

Montenegro

Institute for Strategic Studies and Prognoses



# *National Human Development Report 2009* Montenegro: Society for All

# National Human Development Report 2009

*Montenegro: Society for All*

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## Basic facts about Montenegro – 2009

<b>Land area</b> (thousands sq. km)	13.8
<b>Population</b>	
Estimated population, end of 2007	625,000
Urban (%), 2003	62
Population growth (annual, %), 2006	0.16
Life expectancy at birth, years, 2007	72.7
Male	70.6
Female	74.8
<b>Education</b>	
Adult literacy rate (%), 2007	97.7
Gross enrolment (%), 2007	80.7
<b>Health</b>	
Infant mortality rate (per 1,000 live births), 2006	11
Number of doctors, per 100,000 inhabitants, 2006	197
<b>Access to information</b>	
Mobile phone users (per 1,000 people), 2007	1,083
Computers in households (%), 2007	47
Internet users (per 1,000 people), 2007	266
<b>Economy</b>	
GDP per capita (1994 US\$), informal economy included, 2006	3,372.60
GDP per capita (PPP, US\$), 2007	9,934.6
Industry (as % of GDP), 2007	12.45
Services (as % of GDP), 2007	39.85
Export of goods and services (as % of GDP), 2007	57.1
Import of goods and services (as % of GDP), 2007	104.7
Net foreign direct investment flows (US\$ millions), 2007	719.3
<b>Human Development Index rank/Total number of countries</b>	
HDI, 2008	64/179



# NHDR 2009: Foreword

Dear Reader,

It is my pleasure to present to you the National Human Development Report 2009 - Montenegro: Society for All – the first ever, comprehensive analysis of social exclusion in Montenegro. In doing so we hope to promote one of the key UN paradigms – “Development for All” which is, as stated by UN Secretary-General Ban Ki-moon, “central to the United Nations’ mission”.

Why this Report and why this year? Because it is key for UNDP, as part of the UN family, to promote fairness, opportunity and equality for every person and to ensure that no one is excluded from human development. By addressing the issues of social exclusion and human development we are focusing on the people who are most in need - on those who remain beyond the spotlights.

Montenegro has achieved impressive economic growth in recent years, which has created opportunities and brought about some progress in the human development of the poor and socially excluded. However, there is still much to be done, as 11% of the population continues to live below the poverty line and many individuals are, or risk being, socially excluded.

How can social exclusion be transformed into social inclusion; how can human development be achieved for all, ensuring that the vulnerable groups gain the opportunities and resources necessary to participate fully in economic, social and cultural life and enjoy the standard of living and well-being that is considered normal in Montenegro? This Report attempts to answer these questions, which are crucial for the development of Montenegro and its prospective integration into the European Union.

This NHDR has been developed by a team of national experts, with advisory support from international specialists and with input from public discussions. It provides in-depth qualitative and quantitative analysis of the vulnerable groups by examining such dimensions as legal background, poverty and social exclusion, access to employment, education, healthcare, social services, housing and transportation, and social, political participation.

The authors from the Institute of Strategic Studies and Prognoses combined the power of statistical, quantitative methodology with the insights provided by qualitative study - talking with vulnerable people, social services providers and local experts. A survey of more than 2000 households, representing all regions of the country, was conducted to obtain real measurements of social exclusion, poverty, and quality of life. The Report also carried out Montenegro's first calculation of Laeken Indicators, which represent the benchmarks for measuring the EU's social inclusion standards. The Social Exclusion Index was also calculated for the first time and disaggregated by the vulnerable groups and regions, along with Human Development Indexes and other rich data for evidence based development of policies and programmes to more effectively address the needs of the socially excluded in Montenegro.

People are the real wealth of Montenegro and the stories of the socially excluded are numerous: a single mother trying to get social support to help her family; a victim of domestic violence looking for support; unemployed parents with newly-acquired skills looking for jobs to secure a living for themselves and their two children; a Roma with no personal documents trying to have his mere existence recognised; an elderly trying to find work, so he is no longer a burden to his family; a wheelchair-bound student who needs her mother's presence in school to help her in and out of classrooms; and many others.

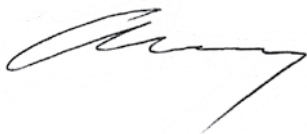
In trying to better comprehend the root causes of social exclusion we discover how to ensure social inclusion.

This Report provides a wide range of specific recommendations on how to promote social inclusion. It identifies the specific responsibilities and actions required from the Government, the education and social welfare systems and from employers and others, to ensure the social inclusion of all Montenegrins. I truly hope that the data, analysis and recommendations of the Report will support the overall progress of Montenegro's accession to the European Union and, in particular, will be useful for the preparation of the subsequent Joint Inclusion Memorandum (JIM).

Let me underline that the findings and recommendations of this NHDR are especially important today, when the global economic downturn has begun to take a toll on the people of Montenegro and especially the vulnerable and socially excluded. Although the current turmoil has prompted responses from the Government that support the economic and financial sectors, equal attention should be given to the socially excluded.

This Report was prepared through an extensive participatory process to create a consensus on the future path that Montenegro may want to follow. However, in keeping with the participatory message of this Report, we encourage readers to post their own suggestions for future NHDR reports and comment on this year's NHDR at <http://www.undp.org.me/>

I sincerely believe that the Report will help the Government, civil society, businesses and citizens of Montenegro, to tackle successfully the issues of social exclusion, so that this phenomenon will become thing of the past.



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UN Resident Coordinator &  
UNDP Resident Representative

Podgorica, Montenegro  
September 2009

# Introduction

## Purpose of the report

The first two decades of transition in Montenegro brought significant challenges for the average Montenegrin but also created important new opportunities. On one hand, the economic and political challenges of the 1990s and international sanctions created substantial hardships and resulted in severe unemployment and dramatic economic decline; on the other, Montenegro managed to secure membership in international institutions, verified a Stabilization and Association Agreement with the European Union (EU) in March 2007 and applied for membership in December 2008. The country's prospective EU membership will bring further opportunities for the citizens of Montenegro.

As the first two years of post-independence transition have demonstrated, Montenegro has enormous potential. Economic growth during 2006-2007 was exceptional; the country received international support for its independence, accelerated its structural reforms and achieved significant progress in its negotiations with the EU regarding its eventual EU membership. However, the boom in the construction, tourism, retail, telecommunications, and banking sectors did not translate into improvements in the human development opportunities of the poor and socially excluded.

The Government of Montenegro has a number of strategic goals to address. It has to sustain its high rates of economic growth, address the trade deficit issue and focus on export-oriented industries, strengthen the rule of law and democratic institutions, combat corruption, and improve the standard of living of its citizens. The Government is also working towards compliance with European standards. In the area of social policies, the Government of Montenegro declared its commitment to provide adequate health, education, housing and other social services to its citizens and to promote social inclusion. In developing and implementing social policies, the Government has to make more effective use of its available resources to provide far-reaching and higher quality services and use its available resources more creatively, by enlisting the support and involvement of local authorities, the private sector and civil society, in service delivery.

Policy making in any country involves reconciling conflicting priorities to develop politically acceptable and cost-effective options, as well as organising the management required to implement it. As socially-excluded individuals or those at risk of social exclusion rarely have a strong "voice" to advocate their interests, UNDP has supported the preparation of this Report to present the perspective of the socially excluded, identify the vulnerable groups, evaluate the level of their social exclusion and develop policy recommendations that could help in eliminating barriers to social inclusion for all. The Report utilises multiple analytical tools, including a rigorous analysis of social and economic policies, surveys and focus groups. The NHDR 2009 provides specific recommendations that reflect extensive public consultations and transparent dialogue on how to promote social inclusion. The Report and its recommendations have been prepared to support the Government in its progress towards social inclusion and poverty reduction, thus taking the country one step closer to the EU. Montenegrin society must undertake significant steps to achieve the social inclusion of its people, to recognise their rights to live in dignity and to play a full role in society. These steps should create a more cohesive society and promote the access of all people to the labour market, social services and other support so that all people can become fully integrated into all aspects of society. The Report uses human development and social exclusion perspectives to explore the situation in Montenegro and develop recommendations on how to promote human development and social inclusion in the country.



*Chapter 1:*  
Human development  
and social exclusion

**UNDP** introduced the concept of human development in 1990 when it became clear that individual development is related to far more than simply income. Human development goes beyond the goals of poverty reduction and takes into consideration not only the poor, but also those who may be illiterate, suffer from discrimination or who have no access to healthcare. Although important, income is not the only concern in people's lives; they also care about literacy both for their children and themselves; about their health, freedom of expression, association and movement; social justice and protection against racial, religious or ethnic discrimination. In other words, they would like to live in an environment where they can develop their full potential and lead productive, creative lives in accordance with their needs and interests.

Human development implies the development of the people – meaning the enhancement of human capability and health so that people can participate fully in life; for the people – meaning that all people should have the opportunity to receive or acquire a fair share of the benefits that flow from economic benefits; and by the people – meaning that all people should be given the economic, political and social opportunity to participate in the process of development. Human development is also concerned with sustainability and protecting the natural environment upon which our lives depend.

People are the real wealth of nations and human development is the process by which the range of opportunities and choices for people can be expanded. Human development is about “advancing the richness of human life, rather than the richness of the economy in which human beings live, which is only a part of it.” Human development depends on a wide range of factors that each society can influence, such as economics, so that more people will reap the benefits of economic growth; the quality of and accessibility of social services, so that more people will enjoy greater access to knowledge, better nutrition and health services; and enhanced equity, so that all groups in society will have expanded opportunities. Human development is not measured solely in terms of per capita income or life expectancy at birth; it takes into consideration aspects such as population literacy, health status, freedom of expression, associa-

tion and movement, the enforcement of social justice and protection against racial, religious or ethnic discrimination.

Human rights approaches focus on the individual rights that we all have and should enjoy. People have many and diverse rights, such as the right to life, liberty and security; to freedom of association, expression, assembly and movement; to the highest attainable standard of health; to just and favourable working conditions; to adequate food, housing and social security; to education; to equal protection from the law and many others.<sup>2</sup>

Human rights approaches provide a framework for equality and non-discrimination that ensures that the benefits of human development reach even the most disadvantaged and marginalised groups.<sup>3</sup> Human rights are guaranteed to all human beings under international treaties, without discrimination on the grounds of race, colour, sex, language, political or other opinion, national or social origin, property, birth or other status. The human rights perspective emphasises the obligations of the State and society to respect and protect human rights, as well as fulfil human rights by taking the steps to progressively realise them. Human rights are fulfilled when individuals enjoy certain goods and freedoms and when there are measures in place to secure these goods and freedoms.<sup>4</sup>

Human development and fulfilment of human rights is impossible when some people are excluded from social, economic, cultural and political participation. If the objective of human development is to create an enabling environment for people to enjoy long, healthy and fruitful lives, exclusion can hamper choices and opportunities, thus reducing human development. It is therefore imperative to first identify the socially excluded groups, their characteristics, and the social, political, cultural and economic processes that may lead to their exclusion and inequality.

The term “social exclusion” originated in France, where it was used in the 1970s to refer to the plight of those who fell through the net of social welfare — people with disabilities, single parents, and the uninsured unemployed. The increasing intensity of social problems in large cities led to a broadening of the

1. Prof. Amartya Sen, Professor of Economics, Harvard University, Nobel Laureate in Economics, 1998, <http://hdr.undp.org/en/humandev/origins/>

2. Office of the United Nations High Commissioner for Human Rights, *Frequently Asked Questions on a Human Rights-Based Approach to Development Cooperation*, New York and Geneva 2006.

3. UNDP, *Human Rights in UNDP*, Practice Note, April 2005.

4. Human Development Report 2000: Human Rights and Human Development.

definition to include youth and socially-isolated individuals. Social exclusion concepts were adopted by the European Union in the late 1980s and early 1990s. The meaning of social exclusion was expanded even further to describe multiple levels of deprivation and include such contributing factors as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown. In Montenegro, multiple levels of deprivation can exist for an unemployed woman with disabilities, who lives in the relatively less-developed northern region.

The concept of social exclusion is wider than the traditional concept of poverty. It broadens the focus from disadvantage based on purely economic grounds, such as poverty and unemployment, and includes marginalisation through the denial or non-realisation of the civil, political and social rights of citizenship.<sup>5</sup> Social exclusion focuses on the interaction between an individual and his or her social, legal, and economic environment and identifies the specific barriers to participation and inclusion, such as:

- institutional barriers (discrimination; lack of infrastructure, limited/absence of services, building accessibility for people with disabilities). For instance, discriminatory practices in the labour market may result in a lack of adequate income or resources that could lead to financial dependency on State support and the loss of the ability to financially support oneself or one's family;
- community level barriers (marginalisation). For instance, marginalisation may result in the loss of, or retreat from, one's social network and the reduction of social contacts; and
- personal barriers (lack of education, training and skills). For example, as the level and quality of education attained is strongly linked to employment opportunities, people with a low education level may experience permanent exclusion from the labour market.

Social exclusion can be manifested at different levels:<sup>6</sup>

- absence of the right to the minimum wage and limited access to labour markets;
- unemployment, especially long-term unemployment that prevents or limits access to resources

- and activities available to others in society;
- lack or limited access to health, education and other important social services;
- lack or limited access to democratic decision-making mechanisms in society; and
- lack or limited involvement in the daily life of the community and community organisations.

The concept of social exclusion is multi-dimensional and multi-layered as the socially excluded usually face multiple barriers to inclusion. The unemployed may easily end up in poverty, which is sustained by labour market exclusion and may lead to financial dependency on social assistance. Economic deprivation reduces an individual's resources for engaging in community, leisure and family activities and accessing health and social services. It may induce feelings of marginality and of being of little value to society, which leads to feelings of shame and passivity. This in turn may lead to a loss of, or retreat from, one's social network and the reduction of social contacts and the inability to live according to socially-accepted norms and values that may lead to further stigmatisation and discrimination. This can further limit opportunities into the labour market.

To be socially included, an individual should have a life associated with being a member of a community. To ensure this, the political and economic processes that generate exclusion must be identified and appropriate policy and institutional changes made.

Governments are responsible and accountable for creating the adequate legislative, administrative and budgetary measures necessary to establish a system that prevents social exclusion. The structural barriers to social inclusion cannot be removed by governments alone. This can only be accomplished by multi-sectoral alliances that enable socially-excluded individuals and groups to play a major role in designing and delivering programmes to enhance social inclusion.<sup>7</sup>

The EU defines social exclusion as "a process whereby certain individuals are pushed to the edge of society and prevented from participating fully by virtue of

5. See, for instance, Andrew Mitchell, "Social Exclusion: An ILO Perspective (Review)", *Relations Industrielles/Industrial Relations* 55.2 (Spring 2000) and Anthony H. Richmond, "Social Exclusion: Belonging and Not Belonging in the World System", *Refuge* 21.1 (Nov 2002).

6. See for instance, Thomas Kieselbach, "Long-term unemployment among young people: the risk of social exclusion," *American Journal of Community Psychology* 32.1-2 (Sept 2003).

7. See, for instance, Stewart M., L. Reutter, E. Makwarimba, G. Veenstra, R. Love and D. Raphael, "Left out: perspectives on social exclusion and inclusion across income groups", *Health Sociology Review* 17.1 (June 2008); Burchardt T., J. Le Grand and D Piachaud, "Degrees of Exclusion: Developing a Dynamic, Multidimensional Measure" in Hills et al, *Understanding Social Exclusion*, 2002; European Union, *Joint Report on Social Inclusion*. Directorate General for Employment and Social Affairs, 2004; Department for International Development UK, *Reducing Poverty by Tackling Social Exclusion*, 2005.

8. EC's 2004 Joint Report on Social Inclusion.

9. EC's 2004 Joint Report on Social Inclusion



their poverty, or lack of basic competencies and life-long learning opportunities, or as a result of discrimination. This distances them from job, income and education opportunities as well as social and community networks and activities. They have little access to power and decision-making bodies and thus often feel powerless and unable to take control over the decisions that affect their day-to-day lives”<sup>8</sup>

The EU defines social inclusion “as a process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living and well-being that is considered normal in the society in which they live. It ensures that they have greater participation in decision making, which affects their lives and their access to their fundamental rights”<sup>9</sup> The social inclusion concept complements the human development approach by introducing an analytical framework to identify the individuals and groups at risk of social exclusion that require the immediate attention of government and society.

Human development and social inclusion share a common vision and a common purpose - to expand opportunities for everyone, eliminate obstacles for development and secure freedom and well-being for every human being. Human development stresses the significance of economic opportunities, education, access to social services, environmental sustainability, protection of basic democratic political rights and freedoms, and gender equality. Restrictions in any of these areas are perceived as detrimental to an individual’s freedom of choice and opportunities. Social exclusion focuses on the same areas as human development, but it adds the institutional dimension of exclusion (the agents, institutions and processes that exclude). Using a social inclusion perspective helps develop better-targeted strategies for achieving human development, by addressing the discrimination, powerlessness and accountability failures that exclude some individuals from the possibilities of human development and social inclusion. This Report’s conceptual framework is based on the principles of these two complimentary approaches and is customised to reflect the circumstances of Montenegro.

## *EU Social Inclusion Agenda and Montenegro’s EU Accession Process*

The UN Millennium Declaration dovetails closely with the EU’s Social Charter. At the 2000 Lisbon meeting, European Union leaders reached an agreement to establish the Social Inclusion Process to make a decisive impact on the eradication of poverty by 2010. The Lisbon meeting emphasised that the economic performance of EU States and social cohesion are not mutually exclusive but should be mutually reinforcing. It was agreed that all Member States would co-ordinate their policies for combating poverty and social exclusion and prepare National Action Plans (NAP) against poverty and social exclusion. It was also agreed that the Member States would apply the Open Method of Coordination (OMC), a voluntary process of following common guidelines to social exclusion, rather than using laws and regulations.

In Lisbon, the Member States agreed to common objectives on social exclusion and committed to develop NAPs on a regular basis and to subject them to peer review and evaluation by the EU. They also agreed to cooperate on research and review for the implementation and development of the NAPs. The EU also established a mechanism to monitor the progress of Member States and to assess the effectiveness of policy efforts. A vast majority of Member States have set measurable aims at the national level, notably in the context of the European Year of Combating Poverty in 2010. These objectives focus on the entire population or its specific sub-sections (e.g. children, the working poor) and areas such as income poverty, long-term unemployment, health and lifelong learning, are monitored. These indicators serve as a basis for the EU and each individual Member State to objectively assess the progress of social inclusion.

In 2008, the European Commission confirmed its commitment to social inclusion and adopted a renewed Social Agenda to underscore the importance of fighting poverty and social exclusion.<sup>10</sup> The European strategy emphasises the goals of active inclusion and the instruments needed to achieve them. The aim of the active inclusion strategy is to create a new framework for coordinated action to combat poverty, based on three pillars: assistance for a sufficient minimum income, inclusive labour markets, and access to quality services.<sup>11</sup>

10. European Social Policy, Social Policy: Commission Unveils Renewed Social Agenda (European Commission), July 15, 2008.

11. French Presidency of the Council of the European Union 2008, Results of the informal meeting of ministers responsible for combating poverty and social exclusion, Marseilles, Thursday 16 October 2008; Commission of the European Communities, Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions on a Commission Recommendation on the Active Inclusion of People Excluded from the Labour Market, 2008.

12. European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities, Report on Social Inclusion 2005, An analysis of the National Action Plans on Social Inclusion (2004-2006) submitted by the 10 new Member States, 2005.

The requirement to develop and implement NAPs applies to new Member States as well. Before the date of formal enlargement each Acceding Country was involved in the EU social inclusion process. Each drafted a bilateral Joint Inclusion Memoranda (JIMs) to prepare the country for full participation in the social inclusion process and to help the country prepare its first NAP. The JIMs identified key social challenges in each country, outlined major policies and developed strategies for overcoming social exclusion. The JIMs confirmed the strong political commitment to tackle poverty and social exclusion and were signed jointly by the Commission and each of the 10 Acceding Countries.

All 10 new Member States developed NAPs based on their JIMs. However, the transition from the JIM to the NAPs/inclusion has proven difficult for most. The key limitations of new Member States' NAPs are the challenges associated with developing comprehensive strategies aimed at fighting poverty and social exclusion and effective implementation of policies and reforms. Many of the plans had to be strengthened to include specific and ambitious priorities, supported by better targets and improved links with broader national economic and budgetary policies.<sup>12</sup>

The experiences of countries like Croatia and Macedonia in working with the EU on social exclusion policies and documents may be very informative for Montenegro. Croatia applied for European Union membership in 2001, and acquired official candidate status in early 2004. Once the candidate status was granted, Croatia received an invitation to draft a Joint Inclusion Memorandum (JIM) with the European Commission (EC) based on the findings of the Council of Europe in Göteborg in 2001. The Council had determined that the EC and candidate countries should initiate a cooperative process to promote the full participation of candidates in the economic and social policies of the EU. The JIM process in Croatia varied from that undertaken by the 10 newest EU Member States, as the outcomes of the Lisbon Strategy had been revised by the EU. In 2005, the EC proposed a simplified coordination procedure with fewer and less complex reports, with new objectives and a reduced number of targets, and an increased focus on the NAPs. This allowed for the development of better targeting of policy priority areas and mainstreaming of social inclusion strategies.<sup>13</sup>

Recognising the relevance of the EU social inclusion process the Government of Montenegro adopted a range of policy strategies addressing social exclusion. The Poverty Alleviation and Social Inclusion Strategy (PASIS)<sup>14</sup> is specifically aimed at decreasing the economic vulnerability of the population and ensuring social stability. The PASIS is composed of specific activities to be undertaken from 2007 to 2011 in the education, health, social welfare and employment sectors. The PASIS includes social policies targeting vulnerable groups. Other policies address the needs and circumstances of targeted 'at risk' groups, such as Displaced Persons,<sup>15</sup> the Roma, Ashkaelia and Egyptian (RAE) population,<sup>16 17</sup> children and socially vulnerable groups,<sup>18</sup> people with disabilities,<sup>19</sup> and the elderly.<sup>20</sup>

In March 2007, the Government endorsed a Stabilization and Association agreement with the European Union. The findings and information provided in this NHDR may prove useful for the future work of the Government and other stakeholders in the preparation of Joint Inclusion Memoranda and in developing policies and laws that are aligned with the EU social inclusion framework and priorities and EU expectations in the area of NAPs. This Report describes several core activities for achieving these goals. Although the Government is responsible for social policy, our recommendations emphasise the importance of NGOs and CSOs in the promotion of social inclusion.

The challenges of social inclusion should be addressed before Montenegro's accession to the EU. Montenegro could learn from the experiences of other EU member states in developing and implementing policies and practices supporting social inclusion, but it may also discover Montenegro-specific solutions and approaches that may be better than existing ones and therefore beneficial to EU members. Social inclusion is also important because, as a society, we have an obligation to include all vulnerable groups. The inclusion of vulnerable groups is critically important for the modernisation of our society and the realisation of basic human rights.

13. On experiences of Croatia, see an excellent NHDR Croatia 2006, Unplugged: Faces of Social Exclusion in Croatia, UNDP 2006.

14. Ministry of Health, Labour and Social Welfare of Montenegro, Poverty Alleviation and Social Inclusion Strategy, 2007.

15. National Strategy for Resolving Issues of Refugees and Internally Displaced Persons 2005-2008.

16. National Action Plan of the Decade of Roma Inclusion 2005-2015 in Montenegro.

17. The national Strategy for Improving Position of RAE Population in Montenegro 2008-2012.

18. Ministry of Health, Labour and Social Welfare of Montenegro, Strategy for Social and Child Welfare Development in Montenegro, 2008 – 2012, 2007.

19. Ministry of Health, Labour and Social Welfare of Montenegro, Strategy for Integrating Persons with Disabilities in Montenegro, 2007.

20. Ministry of Health, Labour and Social Welfare of Montenegro, Strategy for Development of Social Protection for the Elderly in Montenegro, 2008-2012, 2007.



This Report is based on a frank discussion on the extent and complex nature and dynamics of poverty and social exclusion in Montenegro. It is supported by a unique set of data, specifically collected for the Report, and considers the repercussions that exclusion can pose to social cohesion, human development and human rights. It presents the specific challenges that members of excluded groups and individuals face and reflects their own opinions on how these challenges could be addressed.

## Structure of the report

*Chapter 2 — Human Development and Social Inclusion in Montenegro.* This chapter evaluates the key trends in human development since 1990, as measured by the Human Development Index, and examines some of the more detailed indicators of human welfare and prosperity that lie behind the aggregate HDI number. The chapter provides a detailed analysis of poverty and living standards. Various indicators of poverty are used and regional poverty rates are calculated. Poverty incidence by different population group is also presented.

*Chapter 3 — Socially Excluded Groups.* This chapter examines specific vulnerable groups and their experiences in the area of social exclusion and also assesses the impact of exclusion. The chapter outline the normative framework and policies for each group and explore the experiences of these groups in the areas of poverty and exclusion, access to employment, education, healthcare, social services, housing and transportation, and social and political participation. The chapter discovers that different vulnerable groups face distinct barriers to inclusion and identifies specific factors that could promote social inclusion. Key challenges are identified for each vulnerable group and policy recommendations are presented. The chapter also provides an account of individual experiences of.

*Chapter 4 — Regional Disparities in Social Exclusion.* Natural resources, fixed assets, institutions, and human development efforts from previous years, that currently help to promote social inclusion for the people of Montenegro, are not equally distributed around the country. This chapter analyses the status and causes determining various regional experiences

in terms of social exclusion. It uses both human development and social exclusion indicators to analyse structural and policy barriers that determine differences among regions in terms of social inclusion. The chapter also provides a gender perspective.

*Chapter 5 — Key Findings and Recommendations.*

This chapter summarises key challenges and barriers to social inclusion in Montenegro and lists the core findings of the Report. Policy changes and activities that need to be undertaken by the Government and all stakeholders to enhance inclusion are also identified. The recommendations are built on the premise that central government alone cannot address the challenges of social exclusion. Local governments, NGOs, the private sector and the socially excluded should be actively involved in political and administrative decision making and delivery of programmes and services. Three main groups of recommendations are developed: strategic and cross-sectoral recommendations, sector-specific, and strategic, affecting specific vulnerable groups. Success stories and examples from EU member states of effective social inclusion policies and programmes are also provided.



*Chapter 2:*

Status of Poverty, Human  
Development and Social  
Exclusion in Montenegro

## 2.1. Human Development and Social Exclusion in Montenegro: An Overview

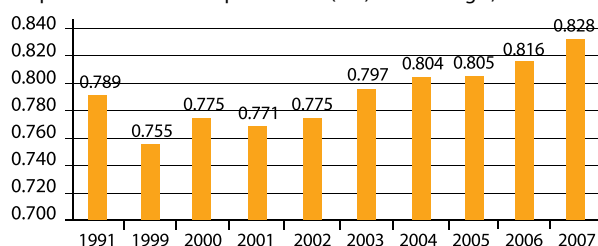
Human development is a broad concept and a wide range of human development indices is used to monitor and report on human development. One of the most popular and widely used is the human development index (HDI), which is being used as a composite measure and approximation of levels of human development. HDI is a simple summary index that is designed to reflect average achievements in three basic aspects of human development – leading a long and healthy life, being knowledgeable, and enjoying a decent standard of living. Other important elements of human development such as gender disparity and participation are measured through such indices as the Gender Development Index (GDI) and Gender Empowerment Measure (GEM). The HDI, GEM and GDI are calculated and analysed in this chapter. In addition, this chapter provides an in-depth analysis of factors that determine the value of human development indices. Such factors and variables as demographic situation; economic development, budget revenues and expenditures with a particular focus on expenditures on the social sector; and living standards and poverty incidence rates are presented in detail.

Despite the best efforts to refine and improve HDI and other human development-focused indicators, areas such as access to secure housing, levels of inequality, human rights and others are not captured. As several critically important areas are not addressed by the human development indices, a Social Exclusion Index (SEI) based on three main criteria - income levels, access to health services and ability of households to meet their obligations - was calculated for Montenegro to provide a more comprehensive description of the situation. This chapter provides an extensive analysis of SEI at the individual and household levels that are disaggregated by the vulnerable groups and regions. The chapter concludes with Laeken Indicators, which monitor the success of meeting the common objectives of the EU Social Policy Agenda aimed at alleviating poverty and social exclusion in Member States. This is the first attempt to calculate Laeken Indicators and SEI for Montenegro.

Based on its performance in the fields of life expectancy, education attainment (measured by adult literacy and enrolment at the primary, secondary and tertiary level) and GDP per capita (purchasing power parity – PPP), the human development index (HDI) for Montenegro, like for all other countries, is calculated as the simple average of its performance in each of these fields, compared to the performance of countries around the world in the same fields. According to the calculations of the Institute for Strategic Studies and Prognoses (ISSP), the HDI for Montenegro increased from 0.775 in 2002 to 0.828 in 2007. As Chapter 4 of this Report demonstrates, improvements in the HDI are not consistent across the different regions and municipalities of Montenegro, where Podgorica has the highest HDI rating of 0.863, while the northern region has the lowest HDI rating of 0.789.

The value of HDI dramatically decreased between 1991 and 1999 as a direct result of political crises, the war in the Balkan region and sanctions. The HDI value has been increasing since 1999 and exceeded the 1991 level in 2003 (see Graph 2.1.1).

