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Addendum

Joint First and Second Evaluation Rounds

Addendum to the Compliance Report on Montenegro

Adopted by GRECO
at its 49th Plenary Meeting
(Strasbourg, 29 November-3 December 2010)

I. INTRODUCTION

1. GRECO adopted the Joint First and Second Round Evaluation Report on Montenegro at its 30th Plenary Meeting (9-13 October 2006). This report (Greco Eval I-II Rep (2005) 4E) was made public by GRECO, following authorisation by the Montenegrin authorities, on 9 January 2007.
2. Montenegro submitted the Situation Report required under the GRECO compliance procedure on 31 May 2008. On the basis of this report, and after a plenary debate, GRECO adopted the Joint First and Second Round Compliance Report (RC-Report) on Montenegro at its 40th Plenary Meeting (5 December 2008). This last report was made public on 7 January 2009. The Compliance Report (Greco RC-I+II (2008) 5E) concluded that recommendations ii, iii, iv, v, vii, ix, xii, xiv, xviii, xxii and xxiii had been implemented satisfactorily and recommendations i, x, xiii, xv and xx had been dealt with in a satisfactory manner. Recommendations vi, viii, xi, xvi, xvii, xix, xxi and xxiv had been partly implemented. GRECO requested additional information on their implementation. This information was provided on 30 June 2010.
3. The purpose of this Addendum to the Joint First and Second Round Compliance Report is, in accordance with Rule 31, paragraph 9.1 of GRECO's Rules of Procedure, to appraise the implementation of recommendations vi, viii, xi, xvi, xvii, xix, xxi and xxiv in the light of the additional information referred to in paragraph 2.

II. ANALYSIS

Recommendation vi.

4. *GRECO recommended that i) a clear mechanism for cooperation between the police and the prosecution service be put in place, that would consolidate the leading role of the prosecutors in the preliminary phase of criminal investigations and would ensure that they are provided with all relevant information as soon as possible; ii) the role of the investigating judge be reviewed with a view to ensuring more rapid and effective criminal investigations.*
5. In the RC-report, GRECO took note of the plans to amend the Criminal Procedure Code in order to, *inter alia*, streamline the pre-trial investigation procedure in criminal cases by reviewing the powers of the investigating judge and consolidating the leading role of the prosecutors in the preliminary phase of criminal investigations. Pending adoption of the aforementioned amendments, GRECO assessed recommendation vi as partly implemented.
6. The authorities of Montenegro now report that the new Criminal Procedure Code was adopted on 27 July 2009; it entered into force on 26 August 2010. The Plan for the Implementation of the new Criminal Procedure Code was adopted in October 2009; a monitoring Commission was established thereafter¹. The one-year *vacatio legis* period has been seized to provide joint training to prosecutors, judges and the police regarding the practical implementation of the new procedural requirements in criminal cases. In this context, the new Criminal Procedure Code is reportedly aimed at increasing the overall efficiency of the prosecution by, *inter alia*, providing prosecutors with a leading role in the investigative phases; the investigating judge is to order detention and to grant special investigative techniques and search warrants during the pre-trial investigation procedure.

¹ The Commission for monitoring implementation of the new Criminal Procedure Code was set up on 14 December 2009. It is composed of the Minister of Justice, the President of the Supreme Court, the Supreme Public Prosecutor, the Special Prosecutor for Organised Crime and Corruption, the Minister of Finance, the President of the Parliamentary Committee for the Judiciary, as well as representatives from the Bar Association.

