



TRANSPARENCY OF THE PUBLIC INVESTMENT BUDGET

December 2021.

Authors: Dragana Jaćimović, Marko Sošić



Research of the transparency level, availability of information, as well as external communication and proactive approach to the citizens in key areas of public financial management in Montenegro, shows a lack of effort on the administrative part and significant problems.¹ One of the key components of the state budget which is aimed at improving the life quality of citizens, is the capital budget. Considering the importance and differences in the process of making and implementing in relation to the rest of the budget, in this report we point out some of the key problems regarding to openness, preparation and implementation of the capital budget, as well as bringing it close to citizens, with recommendations for improving the situation.

Transparency of the capital budget preparation

The capital budget represents a special part of annual budget which preparation is defined by the Law on Budget and Fiscal Responsibility², and further elaborated by the Decision on the capital budget preparation and determination and evaluation of criteria for the selection of capital projects (hereinafter the Decision)³.

First step in the capital budget preparation is on the Ministry of Finance which in the January of the current year issues an expert instruction for the capital budget preparation for the next year. This instruction is not publicly available, but it is available by the request for free access to information. Based on the expert instruction, consumer units and local self-government units suggest capital projects, with the completed application form on the fulfillment of conditions of the proposed project, which are not available to the public.⁴

The Project Evaluation Committee⁵ draws up a list of priority capital projects no later than July 1 of the current year which the Ministry of Finance submits to the Government for consideration and adoption until July 15. The Decision specifies by when the proposal of the list of priority projects must be submitted to the Government, but not the deadline within which the Government must determine the final list of priority capital projects, nor when

1 More at: <https://www.par-monitor.org>

2 Official Gazette of Montenegro, No. 20/14, 56/14, 70/17, 4/18 – The Decision of the Administrative Court 55/18.

3 Official Gazette of Montenegro, No. 057/18, August 10, 2018.

4 The Ministry of Finance has informed us that they do not have the requested information, the Decision of the Ministry No. 01-6-297/2, February 10, 2021.

5 According to the Article 16 of the Decision on the capital budget preparation and determination and evaluation of criteria for the selection of capital projects, the Commission has 7 members. The Commission consists of: two representatives of the Ministry of Finance, two representatives of state administration bodies and one representative from the Cabinet of the Prime Minister of Montenegro.

the list will be published, and its content is not prescribed in details. Since the praxis of publishing this list in the last three years, it has been done in different deadlines and formats:

	For 2020	For 2021	For 2022
Date of adoption of the List of Priority Projects by the Government	August 1, 2019	August 8, 2020	November 12, 2021
Number of new capital projects identified by the List	29	21	117
Content	Table with project names and achieved points, project proponent, estimated value and implementation period	Tabular presentation with explanation of the procedures, the list of all candidate projects, with an overview of projects and achieved points	The explanation of procedures for determining the List, and instead of the project proponent, for every project only the municipality in which the project will be implemented is listed, the implementation period is not specified, nor is the integral list of candidate projects

The report of the capital projects realisation – where data can be founded and what is published?

The Decision provides that the Public Work Administration and Traffic Administration, that is, state administration bodies responsible for sustainable development, tourism, transport and maritime affairs, are obliged to submit reports on the capital projects implementation within their competence, if necessary, and at least quarterly to the Government and the Ministry of Finance on a special form (table). These reports **are not proactive published** at the website of the Government, but it is possible to obtain them through the request for free access to information. During previous years, these reports were not prepared in a form provided for reporting, while the last ones that we came across mostly contained almost all required information.⁶

Most details on capital projects realisation are in the reports of the Public Work Administration and the Traffic Administration, that is the annual reports of work of these two administrations. However, these two administrations have **a different approach when it comes to proactivity and level of details in reports**. The Public Work Administration is more proactive when it comes to publishing reports and reports for the last seven years can be found on its website. On the other hand, reports of the Traffic Administration have not been published at official website, but it can be obtained through the request for free access to information.