Graph 2.1.1 Human Development Index (HDI) in Montenegro, 1991-2007<sup>21</sup>



Source: ISSP calculations

Montenegro belongs to the group of countries with high levels of human development with an HDI value higher than 0.8. Comparable 2005 HDI data shows that Montenegro with its HDI value of 0.805 ranks better than most of the countries in its immediate environment, such as Macedonia (0.801), Albania (0.801) and Bosnia and Herzegovina (0.803). Some countries of the region, however, have significantly higher HDI, such as Slovenia (0.917) and Croatia (0.850). According to UNDP's Human Development Report Office, which calculated HDI for Montenegro for the first time in its 2008 annual statistical update, Montenegro ranks 64th out of 179 countries with an HDI for 2006 of 0.822, confirming it belongs to the group of countries with a high level of human development.<sup>22</sup>

The in-depth longitudinal analysis of HDI components presented in Table 2.1.1 reveals several impor-

21. HDI was not calculated between 1991 and 1999 because of the war environment.

22. Human Development Indices as well as a 2008 statistical update for all countries can be accessed at: <http://hdr.undp.org/en/statistics/>.

tant facts:

- Growth of the overall HDI value was strongly influenced by GDP index growth during the 2000-2007 period.
- Life expectancy at birth decreased from 75.2 in 1991 to 72.7 years in 2007 that could be attributed to the economic decline and social stress of the 1990s.
- The high levels of school and tertiary enrolment and adult literacy rates that had been established during the 1970-80s have increased further since 1999. This increase could be attributed to the establishment of new universities and colleges.

part in decision-making. While the GDI focuses on the expansion of capabilities, the GEM is concerned with the use of those capabilities to take advantage of the opportunities of life. GEM measures inequalities in three areas: political participation and decision-making power, measured as female and male shares of parliamentary seats; economic participation and decision-making power, measured as female and male shares of positions as legislators, senior officials and managers and female and male shares of professional and technical positions; and power over economic resources, measured as female and male estimated earned income (PPP US\$). Montenegro's GEM

Table 2.1.1: Human Development Index (HDI), 1991, 1999-200

Year	1991	1999	2000	2001	2002	2003	2004	2005	2006	2007
Life expectancy at birth (years)	75.2	73.4	73.4	73.4	73.0	73.1	73.1	72.6	72.7	72.7
Adult literacy rate (%)	94.9	94.9	94.9	94.9	94.9	97.7	97.7	97.7	97.7	97.7
Combined primary, secondary and tertiary gross enrolment ratio (%)	70.15	75.81	75.28	72.61	73.4	75.19	73.76	75.2	77.2	80.73
GDP per capita (PPP US\$)	5,347	3,107	4,475	4,398	4,858	6,120	7,100	7,39	8,64	9,934
Life expectancy index	0.837	0.807	0.807	0.807	0.800	0.802	0.803	0.794	0.795	0.795
Adult literacy index	0.949	0.949	0.949	0.949	0.949	0.977	0.977	0.977	0.977	0.977
Gross enrolment index	0.702	0.758	0.753	0.726	0.734	0.752	0.737	0.752	0.773	0.807
Education index	0.867	0.885	0.884	0.875	0.877	0.902	0.897	0.902	0.909	0.920
GDP index	0.664	0.574	0.634	0.632	0.648	0.687	0.711	0.718	0.744	0.768
Human development index (HDI) value	0.789	0.755	0.775	0.771	0.775	0.797	0.804	0.805	0.816	0.828

In some countries, the bias against women, in terms of their economic, social and political opportunities, seriously degrades the overall status of human development. To help focus attention on this problem, UNDP developed a Gender Development Index (GDI). This measure changes the Human Development Index depending on the disparities between the status of men and of women. The greater the disparity between genders in human development, the lower GDI in a country in comparison with the HDI. Montenegro scores relatively well by this index, reflecting a long tradition of equality in the work place that is greater than in many other countries. In fact, in 2007, Montenegro's GDI was 0.824 which is only slightly lower than its HDI of 0.828, indicating a reasonably high level of gender equality.

UNDP's Gender Empowerment Measure (GEM) is another human development indicator that evaluates the progress in advancing women's standing in political and economic forums. It examines the extent to which women and men are able to actively participate in economic and political life and take

index was 0.478 in 2007, indicating that the country belongs to the group of countries with a high level of human development, such as Romania (0.497). The GEM value, however, is lower than in some other countries of the region (Croatia – 0.612, or Slovakia – 0.630) that indicates that further progress in the area of gender equality is needed.



## 2.2. Demographic Trends

One of the clearest indications of the degree of stress that Montenegro suffered in the 1990s is the decline in life expectancy and the increase in mortality rates. Since 1991, for example, the life expectancy of the average Montenegrin male fell by 1.4 years from 72 in 1991 to 70.6 years in 2007.<sup>23</sup> Women suffered even more during the same period, losing 3.6 years of average life expectancy from 78.4 in 1991 to 74.8 years in 2007. This is lower than life expectancy in the EU, which is 75.8 years for males and 81.6 for females. At the same time the mortality rate increased from 6.7 in 1991 to 9.6 people per thousand in 2006 while the birth rate and fertility rates<sup>24</sup> decreased significantly.

Many people emigrated from Montenegro in a search of better jobs and living conditions abroad. According to the last census (2003), over 8% of Montenegrins live or work abroad, which is a significant increase since 1991 when only 4% of Montenegrins lived abroad.

Montenegro currently has about 624,240 inhabitants and there are 180,500 households in the country.<sup>25</sup> Out of these 16% are single households, while 70% have 2-5 family members. Compared to the last census conducted in 2003 the population increased by 0.76%, or in absolute terms, by 4,760 people.<sup>26</sup> Montenegro's population growth rate decreased from 9.5 per thousand in 1991 to only 2.5 per thousand in 2006. Population growth rates are higher in the northern municipalities than in the southern municipalities.<sup>27</sup>

The population of Montenegro is ageing like in many other European States. Although the share of the population aged 65 and older did not surpass the share of the population aged under 15, as has already happened in some European countries, the increasing numbers of the elderly require more and better healthcare services and social support. It is estimated that by 2031 the share of the population aged 65 and older will surpass the share of the population aged under 15 (see Table 2.2.2).

An ageing population leads to a further increase in the number of pensioners. Over the last several years the dependency ratio, or the number of the employed people paying contributions relative to the number of pensioners, fell from 51% in 1991 to 49% in 2003. This ratio negatively affects the revenues of the public pension fund that results in low pensions for a significant number of the elderly. In 2007, for instance, over 30,000 Montenegrin pensioners received pensions of less than €100 per month.<sup>28</sup>

These demographic trends will intensify in the future as the average life expectancy is expected to lengthen. To effectively address these demographic developments, specific attention should be paid to healthcare services and social assistance services, which should be better connected. More institutions should be established to provide support for the elderly and expand the spectrum of services. A potential solution is the further decentralisation of the health and social welfare systems to address local conditions and needs.

Table 2.2.2: Age structure of the population of Montenegro (2001-2031)

Year	2001	2011	2021	2031
0-14	126,911	120,817	116,976	106,288
15-64	412,856	429,983	426,148	414,113
65+	76,529	85,072	100,720	117,360
<b>Total</b>	<b>616,296</b>	<b>635,872</b>	<b>643,844</b>	<b>637,761</b>
Year	2001	2011	2021	2031
0-14	20.60%	19.00%	18.20%	16.70%
15-64	67.00%	67.60%	66.20%	64.90%
65+	12.40%	13.40%	15.60%	18.40%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Bacovic M., *Demographic Changes and Economic Development – Analysis of Investing in Human Capital*; ISSP, Ideja, Podgorica, 2006.

Stress and high unemployment rates in the 1990s, increased labour market opportunities for women, and general European trends, job insecurity influenced

23. Average life expectancy at birth represents the average number of added years of life that a person may expect if the current mortality trend continues in the remaining years of his/her life.

24. The mortality rate represents the number of people per thousand who died in the census year observed. The birth rate represents the number of newborns per thousand in the year observed.

25. Monstat Official Census 2003 and estimation. As far as the official inventory of accommodations is concerned, there were more than two hundred thousand housing units (Monstat Official Census 2003). In recent years, this number has increased even more as the result of the boom in the construction industry and the accessibility of lending resources

26. The estimated population in the years between the censuses is calculated on the basis of the average population growth rate between two successive censuses.

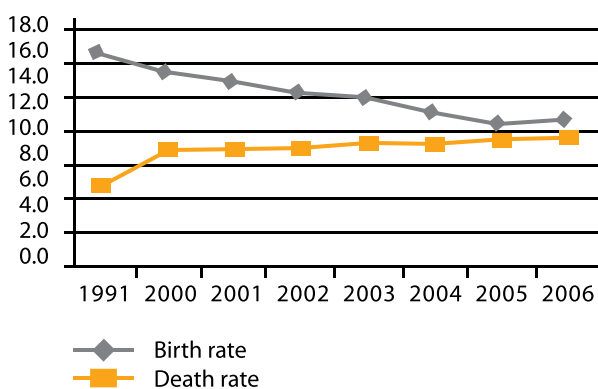
27. Population growth rate represents the difference between the birth rate and the mortality rate.

28. Public Pension and Insurance Fund's (PIO) data for 2007

29. Birth rates and death rates are given per 1000 citizens

the decisions of many couples to postpone having children until their living conditions improved. As a result, the fertility rate, or the number of children per mother, dropped from 2.1 in 1999 to 1.64 in 2006, reducing the possibility of population renewal. The birth rate fell at the same time from 16.3 in 1991 to 12.1 in 2006 for every thousand inhabitants (see Graph 2.2.1). Relatively better-off families in urban areas tend to have smaller families with less children. As the relevant studies indicate, the trend of slower rates of population growth will continue for the next two decades.

Graph 2.2.1: Natural movement of the population during period 1991-2006<sup>29</sup>



Source: MONSTAT, ISSP calculations

The economic hardships of the 1990s and resultant lack of opportunities forced many young people with low incomes to migrate to more developed municipalities, mostly Podgorica and coastal areas, in search of better education and economic opportunities. In addition, due to the armed conflicts in the Balkan region, many refugees fled to Montenegro from the early 1990s until 2000, when the Kosovo conflict ended. Although the situation in these countries has now stabilised, a significant number of 'displaced persons' have remained in Montenegro.

### 2.3. Economic progress and budgetary expenditures for the social sector

As noted above, Montenegro's Human Development Index was significantly influenced by changes in the economy. In the 1990s the Montenegrin economy deteriorated as a result of economic sanctions, wars in the region and an unstable political environment that

resulted in hyper-inflation, high unemployment rates and low income. The population lost confidence in public institutions and their ability to ensure stability and deliver social services. Additional challenges to economic development arose from differences in the economic, political and social spheres between Serbia and Montenegro prior to Montenegro's independence in 2006. As a result of these complex factors, GDP reached its lowest level in 1993 during the 1991-2007 period, when it amounted to \$1,706 per capita (constant 1994 prices, informal economy included).

Since 2006, Montenegro's economy has improved dramatically. In current price terms, GDP reached \$5,355 per capita in 2007. GDP per capita based on purchasing power parity (PPP) amounted to \$9,934 in 2007, which is 2.2 times higher than it was in 2000.<sup>30</sup>The GDP growth rate was driven mostly by a high increase in foreign direct investment (FDI), the expansion of the service sector in such areas as tourism and tourism-related activities, and the real-estate sector.

The Government implemented a series of economic reforms, the most critical of which were privatisation, the introduction of the Euro as the official currency, price liberalisation, the decrease of custom rates, the opening of the economy and controlling the budget deficit. These developments and effective policy changes provided a solid foundation for rapid economic progress in the subsequent years. The rapid economic growth allowed the Government to increase its allocations for the social sector and increase expenditure on education and healthcare.

More than 80% of state-owned enterprises are now privatised, which has led to the expansion of the capital market. In 2006, total market capitalisation was about 140% of GDP, with a growing number of economic entities involved in the capital market. During 1999-2003 the inflation was relatively high due to the introduction of the new currency, price liberalisation and the introduction of a new tax system, as well as Value Added Tax (VAT). However, the inflation rate has been decreasing since 2003.

As a result of effective Government economic policy reforms, public debt was reduced. According to Ministry of Finance data, the public debt of Montenegro amounted to €737.2 million in 2007, which is 32.4% of GDP. The Maastricht criterion prescribes that the public debt should not exceed 60% of GDP. The current level of indebtedness is acceptable and is even better than in most EU member countries. External debt amounted to €462.1 million or 20.3% of GDP in 2007.

30. MONSTAT and Ministry of Finance data

Table 2.3.1: Expenditure on health, education and social welfare in 2007

Type of expenditure	Amount (in million €)	% of budget expenditure	% of GDP
Expenditure on education	113.63	18.4	5
Expenditure on health care	138.52	22.4	6.1
Social Insurance and social security transfers	173.37	28.1	7.6

Source: Ministry of Finance, ISSP calculations

During the last several years, the most noticeable trend in foreign trade has been the continued growth in the volume of imported goods. This has largely been a consequence of high economic growth and significant inflows of FDI. In 2007 the FDI inflow to Montenegro amounted to €1,007.7 million, while the outflow amounted to €482.2 million. A range of laws and regulations were passed (Company Law, Foreign Investment Law, Secured Transaction Law - Pledge Law, Accounting Law, Insolvency Law, Labour Law, etc.) to support the development of a competitive business environment.

Economic growth and a new tax system allowed the Government to increase its budget revenue. The budget is funded from a number of revenue sources that include current revenue (taxes, contributions, fees, compensations and other current revenue), loans from domestic and foreign sources, domestic and foreign grants and revenue from privatisation and property sale.

The Government was successful in addressing the two major challenges of budget liquidity and deficits that were common in the 1990s. The first challenge was how to address the decreasing budget revenue caused by the drastic drop in GDP. The second challenge was the growing need for budget financing to address the inefficiency of state-owned enterprises and the wide range of diverse and complicated social issues.

As part of its public finance reform, in 2001 the Government adopted new budget laws and public procurement laws. The main innovation in the New Budget Law was the establishment of a centralised Treasury system operating within the Ministry of Finance. In 2003, the first medium-term budgetary framework was agreed with the International Monetary Fund, which introduced a clear and precise three-year framework of revenue and expenditure. As a result, the public finance and tax system became more transparent with long-term sustainable budgets.

Capital expenditure was around 5% of total budget expenditure until 2007. Since 2007, when separate planning of the capital budget was introduced, capital expenditure has increased. As a result, the budget has two components, current and capital, which define the establishment and maintenance of the Consolidated Treasury Account, through which all payments are made, defines the use of budgetary surplus and sources of financing of the budget deficit and covers other areas as well. Budget surplus amounted to 6.15% of GDP in 2007. Over 50% of budget revenue is from sales taxes.

28% of total budget expenditure was allocated for social insurance and social welfare transfers, 18% for education and 22% for health in 2007. In total these items participated with almost 70% in total budget expenditure (see table 2.3.1).

## 2.4. Living Standards and Poverty in Montenegro

After a whole decade of internal and external political and economic upheavals, Montenegro has undertaken economic reform in an effort to promote growth and raise living standards. For several years, Gross Domestic Product growth has been significant, reaching 8.6% in 2006 and 10.3% in 2007<sup>31</sup>. The construction boom, flourishing tourism and profits from capital market transactions, ensured benefits to entrepreneurial and business-oriented citizens, while those citizens employed by public and state-owned enterprises, or located in the less-developed northern region with less economic activity, have not benefited from this economic growth. Furthermore, due to the lack of programmes targeting poverty, poverty levels have remained steady with strong regional disparities.

31. Source: Ministry of Finance of Montenegro

In November 2003, the Government of Montenegro adopted the Poverty Reduction Strategy Paper (PRS) that in total envisaged some 400 projects in 11 different areas. However, only some of these projects have been implemented, due to a lack of budgetary support and limited donor assistance. Nevertheless, based on this document, credit arrangements were agreed with the World Bank to support reform in the area of education, health, the pension system and environmental protection.

The Poverty Reduction Strategy included a set of measures addressing various facets of poverty:

- promoting economic growth through private sector development to reduce the number of people close to the poverty line (vulnerable to poverty);
- reforming the social sector to provide safety nets for the poor and vulnerable and, at the same time, reduce the risks associated with poor infrastructure, in general, and the health and education sectors;
- addressing pockets of severe poverty and social exclusion of vulnerable groups.

The data analysis comparing the poverty status of the Montenegrin population revealed that chronic and extreme poverty outside the non-vulnerable groups is minimal, with only 1% of non-RAE and non-displaced persons households remaining chronically poor between 2004 and 2008. Economic vulnerability or elevated risk of becoming poor is by far the largest social problem and affects slightly more than one fifth of the population. This means that a large share of the population is affected by the current global financial crisis and may temporarily fall under the poverty line. Though supportive data is not available, it is surmised that the global economic crisis has led to the emergence of new vulnerable groups, including those with specific technical skills who are laid off from their enterprises and cannot find employment in the short-term.

### *How many poor?*

By using the data on living standards from this Survey<sup>32</sup>, which is fully comparable with the April 2004

survey<sup>33</sup>, though more precise, and by applying strict definitions of household welfare and establishing a poverty threshold based on household consumption, we can conclude that 10.8% of the population live below the poverty line. Although the share of the population living below the poverty line has declined and the poverty estimation is lower 10.8% in 2008 from 12.2% in 2003<sup>34</sup>, the fact that the confidence intervals overlap leads us to conclude that poverty has remained stable, despite recorded economic growth and wage increases<sup>35</sup>.

In addition to calculating the share of the population living below the poverty line, the fraction of the population that is economically vulnerable and poor is estimated by increasing the poverty line by 50%, showing that 28% of the population are economically vulnerable, living below 150% of the poverty threshold. Raising the poverty line by 20% increases the share of the population living below the poverty line from 10.8% to 17.1%. This is particularly the case for the northern region as this region is most sensitive to any kind of external shock. A significant share of the population of this region live just above the poverty line and is vulnerable to any economy-wide fluctuation, downturn, or personal income shock. From a policy perspective, it is clear that a positive income inflow would lead to more-than-proportional declines in poverty; while negative shocks (such as recession) would lead to more-than-proportional increases in poverty. The same stands for Podgorica if analysed separately (see Table 2.4.1).

To highlight the complex distributional aspects of poverty, additional measures of the depth (measured as poverty gap) and the severity of poverty are presented. Poverty depth measures how destitute the poor are - how far below the poverty line their consumption levels are. The poverty gap is equal to 2.7%, which indicates that if Montenegro could mobilise resources equivalent to 2.7% of the poverty line for every individual (both poor and non-poor) to be given directly to the poor, all the poor could be lifted out of poverty. This assumes, of course, that the poor can

32. UNDP/ISSP Social Exclusion (household) survey conducted in April 2008.

33. The First Poverty Assessment for Montenegro was produced in 2003 and used data from two rounds of 2002 ISSP household surveys. Together with this source, a focused survey of the poorest strata conducted by ISSP in 2004 (with UNDP support) was used to produce poverty diagnostics for PRS. The newest and the latest data on poverty in Montenegro can be obtained from the 2007 MONSTAT survey. According to this data, poverty rate in Montenegro is 8.0% with poverty line defined at level of 150.76 EUR. However, ISSP household surveys are not comparable for several important reasons i.e. sample design, recall period, equivalence scale etc. and one should not compare the findings. Rather than announcing new poverty line, to avoid potential confusion, this analysis focuses on commenting the characteristics of the poor in 2008, as well as comparisons of different groups in terms of poverty and inequality compared to 2004 and same applied methodology in reference period.

34. Based on the ISSP/UNDP Household Survey from 2003.

35. Since no panel component of the survey is implemented, one cannot compare the poor and tell if there were significant movements in and out of poverty.



be perfectly targeted. A corresponding measure, average shortfall, shows that consumption of the poor falls, on average, 25% short of the poverty line.

Poverty severity is a measure closely related to the poverty gap but giving those further away from the poverty line - the poorest - a higher 'weight' in aggregation than those closer to the poverty line. The poverty severity level in Montenegro is 0.9. The north, which is characterised by higher poverty rates, also has a higher poverty depth and severity. In sum, this data suggests that the depth and severity of poverty are not extreme, suggesting that social assistance could possibly close the gap, if well targeted.

However, the situation is quite different when the regional perspective is taken into consideration. Table 2.4.2 reports the poverty rates for Montenegro and by region (including Podgorica) based on the comparison of consumption with a minimum living standard (poverty line) for the population. Poverty is lowest in the centre and south, and significantly higher among the population in the north, which is the least populated and least developed region. Overall, more than half the poor reside in the north (62%). Slightly more than 25% of the poor are in the centre, and the south has the smallest share (11.1%). While the poverty headcount in Podgorica (8.5%) is lower than in Montenegro in general (10.8%), the average shortfall is higher (30.2 vs 25.6) and the severity of poverty is slightly higher. This is a result of the higher inequality found in Podgorica, especially if one considers the significant number of RAE living in Podgorica.

Table 2.4.2: Poverty rates by region, 2008

	Montenegro	North	Centre	South	Podgorica
Poverty rate: Head Count	10.8	19.2	6.7	5.5	8.5
Poverty and Economic Vulnerability: Head Count	28.1	44.4	21.4	15.2	23.3
Percent of all poor	100.0	62.4	26.5	11.1	21.9
Poverty gap	2.7	4.9	1.9	1.0	2.5
Severity of Poverty	0.9	1.7	0.7	0.2	1.0
Average shortfall of the poor as percent of poverty line	25.6	25.6	28.5	19.3	30.2

Source: UNDP/ISSP Social Exclusion Survey 2008. Note: Standard errors in parentheses.

### Box 1: Government measures for less development municipalities in the north

In order to encourage investors and facilitate job creation, as well as to support the development of the least developed regions, with the primary focus being on northern Montenegro, the Government of Montenegro introduced a tax policy according to which:

- A newly-founded company in a less-developed municipality involved in production is exempt from paying corporate tax for a period of 3 years;
- Companies that hire new workers for a period of not less than 2 years have a lower tax base for calculating corporate tax (tax base is deducted for the amount of paid salaries and increased for the amount of contributions for obligatory social insurance). This applies throughout Montenegro.

Source: Corporate Tax Law, Official Gazette of Montenegro

Table 2.4.1: Poverty Rates in Montenegro

2002 data (rounds 5 and 6 of ISSP survey)*	
Poverty rate: Head Count	9.4 (7.5-11.3)
Poverty gap	1.3
Severity of Poverty	0.3
2003 data (Survey of RAE, IDPS and Refugees)**	
Poverty rate: Head Count	12.2 (6.8-17.6)
2004 ISSP household survey	
Poverty rate: Head Count	10.9 (8.4-13.6)
Poverty gap	2.1
Severity of Poverty	0.7
2008 ISSP household survey	
Poverty rate: Head Count	10.8 (8.4-13.1)
Poverty gap	2.7
Severity of Poverty	0.9

Source: Radevic and Beegle (2003) ISSP Household Survey 5 and 6, ISSP&UNDP report "Household Survey on RAE, refugees and internally displaced persons"; 2003 for 2003 data and Staff estimates using 2004 data; 95% confidence intervals provided for poverty rates in brackets

\* Note: 2002 data is not fully representative of the population.

\*\* Note: 2003 data provides an insufficient number of records to estimate the poverty gap and severity by regions and to estimate statistical precision of results for the population as a whole

The poverty rate varies among the different vulnerable population groups. Though one would expect higher material poverty for people with disabilities, pensioners and the long-term unemployed, this is not the case. The explanation is that such individuals do not live alone, which consequently reduces their poverty rate as other household members generate income (see Table 2.4.3).

The poverty incidence for the group of social welfare system beneficiaries<sup>36</sup> is rather high – 30%. Previous analysis has shown that the allocation of family allowance benefit among the poor was quite low, as only 13.3% of the households in the poorest quintile receive this benefit, while 54.2% of the total family allowance funds go to households in the poorest quintile. The share of family allowance in total consumption is 10.5% for poor households, which is due to poor targeting and inadequate social programmes.<sup>37</sup>

Table 2.4.3: Poverty Incidence in Montenegro by different population group

	Poverty rate (%)
By different population group	
Core sample (general population)	10.8
Social welfare beneficiaries	30.0
Long-term unemployed	12.3
Pensioners	15.7
RAE	36.0
Persons with disabilities	11.9
Displaced persons	34.0

Source: ISSP Household Survey data 2008.

RAE (Roma, Ashkali and Egyptians) is the ethnic group that particularly suffers from social exclusion. The poor integration of the Roma in education results in a lack of early-school education, poor school attendance and a high dropout rate. Other barriers include the prejudices and stereotyping towards the Roma community. Being recognised as the most vulnerable group in Montenegro, the RAE attract the attention of Governmental institutions and the donor community. The Government adopted the Strategy for Improving the Position of RAE in Montenegro 2008-2012, and allocated budget funds for the implementation of several of the Strategy's projects. Successful practices from the EU and Western Balkan countries could be replicated to improve the inclusion of Roma in adult education programmes.<sup>38</sup>

36. Surveyed are those who receive family allowance benefit, since this social benefit is the most covering and the most common benefit for poor households.

37. Source: "Public social assistance and the poor - coverage and effectiveness", Ana Kršmanovic, and Ivana Vojinovic, ISSP, 2006

38. For more information, see "Social Inclusion of Ethnic Groups Through Education and Training: Elements of Good Practice", ETF, December 2007

39. The Gini coefficient is a measure of inequality in consumption. A larger Gini indicates greater inequality. If the Gini coefficient is equal to 0 we have perfect equality.

40. A second widely-used inequality measure is the decile ratio (90/10 ratio), which presents the ratio of the average consumption of the richest 10% of the population divided by the average consumption of the poorest 10%. This measure perhaps better captures the relative position of the poorest in the population, rather than the Gini coefficient, which can be difficult to interpret with respect to inferences about the poor and poverty. In this sense, the 90/10 ratio may be a more appealing indicator monitoring inequality and progress towards poverty alleviation in Montenegro

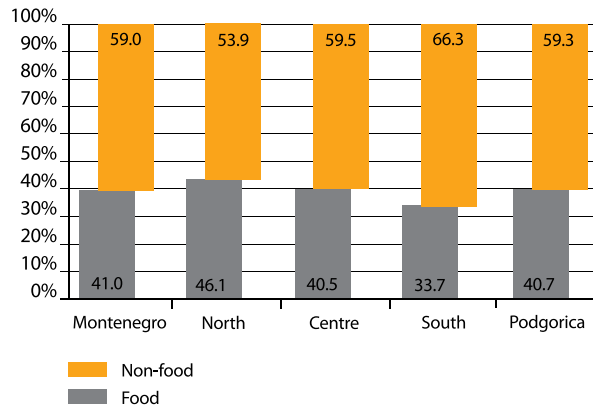
## Inequality

Regional poverty figures show that economic growth is unevenly distributed throughout the country, which is not surprising as construction and tourism have been the key engines of growth. The uneven distribution of economic growth, followed by unemployment reduction and the inflow of non-resident/migrant workers into the southern and central regions has been confirmed by the increased inequality in consumption, which is measured by the Gini coefficient at 0.35, compared to 0.29 in 2004<sup>39</sup>. Also, the 90/10 ratio shows that Montenegro has very high inequality (9.8) compared to 6.0 in 2004.<sup>40</sup> Looking at overall poverty distribution, the share of the poor in the northern region has increased in comparison with previous poverty analyses, which could be attributed to the lack of well-targeted policies specific to the region.

## Who are the poor?

Interesting patterns emerge by examining the profile of the poor in Montenegro. The poor spend a significant share of their expenditure on food, which remains the same when analysed by region, with households in the south spending about one third of overall monthly expenditure on food (see Graph 2.4.1).

Graph 2.4.1: Consumption structure by region (in %)



Large households are more likely to be poor, as well as families headed by someone with only primary education. Surprisingly, survey data shows that female-headed households face a lower poverty rate (7.8% vs. 10.9% compared to male-headed households). Compared to the survey data from 2002, households headed by a female increased from 9.7% in 2002 to 13.6% in 2008. This could potentially be explained by the increased economic independence of women in recent years that has manifested in more women taking over managerial positions and having better education than men.

Obviously, larger households are exposed to a higher poverty risk. Less than 4% of people living in households with 3 or less members are poor, while for those with 4+ household members one out of seven is considered poor. The poverty rate is twice as high for households headed by a non-working, non-retired person, compared to the poverty rate for a household headed by a retired and non-working individual. So, employment opportunities do matter. This also applies to the education level of the household head. Members of households headed by someone with only primary

education face a higher poverty risk than those whose household head has partial or completed secondary education. In other words, employment characteristics of household members, including their human capital (educational attainment), are strong determinants of living standards. Households with working adults have higher consumption levels, so inactivity and joblessness are strongly correlated with poverty. At the same time, poverty exists in many households where the household head is employed and represents slightly more than one third of poor households.

These randomly chosen individuals from various households estimated their life satisfaction (subjective well-being) at 6.7 (scale 1-10: 1 meaning unsatisfied and 10 meaning fully satisfied). The Survey proves that their life quality perception correlates with their consumption poverty (see Graph 2.4.2). Even for those who are satisfied with their living standards (subjective perception), the poverty rate is 8.7%, meaning that consumption poverty can be compensated in other ways. As expected, mean satisfaction increases by consumption quintiles, ranging from 6.09 for the first quintile, to 7.3 for the fifth one (Graph 2.4.3).

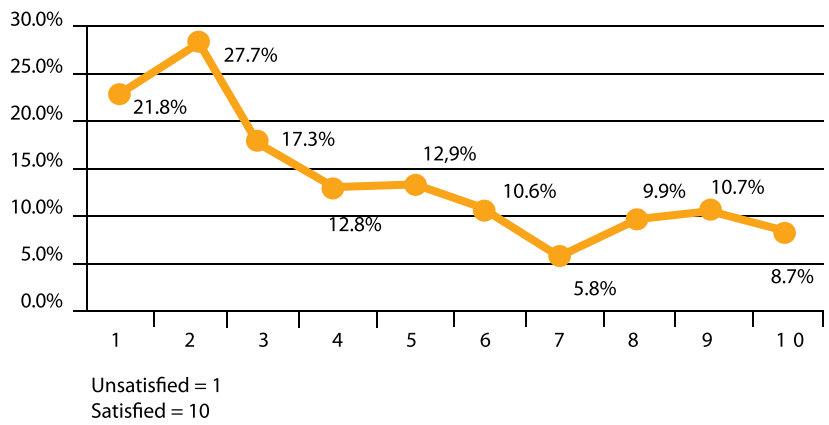
Table 2.4.4: Poverty profile: Poverty Rates by Group

	% of population	% who are poor		% of the poor
<b>By household size</b>				
1-3 members	28.9	3.6	(0.9)	9.6
4+ members	71.1	13.7	(1.6)	90.4
<b>By age of household head</b>				
under 50 years	39.9	11.8	(1.8)	45.3
50-64 years	33.9	8.5	(1.7)	27.9
65+ years	26.2	10.6	(2.5)	26.8
<b>By gender of household head</b>				
Male	86.4	10.9	(1.3)	88.9
Female	13.6	7.8	(3.2)	10.1
<b>By education of household head</b>				
Primary	15.3	16.8	(3.5)	25.3
Partial/completed secondary	84.7	8.9	(1.2)	74.7
<b>By employment status of household head*</b>				
Not employed and not retired	16.4	20.4	(3.9)	32.9
Employed	54.3	6.7	(1.3)	36.1
Retired and not employed	29.3	10.7	(2.5)	31.0
<b>By age</b>				
under 16 years	16.3	24.1	(1.9)	28.7
16-24 years	15.7	12.4	(1.4)	15.7
25-49 years	32.6	14.2	(1.1)	32.8
50-64 years	15.6	9.9	(1.5)	10.2
65+ years	19.8	8.7	(1.2)	12.6

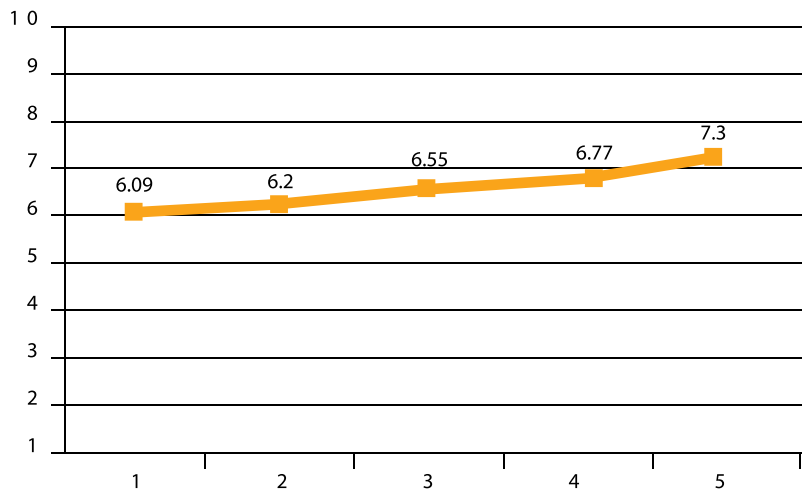
Source: ISSP Household Survey 2008. Note: Standard errors in parentheses; 95% confidence interval is approximately  $\pm 2$  standard errors.