7. Memoranda of understanding have been signed to enable swifter contact and information exchange among law enforcement bodies, including by setting up *ad hoc* joint investigative teams: a Memorandum of Cooperation was signed between the Supreme Public Prosecutor's Office and the Police Directorate in June 2009; likewise, an Agreement for the Establishment of Joint Investigative Teams for Organised Crime and Corruption was signed by the Supreme Public Prosecutor's Office, the Police Directorate, the Customs Administration, the Tax Administration and the Administration for the Prevention of Money Laundering and Terrorism Financing. A joint team is already operative under the leadership of the Special Prosecutor for the Fight against Organised Crime, Corruption, Terrorism and War Crimes; in mid-May 2010, the first case was sent to the High Court in Podgorica as a result of such cooperation. A Tripartite Commission (Supreme Court, Supreme Public Prosecutor and the Police Directorate) was established in October 2007 to carry out standardisation and analysis of data on corruption and organised crime, including by gathering statistics on the investigation and adjudication of these types of offence.
8. Further activities are expected to take place within the framework of the EU IPA-funded project "Support to the Implementation of the new Criminal Procedure Code", which includes an envelope of 200,000 EUR to upgrade equipment and facilities of prosecutors' offices and courts.
9. GRECO welcomes the various measures reported to meet recommendation vi. GRECO is hopeful that the legislative amendments adopted and the practical activities initiated to foster cooperation between law enforcement bodies (e.g. specialised training, establishment of joint investigative teams, upgrading of technical equipment, etc.) will soon render investigations more rapid and efficient and thereby lead to effective punishment of corruption offences.
10. GRECO concludes that recommendation vi has been implemented satisfactorily.

Recommendation viii.

11. *GRECO recommended to extend the application of the provisions on the use of special investigative techniques (in particular Article 238 of the Criminal Procedure Code) to include all corruption offences and to provide the competent agencies with appropriate means and training in order to make the system of special investigative techniques work efficiently in practice.*
12. GRECO recalls that, in the RC-report, it acknowledged the steps taken by the authorities to familiarise the competent agencies with the effective use of special investigative techniques and to set up a specialised department, within the police, to deal with these matters. GRECO further welcomed the draft amendments to the Criminal Procedure Code extending the application of the provisions on the use of special investigative techniques to all corruption offences; however, pending adoption of the proposed amendments, GRECO assessed recommendation viii as partly implemented.
13. The authorities of Montenegro confirm that the recently adopted Criminal Procedure Code allows for the application of special investigative techniques to a wider number of offences, including bribery, trading in influence and money laundering. These techniques can be applied both during the pre-investigative and the investigative phases. Additional training activities have been held in this area. Moreover, an EU IPA technical assistance project has provided additional funding for strengthening the human and material means for the Division of Special Control, within the Criminal Police Department of the police, which is entrusted with specific tasks with respect to the application of special investigative techniques. In the context of the aforementioned IPA project,

Instructions on the Use of Special Investigative Techniques have been drafted and targeted training has been provided to police officers.

14. GRECO welcomes the possibility provided by the new Criminal Procedure Code to apply special investigative techniques to all corruption offences, as well as the steps taken to facilitate their use in practice (e.g. through training activities, purchase of equipment).
15. GRECO concludes that recommendation viii has been implemented satisfactorily.

Recommendation xi.

16. *GRECO recommended that legal provisions be introduced which allow measures of seizure of proceeds of all corruption offences at the earliest stage of the preliminary investigation, even if not committed by an organised criminal group.*
17. GRECO recalls that, in the RC-report, it noted the proposals tabled in Montenegro to seize corruption proceeds at the earliest stages of investigation. However, pending adoption of legislation, it deemed recommendation xi as partly implemented.
18. The authorities of Montenegro state that the new Criminal Procedure Code has introduced provisions allowing for seizure of corruption proceeds at the earliest stage of the preliminary investigation, even if not committed by an organised criminal group (Articles 90 and 91). In addition, the Criminal Code (Article 113) now provides for extended confiscation and the apportionment of the burden of proof in those cases where the perpetrator is part of a criminal organisation. The management of seized/confiscated property has been entrusted to a newly established body, i.e. the Public Property Administration. Training has been provided to prosecutors and judges on the content of the recently introduced provisions.
19. GRECO welcomes the legislative provisions introduced to deprive the perpetrator, as soon as possible, of the gains s/he might have obtained as a consequence of the criminal offence committed.
20. GRECO, therefore, concludes that recommendation xi has been implemented satisfactorily.