Reports of these two administrations are different and do not contain the same types of data. Moreover, reports of the administrations by years do not contain the same types of data and that is why sometimes is not possible to do comparasion by years. In the reports of both administrations can be founded data about project names, sources from which these projects are financed, agreed value of the projects and status of the projects themselves, ie whether the projects have been completed or in progress. However, reports of the Public Work Administration have more detailed information about each capital project – what was implemented in phases and what was done in the reported year. For the projects that are implemented in several phases and whose

⁶ The Decision of the Ministry of Finance and Social Welfare No. 01-6-293/2, February 24, 2021. With the Decision, we received six reports (tables) from the Public Work Administration and the Traffic Administration for the three quarters that were included in the request for free access to information.

continuation is planned for next year, it is stated which activities are in question. For those projects that are not implemented, it is defined which reasons are for not being implemented. In addition, the Public Work Administration has information regarding the financial sources, descriptions of the problems with which the Administration is faced in the capital budget implementation, as well as a tabular presentation of funds spent by municipalities and programs. Also, reports of the Public Work Administration contain photos for individual projects.⁷

Information beyond reports – getting closer to the citizens

Two administrations in which jurisdiction are implementation and reporting on most capital projects – the Traffic Administration and the Public Work Administration, have **uneven approach when it comes to informing citizens** about the implementation of projects for which they are responsible.

In November 2021 the Public Work Administration has launched a special site “Projects Map” (<http://ujrmapa.edizajn.rs>) to inform citizens and media about capital projects implementation. In this way citizens will be able to see which projects will be realised by cities through an interactive map. For each project⁸ is also available a short description of a project and the level of implementation. Besides that, it is published a short video presentation of the project, as well as photographs that witness how far the project has come. Beside the project map, the Public Work Administration has published **promotional film**⁹ about the most important projects that are financed from the capital budget, and whose publication was preceded by the publication of short videos on individual projects. Moreover, the Public Work Administration has developed an application for mobile phones, which only represents a link to the publications on the website. The Public Work Administration uses social networks – Facebook, Instagram and Twitter as one way of communication with citizens, that is as a place for informing citizens. On their official pages on these networks frequently are published photographs for individual capital projects with descriptive information about projects in question, at what phase the project is currently, as well as other information from its scope.

When it comes to capital projects in the field of transport, much less information is available to the citizens. During 2021, ending on December 1, the Traffic Administration has published only 11 notifications on its website. These notifications were related to information about public calls for the implemented projects, but not those information that would enable citizens to see which projects are implemented and how far they have come with their implementation. In the part of the website which is for publishing multimedia content, photographs are available related to two projects, without details of whether these projects are currently being implemented or completed, as well as without information when the photos were taken or published, while the published two videos require downloading a special application. The Traffic Administration does not have active accounts on social networks.

⁷ Report on the PFM Reform in 2017 and 2018: The other side of the coin, Institute Alternative, Podgorica, February 2019. Available at: <https://institut-alternativa.org/en/report-on-the-pfm-reform-in-2017-and-2018-the-other-side-of-the-coin/>

⁸ At the time of writing this report, the Interactive Map has shown 12 projects which are being implemented in 9 Montenegrin cities. The Public Work Administration website states that the Map includes ten largest construction sites and that all other projects will be updated in the coming period. The announcement of the Public Work Administration from November 12, 2021, is available at this link: <https://bit.ly/3CQWsqL>.

⁹ The promotional film, as well as other video materials on individual capital projects, were published on the official Youtube page of the Public Work Administration, available at the link: <https://bit.ly/3p63QJl>.

Recommendations

The Law on Budget and Fiscal Responsibility, as well as the Decision on the capital budget preparation and determination and evaluation of criteria for the selection of capital projects, should be changed in the way that the following issues be covered:

- The Ministry of Finance should publish an expert instruction for the capital budget preparation of spending units and municipalities on its official website;
- The form and content of the proposal of the list of priority capital projects should be prescribed in details by the Decision, so that they include a list of all candidate projects with grades (points) and explanation, with details about the project applicant, implementation period and planned budget;
- It is necessary to specify the deadline for adoption and publishing the Proposal of list of priority capital projects by the Government;
- The Public Work Administration and Traffic Administration should publish quartal reports about capital projects implementation in their field on Internet pages, which, according to the valid Decision, are obliged to submit to the Ministry of Finance and the Government.

The Traffic Administration, following the Public Work Administration, should proactively publish reports on its work on its official website in accordance with the Law on Public Administration, by April of the current year at the latest.

It is necessary to harmonise reports of the Traffic Administration and Public Work Administration, in order to ensure preparation of reports at the same criteria and presentation of the same information about realisation of individual capital projects.

The Traffic Administration should improve informing citizens on the capital projects implementation within its competence by creating a special section for capital projects and often report about the implementation status of these projects. Following the example of the Public Work Administration, informing citizens can be improved by using social networks to publish information in a format adapted to them.



This document has been produced with the financial support of the European Union and the Ministry of Public Administration of the Government of Montenegro. The responsibility for content and information in this publication rests solely with the Institut alternativa and the Think for Europe Network (TEN). Opinions expressed in this publication do not necessarily represent those of the European Union or the Ministry of Public Administration.



Project Coordinator