\*Employed is defined as having worked for income in the last week or having a regular job but not having worked last week (vacation, sick, etc.); "retired" are those who are not employed and report being retired as their main activity; "not employed" are all others.

Graph 2.4.2: Consumption poverty compared with subjective well-being (% of poor in each "satisfaction" group)



Graph 2.4.3: Mean satisfaction by consumption quintiles (from 1 to 10, 10 being the best mark)



## 2.5. Social exclusion in Montenegro

This is the first time social exclusion research has been conducted in Montenegro and the first time a Social Exclusion Index (SEI) has been calculated. The concept of social exclusion and its corresponding index is based on the comparative methodologies used in Croatia and Macedonia. The starting point was the following definition of 'socially excluded': "In order to be considered socially excluded, respondents had to be deprived in the following three dimensions: **economic** (income per household member is below 60% of median), **labour** (the unemployed), and **socio-cultural** (absence of social participation or tertiary sociability, e.g. non-involvement in voluntary, humanitarian, religious, political organisations or activities)"<sup>41</sup>. However, since tertiary sociability in Montenegro is in general quite low, this third criterion could not be used as a relevant measure of social exclusion in Montenegro. As Montenegrin society is still very traditional, with strong family ties both among close family and relatives, this criterion could not be used for determining the socially excluded either. Therefore, this third dimension of the overall SEI for Montenegro has been replaced by a measurement of access to social services, in particular health services.

Montenegro's concept of social exclusion and its inputs for the SEI calculation take into account both the household perspective and the individual perspective. Therefore, exclusion has two main layers: household exclusion/vulnerability and individual exclusion/vulnerability. To determine exclusion in both cases income measures are used, in order to grasp social exclusion from a different perspective, since only consumption-based indicators have been applied so far. Income-based measures were considered unreliable and biased, due to the high share of the informal economy and people's tendency to under-report income. However, lately there has been an increase in registered employment, as well as a significant increase in personal income tax revenue, which has exceeded wage growth. This Report also undertook an attempt to calculate Laeken Indicators, as developed by the EU Commission. These indicators should become very relevant for comparison purposes bearing in mind Montenegro's EU membership aspirations.

Households are considered to be vulnerable/excluded if they have insufficient income (at risk of poverty); are not able to meet their obligations i.e. have arrears, and do not have sufficient/adequate access to healthcare services. Households with arrears for utilities and mortgages risk accumulating significant debt, as it is often the case with unpaid utility bills. In the case of mortgages, those who fail to pay rent or mortgage payments are exposed to the risk of losing their home. Inadequate access to healthcare services, especially for those with low incomes, negatively affects the health of these individuals. Transportation to health centres could be another issue for individuals with low income. Households that experience the following conditions are therefore considered vulnerable:

- **Low income (in poverty)** — households with equalised incomes below the poverty threshold (60% of the median equalised income of the household).
- **Indebtedness** — households facing difficulty meeting obligations, i.e. arrears in utility, mortgage or any other outstanding debt.
- **Insufficient access to health services** — those stating that the "distance to the doctor/hospital" is a problem in having access to health service.

For the purposes of this Report, SEI was calculated and disaggregated for the six vulnerable groups and regions of Montenegro. It is not a weighted index and includes the above components. The value of the SEI demonstrates the degree of vulnerability of different vulnerable groups (i.e. multiple deprivation in several areas besides consumption poverty).

Individuals are considered to be vulnerable/excluded if they are unemployed, or have insecure employment and insufficient education, thus making them less employable. Combined with a low household income (per capita income of household is lower than 60% of median income), these individuals are at risk of social exclusion. A lack of income, lack of education and insecure employment deprives these individuals of the opportunity to make changes and improve their lives.

Although an income-based assessment has methodological limitations, this social exclusion survey provides rich evidence and findings for evidence-based policy and programming. Exclusion is explored both at the household and individual level, as elaborated in the following sections.

41. NHDR – Unplugged: Faces of Social Exclusion, page 21, UNDP Croatia, 2006

Table 2.5.1. Key indicators of household vulnerability/exclusion (in % of total number)

	Low income (in poverty)	Insufficient access to health services	Indebtedness	SEI
Montenegro	24.3	29.7	30.1	3.5
North region	25.1	42.4	29.2	5.9
South region	20.0	24.9	12.0	1.0
Central region	24.8	23.9	41.1	3.2
Of which Podgorica	23.9	23.7	38.9	3.3

## 2.5.1. Household exclusion/vulnerability

Household social exclusion, defined as a lack of income, insufficient access to health services and inability of households to meet their obligations, is low, with 3.5% of households being socially excluded in all three areas. The largest share of households is that facing financial deprivation or lack of income. The relative poverty threshold or at risk of poverty threshold is calculated as 60% of median<sup>42</sup> equivalised<sup>43</sup> household income per adult member. Households whose members' equivalised income is below 60% of median equivalised income are considered to be at risk of poverty. Based on this Survey's the relative poverty threshold<sup>44</sup>, 24.3% of individuals live in households

which euivalised income per adult household member is below the relative poverty threshold in Montenegro. So, a large share of households faces difficulties in meeting their obligations, while insufficient access to health services is an equally important aspect of household vulnerability in Montenegro.

A breakdown by region shows the largest share of socially-excluded households in the northern region, where 5.9% of households are deprived in three areas: low income, limited access to health services and inability to meet their financial obligations. In the south only 1% of households are excluded, while in the central (largest) region 3.2% of households are excluded. Inadequate access to health services and lack of income are the major obstacles for households in the northern region. In the southern region lack of income is the major challenge, while in the central region indebtedness is the main obstacle to social inclusion.

Table 2.5.2. Key indicators of household vulnerability/exclusion

	Low income (in poverty)	Insufficient access to health services	Indebtedness	SEI
Montenegro	24.3	29.7	30.1	3.5
Social welfare beneficiaries	53.9	20.8	55.4	11.9
Long-term unemployed	44.3	29.0	41.0	10.0
Pensioners with minimum income	44.5	22.8	32.7	8.9
RAE	41.6	50.5	54.5	14.1
Persons with disabilities	32.9	35.0	44.0	5.0
Displaced persons	31.0	32.3	22.9	8.3

42. Median is a type of average, found by arranging the values in order and then selecting the one in the middle. If the total number of values in the sample is even, then the median is the mean of the two middle numbers. The median is a useful number in cases where the distribution has very large extreme values which would otherwise skew the data.

43. The OECD equivalence scale is used for transformation of Household (HS) income into equivalised income.

44. At risk of poverty is produced using equivalised income per household (ISSP/UNDP Social Exclusion (household) Survey 2008). For the core sample, if we use equalised consumption: (median 455.9€ and threshold 273.16€) 27.1% of individuals are at risk of poverty. If we use per capita expenditure, without applying equivalence scale, than 9.6% of individuals are at risk of poverty (median 296.62€, threshold 177.97€).

45. Under social welfare beneficiaries we imply people who receive social benefits listed under table 3.1.1.

Some groups in Montenegrin society stand out as particularly vulnerable to poverty and social exclusion. The SEI was calculated for the following vulnerable groups: social welfare recipients<sup>45</sup>, long-term unemployed, pensioners, RAE, people with disabilities, and refugees. SEI is 11.9% for social welfare beneficiaries. The major obstacle for these households is poverty or lack of income. Next are households with long-term unemployed members (SEI - 10.0%) and households with recipients of minimum pension (SEI = 8.9%) where poverty is the again the main exclusion factor. RAE households are almost equally deprived in all three areas<sup>46</sup> and 14.1% of RAE are deprived in all the areas simultaneously, which is the highest SEI value among all the vulnerable groups. 5% of households that have member(s) receiving a personal disability benefit or other disability-related benefit and 8% of displaced persons' households are excluded in all three areas.

## 2.5.2. Excluded individuals

Individuals are considered to be vulnerable/excluded if they face poverty and are deprived of employment (unemployed or have insecure employment) and education. If these individuals are, in addition, members of socially excluded households, they are considered to be exposed to severe exclusion.

In Montenegro, 9.2% of individuals are socially excluded, while 1.3% of individuals are exposed to severe exclusion. The areas in which individuals face the highest deprivation are income, access to healthcare services and education. Individuals that face multiple deprivations but do not face poverty account for 1.3% of the total number.

The largest share of individuals exposed to social exclusion live in the northern region (10.2%), while 7.8% of them reside in the southern and 9.2% in the central region. In the northern region 2.4% of socially excluded individuals are exposed to severe exclusion or live in socially-excluded households. The situation is far better in the southern and central regions, where 0.2% and 1.0% of individuals are exposed to severe exclusion, respectively. The share of unemployed individuals is the largest in the northern region (11.4%) and the lowest in the southern region - 4.4%. The share of individuals with insecure employment is largest in the southern region, indicating the largest share, compared to the total number of employed, of

those engaged in unregistered work.

Social exclusion affects males and females differently (see Table 2.5.4). Social exclusion (SEI) is far lower among females as 5.5% of females are socially excluded, compared with 13.0% of males. A more detailed regionally-focused analysis, based on the disaggregated data leads to the following observations:

- In the northern region females face more barriers to social inclusion than males, in such areas as education, employment, access to healthcare and income.
- In both the southern and central regions, more males are deprived of employment and have insecure employment than females, but females experience more barriers to social inclusion in such areas as education and income.
- The biggest shares of 2.1% of males and 2.8% of females experiencing severe exclusion live in the northern region.

The analysis of social exclusion of individuals, by vulnerable group resulted in the following observations:

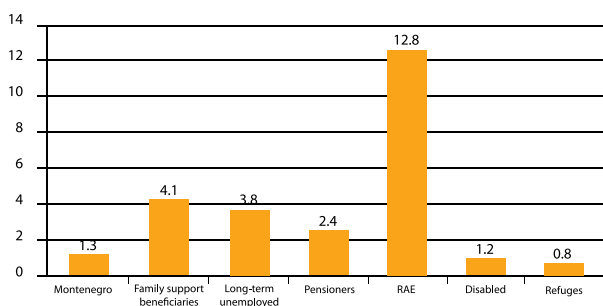
- 21.8% of individuals from households of social welfare system beneficiaries are socially excluded, and 4.1% are exposed to severe exclusion. These individuals are deprived most in the areas of income (58.5%) and education (30.7%).
- 15.5% of individuals from households with long-term unemployed member(s) are socially excluded, while 3.8% of them are exposed to severe exclusion. As expected, these individuals experience major exclusion deprivation in the area of employment (27.7%).
- 17.3% of individuals from the surveyed pensioners' households are socially excluded and 2.4% are exposed to severe exclusion. These individuals are the most deprived in terms of their access to healthcare services.
- 13.9% of RAE individuals are socially excluded and almost 13% are exposed to severe exclusion, which is an alarming finding. These individuals are the most deprived in the area of education (65%), followed by income (42.3%).
- 15.7% of individuals with disabilities are socially excluded. These individuals are the most deprived in the areas of income (36.1%) and education (28.5%) and health (22.3%).
- 12.6% of individuals from the displaced persons surveyed households are socially excluded and only 0.8% is exposed to severe exclusion. They are mostly exposed to deprivation in income (29.9%) education (27.9%) and health (24.0%).

46. More than 41% RAE households have a low income, 51% do not have sufficient access to health services and 55% are unable to meet their financial obligations

Table 2.5.3. Indicators of exclusion by region (% of total number)

	North	South	Centre	Montenegro
Deprived of employment	11.4	4.4	8.3	8.3
Insecure employment	8.2	12.3	6.6	8.6
Deprived of education	16.1	10.8	14.5	14.2
Low income (in poverty)	26.1	19.9	25.4	24.3
SEI	10.2	7.8	9.2	9.2
Severe exclusion	2.4	0.2	1.0	1.3

Graph 2.5.1. Severe exclusion by vulnerable groups



To sum up, the SEI was developed and calculated for the first time for Montenegro and is disaggregated by the regions and vulnerable groups, at both the household and individual level. Analysis of the SEI demonstrates that individuals and households can face multiple deprivations that go far beyond material deprivation. The SEI is not a methodologically unique index; it is composed of different sub-indicators that have been chosen arbitrarily to reflect the social exclusion situation in Montenegro. Households are considered as vulnerable/excluded if their incomes are low (in poverty), if they have difficulty paying utility, mortgage or any other bills and are in arrears, and if their access to health services is insufficient. Individuals are considered as vulnerable/socially excluded if they are unemployed or they are employed but social contributions are not paid, if they have less than 8 years of schooling and are no longer in education, and if they have insufficient access to health services. As these sub-indicators were selected arbitrarily, future SEI calculations should/may expand the range of sub-indicators to provide a more comprehensive picture of social exclusion in Montenegro.

The section convincingly demonstrates that vulnerable groups face multiple barriers and structural inequalities where the type of barrier is group specific. For instance, households comprised of social welfare system beneficiaries face the following barriers to so-

cial inclusion (in priority order): low income, indebtedness and insufficient access to health services. The barriers to social inclusion for the Roma-RAE population are completely different, where access to health services is seen as the biggest barrier followed by indebtedness and low income.

The SEI also revealed that different vulnerable groups face different barriers to social inclusion. For instance, RAE socially-excluded individuals account for 13.9% of the total population and the share of individuals experiencing hardcore exclusion is very close to this number (12.8%). RAE individuals are mostly deprived of education and as much as 65% of RAE have primary and lower education only.

The analysis conducted in this chapter demonstrates that despite the steady increases in the values of the HDI and impressive GDP growth, poverty levels have remained stable with 10.8% of the population living below the poverty line. Poverty is concentrated in certain geographic areas and affects some groups more than others. Poverty is relatively high in the north of the country, where high unemployment, rather high illiteracy, especially among the elderly and women, and low-income levels contribute to high poverty rates. Some population groups are poorer than the others: RAE are the most vulnerable population with a poverty rate of 36%; followed by displaced persons 34% and social welfare beneficiaries 30%; pensioners 15.7%; the long-term unemployed 12.3% and the disabled 11.9%. Montenegro has very high and increasing inequality. Inequality measured by decile ratio, which presents the ratio of the average consumption of the richest 10% of the population divided by the average consumption of the poorest 10%, increased from 6.0 in 2004 to 9.8 in 2008.

The Laeken Indicators complete the picture of human development and social inclusion in Montenegro. Four groups of indicators such as overarching indicators, inclusion indicators, pension indicators and health indicators were calculated. In particular, the



Table 2.5.4. Indicators of exclusion by gender and region (% of total number)

		North	South	Centre	Montenegro
Deprived of employment	Male	10.9	5.1	9.1	8.7
	Female	12.5	3.8	7.5	8.2
Insecure employment	Male	10.3	14.1	7.7	10.2
	Female	6.3	10.9	5.3	7.1
Deprived of education	Male	14.4	7.3	12.7	12.0
	Female	18.5	14.5	16.2	16.5
Low income (in poverty)	Male	24.8	19.7	24.6	23.4
	Female	27.4	19.9	26.2	24.9
SEI	Male	15.2	10.5	12.5	13.0
	Female	5.0	5.1	6.2	5.5
Severe exclusion	Male	2.1	0.4	1.1	1.3
	Female	2.8	0.0	0.9	1.3

analysis found that the risk of poverty is the highest for children, the elderly and females: 25% of young people, 24.9% of females and 27.3% of the elderly have a median income per equivalent adult lower than 60% of the national median. Income inequality is high in Montenegro as the income of the richest 20% of Montenegrins is 18.84 times higher than the income of the 20% poorest Montenegrins. 15.5% of males and 9.2% of females of 18 to 24 years of age only have lower secondary education and are currently not attending school or any kind of training.

In sum, factors leading to social exclusion are multifaceted and multidimensional and to eliminate them contributions from the labour market, education and social welfare system policies, such as policy interventions, funding, programmatic support, are required. The Government's policy and programme interventions to address these barriers should be targeted and tailored to the needs of the vulnerable groups in order to be effective. To develop a better understanding of the barriers to social inclusion experienced by vulnerable groups, Chapter 3 provides in-depth qualitative and quantitative analysis of six vulnerable

groups, by examining dimensions such as legal background, poverty and exclusion, access to employment, education, healthcare, social services, housing and transportation, and social and political participation. Each section of Chapter 3 identifies barriers to social inclusion specific to a vulnerable group and provides tailored and specific policy and programme recommendations on how these barriers could be effectively addressed.

## 2.6. Laeken Indicators in Montenegro

Laeken Indicators are designed to monitor the success in meeting the common objectives of the EU Social Policy Agenda aimed at alleviating poverty and social exclusion in Member States. Laeken Indicators actually describe the degree of social exclusion and risk of poverty as well as social welfare systems in the

Table 2.5.5. SEI by Vulnerable groups (% of individuals)

	Core sample	Social welfare beneficiaries	Long-term unemployed	Pensioners	RAE	Persons with Disabilities	Displaced persons
Deprived of employment	8.3	23.5	27.7	10.7	19.9	7.9	10.1
Insecure employment	8.6	3.8	7.6	9.2	9.6	3.7	10.4
Deprived of education	14.2	30.7	14.6	22	65.0	28.5	27.9
Low income (in poverty)	24.3	58.5	46.4	43.1	42.3	36.1	29.9
SEI	9.2	21.8	15.5	17.3	13.9	15.7	12.6
Severe exclusion	1.3	4.1	3.8	2.4	12.8	1.2	0.8

Member States. There are four groups of indicators – overarching indicators, inclusion indicators, pension indicators and health indicators.

Table 2.6.1 below provides a set of selected Laeken Indicators, calculated for Montenegro, Croatia, the EU27, EU25 and EU15 countries, which enable a comparative analysis to be conducted on how Montenegro stands in terms of social inclusion vis-à-vis other European jurisdictions.<sup>47</sup> A more comprehensive table of Laeken Indicators can be found at Annex III.

The Laeken Indicators for Montenegro were calculated by the ISSP on the basis of the Survey on Social Exclusion, 2008. Unlike poverty indicators that are based on household consumption, Laeken Indicators are based on the declared income of household members. As a result, the value of indicators depends on the willingness of households to declare their actual incomes, so results may be distorted in countries with a large underground economy. In Montenegro the share of unregistered employment exceeds a quarter of the overall employment. Keeping this in mind, the Laeken Indicator values for Montenegro should be treated with caution and examined in combination with the other poverty and social exclusion indicators presented in Chapters 2 and 3.

Poverty thresholds or 60% of the national median equivalised income are different by country and determine the minimum standards below which no one should fall. As societies grow richer, the levels of income and resources that are considered adequate increase accordingly. In 2007, the at-risk-of poverty rate, or the share of those with an equivalised disposable income below 60% of the national median equivalised disposable income, was 24.3%, which is higher than the 16% for the EU27.<sup>48</sup> In Croatia, the same indicator was only slightly higher than the EU average at 17.4%. The risk of poverty is highest for children, the elderly and females, as 25% of young people, 24.9% of females and 27.3% of the elderly have a median income per equivalent adult lower than 60% of the national median. Another important indicator, the relative median poverty risk gap<sup>49</sup> in Montenegro was equal to 48.3%, while in the EU27 it is 22%.

The S80/S20 ratio is the ratio of the total income received by the 20% of the country's population with

the highest income, to that received by the 20% of the country's population with the lowest income. In Montenegro, the value of this indicator is 18.84, which means that the income of the richest 20% of Montenegrins is 18.84 times higher than the income of the poorest 20%. This ratio is very high in comparison with the EU 27 ratio of 4.8 and Croatia's ratio of 4.3, which indicates high inequality in Montenegro in comparison with European countries.

26% of individuals in Montenegro live in 'jobless households' with no large discrepancies across age groups and gender, while in the EU27 only 9% of individuals live in 'jobless households'. The situation in Croatia is better than in the EU with 8% of individuals living in 'jobless households'.

The percentage of early school leavers among the young population, or share of people aged 18 to 24 who only have lower secondary education and are not currently receiving education or training, is 15.5% for males and 9.2% for females. This indicator is better than for EU 15 countries, where 19.2% of males and 14.5% of females only have lower secondary education and have not received education or training recently. It demonstrates that the education system in Montenegro with its compulsory schooling requirement is relatively well-developed.

In sum, a significant number of Montenegrins live in poverty and have to deal with unemployment while the inequality in society is very high. This data confirms that serious policy measures should be implemented to address poverty so that people will not have to face social exclusion and misery every day. The main goal of social inclusion is to make sure that the growth in the average individual income of the poor keeps up with the growth in the average individual income of the poor keeps up with the national average individual income. The opportunities for people to achieve their full potential should be expanded and the systems for redistributing resources and opportunities in a fair and equitable manner should be improved to deliver better-targeted support to those in need.

47. EU-15 was the number of member countries in the European Union prior to the accession of ten candidate countries on 1 May 2004 that included Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom. Ten new countries joined the EU in 2004 - Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia bringing the total number of EU members to 25. In 2007 Bulgaria and Romania joined, bringing the current membership to 27.

48. Median equivalised disposable income is defined as the household's total disposable income divided by its "equivalent size", to take account of the size and composition of the household, and is attributed to each household member (including children). Equivalisation is made on the basis of the OECD modified scale. The poverty threshold, or 60% of the national median equivalised for the EU25 is €697.33

49. Relative median poverty risk gap is defined as the difference between the median equivalised income of individuals aged 0+ below the at-risk-of poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of poverty threshold.



Table 2.6.1 Selected Core Laeken Indicators

Indicator	Definition	Montenegro	EU 27	EU 25	EU 15	Croatia
At-risk-of-poverty rate + Illustrative threshold value	Threshold value (in €)	162	n.a.	697.33	n.a.	n.a.
At-risk-of-poverty rate (%)	Share of individuals aged 0+ with an equivalised disposable income below 60% of the national median equivalised disposable income*	24.3	16	16	17	17.4
Relative median poverty risk gap	Difference between the median equivalised income of individuals aged 0+ below the at-risk-of poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of poverty threshold.	48.3	22	22	22	n.a.
S80/S20	Ratio of total income received by the 20% of the country's population with the highest income (top quintile) to that received by the 20% of the country's population with the lowest income (lowest quintile).	18.84	4.8	4.9	4.8	4.3
Early school leavers	Share of individuals aged 18 to 24 who only have lower secondary education (their highest level of education or training attained is 0, 1 or 2 according to the 1997 International Standard Classification of Education – ISCED 97) and have not received education or training in the four weeks preceding the survey.	Male 15.5	17.2	17.1	19.2	n.a.
		Female 9.2	13.2	12.8	14.5	n.a.
People living in jobless households	Proportion of people living in jobless households, expressed as a share of all people in the same age group	26.4	9.4	9.3	9.2	8.4



*Chapter 3:*

# Vulnerable groups

Certain groups in the Montenegrin society stand out as particularly vulnerable to poverty and social exclusion. The UNDP/ISSP research on social exclusion in Montenegro has surveyed the following, most marginalised groups:

Table 3.1: Poverty and social exclusion rates among the most vulnerable groups

	Poverty rate (%)	Social Exclusion Index (%) - household exclusion
Social welfare beneficiaries	30	11.9
Long-term unemployed	12.3	10
Pensioners with minimum income	15.7	8.9
People with Disabilities	11.9	5
Roma, Ashkalia and Egyptians	36	14.1
Displaced persons	34	8.3

Source: UNDP/ISSP Social Exclusion Research 2008

The following sections are based on the findings of this Survey and describe the vulnerability of these groups. The reader will find information on the legal and policy background, the poverty and exclusion faced by these groups, their access to employment, education, health, social welfare services, transportation, and their housing situation, and interesting Quality of Life indicators (life, family, job etc. satisfaction, social, political and cultural participation, etc.). Each section concludes with key findings and challenges and policy recommendations.

## 3.1. Social welfare Beneficiaries

Structural reform of the social welfare system in Montenegro has taken place and was primarily

focused on reforming financial benefits and enhancing the system's accountability for providing social welfare services. The social welfare system in Montenegro is established centrally, through the Ministry of Labour and Social Welfare (MLSW). The welfare network is comprised of Social Welfare Centres (SWC), located in ten municipalities, with additional local branches and a number of social institutions (homes for the elderly, orphanages, etc). Social welfare system staff are generally considered adequately educated and competent. However often they do not receive sufficient training to enable them to address the complex challenges of the job and to provide quality services. Funding for social and child welfare comes from the Montenegrin central budget. The budget's financing and feasibility is generally assessed to be fairly stable, but the question remains as to whether this funding is sustainable. At the local level, the services provided by local governments are still highly underdeveloped. In essence, the structural reform of the social welfare system and introduction of community based social services remain an ongoing concern.

### *In their own words: A Social Welfare Centre staff*

*People expect us to do so much, much more than we really can. And our possibilities are restricted by the strict criteria for distribution of social benefits. Social Welfare Centre has no budget of its own. The total amount of funds for social benefits is limited and restricted by the Government.*

*In the last ten years the problems of our beneficiaries have become more complex and more extensive, and though the Centres are technically well-equipped they still need an organisational upgrade.*

*We need shelters, counselling services, service and institutions for women victims of violence, children without parents, single mothers, children who leave institutional care, and children with behavioural problems and others.*

### 3.1.1. Legal and policy background

The social welfare system is regulated by two laws: the Social and Child Welfare Law (2005) and the Family Law (2007)<sup>50 51</sup>. The Social and Child Welfare law defines the basic rights and eligibility criteria for social benefits. The benefits are as follows:

50. Official Gazette of Montenegro 78/05, and 01/07. [http://www.skupstina.me/23\\_saziv/index1.php?module=17&akt=547&sub=13](http://www.skupstina.me/23_saziv/index1.php?module=17&akt=547&sub=13)  
51. According to the National Plan for Integration with the European Union the social and child welfare regulatory framework is partly in compliance with the relevant EU directives: 3204D0803 (violence against children, women and work protection), Recommendation 3199610034 (maternity leave) and Recommendation 31992H241 (child care). This plan defines short- and medium-term goals in approaching EU requirements for social and child welfare developments.

Table 3.1.1: Composition of the social welfare benefits

Benefit	Purpose	Condition	Number of beneficiaries, (individuals, families) 2008	Expenditure, €000, 2008
Family allowance	To provide minimum income	<ul style="list-style-type: none"> <li>- monthly salaries are below €50 for single member families, below €60 for two-member families, below €72 for three-member families, below €85 for four-member families and below €95 for families of five or more members;</li> <li>- applicants do not own or manage a business;</li> <li>- applicants do not live in an apartment in an urban or suburban zone, that is bigger than a one-room apartment for a single member family, two-room apartment for two or three-member family, three-room apartment for a four or more member family;</li> <li>- applicants do not own a land or forest plot of over 2000 m<sup>2</sup> for a one-member family, 3000 m<sup>2</sup> for a two-member family, 4000 m<sup>2</sup> for a three-member family, 5000 m<sup>2</sup> for a four-member family and 6000 m<sup>2</sup> for families of more than five members and who do not use agriculture land over 20000 m<sup>2</sup>;</li> <li>- members of a family with no job or training offers;</li> <li>members of a family that don't own moveable property</li> </ul>	12,756 <sup>52</sup>	12,729.21
Personal disability benefits	To provide income for individuals who are unable to earn for living	-Individuals with a permanent disability that occurred before 18 years of age and renders the individual unable to work or live a regular, independent life.	1,347	853
Caregiver's allowance	To provide income for those requiring care from another person	<ul style="list-style-type: none"> <li>-individuals with a severe disability and who need assistance from another person, in case they do not have a spouse or children, or if the child is unable to work or is less than 15 years of age;</li> <li>-an insured person who was blind prior to employment or became blind during employment;</li> <li>-an insured person suffering from dystrophy (or similar muscular illness), or the disease occurred whilst employed.</li> </ul>	1,624	3,806.62
Placement in an institution	For the accommodation of children without parental care, children with special needs, juvenile delinquents, and the elderly	-children without parental care and children whose development is hindered or has deteriorated due to family situation. Children become eligible following completion of regular education in high school; children and youth with physical, mental and sensorial disability; children with behavioural problems; individuals with physical, mental and sensorial disabilities, who do not (due to health, social and family conditions) receive adequate assistance; disabled adults and the elderly who (due to residential, health or social conditions) do not receive adequate assistance.	668	1,407.50
Placement in another family	For the accommodation of children without parental care, children with special needs, juvenile delinquents, and the elderly pregnant women and single parents.	<ul style="list-style-type: none"> <li>- children without parental care and children whose development is jeopardised by the family situation.</li> <li>- children and youth with physical, mental or sensory difficulties <ul style="list-style-type: none"> <li>- child with behavioural disorders</li> </ul> </li> <li>- people with physical, mental and sensory difficulties who due to housing, health, social or family reasons could not be provided with another kind of support.</li> <li>- a disabled adult who due to housing, health, social or family situation could not be protected otherwise.</li> </ul> Pregnant women or a single parent with children up to 3yrs old who due to their social need protection	275	765.49

52. This data shows the number of families.

Assistance for children and youth with special needs	Support for children and youth who are unable to care for themselves or earn a living	Children and youth who are unable to care for themselves or earn a living.	250	n.a.
Ad-hoc cash benefits	Ad-hoc cash support for families and individuals, for improving life conditions	If a specific circumstance deteriorates the family's or individual's residential, material and health situation resulting in their need for social assistance.	n.a.	1,080

Source: The Ministry of Labour and Social Welfare

The extended set of cash benefits provides social welfare beneficiaries with public healthcare insurance, covers family funeral costs, recreational and vacation facilities for children, as well as subsidised city transportation passes and subsidised electricity costs, gratis preschool facilities, etc. Application procedures for any of these benefits are usually time-consuming and require the submission of numerous documents. Additionally, eligibility is reviewed every three months.