Recommendation xvi.

21. *GRECO recommended to expand the application of the Law on Conflicts of Interest to include all public officials who perform public administration functions, including public officials as referred to in Article 2, paragraph 2, of the Law on Civil Servants. GRECO also recommends that legislative or other measures be taken to ensure that all public officials and civil servants are prohibited from acquiring inappropriate benefits for themselves or their relatives through holding a position as member of the board in State owned companies. Finally, GRECO recommends to seek ways of reducing the potential of political influence in the decisions taken by the Commission for the determination of conflicts of interest.*
22. GRECO recalls that, in the RC-Report, it assessed the recommendation as partly implemented since, pending adoption of the draft Law on the Prevention of Conflicts of Interest, it could not anticipate whether the final result would indeed adequately address the different concerns identified in recommendation xvi.

23. The authorities of Montenegro indicate that the Law on the Prevention of Conflicts of Interest was adopted in December 2008. The definition of public official (Article 3) extends to any person, whether elected or appointed, who decides on rights, obligations or interests of physical or legal entities or decides on public interest (with the exception of those persons appointed by the President of Montenegro on the basis of defence and military regulations). The reworked definition of public official now allows for the coverage of a total of 2,883 persons² (the latter figure shows over a 42% increase in the number of persons covered by the new law as compared to the system assessed in the Joint First and Second Round Evaluation Report on Montenegro). As of March 2010, the number of civil servants and State employees in Montenegro amounts to 11,484. The authorities add that amendments to the Law on the Prevention of Conflicts of Interest are currently in preparation to further extend the definition of public official to other categories of civil servants (e.g. deans of faculties, assistant heads of authorities, etc.).
24. As per the applicable rules concerning the participation of public officials in companies, Articles 8 and 9 generally ban public officials from being a president or member of any management or supervisory board, executive director or member of management of a private or public company, public institution or any other legal entity. By way of exception, public officials (except members of Government, judges of the Constitutional Court, State Prosecutor and Deputy State Prosecutor), may be a president or member of any management or supervisory board, executive director or member of management of a public company, public institution or any other legal entity owned by the State or local Government. The authorities explain that the exception is justified since the presence of a public official in this type of company would better guarantee that public interests are protected in the relevant decision-making processes. In the presence of a potential conflict of interest, the public official is to notify, by way of a statement on presence of private interest, other participants in the dispute and decision-making prior to his/her taking part in the dispute and not later than the beginning of the relevant decision-making process; members of Parliament and councillors are exempt from the aforementioned obligation (Article 12, Law on the Prevention of Conflicts of Interest).
25. Lastly, the Commission for the Prevention of Conflicts of Interest, which started to operate in August 2009, is formed by a President and six members elected by the Parliament on the basis of their professional and moral qualifications. They are elected for a five-year period, without the possibility of re-election. They cannot be members of any political party. The following table illustrates the work of the Commission during the period 2009-2010 :

	2009	2010 (January-October)
Proceedings before the Commission		
Initiatives launched by the Commission	414	364
Initiatives launched by other institutions, NGOs, etc.	270	122
TOTAL	684	486
Decisions made in first instance	585	485
Decisions made in second instance	144	139
Requests from dismissal from public office	8	52
Proceedings before relevant courts		
Proceedings initiated before Misdemeanour Court	54	380
Confirmed decisions of the Commission by the Administrative Court	116	27
Confirmed decisions of the Commission by the Supreme Court	69	Not final

² Figure as of 1 June 2010.

