persons on the basis of service contracts and agreements on temporary and occasional jobs, as well as the ban on amendments to the systematization (staffing plan) act during the election campaign.

**Assessment:** partially fulfilled.

### 3. **Loans, donations and definition of election campaign**

One of the standing recommendations concerned the need to elaborate **loan arrangements, the methodology for assessing non-monetary contributions, payment of donations by bank transfer, and preventing early campaigning**.

The new Law fully regulates loans from domestic financial institutions, prescribes a market-based valuation of non-monetary contributions and introduces compulsory related reporting. The new Law also explicitly prescribes the obligation to pay contributions by bank transfer.

The new Law narrows the definition of the election campaign, which now lasts **until the announcement of preliminary results** (except for presidential elections, where it lasts until the day the final results are announced), thereby shortening the time frame for oversight and reducing transparency of costs, which does not constitute a substantive improvement compared to the previous Law.

At the same time, the new Law contains no provision defining or sanctioning activities that would constitute prohibited early campaigning, although this was an explicit ODIHR recommendation from 2020. There are no rules distinguishing regular political activity from de facto campaigning before elections are called, which opens space for financing and promotional activities outside the oversight period.

**Assessment:** partially fulfilled.

#### **4.** **Cross-checking of donors and public contractors**

Across all ODIHR reports from 2020 to 2023, the recommendation was repeatedly made that the APC should be empowered to carry out **systematic cross-checking**, in order to identify donors (legal entities, companies and entrepreneurs, and related legal and natural persons) who performed work of public interest or concluded a contract in a public procurement procedure.

The new Law does not contain provisions that would enable APC to conduct systematic, electronic cross-checking of donors through access to relevant databases and registers. The new Law also does not prescribe an obligation for the line ministry to establish a database, so APC retains the authority to conduct oversight and publish results, but has no mechanism for automatic exchange and verification of data.

This remains one of the most important **outstanding issues** in terms of full alignment with international standards of transparency in political finance.

**Assessment:** not fulfilled.

## 5.

### Third-party campaigns – reporting, limits and sanctions

For the first time, the new Law regulates third-party campaigns. Activities that constitute third-party campaigning are defined, and obligations, limits and sanctions are prescribed.

Therefore, the basic ODIHR requirements related to transparency are met. However, the Law does not grant APC the power to order the cessation of unlawful activities and the removal of prohibited content, so control over the implementation of these provisions remains questionable.

**Assessment:** partially fulfilled.

## 6.

### Campaign spending limits and public financing

In 2023, ODIHR pointed to the need to reconsider spending and public funding caps in order to prevent excessive spending with potentially undue influence on voters and to preserve the equality of candidates.

The new Law clearly defines limits on private funds and donor funding – natural persons up to 2,500 €, legal persons up to 5,000 € (for presidential elections natural persons up to 5,000 €, and legal persons up to 10,000 €), but retains the formula for allocating budget funds to cover election campaign costs from the previous Law.

Thus, **the level of public financing** has still not been specifically reconsidered; moreover, budget funds for financing the regular work of political entities in the Parliament have been increased and now amount to 0.8% (from the former 0.5%) of the total planned budget funds, reduced by capital budget funds and the budgets of state funds for the year for which the budget is adopted, so there remains a risk of **an uneven effect** of state support.

**Assessment:** partially fulfilled.

## 7. Financing of women's organizations

The Final Report on the 2023 early parliamentary elections recommended strengthening the mandatory allocation and oversight of public funds earmarked for women's organizations.

The new Law provides for an obligation of monthly transfer of funds, public disclosure of the amounts and misdemeanour sanctions for non-compliance, and introduces a novelty in terms of a **separate report** on the manner and purpose of spending funds for the regular financing of women's organizations within political entities.

The new Law provides for an obligation of monthly transfer of funds and public disclosure of the amounts, as well as **misdemeanour sanctions for specific non-compliance** with these obligations. In addition, it introduces a novelty in the form of a **separate report** on the manner and purpose of spending these funds, thereby improving formal transparency, although part of the prescribed obligations is still **not accompanied by appropriate sanctions**, which may limit the full implementation of this norm in practice.

Namely, although Article 14 paragraph 6 of the new Law rightly prescribes that the funds intended for financing women's organizations within political entities are **exclusively earmarked** and may be spent only in accordance with statutes of those organizations, its application is limited by the fact that misdemeanour liability for acting in violation of this provision is not foreseen. Thus, the norm aimed at encouraging women's political engagement and strengthening their representation remains without real sanctioning force, which opens space for misuse of these funds.