Table 3.1.2. provides basic data on the financial support allocated for social welfare over the last five years: as the data shows, 2008 witnessed an increase in all areas, apart from 'other social services'.<sup>53</sup>

The policy framework is defined by the Strategy for the Development of Social and Child Welfare System in Montenegro 2008-2012.<sup>54</sup> The Strategy indicates the need to strengthen capacities to actively promote social cohesion "by putting in place mechanisms that guarantee an adequate level of social welfare, equal opportunities for all citizens, protection of the most vulnerable groups, and the development of mechanisms to prevent social exclusion and discrimination"<sup>55</sup>.

### 3.1.2. Poverty and exclusion

Despite policy efforts to ensure that families and

individuals in need receive a minimum income, the social benefits entitlements are limited and barely cover basic needs; thus individuals are exposed to the risk of poverty. The Survey finds this group to be the third most vulnerable as 30% of social welfare system beneficiaries live below the poverty line. Most social welfare beneficiary households do not make ends meet and less than a fifth of the social welfare beneficiaries can afford their households' monthly needs, while the majority (61%) believe that they are worse off than others. Moreover, as almost all (94.7%) the social welfare beneficiaries do not own land and none own livestock, they are unable to improve their subsistence through agriculture or cattle breeding.

According to the Survey, most social welfare beneficiaries are young (43%), and it is particularly alarming that many belong to the age category 20-49, which is normally the optimum age for work productivity. Additionally, 31% of respondents in this category are pupils or students, while 5.1% are unable to work due to illness or disability.

Poverty creates many prerequisites for social exclusion, and the findings of this Survey confirms that this is the case, as 11.9% of these households are socially excluded, making this the second worst group in terms of social exclusion. Many are dissatisfied with their family and social life, reporting that they have too little time for family and friends (27.2%) as well as other social contacts (43.8%).

53. The considerable increase of social support i.e. severance pay for redundancy due to privatisation and restructuring.

54. The Strategy was prepared with the financial support of EU (EAR) by the Ministry of Health, Labour and Social Welfare, and Save the Children, UK in 2007. The Strategy focuses on decentralisation and the introduction of new social services at the local level and diversity of service providers. It also obliges the State to protect social rights in line with international human rights laws: "As a member of the UN and the Council of Europe Montenegro needs to develop social welfare reform keeping in mind the rights, regulations and standards defined in the following international documents: Charter of Fundamental Rights, International Covenant on Economic, Social and Cultural Rights, International Covenant on Civil and Political Rights, European Social Charter, Additional Protocol to the European Social Charter, Protocol Amending the European Social Charter, International Convention on Elimination of All Forms of Racial Discrimination and the Convention on the Rights of the Children."

55. Strategy for the Development of Social and Child Welfare System in Montenegro 2008-2012, p.7.

Table 3.1.2: Social welfare benefits' share in the central budget 2003-2008\* (absolute numbers and share)

	2003	2004	2005	2006	2007	2008
Child allowance	3,151	3,414	3,420	3,812	4,273	4,515
Protection of disabled military veterans and PWD	3,685	8,209	7,518	7,507	8,314	9,050
Family allowance	8,971	8,277	8,857	10,302	12,911	13,346
Maternity leave	5,400	5,997	6,135	6,562	6,332	7,850
External care and support	2,600	2,280	2,557	3,160	4,664	5,492
Support to residential institutions	2,485	2,515	2,517	2,442	2,416	2,700
Other social services**	843	863	1,152	291	-	200
<b>Sub-total:</b>	<b>27,135</b>	<b>31,555</b>	<b>32,156</b>	<b>34,076</b>	<b>38,910</b>	<b>43,153</b>
Allocations to support employees who lost their jobs as a result of restructuring	12,844	10,123	7,623	4,350	1,579	21,400
<b>Total</b>	<b>39,979</b>	<b>41,678</b>	<b>39,779</b>	<b>38,426</b>	<b>40,489</b>	<b>64,553</b>
<b>% of current Government budget</b>	<b>9.0%</b>	<b>9.5%</b>	<b>7.9%</b>	<b>6.5%</b>	<b>6.9%</b>	<b>8.6%</b>
<b>% of Montenegrin GDP</b>	<b>2.9%</b>	<b>2.7%</b>	<b>2.3%</b>	<b>2.0%</b>	<b>1.9%</b>	<b>2.7%</b>

\* Source: Laws on Final Account Budget Approval 2003, 2004, 2005, 2006 and 2007; 2008 Rebalance Budget Law

\*\* Allowance for the transportation of PWD and similar minor expenses

### 3.1.3. Access to employment

A majority of beneficiaries do not participate in any gainful activity: as per the Survey, the employment rate for this group is extremely low (6.5%). For those who do work, the job satisfaction level was rather low at 4.4 (on a 1-10 scale), confirming that there is significant room for improved employment services. The employment non-activity rate is very high - 78% (where 94% did not work or were not involved in gainful activity during the week before the Survey was conducted). A considerable percentage (33%) was still in full-time education, or had a temporary health problem (20%).

The average length of job search is anywhere from 79 days to 6.6 years. Almost all (97%) would take any job; however a significant share would not be able to start to work in less than two weeks (66%) due to commonly-cited obstacles such as health-related (30%), family-related (33%),<sup>56</sup> or education-related

reasons (18%).

The State Employment Agency is the main provider of labour market services, and it is indeed the first stop for many of those looking for a job. 63% of social welfare beneficiaries (41.1% men and 58.9% women) are registered with the Agency<sup>57</sup>. However, only half actually use the available services. This indicates that many register with the Agency mainly for public health insurance entitlements. Social welfare beneficiaries prefer to use its mediation (49%) and counselling (28%) services rather than receive training (5%), highlighting their significant unwillingness to changing their profession and developing a new career. Although the majority of the beneficiaries are satisfied with the Agency's services, the Agency could be more proactive in offering them job opportunities for temporary work, or jobs with flexible working hours.<sup>58</sup>

56. Most commonly, family-related obstacles are related to taking care of children (25.9%) or taking care of a PWD (7.4%) - UNDP/ISSP Social Exclusion Survey 2008.

57. UNDP/ISSP Social Exclusion Survey 2008.





*In their own words: focus group participants- victim of domestic violence*

*Some women are dismissed because their ex husbands come to their work place and harass them. The employer does not want his business to suffer because of such family affairs. The ex husband in this way prevents the woman from becoming economically independent, which forces her to return to him whereupon he continues with his abuse.*

### 3.1.4. Access to education

The education level of social welfare beneficiaries is quite low. Every tenth person has no education at all (82% women and 18% men).<sup>59</sup> One third of respondents completed primary education (30.8%), around 42% attended and completed secondary education, while only 2.6% of respondents graduated from university. It is interesting to note the gender equality at the secondary school level, with 50% male and 50% female graduates.

31% of welfare beneficiaries are still in education process, while the remaining 69% are not enrolled in any educational activity. Hence 31% of beneficiaries are children and students. 12% of beneficiaries are unable to pay for their education and almost every tenth respondent feels unable to continue his/her education as they have to work instead. The inactive individuals in the category (98.6%) had received no education or training in the previous year, while 90.5% spoke no English. As a result, most social welfare beneficiaries are unable to compete in today's highly demanding job market. The beneficiaries' satisfaction with their own education levels was slightly below the average - 4.39 (1-10 scale).

### 3.1.5. Access to healthcare

Healthcare is centrally managed and overseen by the MHLSW, together with the Health Fund, which is responsible for financial and systemic sustainability in accordance with the approved annual budgets. All social welfare beneficiaries have health insurance

coverage. The legal grounds are various – the results of the Survey indicate that many are insured through a family member (38%), through the Employment Agency (27%), while some are insured by their employer (3%). They seem to be in good health. More than two-thirds believe that their health is good or better than it was a year ago, compared to 14% whose health is as poor or worse than a year ago. Likewise, the satisfaction level for health condition was individually assessed as 6.8 (1-10 scale), which is relatively higher than average.

Access to healthcare is extremely important for this vulnerable group because 16% of beneficiaries (of which 56% are female) have a long-standing illness or disability, which prevents them from any activity. Regular medical treatment is necessary for 16.3% of the social welfare beneficiaries with disabilities. Healthcare access is often hampered by the long distance to the health facilities and long waiting times for appointments (38%).<sup>60</sup> Healthcare costs are also a problem, as every third respondent in this category reported the cost of seeing a doctor as a limitation; additionally, 13.1% think that health facilities in their community do not host the type of medical specialists they actually need. Despite these limitations, a huge majority of social welfare system beneficiaries prefer public to private medical practitioners. Public health institutions, however, do not provide a full package of services covered by State insurance, and it is often necessary to pay for the required medication, and visit private health facilities to avoid waiting too long for appointments. Due to their financial situation, many beneficiaries find these costs prohibitive.

*In their own words: focus group participants*

*I was ill and I was two days late for my mandatory scheduled appointment with the Employment Agency and my health coverage was immediately revoked.*

### 3.1.6. Access to social services

Thousands of households in Montenegro have access to welfare benefits: in late 2007, 12,520 families with 38,583 members received a family allowance; 1,258 individuals received personal disability benefits;

58. The average unemployment monthly allowance reported was €38.2 – UNDP/ISSP Social Exclusion Survey 2008.

59. Only individuals over 15 years old were surveyed.

60. UNDP/ISSP Social Exclusion Survey 2008.

9,412 families with 18,379 children were entitled to child allowances, etc.<sup>61</sup>The monthly family allowance amounts range from €55 (single family) to €104.5 (families with five or more members), while child allowances range from €16.5 to €27.5<sup>62</sup>. Although reluctant to respond to questions about their benefits, beneficiaries replied that, they have difficulty making ends meet. Social welfare beneficiaries are dissatisfied with social welfare services (3.6 - on scale 1-10).

Social welfare system beneficiaries can relatively easily apply for discounted city transport passes, which is highly appreciated. Most welfare beneficiaries are satisfied with public transportation (7.7 (1-10 scale)), where such factors as reliability, timeliness and affordability of transport services are taken into consideration. It should, however, be mentioned that there are no provisions for transportation in rural areas.

**In their own words: focus group participants- victim of domestic violence**

*I was married for 10 years. I lived in a village with my husband, two kids and his family. All the time I was doing hard agricultural works and I never received a penny for. When I decided to leave my husband and to return to my parents my husband beat me up black and blue. I couldn't walk. After that I went to my parents but he continued to molest me. The only support I received was from the SOS NGO.*

*Social welfare centre should do its job! Not only do they have no services for victims of violence but they treat us in an inhuman manner. Social workers should keep people's stories to themselves instead of spreading it around the town. My case has been in court procedure for over four years and it has not been settled yet, though I am divorced with minor child and with no access to my apartment until the case is processed. For all these years I have had no support or protection from any state institution. Instead I feel victimised by the woman judge's unprofessionalism.*

**In their own words: focus group participants**

*As far as I know, Podgorica is the only place where a social housing building is being built and the apartments will be allocated to social welfare beneficiaries. --- I rent private accommodation, and our bathroom is in such bad shape that it might collapse any minute.*

### 3.1.7. Housing and transportation

It is encouraging that most of the social welfare system beneficiaries surveyed has their own housing: 67% hold a legal title, while 18% have no legal title. Most of them live in houses (37.8%) or in two-bedroom apartments (20.4%), with an average living space of 58.71 square metres per household. Beneficiaries of the social welfare system are also entitled to subsidised power utilities. The quality of housing, however, is considered to be slightly below average, assessed as 4.24 (1-10 scale). There is insufficient social housing, and there are complaints regarding the transparency of social housing allocations.

### 3.1.8. Social and political participation

Social exclusion also implies a lack of social, political and cultural participation. The Survey confirmed this, as the level of political participation of social welfare beneficiaries was only 4.1%. Two thirds of the beneficiaries believe that there is significant tension between the rich and the poor.<sup>63</sup> Such perceptions may have influenced the reluctance of beneficiaries to become involved in political activities. Additionally, respondents only showed moderate confidence in other people: 3.9 (scale 1-10), which is unusual in a small and traditional society such as Montenegro's. Participation in voluntary work is even lower, at 1.4%.

The situation is somewhat better in terms of participation in cultural events (6.8%). Generally, social welfare beneficiaries are satisfied with their family (6.4) and social lives (6.5). The major form of social interaction for half of them is their contact with friends and family, and 89% feel that a family member or a friend would help them with serious personal or family matters. Nevertheless, only 47.2% of beneficiaries would contact family members or friends if they needed to borrow €500 urgently, which indicates that external financial support mechanisms should be established.

61. Strategy for the Development of Social and Child Welfare System in Montenegro 2008-2012, p.10.

62. The monthly family allowance amounts range from €55 (single family) to €104.5 (families with five or more members), while a child allowance is €16.5 (entitled children of families who receive family allowance), €22 for a child with a physical, developmental or sensory impediment who potentially could lead an independent life, €27.5 for a child with physical, developmental or sensory impediments evaluated not able to lead an independent living and €27.5 for a child without parental care.

### 3.1.9. Key findings and challenges

Almost 12% of social welfare system beneficiary households are socially excluded. Most beneficiaries are of working age (43% of recipients), while the elderly represent 14%. One of the biggest barriers to social inclusion faced by this group is unemployment, with 26.3% not having worked for over a year. Another important barrier is a lack of or limited education, with every tenth beneficiary having no education at all. Roughly a third of beneficiaries believe that the distance to doctor's office, hospital or medical centre and long waiting time for an appointment (38%) prevent them from having urgent treatment if necessary. 67% of social welfare beneficiaries have their own accommodation with official proof of ownership.

As this section has shown, the effectiveness of the social welfare system could be enhanced by improving the system's transparency and by supporting social inclusion for a wider range of individuals and households. Additionally, the duration and amounts of social assistance payments may not always be adequate to promote social inclusion. It would therefore be judicious to undertake a review of the social welfare system and to increase the benefits for some of the most vulnerable. In this respect, decentralising the social network could help to attract additional financial resources from local authorities, businesses and the international community for community-based social services.

To increase the confidence of social welfare beneficiaries in the system, improvements should be made in the transparency of procedures and in the accessibility of data. Measures should be taken to ensure new social services are put in place. Social services staff need more resources, need to become more pro-beneficiary oriented, are need to become fully conversant with social welfare legislation and policies, thus ensuring interpretation consistency. In general, the capacities of social welfare institutions should also be enhanced, enabling them to provide better-targeted and higher quality services for their beneficiaries.

### 3.1.10. Policy recommendations

In order to decrease the risk of social exclusion for social welfare beneficiaries, the following policy actions are necessary:

- Improve targeting of social benefits and introduce additional 'incentives to work' for the long-term unemployed. The existing benefit system should be reviewed to ensure that having a job, even if only short-term, generates additional income when compared to receiving benefits alone. It may be necessary to improve recording systems in such a way that groups most at risk can be better identified and targeted. Targeting of needy families should be improved to ensure less support is provided to relatively better-off families and more to those in real need.
- Extend the range of available social welfare services and focus on specific barriers to social inclusion, such as unemployment and lack of or limited education.
- Revise and simplify administrative processes and revise eligibility criteria in the area of social benefits. Policies, regulations and processes in this area should be simple, fact-based, and supported by administrative technology.
- Link all social welfare system stakeholders at the local level and strengthen their participation in the decision-making process.
- Address the lack of adequate human resources at social welfare institutions and strengthen the professional capacities of service providers through extensive training and mentoring.
- Introduce a case management approach. Central and local authorities should try to strengthen system administration and move the social welfare centres as close to the beneficiaries as possible to ensure that individuals are caught in the safety net before they become socially excluded. The proximity of the social assistance offices promotes an individualised approach to case management and the use of the early and tailored interventions that have proven to be effective in eliminating social exclusion. Frequent contacts between benefit recipients and the agencies responsible for benefit administration could result in the development and implementation of "individual action plans" that will take into account such

63. This group also perceives high tension between different ethnic groups (53.4%) and between ruling and opposition party members (68%) - UNDP/ISSP Social Exclusion Survey 2008.

individual characteristics as age, skills, special needs and employability.

- Develop a sound system of accreditation and licensing for social support providers. To promote policy compliance, conformity and the same level and availability of services throughout Montenegro, a centralised approach to accreditation and licensing of social support providers could be adopted.
- Launch a social housing project to address the needs of the most vulnerable groups whose lack of affordable housing is one of the most important barriers to their social inclusion.
- Decentralise the social welfare system and accord more responsibilities and rights to municipalities. Properly managed decentralisation of the social welfare system can increase the range of people's choices, facilitate transparent decisions, bring programmes and services closer to the people, and thus make a fundamental contribution to social inclusion. Municipalities can rely on the knowledge, expertise, and experience of local people and develop and implement better targeted and more cost-effective and efficient programmes and services in collaboration with NGOs and private businesses.
- Address regional poverty disparities through the joint actions of several municipalities and central level support.
- Establish and develop central and local supervisory and specialist units for social welfare institutions to ensure that standards of social welfare system are adhered to across the country.

## 3.2. Long-term unemployed

The dissolution of the former Yugoslavia, the accompanying political and economic turmoil and economic transition had a negative effect on the employment situation in Montenegro, which has been characterised by the presence of a considerable informal economy. The country's economy has been progressing rapidly in recent years. Nevertheless economic growth has not resulted in an adequate

increase of employment opportunities for the vulnerable. Unemployment is one of the main determinants of poverty and social exclusion, and concurrently degrades human resources in the country.

Statistical data on unemployment in Montenegro is collected by both the Employment Agency and the Statistical Office of Montenegro (Monstat). There are, however, significant discrepancies between the data produced by these two institutions,<sup>64</sup> with the 2008 unemployment rate estimates ranging from 10.6% (the Employment Agency) to 18% (Monstat – LMS).

Regardless of the data provider or the methodology used, the employment rate has been steadily increasing, growing from 34.5% in 2006 to 41.5% in 2008.<sup>65</sup> The activity rate, especially in the case of women is, on average, still increasing.<sup>66</sup>

Table 3.2.1: Gender, age and unemployment

UNEMPLOYED INDIVIDUALS	2006	Share %	2007	Share %	2008	Share %
No. in thousands	74,8	29,6%	52,1	19,3%	46,7	18,0%
Male	41,2	55%	27,2	52%	25,8	55%
Female	33,6	45%	24,9	48%	20,9	45%
< two years	22,1	30%	20,3	39%	17,9	38%
Male	15,0	68%	12,9	64%	9,7	54%
Female	7,2	32%	7,4	36%	8,2	46%
> two years	52,7	70%	31,8	61%	28,8	62%
Male	26,2	50%	14,3	45%	16,1	56%
Female	26,4	50%	17,5	55%	12,7	44%

Source: LFS 2006-2008

The sustainability of these positive trends is unclear, especially if the impact of the global economic crisis is taken into account. Some other characteristics of the current labour market situation are, as follows:

- The main employer is the State as a significant share of the employed work in the public sector;

64. The difference is the most evident with indicators for total employment; and the estimation of unregistered employment.

- The labour market is still characterised by a high level of unregistered employment, where the quality of employment is low.<sup>67</sup>
- Unemployment remains relatively high due to a mismatch between employers' needs and the skills of the unemployed.

Additionally, unemployment tends to be longterm, with 62% of individuals experiencing lengthy unemployment periods. In 2007 the average unemployment period was 3.7 years. Long-term unemployment mainly affects those aged 50+, and it is longer for those with lower educational levels.

### 3.2.1. Legal and policy background

Policy developments in the field of labour and employment are stipulated by labour legislation and two major strategic documents: the National Strategy for Employment and Development of Human Resources 2007-2011, revised in 2008, and the accompanying Employment National Action Plan 2008-2009, adopted in 2008.<sup>68</sup> The policies encompass: the enhancement of ALMP (Active Labour Market Programmes), individualised approaches, and vocational training, partnerships with local authorities in public works, life-long education, special incentives for hard-to-employ-groups, etc.

The Montenegrin labour market is now characterised by a significant labour 'import' in recent years (i.e. a significant number of non-residents/migrant workers, mainly from neighbouring countries), working throughout the year and not only during the summer season. Therefore, recent labour legislation has attempted to impose restrictions on the inflow of non-resident workers.

### 3.2.2. Poverty and exclusion

Individuals suffering long-term unemployment are very exposed to poverty and social exclusion. For the most part this is due to a lack of income, as unemployment benefits are very low and not all the unemployed are entitled to them. The Survey shows that as much as 89% of households with long-term unemployed members experience varying degrees of difficulty in making ends meet. In addition to financial concerns, having no workplace and no work colleagues often leads to social isolation, and this is particularly alarming in the case of middle aged and elderly people<sup>69</sup>, who represent a considerable share of the long-term unemployed. An increase in age means a decrease in employment opportunities. Long-term unemployment in this age category stems largely from redundancies due to privatisation and restructuring. On the other hand, many young people have difficulty finding jobs again because of their age and the associated lack of experience. Across all categories, women, though often more prompt than men to accept lower paid and lower 'rated jobs', still have a smaller chance of escaping long-term unemployment, as many employers believe that their perceived roles as family caretakers could prevent them from being hard-working and reliable employees, thus exposing them further to poverty and social exclusion.

#### *In their own words: focus group participants: long-term unemployed*

*We and our two school-age kids have been living from unemployment and social allowances. We don't have job and we are losing our self-confidence. We have been through retraining courses we were offered. I see good from these trainings since nobody calls us for a job."*

*Why can't I work if I am 60 years old and I feel capable of working?*

---

*It is much easier to be socially accepted if you are working!*

---

*I have been registered with the Employment Agency for almost 20 years. The young are given an advantage over us.*

65. It should also be noted that the employment rate is growing in terms of the general employment rate, as well as the employment rate for men, yet there was a slight decrease in the employment rate for women from 2007 to 2008. In 2006, the employment rate was at 34.5% (men 41%; women 28.7%); in 2007 the rate reached 42.7% for the total market (men 48.3% and women 36.7%), and in 2008 this positive trend slowed slightly to 41.5% (men 48.8% and women 34.6%). – Monstat, *Labour Force Survey (LFS)*.

66. In 2006 the activity rate was on the level of 48.9% (men 57.8%, women 41%); in 2007 it increased to 52.9% (men 58.7%, women 46.7%); and in 2008 it was 50.6% (men 59.2% women 42.5%). – Monstat, *LFS*.

67. "According to the ISSP/EAM LFS survey from 2007, in June 2007 almost 50,000, or 22.6% of the employed, were active in the informal economy" – EC Directorate-General for Employment, Social Affairs and Equal Opportunities, Unit E 2, Social Protection and Social Inclusion in Montenegro, June 2008, p. 12.

### 3.2.3. Access to employment

Several private employment agencies exist in Montenegro, however, the key player and the major service provider for the unemployed is the Employment Agency. The Agency utilises active labour market programmes, offers vocational training, public works, provides employment mediation and counselling services, and keeps records, provides statistics, etc. The Survey results revealed that the long-term unemployed mainly chose to access employment through the Employment Agency (57%), predominantly using the Agency's two main services: mediation and counselling. Every fourth beneficiary however, was not satisfied with the services provided. Many seem to put more faith in their own resources, such as social and family ties: half of the long-term unemployed directly contacted the prospective employers, whilst an additional 40% contacted relatives and friends while job-hunting.

#### *In their own words: focus group participants*

*I don't see any use of the Employment Agency, with the exception of the PC course.*

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*We are not treated in the same way as those who have recently registered with the Agency. Every time I show up for an interview, the Agency only asks me whether I have been applying for any jobs.*

#### *In their own words: focus group participants*

*My wife and I applied for the same job. As soon as they learned she was married and had kids she was rejected for the job.*

---

*It is difficult to find a job [as a woman] because they immediately ask you if you are married or if you have a child, and if you do then they typically promise they are going to phone you but they never do.*

Many of the long-term unemployed try to find alternative and temporary solutions to their situation. One fifth have been involved or have tried to be involved in gainful activities, though tend to be dissatisfied with those jobs.<sup>68</sup> Less than half (43%) regularly looked for a job, whilst others did not, being limited by their education levels (27%) or their age (approaching retirement) (37%). The average job search lasts 38 months.

The unenviable financial situation of the long-term unemployed significantly hampers their ability to look for a job. They have difficulty covering transportation costs, postal and Internet charges, affording presentable clothing, etc. Long-term unemployment is also about losing self-esteem and self-motivation, since those who have been unable to find a job for a long time tend to be less self-confident and underestimate their abilities.

68. Both documents are available at: <http://www.gov.me/minzdr/vijesti.php?akcija=rubrika&rubrika=354>.

69. A third of the long-term unemployed surveyed are over the age of 45

### 3.2.4. Access to education

An individual's level of education correlates to their level of employability: the better the education, the more chances an unemployed person has of securing a new job. The majority of the respondents (64%) has a secondary skill<sup>71</sup> education grade and only 7.4% are university graduates. Women are overrepresented in the lower education categories (less than 2 years of secondary school to no education), and underrepresented in the higher education categories, which significantly lessens their employability.

The long-term unemployed are moderately satisfied with their education level (5.4 on a 1-10 scale), which is slightly below the average for the general population (5.7), while 28.2% consider themselves sufficiently educated. Only a small share of the long-term unemployed tries to improve their level of education. Of the 82% not taking additional educational courses, about one quarter need to work (24.8), others (23.1%) have no motivation or they cannot afford it (8.5%). The lack of means and motivation need to be taken into account when implementing the National Strategy, as one of its primary goals is to decrease long-term unemployment through life-long education programmes.

### 3.2.5. Access to healthcare

Unemployed individuals registered with the Employment Agency, are covered by public health insurance, as are their families. Although coverage is generally good it has its limitations.

#### *In their own words: focus group participants*

*I have 35 years of work service and now I am unemployed and registered with the Employment Agency. I was a driver for 27 years and I have dependant 5 kids and the wife who has been in poor health for years. Although I have coronary problems and I have had several surgeries and other health problems, they don't want to give me the disability pension and nobody wants to employ me.*

70. Their opinion on their present occupation was unfavourable, evaluating their satisfaction level as 4.4, on a scale from 1 to 10 - UNDP/ISSP, Social Exclusion Research 2008.

71. Secondary skill grade implies a variety of skills, such as mechanics, waiters, cooks, clerks, hairdressers, shop assistants, etc.

72. The current regulatory framework in Montenegro guarantees time-limited unemployment benefits to individuals under the following criteria:

- At least 9-12 months employment insurance coverage within 18 months of uninterrupted unemployment;
- Application for the benefit submitted within 42 days from the termination of last employment;
- Submission of the employment contract termination statement clarifying responsibility for contract termination;
- For PWD, submission of applications to enable them to get unemployment allowances when they finish vocational training and start looking for a job.

Thus, individuals must occasionally pay for drugs and treatment, which most of the long-term unemployed have difficulty affording. 47% of long-term unemployed would be unable to start to work in two weeks if a job was offered, due to health problems. Conversely, 87% 6.6 satisfaction is rate (on the scale 1-10 for health services) of the respondents believe they are in good health.

### 3.2.6. Access to social services

Unemployment benefits are set at 65% of minimum salary (around €40 monthly). Not all the long-term unemployed are eligible for benefits. The benefit is not meant to provide for security while individuals search for a job; it is a set minimum designed to stimulate the unemployed to seek employment. As of 2005, the unemployed became eligible to apply for a family allowance. Though family allowance entitlement is also very low some long-term unemployed are still reluctant to take a formal job and risk losing the 'safe' family allowance and prefer informal and/or occasional jobs instead. Additionally, most long-term unemployed share a highly unfavourable opinion of the quality of social services (3.4 on the 1-10 scale), and estimate that their households need at least €1,177 monthly to cover living costs.<sup>72</sup>

### 3.2.7. Housing and transportation

Almost all households with long-term unemployed members own their accommodation (99%). However, 9.1% do not have a legal title to their housing, which presents a possible risk in the long run. In terms of housing quality, satisfaction levels are not high (5.2 on the 1-10 scale), which is lower than the Survey's average.

The long-term unemployed registered with the Employment Agency can receive public transport discounts at the local level. Despite the significant daily use of public transport, satisfaction with the quality of public transport is very low (3.8) due to insufficient investment of local authorities in the maintenance and upgrading of these services. Less than a half (41.5%) the households with long-term unemployed members have cars.

*In their own words: focus group participants*

*I have a college degree, I speak foreign languages and have PC skills, but whenever I applied for a job*

*I was asked to submit a photograph with my CV, along with a driver's licence and proof of owning a car, which is very hard to afford nowadays.*

### 3.2.8. Social and political participation

This group is not politically active and thus are unable to improve public awareness and influence policymakers to adopt the most effective solutions to addressing their needs. Only a third of long-term unemployed individuals participate to any extent in political or voluntary associations, indicating the limitations in their social and political participation. They are not particularly satisfied with their lives (5.6 on the 1-10 scale), yet are more satisfied with their family (6.4) and social lives (6.8) (these are, in fact, highest satisfaction levels that this group assigned to). Obviously, family ties and friends help long-term unemployed individuals feel less excluded from society. However, not all the long-term unemployed can rely on family and friends and they face a high risk of social marginalisation.<sup>73</sup>

*In their own words: focus group participants*

*When you work you have friends, as soon as you lose your job there are no friends at all.*

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*Everything was different when we were working. Society treated us differently.*

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*We do not attend cultural events as we can't. It is simply difficult to go out without money.*

### 3.2.9. Key findings and challenges

Access to employment is a critical factor for social inclusion. The lack of gainful employment precludes the receipt of a steady income to address physical and psychological needs, leading to social exclusion. Unemployment exposes individuals and families to risks of poverty and debt, poor health and mortality, inadequate housing and low education attainment, loss of motivation, disruption of social relations and loss of freedom and life dissatisfaction in general. Youth unemployment is associated with particularly high risks, leading to loss of self-esteem among potential young workers.

Employment provides not only income, it helps to integrate people into social networks and allows them to access additional educational, cultural and leisure activities. The integration of individuals into the labour market can ensure their social inclusion and human development and enable them to become self-sufficient over the long term.

10% of households with a long-term unemployed member are socially excluded. The average duration of a job search is 38 months, while a third of long-term unemployed individuals take even longer to find a job. One of the biggest barriers for this group is the lack of education or training necessary to compete for jobs. 80% of the long-term unemployed do not attend any training or school at the moment. Members of this group share highly unfavourable views of the quality of social services and believe that their family requires at least €1,177 monthly to cover their needs.

To address the demand side of the labour market, obstacles and administrative barriers for businesses should be removed to create new job opportunities that will benefit the long-term unemployed. The labour market supply side should also be effectively addressed, especially if long-term unemployment was a result of privatisation. Measures and incentives such as retraining and agreements on financial compensations with new employers could be implemented. The Employment Agency should intensify ALMP<sup>74</sup> and set the grounds for an objective cost-effectiveness assessment of ongoing labour market programmes and their impact on (un) employed individuals.