26. GRECO acknowledges the steps taken by the authorities to improve the applicable rules concerning conflicts of interest. That said, GRECO is concerned by some flaws in the new Law on the Prevention of Conflicts of Interest.
27. With respect to the first part of the recommendation, GRECO welcomes the fact that the new Law on the Prevention of Conflicts of Interest has a broader coverage than before; however, some categories of civil servants who are exposed to corruption risks would still fall outside its scope (e.g. professors, physicians, advisers or assistant heads of office) and therefore, be subject to more limited conflicts of interest rules under the Law on Civil Servants and State Employees. GRECO understands that the authorities may opt for tighter standards with respect to certain categories of public officials in particularly sensitive positions and, therefore, the need to address the issue of conflict of interest differently in two separate sets of rules, i.e. the Law on the Prevention of Conflicts of Interest and the Law on Civil Servants and State Employees. That said, as highlighted in the Joint First and Second Round Evaluation Report, the applicable rules in the Law on Civil Servants and State Employees (which cover all possible categories of civil servants and public employees) in this subject matter are far too generic: they only provide for a general enumeration of basic activities that could undermine civil servants' impartiality when they exercise their public functions.
28. With respect to the second part of the recommendation, GRECO recalls that, in the Joint First and Second Round Evaluation Report, it pointed at the risk of serious conflicts of interest since the former law allowed the highest-ranking politicians, members of the Government and other high-ranking officials to serve on the board of companies with predominantly State or municipal capital and to simultaneously negotiate the privatisation of State property on behalf of the State³. GRECO acknowledges that provision has been made in the new Law on the Prevention of Conflicts of Interest to ban certain categories of officials, i.e. members of Government, judges of the Constitutional Court, State Prosecutor and Deputy State Prosecutor, from holding positions as members of the board of State or municipal-owned companies. This is an improvement on the situation when it was formerly assessed; however, GRECO notes that, pursuant to Article 9 of the Law on the Prevention of Conflicts of Interest, there could still be some highest-ranking politicians who would be exempt from the aforementioned ban, e.g. members of Parliament may be "exceptionally" allowed to hold supervisory, decision-making and managing powers in public companies and executive agencies. The law does not clarify what may constitute an "exceptional" circumstance. Moreover, the latter exception is problematic with regard to the incompatibility of holding both executive and legislative functions, and undermines the oversight role that Parliament is to play in the system. The Strategy for the Fight against Corruption and Organised Crime (2010-2014), which was adopted by the Government of Montenegro in July 2010, expressly recognises this loophole in the system. Moreover, GRECO signals the additional exception provided by Article 12 of the Law on the Prevention of Conflicts of Interest with respect to members of Parliament and local councillors to the general obligation for public officials to submit statements on potential conflicts of interest. GRECO regrets that a unique chance has been missed to better manage conflicts of interest in such cases. GRECO further notes that this issue will continue to be reviewed in the context of the forthcoming Fourth Evaluation Round.
29. Finally, with respect to the third part of the recommendation, GRECO notes that the President and members of the Commission for the Prevention of Conflicts of Interest are elected by Parliament. In order to reduce the potential of political influence in the decisions taken by the Commission, party affiliation of its members has now been banned (in line with the specific remarks made by GRECO in the Joint First and Second Round Evaluation Report). On a practical

³ Paragraph 88, Joint First and Second Round Evaluation Report on Montenegro.

note, GRECO acknowledges the initiatives launched by the Commission for the Prevention of Conflicts of Interest in the period 2009-2010 (figures provided in paragraph 25); GRECO is hopeful that the Commission will continue to fulfil its control function in a determined manner.

30. In light of the shortcomings identified above, GRECO concludes that recommendation xvi remains partly implemented.

Recommendation xvii.