**Assessment:** partially fulfilled.

## 8. Monitoring and publication of campaign costs, including online advertising and the obligation to label promotional materials

In its 2023 reports, ODIHR highlighted the need to monitor campaign **expenditure from the date elections are called** and to ensure that oversight covers **all forms of political advertising**, including digital formats such as

Google Ads campaigns and social media. ODIHR also recommended that the Law require all campaign materials—both printed and online—to be clearly labelled with information on the **person or entity that ordered and paid** for the advertisement, in order to ensure full transparency.

The new Law clearly defines the campaign from the day elections are called and **recognises digital advertising** as part of election campaign costs, and introduces **an obligation to report expenditure** incurred on the internet and social networks, which is a significant normative progress in monitoring online campaigns.

However, the lack of a precise **methodology for data collection** and the limited ability of APC to obtain information from global platforms leave room for uneven implementation in practice.

Moreover, the new Law does not regulate the obligation for the promotional material itself (poster, spot, and banner, sponsored post) to contain information on the person/entity ordering and paying for the advertisement.

**Assessment:** partially fulfilled.

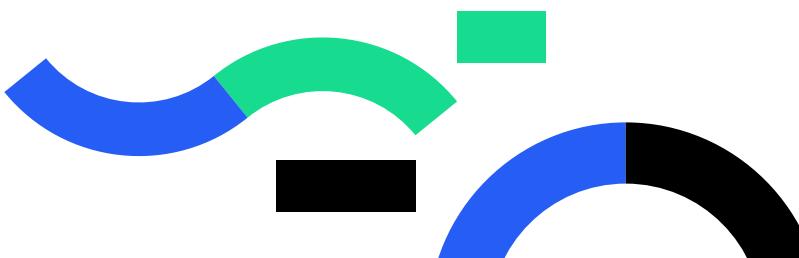
## 9.

### Second round of presidential elections – limits and deadlines

ODIHR emphasized the need for the Law to explicitly provide that the rules on campaign financing also apply to the second round of presidential elections.

Although in practice the APC conducts oversight over both rounds of elections, the new Law does not contain a specific clause on the continuity of limits and reporting deadlines by round, which leaves room for legal uncertainty and potentially uneven implementation.

**Assessment:** partially fulfilled.





## CONCLUSION

The analysis shows that **the new Law on Financing of Political Entities and Election Campaigns (2025)** represents a **significant formal step forward** compared to the 2020 Law, particularly in terms of enhancing transparency, regulating digital advertising and regulating third-party campaigns, and more precise reporting on funding women's organizations. In doing so, the sponsor took into account a larger portion of earlier OSCE/ODIHR recommendations, especially in the domain of **transparency of financial flows and reporting**.

Nevertheless, in normative and institutional terms, the Law **has still not achieved full alignment with international standards**. Key shortcomings relate to the absence of a mechanism for **systematic cross-checking of donors and related parties**, the lack of an explicit obligation to **label promotional materials** with information on the person or entity that commissioned and paid for the advertisement, insufficiently elaborated **procedural competences of APC** regarding the prohibition and cessation of unlawful activities during the election campaign, as well as the absence of **penal provisions** for the misuse of earmarked funds intended for women's organizations.

Furthermore, despite seemingly significant improvements to the prohibitions related to the employment and engagement of employees (a more precise time frame, defined exceptions, harmonisation with the Labour Law, a broader range of authorities to which the ban applies, extension of the prohibitions to contracts for services and temporary and occasional jobs), the new Law does not provide for a transparency mechanism, which is contrary to the ODIHR recommendation related to the obligation of publicity, and that APC should consider publishing relevant information on employment in the public sector in a user-friendly format, with due protection of personal data.

Moreover, the new Law does not contain procedural prerequisites that would enable APC to initiate and conduct misdemeanour proceedings in which a violation of the Law would be established relating to the ban on engaging persons on the basis of service contracts and agreements on temporary and occasional jobs, as well as the ban on amendments to the systematization (staffing plan) act during the election campaign.

Overall, while the new Law has substantially enhanced the system's formal transparency, it still falls short of fully reinforcing substantive accountability and effective institutional oversight—core requirements of international standards on the financing of political entities and election campaigns.