73. Eight out of ten would approach a family member or a friend if in need to urgently borrow €500 - UNDP/ISSP Social Exclusion Survey 2008.

74. Active Labour Market Programmes



### 3.2.10. Policy recommendations

In order to decrease the risk of social exclusion for unemployed individuals, the following policy actions are necessary:

- Further improve the human and administrative resources of the Employment Agency through a wide range of capacity-building measures; develop partnerships between the Employment Agency (its local level affiliates), local authorities and Social Welfare Centres.
- Adopt and enforce labour legislation addressing discrimination in employment. As many members of vulnerable groups such as the RAE and displaced persons feel discriminated against in the labour market, existing labour legislation needs to be adapted by introducing specific provisions addressing the systemic employment discrimination faced by the most vulnerable groups. Employers should ensure their policies and practices are compliant with this requirement and the Labour Inspectorate should utilise its resources to ensure compliance with the existing legislation.
- Establish one-stop shop offices for social welfare beneficiaries and the unemployed. These offices should be able to provide individualised support for those who are able to look for work immediately with some minimal support in their job search, and those who have to overcome more complex barriers, such as acquiring the necessary skills, addressing health condition barriers, and obtaining access to childcare.
- Strengthen efforts at the local level to remove barriers for businesses, especially small and medium enterprises and provide new job opportunities.
- Develop specific programmes and projects that assist the long-term unemployed to prepare themselves for competing in the job market. The targeted programmes should include comprehensive vocational training schemes (and 'on-the-job' training) that focus on developing the skills needed in the market economy, particularly targeting those who became unemployed as a result of restructuring and the low-skilled unemployed youth; and more public works programmes should be introduced in regions where a significant portion of residents are at risk of social exclusion.

- Establish motivational programmes and training to enhance the ability of the long-term unemployed individuals to follow the labour market's trends. Motivate labour mobility i.e. motivate long-term unemployed to take seasonal jobs presently performed by migrant workers.
- Adopt measures to minimise the amount of unregistered employment and the informal economy. The informal economy is often associated with exploitative work conditions, poor health and safety conditions, insecure employment and no pension coverage. All these factors put those employed in the informal economy at risk of social exclusion. Labour Inspectorate capacities should be upgraded to enable them to more effectively combat unregistered employment.
- Continue to implement the Government's "Strategy on SMEs Development 2007-2010", especially the tasks that focus on providing administrative and financial support to those long-term unemployed wishing to become involved in entrepreneurial activities and create their own small businesses.

## 3.3. Pensioners with minimum income

17%<sup>75</sup> of the country's population is elderly (men 44%, women 56%), with the trend becoming that of an ageing population. On the other hand, life expectancy decreased to 72.7 years (male 70.6 and female 74.8) in 2007.

The elderly, defined as one of the priority vulnerable groups at risk of social exclusion in the PRSP, needs systemic support from different stakeholders. In 2007 there were 101.089 pensioners. The average monthly pension was €181,40 which is slightly more than the poverty line (€162, as per this Survey) but less than half the average salary.

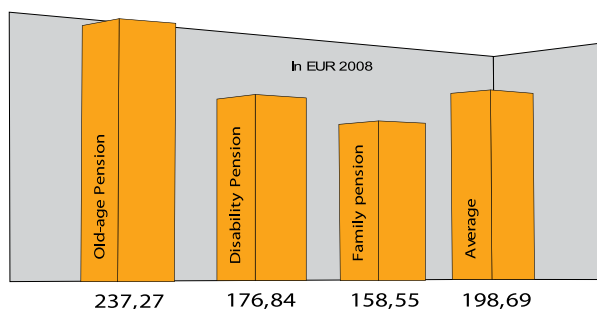
Pensioners represented a significant share (35%) of the non-active population in 2007. Those surveyed were households with pensioners with a minimum monthly pension of €71,6 per month.<sup>77</sup> Though the minimum pensions are very low, an increasingly ageing population and early retirement trends may challenge the future sustainability of the public pension fund.

75. According to the 2003 census, there were 29,233 elderly between 60-64 years old, and 74,160 aged 65+.

76. PIO Fund's full title is Pension and Disability Security Insurance Fund.

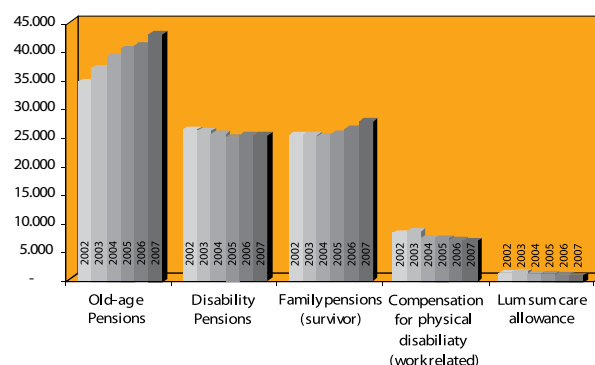
77. There are around 32.000 pensioners i.e. one third of pensioners with monthly pensions with less than €100 - Statistical Yearbook 2007, Monstat.

Graph 3.3.1: Breakdown: monthly pension averages by pension type



Source: PIO Fund data for 2008<sup>76</sup>

Graph 3.3.2: Number of pension beneficiaries from 2002-2007<sup>79</sup>



Source: Statistical Year Book 2007 and Pension Fund data

### 3.3.1. Legal and policy background

Pension system reform began in 2001 and in 2003 the law on Pension and Disability Insurance was adopted. It envisages a three-pillar system:

- Mandatory public pension insurance (pay-as-you-go system);
- Mandatory individual capitalised savings, and
- Voluntary pension insurance.

However, the mandatory second pillar has not yet been introduced, while the Law on Voluntary Funds<sup>78</sup> (3<sup>rd</sup> pillar) was adopted in 2007; however the disbursement of these funds has yet to be seen.

The Ministry of Labour and Social Welfare is responsible for the pension system. It guides and participates in the supervision of the public, 'pay-as-you-go' Pension Fund where the Fund is the executive body and in charge of financial disbursements. On the basis of solidarity and reciprocity, the pension system covers old-age pensions, disability pensions, family pensions (survivors of a family member), allowances for people with disabilities due to labour injury or a longstanding condition/illness caused by work conditions; and allowances for caretakers of a family member.

78. The text of the law is available at: <http://www.gov.me/files/1167137746.pdf>.

79. Composition of pensions: around 42,000 pensioners receive old-age pensions (€180.4 average monthly pension); 25,000 receive disability pensions (average €135.5); and around 27,000 receive family pensions (€117 average). Since Montenegro's independence (2006), 3,065 military retirees (prior to 2006 paid by the federal pension fund for military retirees), have been covered from the Pension Fund of Montenegro. - Poverty Alleviation and Social Inclusion Strategy, 2007.

80. Government of Montenegro, Strategy for the Development of Social Protection for the Elderly in Montenegro 2008-2012, p. 7.

### 3.3.2. Poverty and exclusion

The Strategy for the Development of Social Protection for the Elderly in Montenegro 2008-2012 is the key policy document addressing the situation of the elderly. It identifies the following key issues:

- Inability of the system to meet the needs of all categories of the elderly, and especially the poor, ill, and self-supporting, as well as the elderly with disabilities;
- Inadequate and insufficient knowledge of the elderly population's needs;
- Underdevelopment of the institutional system of social welfare.<sup>80</sup>

Average pensions exceed the poverty rate but not considerably, while the minimum monthly pension of €71,6 is less than half the poverty line (Euro 162, as per this Survey). Thus both their age and low income expose pensioners, especially those with minimum pensions, to the risk of poverty and social exclusion. Minimum income pensioners in the north face multiple risks of poverty and social exclusion, but mainly due to the limited health, social and services available there. Often the elderly in the north live within elderly, often single, households in deserted and remote villages. The conditions can become even worse during the winter months when due to heavy snowfall the elderly are sometimes unable to access vital services for quite a while.

As per this Survey, the poverty rate of households of pensioners with a minimum income is 15.7% and household level SEI 8.9. This poverty rate and SEI are far lower than expected bearing in mind that the individual pensions are so low. This can be explained by the fact that the surveyed pensioners mostly live within households; in either smaller households with fewer dependants to provide for, or in multi-generational households where the younger members provide most of the income. Thus, as many as 66% of surveyed households with a pensioner receiving a minimum pension consider their situation to be on a par with the majority, 24.8% consider it somewhat worse and only 3.8% consider it much worse. Conversely, the majority (66.2%) experience varying degrees of difficulty making ends meet, while 24% have great difficulty. Evidently, these households do not consider themselves worse off than others and it is their perception that everyone has difficulties making ends meet. It is interesting to note how they perceive tension between the young and the old – 38.5% reported some tension, while 19.2 thought relations were very tense. This is probably an indication that the traditional Montenegrin inter-generational relationships have changed.

Pensioners are the most satisfied with their family life (7.2 on the 1-10 scale) and social life (6.7) compared to the other aspects of their lives. We can therefore conclude that these pensioners rely heavily on their families.

#### *In their own words: focus group participants*

*Pensioners live on the edge of society. There are many retirees who hardly survive. The cost of living is huge and the pensions are low. If retirees live with their spouses then they can manage, but without additional support they can barely carry on.*

### 3.3.3. Access to employment

In order to gain additional income, 17%<sup>81</sup> of the pensioners are engaged in some type of gainful activity. On average, this additional income amounts €305 per month.<sup>83</sup> Some retirees are able to work and feel discriminated against when they cannot secure

employment because of their age or legal barriers. On the other hand, the others are convinced that jobs should be 'saved' for youth, while many due to their old and frail health, are no longer able to work.

#### *In their own words: focus group participants*

*I want to work, but the jobs I've been offered are not adequate. I can't stand up in a shop for eight hours constantly, or unload boxes. That is too hard for me.*

---

*I'm angry and I'd prohibit all retirees to work. Young people should get a chance to prove themselves and to earn for their future.*

---

*I have computer skills, which many retirees do not have. In summer I work at my cousin's place on the coast - I watch over his apartment suites and I get paid for this.*

### 3.3.4. Access to education

The current labour market demand requires (mainly youth) professionals, with up-to-date education – computer, language skills, etc. The education and skills of elderly are often obsolete and hardly meet the needs of today's job market. For instance, 90.9% of respondents above 60 do not speak English. The National Strategy for Employment and Development of Human Resources 2007-2011 stresses the importance of life-long education for the elderly. However, the advantages of life-long education are not widely recognised by either society or by elderly themselves.

#### *In their own words: focus group participants*

*Retirees had a great life when they were young, but the system destroyed us. At that time we had no possibility of learning computer skills and foreign languages, and today it seems too late to learn.*

81. They work in the agricultural sector (9.3%), in the tourism, service industry (16.7%), wholesale and retail (18.5%) sector. Most of them have full-time jobs (97%)

82. This UNDP/ISSP conducted this Survey in early summer 2008, which could cause higher averages than usual, due to the impact of tourism and the construction industry on labour market's trends.

83. Statistical Yearbook 2007 and PIO Fund data.

### 3.3.5. Access to healthcare

As ageing is often associated with health concerns, access to healthcare is very important for retirees and the elderly. Health insurance is part of the pension package and amounts to 15% of the overall pension budget.<sup>83</sup> Pensioners are pretty dissatisfied (4.5 (1-10 scale)) with the public health services. This is particularly important when one considers that 90% of the elderly tend to seek treatment at public health facilities.

Fortunately, the elderly assess their own health status more favourably, with an average grade of 6. Most considered themselves in good (39.6%) or very good (16.4%) health. However, 25% considered themselves in poor (21.4%) or very poor (3.6%) health. The elderly are prone to chronic diseases, but only 14% of respondents suffer from any acute or chronic condition in the month prior to the survey. Although one third of respondents reported suffering from a long-standing illness or disability, these were mainly caused by occupational injuries (43%). Such injuries serve as a legal ground in determining the eligibility for disability pensions, and until recently individuals receiving disability pensions were not subjected to regular medical examinations to determine the continuity of their eligibility.

#### *In their own words: focus group participants*

*There should be separate health services for the elderly, so that we don't have to queue any more.*

*It is also problematic that pensioners have to pay for many of their medicines, and the number of medicines which have to be paid is constantly growing.*

### 3.3.6. Access to social services

Only 4.3% of pensioners with a minimum pension receive family allowance benefit, averaging €73.3 a month. Social welfare for pensioners is severely underdeveloped, especially in terms of community-based services. In addition to the general services provided by the Social Welfare Centres, the system offers residential care in elderly homes and "gerontology housewife"<sup>84</sup>

84. This 'personal assistant' support was provided to some 2.500 elderly in 2007, as per MHLSW. This support service is organised by the Employment Agency of Montenegro as a public work programme.

assistance, but not all those in need receive this or adequate care. A few local authorities have tried to promote day-care centres for the elderly, but these centres are yet to be established. Consequently, the pensioners are not satisfied with the social welfare system and grade it at only 4.1 and the public pension system was graded at 4.3.

### 3.3.7. Housing and transportation

A great majority (84%) of the pensioner's households own their own housing. This high percentage of house-ownership provides some economic security and this supports their social inclusion. However, 13% hold no legal title to the properties. A small share (3%) rent, but their situation is very vulnerable due to their low income and thus their inability to cover their rent. Most of the respondents are satisfied with the quality of their housing, grading it 6.2 on the 1-10 scale. Pensioners are also not very satisfied with the public transport service, rating it at 4.8.

### 3.3.8. Social and political participation

The daily social contacts of the elderly population are enhanced by the activities of pensioners' clubs, which are located in municipalities. The Association of Pensioners, registered as an NGO, advocates for the rights of pensioners and works closely with the authorities and the Pension Fund and administrates the Fund's allocations for free vacations, and ad hoc assistance for minimum income pensioners, etc.

#### *In their own words: focus group participants*

*Most retirees resolved their housing problems long ago, given that in the past our employers gave us loans under very favourable conditions.*



However, the Association should be more proactive in its outreach to non-members, to increase their social involvement. The only other active organisation is the Gerontological Society, which needs more support to be sustainable and effective. However, 90% of the respondents are not interested in attending political, social or cultural events. Their lack of financial resources for cultural activities could have contributed to the fact that 86.3% had not attended a cultural event in the previous month.

The elderly and retirees in Montenegro seem to have little trust in other people - 3.9 (1-10 scale). The social connections that contribute to a pensioner's social inclusion are mainly those with family members and friends: 80% feel they spend a satisfactory amount of time with family and friends, and 70.5% feel they spend a satisfactory amount of time involved with other social contacts. Many engage in hobbies (39.6%), though a quarter complained of not having enough time for such activities (24.5%). Despite facing daily hardships, pensioners reported above average satisfaction with their lives - 5.5 (1-10 scale), and their satisfaction with their social and family lives is even higher, at 6.7 and 7.2 respectively.

to social inclusion that pensioners face is the gap between the social welfare needs of the elderly and pensioners and the ability of the social welfare system to meet these needs. This gap should be addressed institutionally by reforming the social welfare system and identifying additional sources of revenue to sustainably fund pensions and programmes, and to introduce new services for the elderly. Volunteering opportunities could be created for those willing to support the elderly. A public awareness campaign promoting volunteerism could be launched nationwide to highlight the importance of volunteering and encourage people to take action. Another barrier to social inclusion faced by the elderly are the limited employment opportunities available to them: some are engaged (mainly in the form of unregistered work) and others would like to participate in a gainful activity to enhance their disposable incomes. A quarter of the elderly believe that their health status is poor or very poor, but three quarters do not perceive any drastic changes in the current health conditions as compared to a year ago. Home ownership of retirees and elderly in Montenegro is strong.

### 3.3.10. Policy recommendations

A pension system should enable retirees to maintain living standards broadly in line with those of the majority of the population. A pensioner should be able to ensure an adequate retired income level through his/her mandatory participation in a basic pension scheme whilst employed. However, these levels may not be sufficient in the long term, and thus Government funding for the pension system should be sustainable. Individuals can choose to save some of their money in an investment fund thus providing them with additional income in their old age (as stipulated in the Law on Voluntary Pension Funds). Participation in a voluntary pension fund is beneficial to relatively better-off individuals but may be problematic for those from low-income households. Retirees with a minimum income tend to live within a household and are supported by the more affluent members of the household. Retirees with a minimum income should receive a supplemental income and means-tested, one-time or repeated benefits from other social programmes. To support retirees with minimum incomes it is advisable to:

- Maintain adequate pension coverage for the elderly. As the population is ageing, the Government should develop a long-term strategy aimed at increasing the overall pension

#### *In their own words: focus group participants*

*Pensioner's clubs are places where we socialise, play chess and drink beverages together. We also organise sports events where retirees from all over Montenegro meet on a regular basis.*

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*I have not been to the theatre for more than 20 years! We cannot afford to go to the theatre.*

---

*The family provides the greatest help to retirees.*

### 3.3.9. Key findings and challenges

The poverty rates for pensioners with low incomes are lower than expected since most live in households and are thus supported by the other household members. This is also the case with social exclusion –where only 9% of pensioners are socially excluded. In 2007 there were 100,000 retirees in Montenegro, receiving an average pension €181,40 per month. As this section has demonstrated, one of the barriers

level, and especially the level of social pensions to prevent the social exclusion of the elderly. The challenges associated with the significant increase in the number of applications for the institutional placement of the elderly must also be addressed and a set of alternative placement options, such as assisted living in a community, must be developed.

- Implement the decentralisation and division of functions, responsibilities, financing and social welfare practices between the central level and municipalities, especially those relevant to the elderly and retirees. The recent modest attempts of local authorities to develop community-based approaches to social welfare for seniors, through funded housing and the Employment Agency's caretakers public work programme, should be examined and taken into account in designing an effective decentralisation policy and in encouraging private initiatives for the provision of programmes and services to the elderly. Strong partnerships between public and private stakeholders should be supported.
- Review the social welfare network of the elderly population and its needs, and develop adequate standards, classifications and categories for the services provided by involved institutions and professionals.

## 3.4. Persons with disabilities

The majority of people with disabilities (PWDs) in Montenegro are passive recipients of compensation, instead of active participants in society, as a result of the inherent social stigmatisation towards them. The World Health Organization (WHO) roughly estimates that the number of individuals with disabilities in Montenegro is 7-10% of the total population.<sup>85</sup> There is, however, no official data supporting this estimate, as the 2003 census in Montenegro did not collect information on PWDs. When it comes to children with special needs, the Ministry of Health, Labour and

Social Welfare estimates their number in the range of 6,000-7,000<sup>86</sup>. Generally, statistical information on this segment of the population is largely unavailable, which creates a big obstacle in trying to address the social exclusion of PWDs.

### 3.4.1. Legal and policy background

The rights of PWDs are regulated by Montenegrin legislation. Firstly, Article 68 of the Montenegrin Constitution declares that "Special protection of the person with disability shall be guaranteed". The Constitution also bans discrimination of any kind, protects PWDs in their work place, and guarantees financial support to all those who are unable to work. However, Montenegro has yet to adopt a comprehensive anti-discrimination law.

Different legal documents, especially the Pension and Disability Law and the Social and Child Protection Law, regulate the entitlements available to PWDs in Montenegro,<sup>87</sup> providing them with the following rights:

1. Right to education;
2. Right to employment;
3. Right to an adequate working place;
4. Disability pension right;
5. Right to disability allowances;
6. Right to family care and support;
7. Right to a lump sum for disability (for minors);
8. Right to be placed in an adequate residential institution;
9. Right to foster care and support;
10. Right to education of children with special needs (mental and sensory impediments);
11. Healthcare insurance coverage, etc.;
12. Right to access all facilities accompanied by a dog guide.

The policy framework for PWDs was enhanced with the adoption of the Strategy for the Integration of Persons with Disabilities in Montenegro 2008-2016.<sup>88</sup> The Strategy covers policy measures in the thematic areas of healthcare, social welfare, education, vocational training and employment, accessibility, culture, sports and recreation, as well as PWD associations.

85. PRSP 2003, p. 44.

86. The Ministry records the following categories of children with disabilities: Blind children and children with impaired vision; deaf children and children with impaired hearing; children with speech impairments; children with mental disabilities; children with physical disabilities; and children with attitude (or behavioural) problems and children with autism. Some of this terminology is considered discriminatory yet is still used in Montenegro.

87. This includes the Law on Health Care, Law on Health Insurance, Law on Health Insurance and Rights of Mentally Disabled Persons, Law on General Education, Law on the Education of Children with Special Needs, etc.

88. Full text of the Strategy is available at: <http://www.gom.cg.yu/files/1208947520.pdf>.

### 3.4.2. Poverty and exclusion

Montenegrin individuals with disabilities are highly dependent on limited central and local government resources to provide them with regular financial support. The issue of poverty among PWDs was first raised in the Poverty Reduction Strategy Paper in 2003 when it was estimated that close to 60% of PWDs live at or below the poverty line. However, the institutional response so far has been inadequate when compared to the severity of the issue. Two main factors that contribute to social exclusion and the susceptibility to poverty of PWDs are their low level of education and their high unemployment rate, that are, inter alia, caused by social stigma, discrimination and accessibility issues.

This Survey revealed that 5% of PWD households are socially excluded and that 11,9% of them live below the poverty line. As the Survey only measured the situation of PWD households, not individual PWDs, one can assume that the levels of poverty and social exclusion would be considerably higher for individuals. The obvious conclusion is that PWDs receive most support from members of their household. These percentages are the lowest among the vulnerable groups surveyed in these areas. In fact, 72.7% of respondents from households with PWDs believed their financial status to be the same as that of the general population. Nonetheless, it is undeniable that PWDs often suffer discrimination in almost all areas of life, and the Strategy for the Integration of Persons with Disabilities addresses discrimination as one of its priority tasks.

54

#### *In their own words: focus group participants*

*Discrimination is a problem which is largely present in our society even though people get used to it over time. For instance, everybody talks to the escort instead of to the disabled person.*

*Nobody discusses discrimination in public.*

### 3.4.3. Access to employment

Some positive improvements in labour legislation have occurred, mainly thanks to the active participation and strong advocacy of PWD associations. The Law on the Professional Rehabilitation and Employment of PWD was adopted in 2008 in order to enhance the employment of PWDs. The new Labour Law<sup>89</sup> introduced affirmative action (Article 9) into the legal framework for the first time, in support of stronger social inclusion for PWD. Article 107 specifies additional protection for PWDs, and mandates an employer's obligation to provide PWDs with a work environment that suits their abilities and educational levels. It also stipulates that additional training be provided in case of potential layoff. Labour market regulation has also been amended to offer more incentives for hiring PWDs. However, the implementation record is rather weak and does not follow the recommended agenda for the social inclusion of PWD.

In reality, there are few employment opportunities for PWDs and the probability of finding employment is fairly low.<sup>90</sup> Despite the fact that most of the PWDs surveyed use the services of the Employment Agency (72 %), only 22.4%<sup>91</sup> of the respondents had been engaged in some sort of gainful activity in the week prior to the Survey. Job quality also tends to be problematic, with job satisfaction graded at only 3.6 (compared to the national average of 5.7, on the 1-10 scale).

Disability strongly affects their ability to work: 48.4% of respondents said it entirely affects their ability to work (not able to work at all), while 34.4% said that it partially affects their ability to work. Adequate working conditions and facilities for PWDs should therefore be ensured to address this problem.

A powerful awareness campaign was recently launched by a PWD association, aimed at employers: "Employment is a basic condition for the social integration of people with disabilities; let a person with disabilities fight for their social dignity through their work; we are not asking for charity – we want to work."<sup>92</sup>

89. Official Gazette of Montenegro, 49/08.

90. "The national Employment Agency registers 2.740 unemployed individuals with disabilities, which is 8% of the total unemployed. However, PWD associations' assumption is that significant number of PWD is not registered." – EC Directorate-General for Employment, Social Affairs and Equal Opportunities, Unit E 2, Social Protection and Social Inclusion in Montenegro, June 2008.

91. where 88.1% were employed, 7.1% self-employed, and 2.4% had their own businesses

92. Manual of the Association of Paraplegics of Montenegro.

#### *In their own words: focus group participants*

*I am a disabled retiree and I am very inspired to work. I carve out various wooden pieces. There should be workshops for PWDs, where they could work.*

---

*We just want to prove that we can be as good as others.*

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*From my experience, if the employer doesn't know about a person's disability, he/she will get the job. Yet once the employer realises that this person has a disability he/she will be fired at once.*

### 3.4.4. Access to education

The Ministry of Education and Science registers the number of children with disabilities and children with developmental difficulties currently enrolled in the formal education system<sup>93</sup>, yet does not register those who are not enrolled. Though there are evident inclusive education results, due to severe social stigmatisation, some parents still feel ashamed of having a child with disability. The difficulties faced by parents who enrol their children in school sometimes outweigh any possible advantages, thus increasing children's social exclusion.

#### *In their own words: focus group participants*

*One of the problems I face is that I have to go to school with my daughter every day as she uses a wheelchair and she needs to be moved from one classroom to another.*

*There is no additional specialised training for us apart from the courses organised by the Employment Agency, where we are invited regularly and where we participate.*

Over a third of respondents stated that their disability had affected their education – 21.9% of cases entirely, and 15.6% of cases partially. The education levels of PWDs are not high: a quarter of respondents had only completed primary school (25.8%), which considerably limits their employment opportunities, more than half had graduated from some type of secondary school, while only a fraction had attended a special institution for PWDs (1.4%) More men than women attend school at all levels (primary, secondary or tertiary).<sup>94</sup> Almost a third of PWDs stated that they do not attend school or had to stop attending due to a disability, disease, or old age. Only 1% of disabled children attend public pre-schools (see graphs 3.4.1).

Nevertheless, it is encouraging to see that 7.2% of PWD respondents attended university<sup>95</sup>. Only in recent years has accessibility to some public universities improved, as a result of joint efforts by the Ministry of Education and Science and the Association of Youth with Handicap and with funding from the EU. Prior to this universities were completely inaccessible, thus preventing PWDs from obtaining higher education. In addition the Ministry of Education and Science now provides 6 scholarships per year for students with seeing impairments.

*The Strategy for Inclusive Education (2008) was developed from the belief that learning is not just about education, it is also about gaining the skills and knowledge necessary for daily life and inclusion in one's community. It envisages the early inclusion of children with impairments and disabilities and the development of an expert support network at all levels for children and youth with impairments and disabilities. The Strategy's leading concern is the availability of quality education for children and youth with special education needs, in accordance with their interests, possibilities and needs.*

*Thanks to the strong commitment of the Ministry of Education and Science and their joint efforts with PWD associations, significant results have been achieved. However, progress is still needed in many of the areas identified by the Strategy, as follows:*

- *Harmonise legislation, especially in the area of social welfare and healthcare and delineate the jurisdiction of local authorities*
- *Develop mechanisms for registering unenrolled children*
- *Improve the cooperation of parents and teaching staff and enable teachers to adopt quality, individualised approaches to working with children with disabilities; provide a violence/harassment free environment, etc.*
- *Strengthen media engagement in the promotion of*

93. 3416 children (girls 1311 and 2105 boys) and they make 3% of total formally enrolled ones. - Ministry of Education and Science's Report on Education of Children with special needs 2009.

94. UNDP/ISSP Social Exclusion Research 2008.

95. According to Association of Youth with Handicap, there are around 50 university students with disabilities.

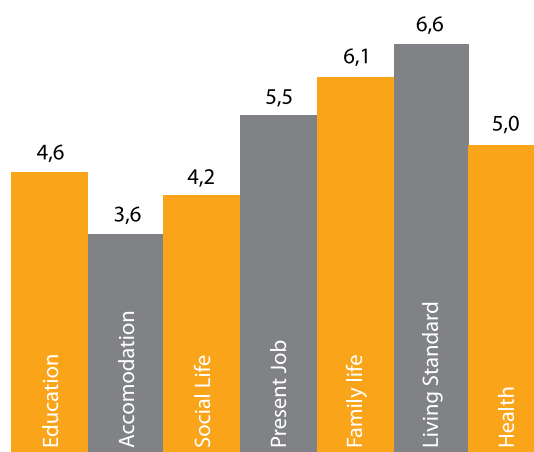


#### *inclusive education*

- *Improve inclusive education at secondary school, which is currently neglected*
- *Improve transportation to provide access for PWD*
- *Both health and social services are still very much based on a medical model and need to be based more on a social model i.e. focus on the abilities of and opportunities for children with disabilities*
- *Develop assistance and volunteer programmes, etc.*

Source: Ministry of Education and Science of Montenegro

Graphs 3.4.1: PWD satisfaction grades (scale 1-10)

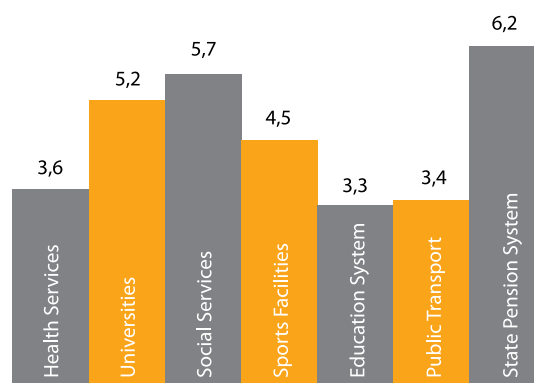


### 3.4.5. Access to healthcare

PWDs are entitled to public healthcare insurance. According to the Survey, 95% of PWD are currently covered by health insurance; however those who claimed they did not have insurance also stated a lack of resources to cover their health related expenses (64%).<sup>96</sup>

However, numerous other obstacles prevent PWDs from accessing quality healthcare. Their concerns mainly relate to the physical inaccessibility of most healthcare facilities, unequal access to the various medical treatments covered by public health insurance,<sup>97</sup> as well as the limited availability of prosthetic tools.<sup>98</sup> Women with disabilities find it difficult to get adequate gynaecological exams.<sup>99</sup> As a consequence Survey respondents evaluated the quality of health services as very low, at 3.6 (1-10 scale) in comparison with the average of 4.47. The quality of social services was rated even lower at 3.3, with the pension system receiving a 3.4 rate (see graph below). Overall, PWD are dissatisfied with the public services they, by definition, are most in need of.

Survey respondents rate their health condition fairly positively 6.6 (scale 1-10), despite the fact that 30.5%



Source: UNDP/ISSP Social Exclusion Research, 2008

have a long-standing illness or disability<sup>100</sup> that limits their everyday activities. Most people with disabilities (78%) stated that their impediments require medical treatment, such as drugs (71%) and orthopaedic equipment (29%).<sup>101</sup> Every second PWD surveyed could afford visits to private medical facilities, which is quite a positive indicator demonstrating that many PWDs can choose where to receive the healthcare they need. However, at the same time they estimated that an additional €70 per month is required to ensure they receive the regular attention needed for their disability. Half declared that they need full-time assistance around the clock, and 93% of them

96. UNDP/ISSP Social Exclusion Research 2008.

97. See the Strategy for the Integration of Persons with Disabilities in Montenegro for examples of discriminatory treatment in this respect.