31. *GRECO recommended to introduce clear rules/guidelines for situations where public officials move to the private sector (“pantouflage”) in order to avoid situations of conflicts of interest.*
32. GRECO recalls that, in the RC-report, it took stock of the draft provisions on pantouflage included in the draft Law on the Prevention of Conflicts of Interest. Pending adoption of the draft, GRECO assessed recommendation xvii as partly implemented.
33. The authorities of Montenegro state that rules have been introduced in the Law on the Prevention of Conflicts of Interest to restrict and control post-employment business activity. In particular, Article 13 establishes a “cooling-off period” of one year, following termination of public office, in which public officials are banned from: (i) appearing before a public authority in which s/he exercised public office in the capacity of a representative or attorney of a legal entity that has entered into or is entering into a contractual or business relationship with that authority; (ii) representing a legal or natural person before a public authority in which s/he exercised public office in the case in which s/he participated in decision-making as a public official; (iii) performing the activities of management or auditing in the legal entity where, at least a year before termination of his/her public office, his/her duties were connected to supervisory or control activities; (iv) entering into a contractual relationship or any other form of business cooperation with the public authority in which s/he exercised public office; and (v) using, for the purpose of acquiring benefit for himself/herself or another person or for the purpose of harming another person, the information and notifications s/he obtained while exercising public office unless such information and notifications are available to the public. Failure to respect the one-year “cooling-off period” is punished with fines.
34. GRECO takes note of the new rules contained in the Law on the Prevention of Conflicts of Interest regulating the move of former officials to the private sector after leaving public office and supplementing the applicable restrictions concerning current officials. The authorities may find it useful to complement the relevant legal provisions with further guidance to public officials on practical cases involving the ethical dilemma which may appear in situations where they move into a similar, linked or even competing private entity, directly or shortly after leaving the public service.
35. GRECO concludes that recommendation xvii has been implemented satisfactorily.

Recommendation xix.

36. *GRECO recommended to lower the value of any gifts that may be accepted by public officials to levels that clearly do not raise concerns regarding bribes or other forms of undue advantage.*
37. GRECO recalls that, in the RC-report, it assessed the recommendation as partly implemented since the new rules concerning gifts had not yet been enforced.

38. The authorities of Montenegro indicate that the Law on the Prevention of Conflicts of Interest introduces detailed rules on gifts in its Articles 14 to 18; these refer to the conduct expected from the public official in this area, as well as the recording, management and control (by the Commission for the Prevention of Conflicts of Interest) of accepted gifts. There is a general ban on gifts: public officials must not accept any gift in connection with the performance of their duties, other than protocol or other symbolic gifts (gifts valued under 50 EUR received from the same donor in a given year), and solely as long as these are not in the form of money or securities. The rules on gifts extend to the official's spouse and dependent children. Failure to respect the ban on gifts is punished with fines; confiscation of gifts may also be ordered.
39. GRECO takes note of the information provided. As was already highlighted in the RC-report, Montenegro has not – as such – lowered the value of the gifts that can be accepted: the threshold of 50 EUR has remained unchanged since the adoption of the Joint First and Second Round Evaluation Report. However, the average salary in Montenegro has doubled since then (from 200 EUR to 466 EUR⁴), and thus, the end result goes in the direction of recommendation xix since, as a result of economic evolution, the amount of 50 EUR represents a lower amount today. However, GRECO again remarks that nothing is said in the relevant legislative provisions concerning the total aggregated value of gifts which can be accepted from different persons over a year; as already indicated in the RC-report, this may open up possibilities for abuse⁵. GRECO regrets that the authorities missed the opportunity to address this issue at the time of drafting the new Law on the Prevention of Conflicts of Interest.
40. GRECO concludes that recommendation xix has been partly implemented.

Recommendation xxi.

41. *GRECO recommended to limit licenses and permits to those that are indispensable; ensuring a reasonable time-frame for obtaining licenses and permits; and to encourage the compilation and editing – by the competent authorities – of guidelines for civil servants handling licenses and permits as well as for the general public.*
42. In the RC-report, GRECO welcomed a number of legislative and practical arrangements in preparation to limit licenses and permits to those indispensable, as well as to reduce the turnaround time required for obtaining them. GRECO nevertheless noted that the proposed measures still had to be adopted/implemented. Furthermore, in respect of the last part of the recommendation, no steps had been taken to develop guidance in this field for civil servants handling licenses and permits and for the general public. For these reasons, GRECO deemed recommendation xxi as partly implemented.
43. The authorities of Montenegro report on a myriad of measures undertaken/in preparation to improve licensing and permitting procedures as required by the first part of recommendation xxi. As for the results already achieved, the authorities point at the World Bank report entitled “Doing Business – Montenegro 2010” which acknowledges the progress made, in the context of the Programme for Eliminating Barriers to the Development of Entrepreneurship (2007) and its Action Plan (2008), to ameliorate the situation in this field, in particular by improving the process for construction permits (new Construction Law, simplification of procedures, new mechanisms for permit approval and building control processes in general, risk-based approval system assigning

⁴ The average monthly gross salary in Montenegro is 696 EUR; the average monthly net salary amounts to 466 EUR. Source: Statistical Office of Montenegro, published July 2010.