98. "One of the major problems is access to orthopaedic and other tools based on restrictive and in some cases with very discriminating criteria. Moreover, the list of refundable tools is limited and provided by only single distributors with limited offers." – EC Directorate-General for Employments, Social Affairs and Equal Opportunities, Unit E 2, Social Protection and Social Inclusion in Montenegro, June 2008, p. 61.

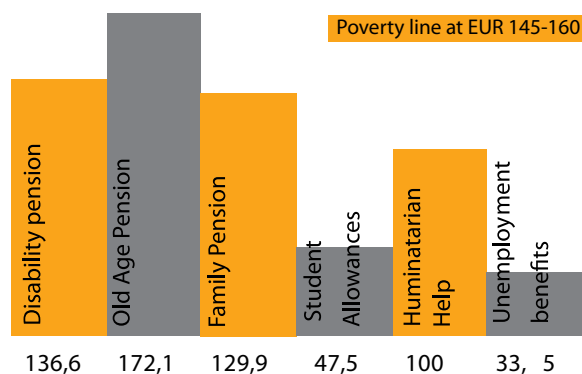
99. "Most health facilities cannot be physically accessed by people with disabilities, whilst actually getting inside these facilities is even worse. Also, there is no single health worker who can communicate using sign language or a single gynaecological facility that can be physically accessed by women with disabilities" – EC Directorate-General for Employments, Social Affairs and Equal Opportunities, Unit E 2, Social Protection and Social Inclusion in Montenegro, June 2008, p. 61.

100. Disabilities relate to difficulties in walking for a quarter of surveyed persons with disabilities; 13% have sight difficulties; necrosis 5.1%; backache 10.3% and coronary diseases around 18%. Disabilities are mainly innate or caused by occupational injuries, while other relate to traffic and other accidents - UNDP/ISSP Social Exclusion Research 2008.

101. UNDP/ISSP Social Exclusion Research 2008.

receive their care from a family member. The burden on the families of PWDs is very heavy, both financially and in terms of time. Very often these caregivers are unable to take employment themselves as their time is devoted to taking care of the PWD; meanwhile their unpaid work remains unrecognised.

Graph 3.4.2: Disbursements vs. poverty line



Source: UNDP/ISSP Social Exclusion Research 2008

There are not enough desperately needed community-based services for PWD and those that do exist are not sustainable and are only found in a small number of communities. The social welfare system offers placement in specialised and social care institutions<sup>103</sup>, however, those who are institutionalised often become the sole responsibility of the institution and live in isolation. According to the institution, only 16% of the mentally disabled children placed in these institutions are visited regularly by their family members. Not surprisingly, PWDs are dissatisfied with public social services, grading them at 3.3. (1-10 scale).<sup>104</sup>

**In their own words: focus group participants**

*I am a person with disabilities and I am 38 years old. The Law on Health Care has entirely excluded PWDs and we are not able to exercise our rights.*

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*There is no entitlement to get an electric wheelchair, and only once in five years a person can get a watch for blind people, whereas in fact the watch should be changed every six months!*

### 3.4.6. Access to social services

In the absence of a structured and detailed database/register capturing the specific characteristics of each group (and individual) and their impediments, it is difficult to design effective interventions and evaluate the success of social inclusion measures for PWD.

The PWD surveyed either receive disability, old age or family pensions, or family and child allowances, which should provide them with an acceptable living standard. However, these pensions and social benefits barely meet the poverty line.

However, respondents believe their households would actually need a minimum of €936 monthly to be able to live a life without difficulties.<sup>102</sup> Unfortunately, the total of all the PWD incomes presented is far below this figure, which demonstrates that in order to survive, people with disabilities in Montenegro mostly live with, and are supported by their families. Additionally, the parents of children with disabilities estimate that their expenses are three times higher than they would be if their child were without disabilities.

**In their own words: focus group participants**

*Our situation is very difficult as we receive only a small amount of financial aid. If one gets a job, this assistance is stopped. Pensions are extremely low, and the number of social workers is not enough. PWDs get most support through their associations.*

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*We need personal assistants to help us. Also, pressure should be exerted on the Employment Agency in order to expand its help to and cooperation with PWDs.*

102. UNDP/ISSP Social Exclusion Research 2008.

103. There is only one specialized residential institution in Montenegro for persons with mental disabilities (*Komanski most*). The Institution places children and adults together!

104. UNDP/ISSP Social Exclusion Research 2008.



### 3.4.7. Housing and transportation

House ownership is not an issue for most PWDs: 91% of PWD households own their homes, and most of them have full legal title to the housing. This helps reduce social exclusion and indicates that PWDs have strong support networks within their families, which is similar to the situation of retirees. Most of the respondents are satisfied with their accommodation, assessing it at 5.5. (1-10 scale). However, we need to point out that the housing situation becomes considerably more difficult for PWDs who rent accommodation (7.4%) not only financially, but also because of the prejudice of landlords and accessibility issues. If PWDs want to take a loan to buy housing or adapt their own housing to suit their needs (which implies considerable expense), their access to loans is limited due to their unemployment status.

Both buildings and transport remain generally inaccessible to PWDs. The inaccessibility of entrances in almost all business, residential or public, such as schools, health centres, libraries, public administration facilities, and sports facilities, deprive people with disabilities from accessing services and participating in life. This problem has been addressed at the local authority level by the introduction of accessibility standards for buildings. Although progress is limited, there are some improvements. The inaccessibility to health institutions, however, remains critical, not only with regard to their old architectural design, but also often due to the short-sightedness and inflexibility of the building management, who do not build ramps or make other adjustments to make the properties fully accessible. This is a particularly acute problem bearing in mind the access needed by PWDs for their healthcare.

#### *In their own words: focus group participants*

*Weak infrastructure is an immense problem. Only several buildings have been adapted while others still cannot be used.*

---

*Some new laws, adopted in accordance with EU legislation, should put us in a better position regarding architectural barriers. Yet, there are no real possibilities to adapt some buildings here to the needs of PWDs.*

PWDs who receive a family allowance can also receive discounted local bus passes, however many with physical disabilities are unable to use public transport, as it remains inaccessible. According to the Association of Paraplegics of Montenegro, not a single public bus in Montenegro is fully accessible by wheelchair. Several recently built hotels began using vehicles that meet the needs of wheelchair users, however these are only for use by hotel guests and are not part of the public transport network. It is thus surprising to see that PWDs in the Survey graded public transportation at 4.5, slightly higher than the national satisfaction level in this field. Private transportation remains costly and respondents have had a mixture of experiences with taxis, with some complaining of discrimination by taxi drivers. It is therefore evident that the housing and transportation needs of PWDs should be addressed from the financial, accessibility and non-discrimination perspective.

#### *In their own words: focus group participants*

*It is discriminatory when PWDs cannot enter a bus, or a building, or when a taxi doesn't want to come if the driver hears that the customer has disabilities.*

### 3.4.8. Social and political participation

In light of the numerous barriers faced by PWDs, it is not surprising to find that only 10% attended a cultural event during the past year (half the national

#### *In their own words: focus group participants*

*Looking for an apartment is very difficult. Most often, landlords are not prone to rent apartments to disabled people because they fear their apartments would be damaged somehow. Apartments for rent are not adapted to our needs and they need to be modified. The biggest problem is bathrooms.*

---

*Besides the difficulties we face looking for an apartment there are also problems associated with the provision of housing loans. Banks don't want to approve loan requests as we are mostly unemployed.*

average of 20.4%). Engagement in voluntary work or political activity is minimal but still higher than that of the average Montenegrin – 9.3% compared to 7.7%. This is mainly due to the various associations that support PWDs. It is however a pity that many do not spend sufficient time on their hobbies (22.4%, national average 39.2%) as this could brighten the lives of many. Half (51.9%) of the PWDs believe they spend an appropriate amount of time in social activities and assessed the quality of their social life at 5.1 (1-10 scale), and their general satisfaction with life is rated similarly at 5.3.

#### *From their point of view: Focus group participants*

*We socialise a lot. Our association has 1,000 to 2,000 members. In Montenegro, there are around 1,100 totally blind people. They have a rich social life, however some prefer to remain on their own, alone in their homes, especially those who became blind at a later age.*

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*Our children [with disabilities] are greatly attached to us and they spend most of their time with us. They have their circle of friends, who do their best to prove that our children both deserve and have the right to enjoy every moment of their lives.*

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#### *Extract from an expert interview:*

*The easiest way of getting rid of the burden of a child with mental disabilities is to put him/her in the Institution and in this way the State becomes the only mother of the child. Of course the family should be helped with this burden to an extent but not completely, because they are their children and many forget that fact. In the Institution the children have material and social support, so their families believe that is all they need. But, that's not the case. These children can also enjoy some small joys of life.*

*The internal record shows that only 16% of the children are visited regularly by their parents, what is very disappointing.*

to be passive recipients of State support, as society's "stigma" towards individuals with disabilities is quite strong. The number of individuals with disabilities in Montenegro is estimated at 7-10% of the total population. In addition to the public perception bias and the limited accessibility to buildings, PWDs face barriers in accessing education, employment opportunities and healthcare services. People with disabilities face several other barriers to social inclusion, including:

- The lack of data and registers of PWDs;
- A general lack of awareness of the public and decision makers of the needs of PWDs;
- Though regulation on accessibility standards has been adopted, many public buildings and modes of transportation remain inaccessible for PWDs;
- A limited availability of social services for PWDs and a lack of programmes targeting de-institutionalisation;
- A lack of community-based social services, independent living programmes and community-based rehabilitation programmes, which could be developed through decentralisation;
- The limited advocacy capacity of NGOs representing PWDs and limited sustainability of PWD associations. For instance, PWDs and parents' associations should be supported to improve their advocacy capacities, which could be addressed by adopting the corresponding regulations in Parliament to strengthen the role of these groups;
- The limited skills of parents, caregivers, social centres and professionals working in specialised institutions;
- The lack of capacity of public institutions in addressing the needs of PWD.

### 3.4.10. Policy recommendations

Rather than resigning people with disabilities to institutionalised living arrangements, segregated education, sheltered employment and qualified income support, the barriers to social inclusion of PWD have to be eliminated. To address these and other challenges, it is advisable to:

- Establish and develop a strong and detailed database on individuals with disabilities and their families, by municipality, disability group, and social network support mechanism, and ensure

### 3.4.9. Key findings and challenges

A wide range of societal barriers prevents people with disabilities (PWDs) from fully and effectively participating in all aspects of society and human development. Five percent of PWD households are socially excluded. PWDs in Montenegro tend mainly

that PWDs are properly covered in the population census.

- Continue implementing the Strategy for Integrating Persons with Disabilities (PWDs) in Montenegro. The interventions and strategies outlined in the Strategy are clearly needed and the range of programmes, services and benefits provided by the national and local governments to PWDs should be extended.
- Provide adequate social welfare and enhance disability-focused support and services. Disability-focused support and services may include social housing, personal assistance support, technical aids and devices, special equipment, life skills assistance, modification of homes and accessible transportation. Community-based services should be increased to enable PWDs to live in their own homes and not be confined to institutions.
- Introduce a comprehensive set of measures to promote the inclusion of PWDs into the mainstream labour market. Many PWDs can and want to work, so any policy based on the assumption that they cannot work is flawed. Helping people to work promotes their social inclusion. To achieve this goal, PWDs should have full and equal access to all publicly-funded employment services, according to their needs. The Government should provide subsidies to companies to encourage them to employ individuals with a partially-reduced work. Although sheltered workshops subsidised by the Government will continue to play an important role in employing PWDs, the funding to upgrade the skills and the employability of PWD into the mainstream labour market should be enhanced to promote social inclusion. Additional programmes promoting the inclusion of PWDs into the mainstream labour market, such as subsidies to firms employing PWDs should be further supported, but special schemes offering extensive on-the-job support through individual job coaches should be considered as well.
- Improve the accessibility of housing, transport and public services, Accessibility policies for the provision of goods, services and infrastructure, which promote the inclusion of PWDs in social and economic life, should be developed and implemented.
- Continue with the implementation of the Strategy for Inclusive Education and increase access to mainstream education for children with disabilities. As a considerable number of children with special needs remain outside the education system, these children are not only

excluded from education but from opportunities for further development and social inclusion as well. If they are unable to access education, their access to vocational training, employment, income generation and business development in the future is also dramatically diminished. Early intervention, inclusive education, with access to education in mainstream local community schools, provides the best opportunity for the majority of children and youth with disabilities to access education and promotes their social inclusion.

- Ratify the UN Convention on PWD and its accompanying Protocol.

## 3.5. Roma, Ashkalia and Egyptian (RAE)

The RAE population lives in extreme poverty. They are the poorest of the poor. They are socially excluded and marginalised and no sound, social welfare net exists to protect them. The RAE are subjected to severe social prejudices and negative stereotyping. These attitudes are present throughout Europe, and are evident in Montenegro as well. The Montenegrin Bureau for Statistics (Monstat), in cooperation with the National Roma Council and the coalition of Roma NGOs - Roma Circle, conducted a census exercise among the RAE population in 2008. The research showed that there are 11,001 RAE, both native and displaced persons from Kosovo<sup>105</sup>, now living in Montenegro. The purpose of the research was to establish the RAE database foreseen in the Strategy for Improving Position of RAE Population in Montenegro 2008-2012.

### 3.5.1. Legal and policy background

The Law on Rights and Freedoms of Minorities (2006) introduced affirmative action to enhance the political representation and employment of minorities, and to support their educational preferences. Minority councils, responsible for representing minorities and implementing relevant policies, were also

105. RAE displaced persons from Kosovo are subject to section 3.6.

established at that time, including the Roma Council. It is important to stress that the Law only gives rights to those members of minorities with Montenegrin citizenship, which excludes the Kosovo RAE and other RAE with unresolved citizenship status. This section deals with resident RAE i.e. with RAE with Montenegrin citizenship, however many resident RAE were born in Kosovo and moved to Montenegro in the 1970s and 1980s and have unresolved citizenship status. Thus, the Survey revealed that only 75% had Montenegrin citizenship and 11.1% had applied for it. The new Montenegrin Law on Citizenship and the accompanying regulations pose numerous obstacles for the RAE in obtaining citizenship, as many lack personal documents, etc.

The Montenegrin authorities are involved in several international initiatives addressing the situation of the RAE. The State is currently participating in the Decade of Roma Inclusion 2005-2015. To formalise the Government's commitment, National Action Plan for the Decade of Roma Inclusion 2005 -2015 in Montenegro<sup>106</sup> and the national Strategy for Improving Position of RAE Population in Montenegro 2008-2012 were adopted. Among its most urgent tasks and goals, is the importance of combating all types of discrimination and inequality that affect the RAE, which is emphasised in the Strategy. Yet the legal framework for addressing discrimination is not yet complete and a comprehensive anti-discrimination law must be drawn up and adopted. This is important as many RAE do not think there is real equality, and feel there is a lot of ethnic tension in the society (59%).<sup>107</sup>

#### In their own words: focus group participants

*Some young men needed copies of their citizenship certificate, but they were told that they are no longer in the citizen records. They asked how this could be possible, as they used to get these certificates at the same office before, and they were told that their "old citizenship" is no longer valid.*

*I am from Macedonia and I have lived in Montenegro for thirty years. I used to have all the rights, but following Montenegro's independence I can no longer vote, I am not eligible for state health insurance, I won't be able to register with the Employment Agency, I won't have any rights at all.*

106. "The Decade of Roma Inclusion 2005–2015 is an unprecedented political commitment by European governments to improve the socio-economic status and social inclusion of Roma. The Decade is an international initiative that brings together governments, inter-governmental and nongovernmental organizations, as well as the Romani civil society, to accelerate progress towards improving the welfare of Roma and to review such progress in a transparent and quantifiable way. The Decade focuses on the priority areas of education, employment, health, and housing, and commits governments to take into account the other core issues of poverty, discrimination, and gender mainstreaming." – Official website of the Decade of Roma Inclusion, at: <http://romadecade.org/>.

107. UNDP/ISSP Social Exclusion Survey 2008.

108. UNDP/ISSP Social Exclusion Survey 2008.

## 3.5.2. Poverty and exclusion

The legislative and policy improvements described in the previous section are certainly commendable, yet it is difficult to find much visible improvement in the lives of most RAE. The 2003 Poverty Reduction Strategy Paper stressed the urgent need to systematically address the extreme poverty of the RAE. However, the results of this Survey revealed that, in 2008, the RAE as a group still remain more exposed to poverty and exclusion than any other vulnerable group covered by this Survey. The poverty rate of the RAE population is 36%, and 14% of RAE households are socially excluded. The RAE also feel there is a great deal of tension between the rich and the poor (including within the RAE) in Montenegro.

The RAE graded their level of life satisfaction at 5.38 (scale 1-10), compared to the national average of 6.31. Their financial situation was also perceived to be quite bad: as much as 65% of RAE households experienced difficulty covering their monthly expenses, compared to 49% of average Montenegrins in the same situation. The RAE estimated they would need €646 per month to cover all the needs of their household; this is a very modest estimate for the traditionally large RAE families, and is almost half the national estimate (€1,112). RAE households are also largely unable to support their subsistence in other ways, as they do not own agricultural land (99%) or livestock (100%).<sup>108</sup>

## 3.5.3. Access to employment

There are several major reasons why the RAE are subjected to such extreme exposure to poverty and social exclusion which limits their employment opportunities. These include:

- no or low levels of education;
- high unemployment rates especially among RAE women; and
- societal prejudice.

The majority of the active RAE population continue to secure jobs in the informal economy, working in an

inhuman environment. They are the ones who do the 'un-wanted, dirty' low-paid jobs and their basic labour rights are often violated.

No official data on RAE access to employment exists, however, the Survey finds that only 20% are employed, which highlights the difficulties experienced by the RAE in accessing employment opportunities. The three main professional vocations were crafts (12%), repairs (37%), and public sanitation and waste management services (over 50%). The average income received by the RAE in the latter occupation is €237 per month. Most employed RAE are registered and work full-time, though only every fourth RAE employee has an indefinite duration contract.

The percentage of RAE engaged in some type of gainful activity is 17%, within which the Survey revealed a significant gender gap – 84% men and 16% women. For the remaining 83%, long-term unemployment is severe and the average period of unemployment is close to five years. Half the RAE use the services of the Employment Agency, mostly counselling and training. Jobs tend to be hard to find for the RAE and are also of low quality; hence their job satisfaction was only graded at 3.5 (1-10 scale).<sup>109</sup>

### 3.5.4. Access to education

The low education levels of the RAE are often used as an excuse for their high unemployment rates. The RAE surveyed expressed great dissatisfaction with their education (2.9 - on the 1-10 scale), which is lower than any other aspect of their life.<sup>110</sup> All levels of the educational system, from pre-school to university, are officially accessible to the RAE, but many RAE children need further, additional inclusive educational assistance (Roma teachers, educational counsellors, education of RAE parents on importance of education, etc) to encourage them to attend and remain in school. The dropout rate among RAE children is high.<sup>111</sup> Though the Government of Montenegro recognises the importance of supporting the equal access of Roma children to schools by participating in the 'Roma Education Initiative' (REI) and the Roma Decade, any major change in the education system would take considerable time. Additionally, the RAE's level of poverty means they are often unable to cover education-related expenses<sup>112</sup>.

#### *In their own words: focus group participants*

*The Employment Agency offers all sorts of vocational training to RAE. But this is where it ends; there is no further education, no realisation, no advancement, and eventually no real employment.*

*---*  
*A job ad was issued for two administrator positions. A RAE man wanted to apply, yet at the relevant office he was asked how he could even think of applying, and what education he could have. When he said he was a high school graduate, the response was: "You Gypsy, you want to apply? Just go home."*

#### *In their own words: focus group participants*

*It was a big problem at the school that children did not come to classes because they did not have proper clothes or could not afford hygienic items. I talked to the parents, and they said: "How can we send our children to school, in slippers? We can't send them in slippers in winter time."*

*---*  
*As RAE are economically vulnerable, a very small number of children can go to pre-school. Most just go directly to first grade.*

Illiteracy plagues the RAE communities in Montenegro: the Survey revealed that 72% of the RAE respondents were illiterate, and again a gender imbalance exists (74% women vs. 26% men). Educational attainment

109. UNDP/ISSP Social Exclusion Survey, 2008.

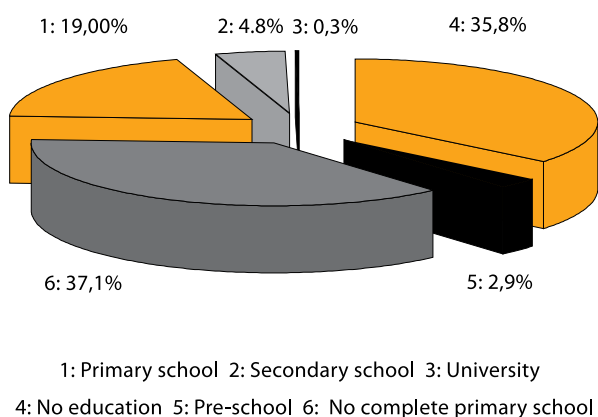
110. RAE satisfaction levels range from only 2.9 for their education to 5.8 for their family life and, together with RAE displaced persons from Kosovo, are the lowest satisfaction levels – UNDP/ISSP Social Exclusion Survey, 2008.

111. NGO research estimates that up to 60% of RAE children are outside the school system. The drop-out rates for RAE children who attend school are also very high: only 29% of monitored RAE children who are enrolled in Grade 5 pass at the end of the year. – Press release of FOSI ROM, "Montenegro Roma children still face serious barriers to education", April 2008.

112. Education is free of charge but RAE children cannot afford decent clothes, footwear, organised field trips, school magazines, which is a strong de-motivation. In addition parents need to be taught about the importance of education. Primary education is mandatory but no mechanism is in place to 'force' RAE parents to enroll their children.

is extremely low (see the graph 3.5.2. below): 36% have no education (of which 35% are men and 65% are women). Only 4% graduated from high school. The 18% school dropout rate by women confirms that the education of women is not a tradition of this ethnic group. Additionally, education is not practised as a life-long process, and as much as 99% of the RAE interviewed had not attended any education or training in the previous year.

Graph 3.5.1: RAE population educational profiles



Source: UNDP/ISSP Social Exclusion Research 2008

### In their own words: focus group participants

*For instance, there was a gynaecologist who refused to see five or six RAE women. One of these cases ended tragically: the woman got very ill and died as a consequence.*

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*If I go for a private specialised examination, I have to pay at least 100-150 euro for it. If I want to do it at a public hospital, the waiting period takes 3-4 months. I might die before my turn comes*

this population. Long-standing illnesses affect 13% of the community, while more than a third of the respondents have a disability that prevents them from working in their full capacity. It usually relates to coronary or respiratory diseases, mainly resulting from their poor living conditions.<sup>116</sup>

Due to their low education levels and harsh living conditions RAE women tend to marry early, often by arranged marriage, and have numerous pregnancies. Some still deliver their children at home and take care of the old and disabled members of the family. RAE women rarely visit the gynaecologist (75% of respondents), which endangers their health and can additionally impact the mortality rates at birth.

## 3.5.5. Access to healthcare

Healthcare insurance is a prerequisite for access to public health services. Almost all the RAE (98%) participating in the Survey were covered by health insurance<sup>113</sup> and the majority of RAE children also received regular vaccinations (90%).<sup>114</sup> This is obviously a very positive development, however, it should be noted that the costs of specialised exams<sup>115</sup> with commercial health facilities as well as the necessary drugs, is often prohibitive for many impoverished RAE households.

The RAE give their health a high rating – 5.4 (1-10 scale) – and most believe that their health is good or very good, with only every tenth person regarding his/her health as poor or very poor. This is somewhat surprising in light of the low life expectancies of

## 3.5.6. Access to social services

The RAE have limited access to the social welfare system support mechanisms, due to both their illiteracy and their lack of Montenegrin citizenship. Data on the prevalence of RAE among the recipients of social benefits does not exist, however it can be assumed that some RAE are eligible, yet do not collect social benefits nor make use of the available benefits and services. The existing policy recognises this problem, and one of the major goals of the National Strategy for Improving the Status of Roma Population in Montenegro is to provide the RAE with easier access to the social and child welfare network.

113. The remaining 2% do not have health insurance because of their undetermined legal status/citizenship. – UNDP/ISSP Social Exclusion Survey 2008.

114. National Strategy for Improving Roma Population Status in Montenegro 2008-2012.

115. Due to long waiting lists, or other reasons that cause the unavailability of public health services, such as specialised exams, the RAE and others turn to commercial health services providers.

116. UNDP/ISSP Social Exclusion Survey 2008.

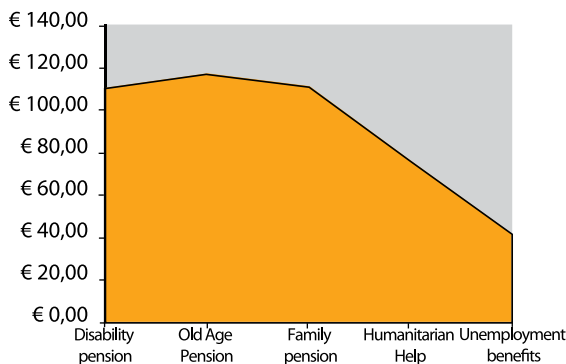


**In their own words: focus group participants**

*One of the reasons why Roma do not receive social welfare benefits is because they do not possess personal documents and citizenship.*

Though extremely poor, less than a fifth of RAE families receive a family allowance (18.4%). Interestingly, only 1% of RAE are old-age pensioners – evidently, few RAE work long enough to accrue this pension. In fact, none of welfare benefits received by the RAE exceed the poverty line, as per the graph below.

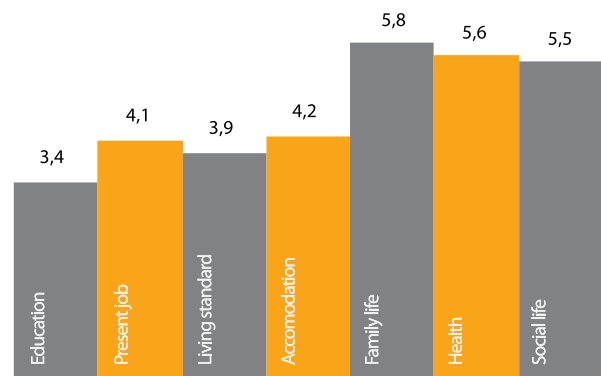
Graph 3.5.2: RAE social disbursements vs. poverty line (€140-160)



Source: UNDP/ISSP Social Exclusion Research 2008

Not surprisingly, given the discrepancy between the needs and the means provided, the RAE assess the quality of social services as very low 3.2 (1-10 scale). Despite the hardship they experience on a daily basis, the average perception of life satisfaction among the RAE is 5.4, which is a testament to the strength and resilience of these communities. The graph 3.5.3. provides information on the overall life satisfaction and living conditions for the group.

Graph 3.5.3: Satisfaction grades of RAE population



Source: UNDP/ISSP Social Exclusion Research 2008

### 3.5.7. Housing and transportation

Many European Roma live in substandard housing, lacking basic infrastructure, often in spatially segregated neighbourhoods and suburbs and with no legal title. RAE communities in Montenegro experience a similar housing situation. It is alarming that only 38% of the RAE households included in the survey live in housing they can legally claim with only 3% actually holding legal titles to their properties. More than half live in informal housing units with no legal title (51%) and the remaining 8% rent their accommodation.<sup>117</sup>

The RAE in Montenegro are predominantly dissatisfied with the quality of their accommodation, and after education, this is the second lowest grade given by this group: 3.3 (scale 1-10). Almost a quarter of the respondents live in crowded shacks. One third of RAE households do not have access to any kind of water infrastructure.<sup>118</sup> Furthermore, because of their unemployed status or their low paid jobs, most RAE cannot obtain bank loans to improve their housing situation.

In contrast to the perceptions of average Montenegrins, many RAE respondents complain on various environmental issues: 81% did not have access to green areas and parks, 65% reported air pollution, 63% have no access to any recreational open spaces, and 47% complained of noise.<sup>119</sup> Obviously the poor living conditions of most RAE affect their health, which is not the case with the average citizen.

**In their own words: focus group participants**

*It is well-known that Roma does not have legal proof of ownership. Our dwellings also do not meet minimum living standards. Our entire families sleep in one single room, we don't have toilets or tap water, and some do not have electricity either.*

116. UNDP/ISSP Social Inclusion Survey 2008.

117. UNDP/ISSP Social Inclusion Survey 2008.

118. UNDP/ISSP Social Inclusion Survey 2008.

119. For national averages, people complain, as follows: lack of accessible green areas 28%, air pollution 25%, lack of recreational spaces 28%, noise 18%.

### 3.5.8. Social and political participation

Social and political participation by the RAE is limited due to both their financial situation as well as social prejudice. The RAE have no parliamentary representatives in Montenegro, and remains largely absent from political activity: none of the respondents had taken part in any political meetings during the previous year. Those without citizenship cannot exercise the right to vote and be elected. However, there is a number of recognised RAE NGOs and a recently established Roma Council both strongly advocating and working on improving the situation of the RAE. The RAE's trust in people also appeared very low (3.3 on the 1-10 scale, compared to 4.2 for the national average).

As many as 99% do not attend cultural events (compared to 79% Montenegrins), and 69% have too little time for hobbies. Nevertheless, most RAE is satisfied with their social and family life, assessing them at 5.6 and 5.8 respectively, and most spend an adequate amount of time with their families (61%). Family is, once again, the strong point of cohesion for the group.

#### *In their own words: focus group participants*

*Active participation and inclusion of Roma in local and national institutions is essential. Hence Roma assistants should be introduced. For example, if Roma want to obtain some information they would prefer to talk with Roma assistants as they would have more trust in them. They could ask them for advice on how to get birth certificates, or how to obtain necessary personal documents. This proved to be very successful in other countries. Placing Roma within public institutions would be of great value.*

### 3.5.9. Key findings and challenges

The barriers to social inclusion and human development faced by the RAE are multifaceted and include a low level of educational attainment, high illiteracy rates, high unemployment rates, strong social prejudices and traditional stereotypes toward the RAE, as well as the unresolved legal status of many RAE in the country. RAE women, living in traditional

patriarchal communities, not only face the hardships associated with poverty and being an RAE, but also face gender discrimination.

14% of RAE households are socially excluded. RAE NGOs estimate that about 25% of the RAE has no clear legal status in the country as they lack personal documents. As a result they have limited or no access to public services as only 18.4% of RAE families receive social benefits. The barriers in accessing affordable housing faced by the RAE are significant and only 38% own their houses, while 50% live in illegally-built structures in the suburbs. Unemployment is extraordinarily high as only 10% of RAE are employed. Access to the labour market is particularly constrained due to their low level of educational attainment - 40% have no formal education and many RAE are illiterate.

### 3.5.10. Policy recommendations

Policies and legislation promoting social inclusion of RAE have only recently been established and their full implementation is limited by both public administration capacities and budgetary constraints. Furthermore, the real impact of these measures should be effectively monitored and evaluated.

The foremost barriers to social inclusion faced by the RAE are social -the insidious and inherent negative perceptions and unfounded beliefs of the Montenegrin population towards the RAE. Montenegrins are not always ready to treat the RAE population without prejudice and as equal citizens of Montenegro.

The recommendations listed below are targeted at removing the barriers to social inclusion and human development faced by the RAE:

- Incorporate the RAE perspective into nationwide and sector-specific disaggregated statistical data collection tools, in order to assess the effects of RAE-targeted policies and the overall conditions of this group.
- Implement integrated approaches to promoting the social inclusion of the RAE especially at the municipal level. In particular, local employment agencies and social welfare centres could employ RAE staff who are fully conversant with the needs and culture of the RAE, to help individuals develop individual employment plans and prepare for job search.

- Resolve the issues of legal status, or implement temporary solutions to allow the RAE to access the social welfare system. As some RAE do not possess personal documents, their legal status in Montenegro remains undetermined, they cannot access the social welfare system, other public services, own real estate property, etc.
- Develop and implement targeted interventions addressing the strong social prejudices and traditional stereotyping experienced by the RAE. The interventions can target employers, educators, and Government personnel in the agencies working with the RAE, as well as the public in general. Activities in this area should include training to promote awareness and respect for human rights, with a specific focus on RAE culture, languages and way of life. The affirmative action programmes aimed at recruiting RAE to work in Government institutions at all levels could also be considered a way to reduce prejudice and stereotyping.
- Further integrate RAE students into mainstream education with additional support. The Government should invest more into training and engaging RAE teachers and educational assistants. Special education plans and teaching materials specifically targeting the improvement of the academic achievements of RAE students could also be developed. Scholarship initiatives should be supported and made sustainable, as well as adult literacy and vocational training.

## 3.6. Displaced persons, internally displaced persons, refugees<sup>120</sup>

Tens of thousands of people, forced to leave their homes in neighbouring countries found refuge in Montenegro. As of 30 April 2009, 16,259 persons from Kosovo and 8,023 from Croatia and Bosnia and Herzegovina were living in Montenegro.<sup>121</sup> Most of them arrived in Montenegro after 1990 – one quarter of the refugee population arrived during 1990-1995, before the Dayton Peace Agreement was signed, but the majority (56%) arrived during Kosovo conflict (1999-2000).

In 2005 the Montenegrin Government adopted the National Strategy for Resolving the Issues of Refugees and Internally Displaced Persons in Montenegro. The Strategy, which ended in March 2008, established the policy framework for these issues and focused on three potential durable solutions: repatriation, local integration, and resettlement to third countries. The Strategy's achievements and implementation, however, have never been evaluated.

### 3.6.1. Legal and policy background

Displaced persons arrived in Montenegro from different countries and at different points in time and thus have varying grounds for determining their legal status in the country. The discussion below focuses on two legally distinct groups: displaced persons from Bosnia and Herzegovina and Croatia, and displaced persons from Kosovo.

120. The title of this sub-chapter: DISPLACED PERSONS, INTERNALLY DISPLACED PERSONS AND REFUGEES is used as an umbrella terminology covering all the categories of those individuals residing in Montenegro as a consequence of armed conflicts in neighbouring countries, without prejudice to their current or future legal status. The terminology 'displaced persons' from Croatia, Bosnia and Herzegovina, and Kosovo is used throughout the Report.

121. Statistics provided by the Government of Montenegro, 30 April 2009.

## Displaced persons from Bosnia and Herzegovina and Croatia

The individuals that arrived in Montenegro during the conflict in these countries were granted "displaced person" status by the Ministry of Internal Affairs. This status is inappropriate to the circumstances of their arrival in Montenegro, and deprives them of numerous internationally recognised rights. Their status could be potentially resolved through one of the following legal instruments:

- On the basis of the Law on Asylum (2007), displaced persons could potentially be recognised as refugees provided they meet the required conditions stipulated by the Law;
- On the basis of the Law on Citizenship (2008), they could become Montenegrin citizens if they met the conditions stipulated in the Law. Under the current criteria for citizenship, very few displaced persons would be eligible due to the requirements related to proving they have accommodation and a guaranteed sufficient source of income to provide for their material and social security (very difficult for displaced persons from Bosnia and Herzegovina and Croatia to meet as they have no formal right to work in Montenegro). They also need ten years' "uninterrupted residence", a requirement that would be very difficult for most of them to meet due to the discriminatory criteria of the by-law that specifies that displaced persons who have obtained personal identification documents from their country of origin have interrupted their residence<sup>122</sup>.
- On the basis of the Law on Foreigners (2008), they could re-establish their residence in Montenegro as foreigners. However, in order to qualify for either temporary or permanent residence, under this Law, displaced persons from Bosnia and Herzegovina and Croatia would need to possess a travel document from their country of origin, and provide proof of sufficient income, accommodation, and health insurance. Given the circumstances of their status, these requirements would, in many cases, be difficult to meet. Additionally, eligibility for a grant of permanent residence requires five years of lawful and uninterrupted temporary residence in Montenegro, and it is has yet to be legally defined how time spent in Montenegro will be counted for displaced persons.

*According to UNHCR, the UN expert agency for the protection of refugees and others fleeing persecution, these people should have been recognised as refugees on arrival in Montenegro and provided with full access to the rights foreseen by the 1951 Convention Relating to the Status of Refugees.*

Concerns have been raised with regard to the ability of these people to provide all the necessary documents needed to apply for citizenship, given that some documents need to be obtained from their countries of origin, where many of them cannot travel due to their lack of internationally-recognised travel documents, or inability to cover related expenses.

Additionally, the applicants need to prove evidence of accommodation, which essentially means proof of owning real estate or lease contracts. In reality this population cannot own real estate as long as they are not citizens and have challenges obtaining formal lease contracts, as many landlords are reluctant to engage in formal contractual relations with them to avoid paying related taxes. Furthermore, applicants should also provide evidence of a steady income, most commonly meaning employment, whereas at the same time the new Law on the Employment and Labour of Foreigners (2009) imposes very strict restrictions on the employment of foreigners. The overall procedure of applying for citizenship is also considered costly.

### *In their own words: focus group participants*

*Citizenship is a big issue for me, especially the money for all the required documents to apply for citizenship. The documents cost around €200, and the Montenegrin language test they introduced recently costs around €100. I find this ridiculous because we all speak the same language and understand each other perfectly well.*

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*I came from Croatia and I've lived here for 15 years yet my status is not resolved. I am not a citizen even though I pay taxes on the real estate I own here and any other taxes.*

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*My son cannot get Montenegrin citizenship. His father and grandfather are Montenegrin citizens, but he was not born here, and his application was rejected. He was told that he did not fulfil the conditions, but no one could explain why.*

122. The Decision on the Criteria on Establishing Conditions for Montenegrin Citizenship by Admittance – "The Official Gazette of Montenegro", number 13/08



## Displaced Persons from Kosovo

The people who fled from Kosovo in 1999 were granted 'displaced persons' status and are usually referred to as "Internally Displaced Persons", since at that time both Kosovo and Montenegro were part of the Federal Republic of Yugoslavia. The situation has since changed with both the independence of Montenegro in 2006 and the independence of Kosovo in March 2008 (recognised by Montenegro in October of the same year). Despite these developments, these individuals still hold the status of 'displaced persons', which like the status of displaced persons from Bosnia and Herzegovina and Croatia deprives them of their basic rights, such as the right to work. The Government of Montenegro requested the Bureau for Care of Refugees and the Ministry of Interior Affairs and Public Administration to re-register these individuals in 2009, but it is unclear whether this re-registration will be linked to a change in legal status.

*In opinion of UNHCR's expert opinion, the persons who fled Kosovo due to the escalation of the armed conflict or the generally insecure situation and massive human rights violations, should be granted a status appropriate to the circumstances of their arrival in Montenegro. At that time Montenegro was part of the same country as their country/province of origin and plus the fact that they had been residing in Montenegro for an extensive period. Following the independence of Montenegro in 2006, UNHCR has advocated for three options to regularise the status of displaced persons from Kosovo residing on Montenegrin territory: (1) citizenship (in accordance with international standards related to nationality following the succession of a state), (2) long-term residence with all the rights of citizens other than voting rights, or (3) prima facie refugee status.*

### 3.6.2. Poverty and exclusion

This Survey finds that the displaced persons from BiH, Croatia and Kosovo are more than three times poorer than Montenegrins and poorer than the rest of the vulnerable groups discussed in this chapter with exception of the RAE. 34% live below the poverty line and 8% of their households are socially excluded. On average, they assessed their life satisfaction at 5.3 (on the 1-10 scale). Most households find it hard to meet their monthly needs: 33% of households experience some difficulty in this regard, 33%

experience difficulty, and 26% experience great difficulty. One third of this group believe their household has a worse standard of living than the majority of the population, whereas an additional 18% feel they are far worse off than others. The RAE displaced from Kosovo have an average monthly income per household (average household has 6.6 members) of €166, which is far lower than for two other two sub-groups – displaced persons from BiH and Croatia (€307) or non-RAE from Kosovo (€228). The average life satisfaction for all three sub-groups is 4.46 and is below the national average of 6.3.

The following discussion presents separate information for three distinct groups: displaced persons from Croatia and BiH, non-RAE displaced persons from Kosovo and RAE displaced persons from Kosovo.

### Displaced persons from Croatia and BiH

Displaced persons from Croatia and BiH assessed their life satisfaction at 6 (1-10 scale). These households find it difficult to meet their monthly needs (39% with difficulty and 16.5 with great difficulty) but one fifth (19.3%) have no financial difficulty. The majority of households believe they are in the same financial position as other households in Montenegro (56%), while 26.6% estimate that their situation is worse off than others.

### Non-RAE displaced persons from Kosovo

Non-RAE displaced persons from Kosovo assessed their life satisfaction at 5.5. Almost half can satisfy their monthly needs with their current income (very easily 26% and 19.2% easily). Almost half think that their current financial situation is the same as others (48.1%) but 16.3% believe they are worse off.

### RAE displaced persons from Kosovo

RAE displaced persons from Kosovo are the most vulnerable. This group assessed their life satisfaction as low as 1.9 (1-10 scale). Only 10.2% have no problem making ends meet every month and they rate their life standard at 1.2 (1-10 scale). All these values are by far the lowest of all the surveyed vulnerable groups.

### 3.6.3. Access to employment

Displaced persons seeking employment are not entitled to register as job seekers with the Employment Agency and are not entitled to use its services<sup>123</sup>. The Law on the Employment and Work of Foreigners (2009) conditionally provides access to employment, but the access applies primarily to those who have the legal status of foreigner as determined on the basis of the Law on Foreigners (2008). The Law also guarantees full access to the labour market to those granted refugee status or subsidiary protection, and to those who do not meet the criteria for refugee status, but still need international protection/face a serious threat to their lives by going home, under the Law on Asylum. Displaced persons have no rights to formal employment, which forces these people to accept unregistered jobs. Those displaced persons who were employed but were laid off also face the same procedures and situation. Under the current legislation, displaced persons are also unable to start their own companies, since in practice they cannot meet all the necessary requirements.

#### *In their own words: focus group participants*

*I cannot get a regular job. I work in the informal economy, like most menial labourers.*

While only 12% of RAE displaced persons from Kosovo<sup>124</sup> are employed, 80% of the non-RAE displaced persons from Kosovo and 63.3% of the displaced persons from Croatia and BIH are employed. RAE displaced persons from Kosovo are very dissatisfied with job 2 (on 1-10 scale), which is the lowest job satisfaction grade in comparison with other vulnerable groups, displaced from Croatia and BIH (4.6), non-RAE from Kosovo (4.9) and the national average of 5.1.

### 3.6.4. Access to education

Displaced persons have access to education. The educational attainment of these three groups is different and justifies the need for targeted support. Since the RAE displaced from Kosovo has by far the lowest educational attainment, the Ministry of Education and Science has taken additional measures to support the easier inclusion of RAE displaced students from Kosovo into the education system.

#### *Displaced persons from Croatia and BIH*

According to the Survey, literacy levels for displaced persons from Croatia and BIH are very high. 97.3% of respondents are literate; a significant share has secondary (37.3%), university (16.9%) and primary (13.4%) education attainment levels; while 4.1% of respondents have no education whatsoever. They are satisfied with their education level and grade it 6.2 (1-10 scale), and the majority no longer attend school or any type of training (79.1%).

#### *Non-RAE displaced persons from Kosovo*

The literacy rates of this group are also high, with less than 2.8% being illiterate. According to the Survey, 24.7% of respondents are secondary education graduates and 20.4% primary school graduates. 4.3% have received no education, while 12.1% are university graduates. The level of satisfaction with their education is 6.65 (1-10 scale) which is quite high and hardly anyone attend any additional education or training.

#### *RAE displaced persons from Kosovo*

The Survey finds that 52% of RAE displaced from Kosovo are illiterate and the levels of educational attainment are also very low. 51.1% of respondents

123. However, as per this Survey 16% reported that they use Employment Agency services. We assume that these people belong to the tiny percentage (5%) of those displaced persons who have managed to obtain Montenegrin citizenship.

124. Only one percent of RAE displaced persons from Kosovo receive a pension! Those employed are mainly employed by the public garbage collection utility service. Even 73.1% claim they earn a living by collecting garbage and selling raw materials from the garbage. – UNDP/ISSP Social Exclusion Survey 2008

have not completed primary school and 34% have no schooling at all. This group assesses their education level at 1.86 (1-10 scale) that is by far the lowest level, even compared with native RAE levels of satisfaction with education (2.9). Hardly anyone (96.9%) has attended any type of training or education.

### 3.6.5. Access to healthcare

Displaced persons generally have the same access to healthcare services as other Montenegrin citizens, with the exception of full access to tertiary healthcare (hospital treatment, rehabilitation in specialised medical institutions). According to the Survey, 90% of respondents have health insurance, mainly provided by the State system (59%), through a family member (24%), through their employer (9%), or through a private insurance company (3%). However, almost 10% still do not have insurance, where the majority (69%) do not have it because of their unclear legal status. This is the highest percentage among all the vulnerable groups followed by RAE respondents (5.7%) who do not have insurance because of their undetermined citizenship status.

#### *Displaced persons from Croatia and BIH*

Almost 42% of displaced persons from Croatia and BIH are in good health, while 10.4% complained of poor health. 17.1% suffer from a long-standing illness or disability that limits their daily activities. 69.2% suffer from chronic diseases. Most are satisfied with the health services and assessed them at 6.1 (1-10 scale). The majority seek medical treatment in the public health facilities (95.3%). The quality of health services is assessed at 5.6 (1-10 scale), which is higher than the national level of 4.5.

#### *Non-RAE displaced persons from Kosovo*

A significant portion of the non-RAE displaced from Kosovo is in good health (70%). Most do not suffer from a long-standing illness or disability (84.2%), however the 15.8% who are afflicted find these factors limit their daily lives, employability, and/or job performance (40.3%). Like the previous group, almost all receive treatment at the public health facilities (97.8%) and are satisfied with the health services (6.7, 1-10 scale).

#### *RAE displaced persons from Kosovo*

According to the Survey 94.3% are health insured, while 5.7% are not, mainly due to their undetermined citizenship status. Many claims (77.3%) to suffer from chronic diseases. Almost all (98.9%) receive treatment in the public health facilities, but the majority (69%) reported problems with the long distance to a doctor's office and long waiting times and lists for appointments (73.1%), and almost all (94.9%) complain of the high cost of seeing a doctor. In spite, they assess the quality of health services (6.5, 1-10 scale), quite higher than the national average 4.5.

#### *In their own words: focus group participants*

*Here in the camp there are serious hygiene issues. We have no water and no electricity and it is really hard to keep things clean, and we are exposed to infectious diseases. My children go out to play in the mud. They can get sick easily.*

### 3.6.6. Access to social services

Displaced persons are not entitled to social welfare benefits but only to social services provided by Social Welfare Centres. The Survey proves this fact as 99% claim they do not receive social benefits.

Like the other vulnerable groups, displaced persons are not very satisfied with the social services. Displaced persons from Croatia and BIH graded the quality of social services at 4.7 (1-10 scale), the non-RAE displaced persons from Kosovo at 5, and RAE displaced persons from Kosovo at 3.9.

### 3.6.7. Housing and transportation

As many displaced persons had to leave their countries abruptly, leaving behind their houses and valuable assets, they often do not have enough money to purchase property in Montenegro and adequate housing remains one of the direst needs of many. In addition to this lack of finance, existing legislation does not allow displaced persons to own real estate in Montenegro, nor do they have access to bank loans to improve their housing situation.

### *Displaced persons from Croatia and BIH*

According to the Survey, 49.1% of households from Croatia and BIH live in their own accommodation, 21.3% live in rented, while 12% live in accommodation with no legal title. The average level of satisfaction with the quality of housing is 5.6 (1-10 scale), while public transportation is rated at 5.8, which is higher than the national average (4.4).

### *Displaced persons non-RAE from Kosovo*

Almost half (48%) of the non-RAE displaced from Kosovo live in their own accommodation, and many live in collective accommodation built with the support of international agencies and local governments. Only 7.7% live in rental property. Satisfaction with housing is quite good rated at 5.1 (scale 1-10), which is a bit surprising as it is well-known that housing conditions of displaced persons are generally not so good. Public transportation is rated at 5.7 and it is above the national average of 4.4, and was also reported to be very costly for them.

#### *In their own words: focus group participants*

*I am displaced from Kosovo and I live in a refugee camp. It's a catastrophe. There are no basic living conditions there. No bathrooms, no water, no electricity.*

*I am a refugee from Kosovo and we have problems with the municipality. I built a house at Kakaricka gora in 1999, and they demolished it. On the other hand, I cannot sell my house in Kosovo.*

### *RAE displaced persons from Kosovo*

Most (61.2%) live in their 'own' but accommodation with no legal title. While, 11.1% live in collective accommodation and only one-fifth (19.4%) claim to own accommodation with legal title. Those who rent pay an average monthly rent of €40. The accommodation is mostly (60.8%) of extremely poor quality, often with no running water, electricity, and only 1% has a land-line. The average size of a household is 6.6 members and as per this Survey, they live in 29m<sup>2</sup> on average.

On the whole, they are very dissatisfied with their housing (1.6 at 1-10 scale) and complain (67.7%) of the lack of access to green areas. On the other hand,

they are far more satisfied with public transport (7.2) than other citizens of Montenegro (4.4).

## 3.6.8. Social and political participation

Displaced persons tend not to be politically active. There are a number of displaced persons' associations but mostly these are of limited influence. Occasionally, there are public and other campaigns in support of this group but the key issues still remain unaddressed. Indicative is that displaced persons perceive a lot of tension between supporters of the governing and opposition parties (43% - national average: 50.7); tension between ethnic groups (47% - national average: 30.4) and between the rich and the poor (36% - national average: 35.6).

### *Displaced persons from Croatia and BIH*

Few individuals (4, 6%) from this group participate in any political activity and the majority do not attend cultural events (75.2%) nor do they have much trust in people 4.5 (1-10 scale) but rely heavily (82.6%) on family support. They perceive high tension between: supporters of ruling and opposition parties (49.5%); different ethnic groups (38.5%); and the rich and the poor (40.4%). Displaced persons from Croatia and BIH are not satisfied with their social life (4.5).

### *Non-RAE displaced persons from Kosovo*

Hardly anyone from this group is politically active (90.4%) or attend cultural events (79.8%). They have not much trust in people either (4.6). They perceive a high amount of tension between: supporters of the ruling and opposition parties in Montenegro (28.2%) and between the rich and the poor (26.2%). This group is also dissatisfied with their social life (4.6,) but are satisfied with their family life (7).

### *RAE displaced persons from Kosovo*

No one from those interviewed from this group has participated in any type of political, social or cultural event! They do not trust people (3.7) and the majority perceive a lot of tension between the rich and the poor (59.8%); between different ethnic groups; and





(57.7%) between affiliates of ruling and opposition parties. They are very dissatisfied with their social life (2.1) and like the other groups rely heavily on their families (84.7).

### 3.6.9. Key findings and challenges

There are 24,282 displaced persons in Montenegro, of which 8,023 are from Croatia and BiH and 16,259 from Kosovo. This is the second poorest group as per this Survey (34% poverty rate and 8% household exclusion). 80% are non-active due to their young or old age and one in ten lives in collective accommodation, three quarters of them own their own homes, while 16% lease their accommodation.

The barriers to social inclusion and human development faced by displaced persons are diverse but are all connected to their undetermined legal status in Montenegro. They are trapped in limbo. Local integration opportunities are limited. REA displaced persons who do not possess personal documents are at the greatest risk of social exclusion and are denied access to all public services. Displaced persons have no access to Employment Agency services and many are therefore forced into irregular labour 'arrangements' with less favourable and less well-paid jobs. But that is not all. They have no access to social welfare benefits, bank loans, and are unable to own real estate with legal title. On the other hand, the prospect of returning home is even less favourable - security concerns in Kosovo, the antagonism towards returnees by the majority of the population, poor employment opportunities, often unresolved housing issues (destroyed, occupied property). In general, return is often not a preferred solution for many of them, especially after having lived for so many years in Montenegro.

### 3.6.10. Policy recommendations

For the key challenges to be adequately addressed, the following changes in policy with regard to displaced persons are recommended:

- Introduce programmes for the local integration of displaced persons opting to remain in Montenegro, and grant them proper legal status;
- Implement Article 75 of the Law on Asylum with respect to displaced persons from Croatia and BiH, and clarify the legal status to be accorded to those who do not meet the revised criteria;
- Provide human and financial resources to the administrative bodies responsible for the implementation of the Law on Asylum, and promulgate the necessary regulations and operating instructions for full implementation of the Law on Asylum;
- Regularise the status of displaced persons from Kosovo residing in Montenegrin territory through: (1) citizenship, (2) long-term residence with all the rights of citizens other than voting rights, or (3) prima facie refugee status;
- Expand the interpretation of Article 17 of the Law on the Employment and Work of Foreigners to include "displaced" and "internally displaced persons";
- Establish at the State level specific, time-bound procedures to simplify the process of birth registration for RAE children born in Montenegro (born to their displaced persons parents) but not originally registered at birth;
- Enhance access to employment and social welfare, by resolving their legal status;
- Provide displaced persons with legal access to house ownership, as a long-term solution to their accommodation needs;
- Take a more proactive role in promoting civil registration and the documentation of all those born in Montenegrin territory, and ensure active, open and transparent access to competent bodies in this regard;
- Ratify the Council of Europe Convention on the Avoidance of Statelessness in Relation to State Succession, and declare Montenegro's obligation to apply this Convention retroactively to its succession from the State Union with Serbia.

## 3.7. Other vulnerable groups:

Due to available data-base, time and financial limitations this Report has failed to reveal more vulnerable groups from the quantitative survey perspective. In the next few pages, we attempt to put some highlights regarding the following groups: psychoactive substance addicts, youth and single mothers.

### *Psychoactive substance addicts*<sup>125</sup>

Drug addiction is an illness. However, patients suffering from drug addition, unlike those suffering from other illnesses, do everything they can NOT to cure themselves. No drug addict has taken drugs with the intention of becoming addicted. Furthermore, no parent has ever taught a child to become an addict. All it takes is a moment of distraction or weakness, or a set of particular circumstances for a person to end up on drugs. It is extremely easy to fall into the trap, and painfully difficult to find a way out. The desperate need for the drug supersedes the moral codes of the addict and many resorts to illegal and criminal activities in order to placate this need. They are then viewed as criminals and become stigmatised. As a result, they find it more and more difficult to ask for help, which reduces their chances of recovery.

*Addicts need money to buy drugs, and they inevitably lie and cheat in order to obtain this money. This in turn leads to fewer people being willing to put up with their behaviour. Friends, relatives, and more often the closest family members, turn their backs on the addict. Trying to find employment for a rehabilitated addict is virtually impossible. Also, health and social institutions treat these individuals with contempt, and regard them as a 'lost cause'. Society's attitude towards these individuals is equally clear – they are disparagingly and dismissively termed "junkies". The parents and families of addicts are also stigmatised and looked down upon as though they have failed. – "His son takes drugs." Until, God forbids, it happens to one's own families. Then, everything changes.*

125. Based on text provided by Jovan Bulajic, NGO Preporod, Niksic.

126. According to Preporod, there is no single private health facility registered to treat drugs addicts but it is well known that there are quite a number of them. Only a couple of are involved in primary prevention.

127. The Action plan for 2008-2009 of the National Strategic Response to Drugs 2008-2012 includes development of a Registry of PAS addicts.

### *How many drug addicts?*

Official statistics from 2007 estimated approximately 2,500-3,000 addicts in Montenegro. However this data only includes those addicts who actually requested help from public healthcare institutions. There are many others, including those seeking help from private health facilities<sup>126</sup>, NGOs, from overseas or who have tried using pharmacological blocking agents to stop their desire for drugs, who are not included in this data.

To obtain a more realistic figure, a practice commonly used is to multiply the official number of "registered" addicts with a so-called "dark number" – 5 or sometimes 7. Though this practice obviously results in a guesstimate, it is probably a more realistic figure than that gained using the 'registered' addicts data. When applied to the 2007 figure, the actual number of addicts in Montenegro amounts to a staggering 12,500.<sup>127</sup>

If we take into consideration the fact that most addicts belong to a family (on average 4-member) and that this addiction affects the whole family, and by default society, we can reasonably assert that drug addition affects at least 50,000 people not including rehabilitated drug addicts.

People who managed to escape from addiction problems should never be referred to as former drug addicts. Because, if drug addiction is an illness, why don't we refer to somebody cured of measles as a former measles patient? Those who have had the strength to overcome this complex illness want to move on with their lives, not be reminded of their painful past. We have very high criteria and in order to be described as "rehabilitated" a person has to be clean from drugs for at least 3 years and to have spent a large portion of that period at a recognised institution. Sadly, this is often still not enough for society to accept them.

**NGO Preporod, Nikšić**

*From the very beginning our priority was to persuade drug addicts to accept long-term treatment, as necessary. We sent people to communes and assistance was provided by someone who had themselves experienced drug addiction. Despite the criticism and disapproval we received at the beginning, we have now succeeded in getting addicts to accept our advice and treatment. Some of them remained with Preporod in order to help convince others that the treatment works and to provide hope to other users that one can escape from drug addiction.*

**How we succeed.**

*Through direct communication with the addict, regardless of whether this contact is made at our office, in the street, at a prison, at a hospital or any other place. We eradicate prejudices about communes, and help the addict to endure the rehabilitation process. We are upfront about our rules and strictly adhere to them, (especially no cigarettes, agreement on addicts being accompanied by a responsible person, etc). Therefore, addicts know exactly what to expect once they enter the rehabilitation programme and cannot come up with an excuse to quit. Addicts are guided through the treatment programme by a responsible person, who has had the same experiences as them and will be sympathetic to the addict and care for them as they go through the programme.*

*Preporod is recognised for its results. That is why young people, who do not have drug problem, listen to us in the public debates. That's why we have intensified our activities related to the prevention of drug addiction.*

*Our services grow in its range and now also include the re-socialisation of cured addicts (creating conditions for free additional training, foreign language and IT literacy courses and job placement). We also have a counselling office for parents and families where we provide advice on how to treat a rehabilitated person. One single wrong word from family member side often can be fatal.*

## Single parents

The Law on Social and Child Welfare defines a single parent as a divorced parent, a widow/widower, or an individual whose 'partner' is unknown, and who is left solely responsible for a minor child or for an adult son or daughter whose disability occurred prior to the age of 18. This 'single parent' status remains unchanged

until the individual concerned remarries or is in a long-term (common-law) relationship. According to the 2003 census there were 21.272 single mothers and 5.302 single fathers in Montenegro and with the growing trend in divorces, single parent numbers will obviously increase. Unlike many European countries, Montenegro provides no special social benefits for single parent families i.e. they are not identified as a separate vulnerable category in family social policies, nor is this group accounted for or discussed in social inclusion strategies. As such, no quantitative data is available for this group and this Survey therefore presents qualitative research with illustrative stories and statements from single mothers.

The Survey revealed that single parents and their children tend to be most deprived in terms of their standard of living, since the income per family is less than that of families with two parents. Consequently single-parent children grow up experiencing a poorer quality of life and have fewer opportunities. Often, especially in smaller, more patriarchal communities, these families are exposed to not only prejudice, but also discrimination, especially with regard to employment. Thus, unmarried or divorced single mothers are often abandoned by their friends, relatives and neighbours, and in some cases, by their immediate family. In addition to carrying the burden of single parenthood, they must try to re-establish or build a new social network and make new friendships.

In Montenegro there are over 3,000 NGOs but not one represents single parents.