⁵ Paragraph 83, Joint First and Second Round Compliance Report on Montenegro.

control for small projects to municipalities), streamlining labour law (new Labour Law providing for more flexible employment conditions), lowering taxes (decrease in income and social security taxes), and easing business start-up (single company registration, on-line company registration, simplifying post-registration procedures, streamlining customs procedures). The aforementioned report systematises in its Appendices the current licensing/permitting procedures, timeframes and costs.

44. Additional measures are yet to be developed in line with the Action Plan for Eliminating Barriers to the Development of Entrepreneurship. In this context, action is to take place on three different fronts: (i) regulatory reform (so-called “Legislative Guillotine” project), coordinated by the Council for Regulatory Reform and Improvement of Business Environment and developed through operative teams focusing on priority areas. Its aim is to cut red-tape by assessing existing rules and administrative practice which may represent business barriers, as well as to minimise bureaucracy and achieve administrative savings. It is expected that, following further legislative reform, shorter timeframes and reduced fees and charges will apply to licensing/permitting procedures in several sectors (e.g. agriculture, hunting and forestry, education, transport, building industry, health care, trade, etc). The “Legislative Guillotine” project was launched in January 2010 and is to last 13-15 months; it is supported by the World Bank. The regulatory reform goes hand in hand with the administrative reform aimed at, *inter alia*, establishing a “one-stop-shop” system, introducing e-Government and reforming internal control systems; (ii) doing business reform; and (iii) regulatory impact assessment, coordinated by the Ministry of Finance, Division for the Improvement of Business Environment. A Law on Improving the Business Environment was adopted on 22 July 2010; it comprises the amendment/repealing of a number of laws dealing with company registration, administrative and court fees, environmental impact assessment, registration of real estate, etc. Moreover, amendments have been proposed to the Law on General Administrative Procedures in order to shorten timeframes for administrative proceedings.
45. In addition, there are several technical assistance projects targeting this specific area. In particular, the UNDP is supporting a project aimed, *inter alia*, at capacity strengthening of the Division for the Improvement of Business Environment within the Ministry of Finance. Likewise, a EU project was launched in 2010 to further assist in eliminating barriers to business activity in Montenegro; it focuses on (i) cumbersome administrative and regulatory framework, notably as regards the obtaining of licenses by companies; (ii) ownership rights, cadastre and spatial planning; and (iii) limited technical and administrative capacity at central and local government levels for the implementation of the existing regulatory requirements. Likewise, the OSCE Mission to Montenegro has provided support to the Directorate for Anticorruption Initiative to organise inter-sectoral dialogue in this field. In this connection, three round tables were held in 2009 to bring together representatives from public administration (at central and local levels), as well as the private sector, in order to exchange experience, address obstacles and identify potential solutions to prevent and fight corruption in licensing/permitting processes⁶.
46. With respect to the second part of recommendation xxi concerning the development of guidance on handling permits and licenses, the authorities indicate that guidelines have been produced for custom officials and the general public; these comprise information on customs procedures. Guidelines have also been issued with respect to public procurement processes as well as tax-related matters.

⁶ Three round tables were organised in 2009, as follows: Budva (16 July 2009), Nikšić (14 October 2009) and Kolašin (5 November 2009).

47. GRECO welcomes the multifaceted measures taken to comply with recommendation xxi. GRECO notes that considerable reform has taken place and is still to be developed to simplify licensing and permitting procedures. GRECO further acknowledges that the ongoing reform is being broadly coordinated among the key institutions and actors with rights and responsibilities in this field, including different governmental structures and ministries, as well as representatives of the private sector and trade unions. It would appear, from the information provided, that the authorities have fully embarked upon an important reform process to improve licensing/permitting procedures, in line with recommendation xxi. In this spirit, the new Montenegrin Strategy for the Fight against Corruption and Organised Crime (2010-2014), foresees further action in this area and establishes a calendar for implementation of reforms, in particular, with respect to building and occupational permits, as well as inspection services, and lays out priority action for concrete improvements (e.g. establishment of a one-stop-shop). GRECO is pleased to note the efforts undertaken in this front and encourages the authorities to pursue their action so that the new/proposed policy and legislative reforms are effectively implemented in practice and coupled with guidance for those who are to apply regulations, as well as for the general public.

48. GRECO concludes that recommendation xxi has been dealt with in a satisfactory manner.

Recommendation xxiv.

49. *GRECO recommended to establish guidelines and provide training for State auditors so that they can effectively fulfil their obligation to report suspected criminal offences, including corruption, to the State Prosecutor.*

50. GRECO recalls that, in the RC-report, it assessed recommendation xxiv as partly implemented. In particular, GRECO asked for additional efforts in this area both in respect of the training provided and the development of guidelines for State auditors concerning the reporting of suspected criminal offences, including corruption.

51. The authorities of Montenegro report on additional training for State auditors. Moreover, in the framework of a project of the Directorate for Anticorruption Initiative, the State Audit Institution and the OSCE Mission to Montenegro have developed guidelines for State auditors on how to report suspicious of corruption which they may come across within the context of their control tasks. Finally, the authorities intend to develop further activities to better facilitate and intensify cooperation between the State Audit Institution and the Public Prosecutor's Office, including through the establishment of a cooperation agreement. Memoranda of understanding have already been signed with the Administration for the Prevention of Money Laundering and Terrorism Financing, as well as with the Commission for the Control of Public Procurement with a view to improving inter-institutional cooperation.

52. GRECO welcomes the measures reported to increase awareness of State auditors with respect to their obligation to report corruption suspicions and concludes that recommendation xxiv has been implemented satisfactorily.

III. CONCLUSION

53. In addition to the conclusions contained in the Joint First and Second Round Compliance Report on Montenegro and in view of the above, GRECO concludes that recommendations vi, viii, xi, xvii and xxiv have been implemented satisfactorily; recommendation xxi has been dealt with in a satisfactory manner. Recommendations xvi and xix remain partly implemented. With the adoption

of this Addendum to the Joint First and Second Round Compliance Report, GRECO concludes that out of the 24 recommendations issued to the Montenegro, 22 of them have been implemented or dealt with in a satisfactory manner.

54. Montenegro has taken positive steps to further articulate its anticorruption preventive and repressive policies since the adoption of the Joint First and Second Round Evaluation Report in 2006. On the repressive front, legislative provisions have been introduced, through amendments to the Criminal Code and the Criminal Procedure Code, to better detect corruption and deprive offenders of illegally acquired proceeds. It is now critical for the effectiveness and credibility of the system to ensure that the new provisions are applied in practice. Important corruption prevention measures have been put in place; it is essential to guarantee that their implementation is properly monitored. Significant progress has been made with respect to licensing and permitting procedures – an area which has repeatedly been identified as prone to malpractice, it is crucial to ensure that the ongoing reform is completely implemented and coupled with guidance for those who are to apply the relevant regulations, as well as for the general public. More can and must still be done to better manage instances of conflicts of interest; GRECO notes that this matter will be pursued in the context of its Fourth Evaluation Round.
55. The adoption of this Addendum to the Compliance Report terminates the Joint First and Second Evaluation Rounds compliance procedure concerning Montenegro. The authorities of Montenegro may, however, wish to inform GRECO of further developments with regard to the implementation of recommendations xvi and xix.
56. Finally, GRECO invites the authorities of Montenegro to authorise, as soon as possible, the publication of the Addendum; to translate it into the national language and to make the translation public.