*According to local NGO SOS Niksic, the last time research on single parents was conducted was 21 years ago when Montenegro was part of Yugoslavia. According to their local research, 75% of single mothers in Niksic have two or more children and the majority (73%) have no accommodation of their own. Monthly incomes for over 65% are in the range of only €100-200. For half of these single mothers their only income is social benefits. 66% are registered with the Employment Agency and 40% of them have been unemployed for more than 10 years.*

*Being the only caregiver of their children jeopardises their employment chances. They usually earn their living by working in unregistered, temporary, unsafe and low-paid jobs. Being a single parent is a huge responsibility and is accompanied by the constant worry of whether the child is being raised properly. Societal prejudice and lack of understanding not only condemns single mothers, but also affects their children, who inadvertently experience the same prejudice and become stigmatised.*

Source: SOS Niksic

*I live in an old, leaking 24m2 barrack with my four children. My five year old is undergoing chemo-therapy treatment in Belgrade and I cannot afford the train ticket to be with him. He is all alone there. My youngest twins are in wheelchairs and my other child suffers from coeliac disease. Her basic monthly food package, which has to be ordered from Belgrade, costs €461. Imagine! How can I possibly afford to pay for everything when we only receive €145 in social benefits a month and my ex-husband only pays alimony once in four-six months or when we go to Belgrade for treatment.*

*My next-door neighbour is mentally ill and had been placed in the mental hospital but he still lives next door and every now and then comes to our place, brandishing a knife and threatening to slaughter my children. They are absolutely terrified. Then I call the police, who take him away, but he is back the next day.*

*I found out recently that the Social Welfare Centre had a studio flat available for social cases. I wish I had known. Probably there are people with more urgent needs than those of my sick children. Maybe next time. If only we had a decent room to live in.*

*I would go crazy if I didn't have the support of the local NGO – Association of Parents of Children with Special Needs. I am an optimist.*

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*I am not ashamed to talk about my situation. It is difficult for me to support my 13-year-old daughter. She is an excellent student and won first prize in piano. She is growing up and needs fruit, meat and clothes. I receive €60 in social benefits. What can I buy for that? I can buy her a couple of kilos of fruit and some food for a couple of days. If I didn't have the support of my parents, sister and brother, I wouldn't know what to do. The system and the Government should organise programmes for us. That is the case in the EU.*

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*I am a widow and it is no trouble for me to do whatever it takes for my children. I'd do anything to provide living conditions for them.*

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*I am a single mother with a five-year old daughter, and my parents and family don't want to know me and are ashamed of me. All my friends, relatives and neighbours have abandoned me. They pretend not to see me if we meet in the street. I live in a one-room barrack and I am afraid to leave my daughter alone even for a second, since aggressive men live in the neighbourhood. I have nobody she can stay with and it is impossible to have a job.*

## Youth

The National Action Plan for Youth (2006) defines youth as those aged 16 to 29 years old. According to Monstat's 2005 Statistical Yearbook there were 143,338 individuals in the 'youth' age group (age: 15-29) in Montenegro. Though youth are the potential of the country and constitute more than one-fifth (23.2%) of the total population of Montenegro, comprehensive quantitative research has yet to be conducted for this group of individuals.\*

Although youth are heterogenic as a group, the majority share common issues. In general, young people seem to have a decent quality of life whilst still within the education system (secondary school, university). However, once they complete their formal education, enter the labour market and begin searching for a job, many begin to face the realities of adult life: long job searches, unattractive jobs, questions about their family plans (in the case of women), and bad job experiences.

These factors, together with a prevalence of low-paying jobs and an inability to rent or buy a place of their own, are leading to the phenomenon of "extended youth", since many young people in Montenegro have no alternative but to continue to live with their parents often being burden to them. The longer they are unemployed the more they are at risk of becoming more dependent and depressed, de-motivated, inactive, isolated, more tempted by alcohol and drugs – and thus exposed to social exclusion. They postpone starting their own family, or do start a family, but one within their parents' home, thus creating multi-generation impoverished households.

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\* The Laeken Indicators calculated for this Report, show that „The risk of poverty is highest for children, the elderly and females, as 25% of young people, together with 24.9% of females and 27.3% of the elderly have a median income per equivalent adult lower than 60% of the national median

### **A new era of EU policies for youth - Commission adopts a new strategy for youth**

*The Commission has adopted a new EU strategy for youth policy for the coming decade. Entitled "Youth – Investing and Empowering", the new strategy acknowledges the fact that (1) young people are one of the most vulnerable groups in society, especially in the current economic and financial crisis, and (2) in our ageing society, young people are a precious resource.*

*The new strategy is cross-sectoral, with both short and long-term actions, which involve key policy areas that affect Europe's young people, particularly youth education, employment, creativity and entrepreneurship, social inclusion, health and sport, civic participation, and volunteering. The new strategy also emphasises the importance of youth work and defines reinforced measures for better implementation of youth policies at the EU level.*

*The strategy "Youth – Investing and Empowering", which is a follow-up to the renewed social agenda announced by the European Commission in 2008, has the following goals:*

- *to create more opportunities for youth in education and employment,*
- *to improve access and full participation of all young people in society, and*
- *to foster solidarity between youth and society.*

*The Commission's adoption of the new strategy on youth follows an extensive consultation exercise undertaken in 2008, involving national authorities, the European Youth Forum, youth organizations and other stakeholders. Young people themselves were consulted on-line and will now be invited to react to the Commission's proposals in a new phase of the permanent dialogue between the EU and its youth.*

*EC 'YOUTH' website [http://ec.europa.eu/youth/news/news1458\\_en.htm](http://ec.europa.eu/youth/news/news1458_en.htm)*

*Provided for this Report by: NGO ADP Zid*



*Chapter 4.*

# Regional disparities

The differences in demographic and economic factors, distribution of natural resources, fixed assets, institutions, human development, the history of each region, and social inclusion efforts from previous years are not equally distributed around the country. As a result, HDI levels vary from region to region with the central region having the highest level and the northern region being in the most disadvantaged position. The 2006-2007 boom in the construction, tourism, retail, telecommunications, and banking sectors, was mostly beneficial to the central and southern regions of the country. However it did not improve the human development opportunities of individuals in the northern region where these sectors are underdeveloped.

### Three regions of Montenegro: Overview

*The northern region of Montenegro is mostly rural and makes up 53% of the territory of Montenegro with 31.5% of the total country population living there. This region contributes less than 18% of the GDP of Montenegro. GDP per capita is significantly lower in the northern region than in other regions of the country.*

*The central region, including Podgorica is predominantly urban and industrialised. It covers 35.5% of the territory of Montenegro, with 45.1% of the country's population living there. This region contributes 55.5% of the total GDP. Podgorica contributes 42.7% of the total GDP of Montenegro, while the rest of the central region contributes only 12.8%.*

*The southern region is predominantly urban with a well-developed tourism industry. It covers 11.5% of the Montenegrin territory with 23.4% of Montenegro's population living there. The southern region contributes 26.5% of the GDP.*

*Source: The data used in this section are based on the Regional Development Strategy of Montenegro.*

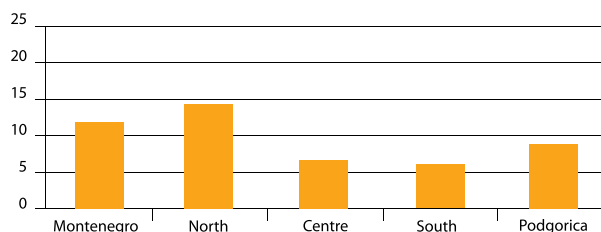
This chapter provides an in-depth analysis of regional disparities in human development and social inclusion. It shows that there is a significant correlation between HDI, poverty, economic activity and unemployment indicators and SEI and reveals that, regardless of the measuring instrument selected, households and individuals in the northern region face the biggest challenges to human development and social inclusion. The chapter concludes with a series

of recommendations on how human development opportunities and social inclusion could be promoted in the northern region.

## Regional disparities in poverty and unemployment

Although Montenegro's GDP increased by an impressive 8.6% in 2006 and 10.3% in 2007, poverty levels remained stable with 10.8% of the population living below the poverty line. However, these aggregate numbers do not show the significant regional variations. The northern region is the poorest in Montenegro with 19.2% of residents living below the poverty line. In the central region, 6.7% of the population live below the poverty line, in the southern region 5.5%, while in Podgorica 8.5% of the population lives below the poverty line (see graph 4.1).

Graph 4.1. Poverty rate by region in Montenegro, %



Another perspective on poverty can be provided through an analysis of the share of income households spend on food. The poorer people are, the more they spend on food. Thus, the share of income spent on food is a good indirect indicator of the degree of poverty. The share of expenditures spent by households on food declined from 60% in 2002 to 41% in 2008<sup>128</sup>, which is a positive sign of poverty reduction across the country. Regional analysis confirms that the northern region is the poorest where the households spend on average 46% of their income on food. In comparison, households in the central region spend 40.5%, those in the south 33.7% and in Podgorica 40.7% (see table 4.1).

128. ISSP, Household revenue and expenditure survey, 2002 and UNDP/ISSP Social Exclusion Survey 2008.

Table 4.1. Structure of expenditure of households

Region	Food expenditure	Other expenditure
Montenegro	41	59
North	46.1	53.9
Centre	40.5	59.5
South	33.7	66.3
Podgorica	40.7	59.3

As unemployment constitutes a major driving force of poverty and social exclusion, it is important to analyse the regional disparities in activity and unemployment rates. It is particularly important to explore the regional differences in long-term unemployment rates, as long-term unemployment is often associated with low self-esteem, illiteracy, outdated competencies, and disability or poor health. If there are significant disparities in long-term unemployment rates among the regions, additional and targeted Government interventions may be needed, aimed at the disadvantaged regions, such as subsidies for child care, transport, provision of affordable housing, and expansion of open and flexible learning opportunities which address the needs and interests of the long-term unemployed.

Although the unemployment rate has been significantly reduced in the last several years due to newly-created jobs and the expansion of small- and medium-sized enterprises, the unemployment rate for Montenegro is quite high, at about 10.6% as per Employment Agency's data. In line with the poverty indicators discussed above, the regional differences in unemployment rates are significant. The unemployment rate<sup>129</sup>, in the northern region is significantly higher (17.81%) than in other regions

Table 4.2. Activity and unemployment, by region in %

Region	Activity rate (15-64)	Unemployment rate (15-64)	Level of long-term unemployment (15-64)
North	39.02%	17.81%	70.70%
Centre	53.20%	10.97%	58.10%
Centre (without Podgorica)	50.98%	10.38%	63.00%
Podgorica	54.68%	11.33%	55.30%
South	53.28%	2.20%	40.00%
Montenegro	48.44%	10.25%	62.90%

129. *Unemployment rate* or the number of unemployed people available for and seeking employment expressed as a percentage of the labour force. *The activity rates* or the percentage of people of working age who are actually employed, are consistent with the unemployment rates. In the northern region it is again lower, with only 39% of working-age adults actually employed, while the activity rates for other regions are around 53%. *The levels of long-term unemployment*, or a share of the unemployed who did not have a job for extended periods of time, are very high in the northern region (70.7% of the unemployed).

(see Table 4.2). Among the many factors contributing to the high unemployment rates in the northern region is the significant increase in the share of the elderly people living there, which has resulted from the migration of young people to other regions or countries in search of better educational and job opportunities.

## Regional disparities in Human Development Index (HDI) values

The Human Development Index (HDI) is based on three indicators: longevity, as measured by life expectancy at birth; educational attainment, as measured by a combination of the adult literacy rate (two-thirds weight) and the combined gross primary, secondary and tertiary enrolment ratio (one-third weight); and standard of living, as measured by GDP per capita (PPP USD). As a standard means of measuring human development, HDI is calculated for regions and municipalities to assess the difference in HDI and to identify the regions and municipalities where actions to promote human development are required.

Andrijevisa has the lowest HDI rating in Montenegro (see Table 4.3). Thirteen municipalities Berane, Bijelo Polje, Cetinje, Danilovgrad, Kolašin, Kotor, Mojkovac, Plav, Rožaje, Šavnik, Tivat, Ulcinj, Žabljak have HDI values between 0.750 and 0.800. Municipalities such as Bar, Budva, Herceg Novi, Nikšić, Pljevlja, Plužine and Podgorica have a high human development rate (HDI higher than 0.800).





The municipality of Bar has a well-developed tourism industry and thus the highest HDI rating in Montenegro (0.864 in 2007). Budva also benefits from tourism with an HDI value of 0.854. Podgorica's high HDI value (0.863) could be attributed to the concentration of production and general prosperity found there, which is common for capital cities around the world. Several universities also opened in Podgorica. While the power plant in Plužine is the reason for its high HDI.

0.758 in 2000. The longitudinal analysis demonstrates that the gap between HDI values for the northern region and the average HDI for Montenegro has been steadily narrowing since 2000. The HDI for the northern region increased by 0.075 from 2000, while Montenegro's HDI value only increased by 0.053.

The strong and long-standing tradition of healthcare and educational equity explains the insignificant

Table 4.3: HDI value in Montenegro: municipality perspective

Year	2000	2001	2002	2003	2004	2005	2006	2007
<b>Montenegro</b>	0.775	0.771	0.775	0.797	0.804	0.805	0.816	0.828
Andrijevica	0.701	0.672	0.674	0.725	0.729	0.727	0.736	0.749
Bar	0.808	0.763	0.765	0.830	0.837	0.840	0.850	0.864
Berane	0.740	0.675	0.677	0.764	0.774	0.772	0.785	0.795
Bijelo Polje	0.704	0.653	0.655	0.727	0.734	0.735	0.746	0.756
Budva	0.817	0.721	0.723	0.834	0.841	0.838	0.846	0.854
Cetinje	0.728	0.670	0.671	0.747	0.754	0.755	0.765	0.775
Danilovgrad	0.726	0.664	0.666	0.738	0.745	0.742	0.753	0.763
Herceg Novi	0.760	0.704	0.705	0.775	0.781	0.784	0.794	0.803
Kolasin	0.736	0.683	0.685	0.756	0.762	0.759	0.769	0.778
Kotor	0.751	0.678	0.680	0.770	0.775	0.777	0.787	0.799
Mojkovac	0.747	0.709	0.711	0.766	0.773	0.773	0.783	0.794
Niksic	0.768	0.708	0.710	0.789	0.796	0.798	0.810	0.821
Plav	0.726	0.671	0.673	0.740	0.747	0.748	0.758	0.765
Pljevlja	0.774	0.742	0.744	0.795	0.802	0.803	0.810	0.818
Pluzine	0.814	0.809	0.810	0.832	0.839	0.838	0.847	0.858
Podgorica	0.802	0.730	0.732	0.826	0.833	0.835	0.848	0.863
Rozaje	0.710	0.644	0.646	0.739	0.747	0.749	0.759	0.769
Savnik	0.718	0.684	0.686	0.742	0.750	0.749	0.760	0.770
Tivat	0.745	0.672	0.674	0.758	0.766	0.766	0.783	0.794
Ulcinj	0.743	0.700	0.702	0.773	0.782	0.780	0.790	0.798
Zabljak	0.731	0.679	0.681	0.757	0.764	0.766	0.777	0.786

Some municipalities in the northern region with relatively low HDI values have not experienced significant increases in HDI since 2000. This could be attributed to the slow economic development of these municipalities. Although these municipalities have the potential for tourism, wood processing, etc. these have yet to be developed.

The regional HDI analysis demonstrates that Podgorica has the highest HDI rating in Montenegro (0.863) (see Table 4.4), while the northern region has the lowest (0.789). The 2007 HDI value for the southern region was 0.828 compared to 0.775 in 2000; while the 2007 HDI for the central region was 0.807, compared to only

differences in life expectancy among the regions, as well as the relatively high literacy and enrolment rates throughout Montenegro. The difference between the life expectancy index in the northern region, where this index is the highest in Montenegro, and Podgorica with the lowest life expectancy index, is 0.026. The difference between the educational index of Podgorica of 0.966 (highest) and the northern region (lowest) is 0.077. The biggest difference is found between the regional GDP indices. The GDP index for Podgorica is 0.843 and the GDP index for the northern region is 0.674, so the maximum regional divergence in GDP indices is 0.169.

Table 4.4: HDI values in Montenegro, per region

Year	2000	2001	2002	2003	2004	2005	2006	2007
Montenegro	0.775	0.771	0.775	0.797	0.804	0.805	0.816	0.828
North	0.714	0.735	0.739	0.760	0.769	0.769	0.780	0.789
Central	0.758	0.753	0.756	0.774	0.731	0.784	0.795	0.807
South	0.775	0.774	0.778	0.798	0.806	0.807	0.817	0.828
Podgorica	0.802	0.800	0.803	0.825	0.833	0.835	0.848	0.863

An analysis of the components of regional HDI indicates that the level of education and per capita incomes are the factors determining the low HDI for the northern region (see Table 4.5). High per capita incomes equate to access to vital nutrition, health and education and strengthen the state's capacity to collect the taxes needed to support good social programmes. Special economic development, income support efforts and the targeted support of educational opportunities are needed to help the people of the northern region.

The number of socially excluded households and individuals in the northern region is significantly higher than in other regions. In total, 5.9% of households and 10.2% of individuals are socially excluded in the northern region compared to only 1% of households and 7.8% of individuals in the southern region, whilst only 3.2% of households and 9.2% of individuals are socially excluded in the central region (see Graph 4.2).

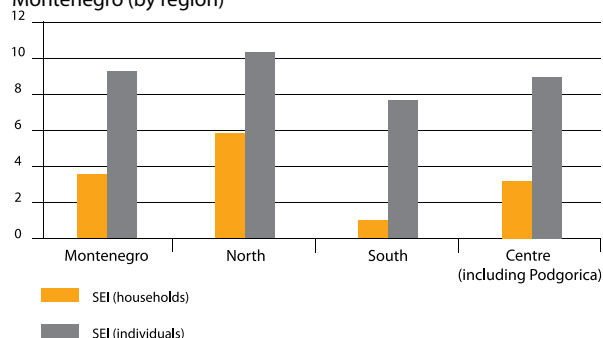
A more detailed analysis of SEI components indicates that households in the northern region have very low incomes and face challenges in accessing health services. In the southern region the biggest barrier to social exclusion is low income, while in the central region families experience more difficulty in paying utility, mortgage or any other bills.

## Regional disparities in social exclusion

Although Chapter 2 provides a detailed analysis of regional variations in social exclusion in Montenegro and compares regional indices calculated both for households and individuals, it is interesting to examine whether the social inclusion perspective confirms our findings that the northern region is disadvantaged in terms of human development opportunities.

In calculating the SEI for households, only those households with low incomes (in poverty), having difficulty meeting utility, mortgage or any other bills, and with insufficient access to health services, are considered as vulnerable/excluded. Individuals are considered as vulnerable/socially excluded if they are unemployed or are employed but social contributions are not paid, have less than 8 years of schooling and are no longer in education, and if they have insufficient access to health services.

Graph 4.2. Social exclusion of households and individuals in Montenegro (by region)

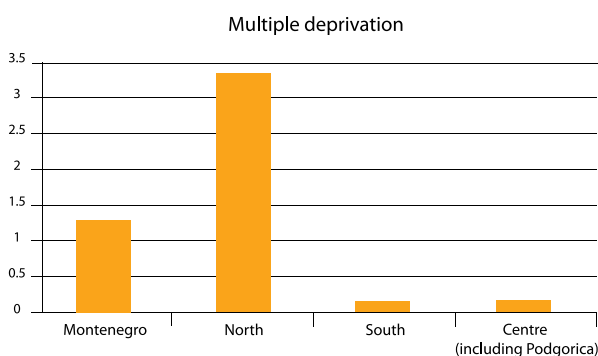


The number of multiply-deprived individuals, or those excluded individuals who are unemployed or employed but social contributions are not paid, with less than 8 years of schooling and no longer in education, and with insufficient access to health services is very high in the northern region. About 3.3% of multiply-deprived people live in the northern region (see graph 4.3).

Table 4.5. HDI components by the region in Montenegro (2007)

Region	Life expectancy index	Education index	GDP index
North region	0.805	0.889	0.674
Central region (without Podgorica)	0.795	0.911	0.714
South region	0.791	0.904	0.789
Podgorica	0.779	0.966	0.843
Montenegro	0.795	0.920	0.768

Graph 4.3. Multiply deprived persons in Montenegro (by regions)



## Conclusions and recommendations

The concentration of poverty and social exclusion in the northern region is a difficult problem to address, and improvements in labour-market access, education, housing and social services, will be necessary to ameliorate the situation. The Montenegrin Government has already begun implementing a series of measures to improve economic conditions and stimulate entrepreneurial activities in the northern region. Tax incentives were introduced, including corporate tax exemption for three years for newly-founded companies in less developed municipalities.

The significant disparities between the northern region and the rest of the country must be reduced to prevent a widening of the gap related to incomes; the labour market must be strengthened and other human development opportunities increased. The Government should therefore continue to support the northern region by improving its social infrastructure and by promoting small and medium-sized enterprises through subsidies/loans targeted at municipalities with high unemployment. Social programmes such as equalisation social transfers<sup>130</sup> and other support should be provided to the disadvantaged municipalities so social exclusion experienced by their residents can be addressed. These transfers will help to reduce inter-regional differences and will promote regional development by enhancing the regional social infrastructure and development. The transfers could be very specific and target zones where the barriers to social inclusion are the most challenging. As tourism is underdeveloped in the northern region, the Government may introduce special incentives to

enhance development of this sector.

As the proportion of elderly people living in the northern region is high, access to healthcare services needs to be improved, so that patients do not have to travel long distances to see a doctor. The Government should also consider the option of scheduling medical staff regular visits to remote elderly households.

The Government should conduct extensive inter-municipal consultations involving NGOs and socially-excluded individuals themselves throughout the implementation of these policies and programmes. NGOs can play an important role in the struggle against poverty and social exclusion. They can advance the debate on social inclusion policies being developed by the Government and provide input from people experiencing social exclusion into the policy-making process. Such involvement would not only pressure the public sector to do a better job of eliminating social exclusion but could also help in identifying priority areas for intervention.

As barriers to social inclusion and the needs of the vulnerable are diverse across Montenegro and different regions and municipalities have different needs, the provision of social services should be decentralised. Decentralisation means the delegation of tasks, responsibilities, resources and decision-making authority to municipalities. Decentralisation can improve resource allocation and the provision of social services by bringing decision makers and service providers closer to residents. It can lead to a higher level of responsiveness and customisation where local public servants develop and implement unique solutions to specific local problems.

Decentralisation allows the voices of the socially excluded and vulnerable groups and individuals to be heard by local and national decision makers. It can enhance citizen participation and local government accountability and encourages local public administrations to be innovative, as they do not have to follow uniform and rigid procedures established by central governments. Local public administrations can rely on the knowledge, expertise and experience of local people and develop and implement better-targeted and more cost-effective and efficient social programmes and services. Successful decentralisation is possible if local governments are permitted to set their own expenditure priorities and if local financial autonomy is ensured. It gives independence to local decision makers and makes them sensitive to local costs and priorities.

As the existing evidence suggests, decentralisation does not automatically lead to improved outcomes for socially-excluded and vulnerable groups and individuals. The results of decentralisation efforts in developing countries have been mixed. This can be partially attributed to the limited authority provided

130. As different municipalities collect different revenue that depends on the levels of economic development there, they are unable to provide comparable public services and programmes supporting social inclusion. The equalisation transfers from the national budget would cover the differences in the spending needs and revenue-raising abilities of municipalities and would allow the poor municipalities to implement social inclusion programmes and services that are compatible with the rest of the country.

to local public administration, the misalignment of responsibilities among the central, regional and municipal governments and service providers, and the lack or limited capacity of public administration at the local level. To implement effective decentralisation of social services, the Government should:

- **Clearly delineate central to local government mandates and responsibilities in the area of social services provision.** Some publicly-funded programmes and services can be delivered better by the central government, while other services can be more effectively and efficiently delivered at the regional and local levels. The most effective approach is to decentralise the authority for service provision to the lowest possible level of government. Delineation of responsibilities can be supplemented by determining the revenue to be collected and by which level of government and how the expenditure will be shared. If these responsibilities are not properly delineated, it will be unclear what the local government intends and is supposed to provide, which may result in a low quantity and quality of services being rendered or their unavailability.
- **Establish an effective local accountability regime by enhancing local democracy.** As the central government's role in the accountability framework has been significantly reduced, a new decentralised model should be built with new lines of accountability and reporting. It should promote organised and systematic dialogue among stakeholders, including municipal governments, civil society organisations (CSOs), community groups and the private sectors to determine, in a participatory manner, the local priorities and mutual expectation of decentralised governance.
- **Implement fiscal decentralisation and establish transparent accounting systems.** Fiscal decentralisation defines how and in what way expenditure and revenue is organised between and across different levels of government. Giving more responsibilities to local governments in the area of social services provision should be supported by providing adequate revenue and spending power to local governments. They should possess sufficient taxation and revenue-raising authority to ensure that budget revenue can cover budget expenditure. To make these new institutional arrangements operational, local public administrators must be equipped with the necessary planning, budgeting and accounting skills. During the initial stages of decentralisation, the central government may develop and impose safeguards to ensure that the objectives of fiscal decentralisation are met and local capacity is developed. A lack of competent public expenditure management can result in local authorities running up debts and lead to their inability to effectively deliver critical public services.
- **Strengthen the capacity of local public administration.** In addition to infrastructure improvements, such as computers, decentralised public administration will require adequately

trained public administrators equipped with the skills necessary to be more independent and responsive to local needs. Support and guidance should be provided in such areas as decision-making, planning, resource mobilisation and management, human resources management, communication and coordination, and participatory approaches to decision making.

*As a first step in implementing an effective decentralised model of social services, the Government may consider implementing a Social Innovation Fund (SIF). The SIF model proved to be one of the most efficient mechanisms for social welfare system reform in South and Eastern Europe. The SIF will provide substantive support to strengthen the capacity of local actors, providing training in proposal preparation, implementation, coordination, monitoring, evaluation, establishment of social services standards and other relevant activities. The implementation of the SIF will directly benefit the most vulnerable, socially-excluded groups, reduce poverty and social exclusion, utilising the best EU and regional practices.*

*More specifically, the SIF will provide local actors with expert and technical advice to develop and implement initiatives that establish new social services. Local actors submit their project proposals to the SIF through an 'open calls for proposals' system. The SIF will fund community projects on the basis of transparent criteria. SIF staff along with the local actors will perform advocacy and negotiate cost-sharing agreements with local authorities, businesses, donors, and the Government. The SIF support the partnership and regular community-level meetings to jointly plan, share updates and experiences, and coordinate projects, so that the local actors learn and support each other and exchange best practices in the field.*

*The SIF will support the implementation of the national legislation and some of the key social national strategies and enforce social welfare system reform through:*

- *introducing innovative, quality and beneficiary-oriented social services utilising the best EU and regional social services practices, including welfare to work (W2W) projects that assist welfare dependent individuals to transfer from social welfare to work, social enterprises and/or similar social economy schemes;*
- *introduction of diversity of social services providers that will involve CSOs, local authorities, businesses and Social Welfare Centres, etc. and by developing their capacities decentralising the social welfare system;*
- *deinstitutionalisation - gradually moving beneficiaries from residential social institutions (e.g., Homes for the Elderly, residential mental care institutions) to new community based services.*







*Chapter 5.*

# Findings and Recommendations

## Findings

Social exclusion has become a visible phenomenon in Montenegro. In the last few years the country has achieved impressive growth, following an economic boom in the construction, tourism, retail, telecommunications, and banking sectors. The growth has created some opportunities for human development for the poor and socially excluded but this has not translated into improved social inclusion and poverty reduction.

The Government of Montenegro committed to providing adequate health, education, housing and other social services to all its citizens and recognised the relevance of the European Union (EU) social inclusion process by adopting a range of policy strategies addressing social exclusion. The Government signed a Stabilisation and Association agreement with the European Union in 2007 and submitted its application for candidate status in December 2008.

This National Human Development Report (NHDR) is based on an open, intensive public discussion of the extent and complex nature and dynamics of social exclusion in Montenegro. The Report has been prepared to support the Government and other stakeholders in promoting social inclusion in Montenegro by providing an in-depth analysis of social exclusion. With support from UNDP, the Institute for Strategic Studies and Prognosis (ISSP) conducted research to prepare a quantitative evaluation of human development, social exclusion and poverty. ISSP, for the first time in Montenegro, attempted to calculate selected Laeken Indicators, SEI and undertook a Quality of Life survey and carried it out an in-depth and multi-deprivation analysis of specific vulnerable groups, by utilising survey instruments, focus groups and expert interview techniques. The Report identifies the challenges faced by vulnerable groups and reflects their own stories and opinions on how these challenges could be addressed. The key findings of the Report are listed below:

- **The Human Development Index (HDI) for Montenegro has increased since 2004.** The HDI includes such key components as life expectancy, adult literacy rate, primary, secondary and tertiary gross enrolment and GDP per capita. The locally-calculated HDI in Montenegro was 0.828 in 2007, compared to 0.804 in 2004, and is significantly

higher than the 0.789 in 1991. Improvements in HDI are mostly attributed to the GDP per capita increase as well as a higher school enrolment rate. For the first time the UNDP Human Development Report Office calculated HDI for Montenegro for the year 2006<sup>131</sup> and the HDI at that time was 0.822. Montenegro ranks 64th out of 179 countries and has belonged in the group of countries with **high levels of human development** (HDI higher than 0.8) since 2004.

- **Montenegro's population growth rate has decreased and its population is ageing.** Compared to the last census of 2003, the population has only increased by 0.76% and is estimated at 624,240. The growth rate decreased from 9.5 per thousand in 1991 to only 2.5 per thousand in 2006. The share of the elderly in the population will increase significantly to 18.4% in 2031, having been 12.4% in 2001.
- 28% of total budget expenditure was allocated for social insurance and social welfare transfers, 18% for education and 22% for health in 2007. In total these items participated with **almost 70% in total budget expenditure** (see table 2.3.1)
- **The average poverty rate has only slightly decreased since 2003.** Although Montenegro's GDP increased by an impressive 8.6% in 2006 and 10.3% in 2007, poverty levels remained stable, with 10.8% of the population living below the poverty line (€162.00 per month) in 2008. In 2003, poverty rate was 12.2%. In 2008, approximately 28% of the population was found to be economically vulnerable living below 150% of the poverty threshold. The average shortfall between the expenditure of the poor and the poverty line or the "poverty gap" now stands at 25% of the poverty line.
- **Poverty is concentrated in certain geographic areas.** Poverty is relatively high in the north of the country, where high unemployment, rather high illiteracy, especially among elderly and women, and low-income levels contribute to high poverty rates. More than half the poor (62%) reside in the north. The poverty rate in the north is 19.2%, with 5.5% in the south, and 6.7% in the centre.
- **Some population groups are poorer than others.** RAE are the most vulnerable population with a poverty rate of 36%; followed by displaced persons 34% and social welfare beneficiaries 30%; pensioners 15.7%; long-term unemployed 12.3% and PWD 11.9%.

131. [http://hdrstats.undp.org/2008/countries/country\\_fact\\_sheets/cty\\_fs\\_MNE.html](http://hdrstats.undp.org/2008/countries/country_fact_sheets/cty_fs_MNE.html)

- **Montenegro has very high and increasing inequality.** Inequality measured by decile ratio, which presents the ratio of the average consumption of the richest 10% of the population divided by the average consumption of the poorest 10%, increased from 6.0 in 2004 to 9.8 in 2008. Inequality in consumption measured by the Gini coefficient has increased to 0.35, compared to 0.29 in 2004.
- **The SEI was developed and calculated for the first time for Montenegro, its regions and its vulnerable groups, at both the household and individual levels.** Households are considered vulnerable/excluded if their incomes are low (in poverty), they have difficulty in paying utility, mortgage or any other bills and are in arrears, and if they have insufficient access to health services. Individuals are considered as vulnerable/socially excluded if they are unemployed or are employed but social contributions are not paid, if they have less than 8 years of schooling and are no longer in education, and if they have insufficient access to health services.
- **Social exclusion is concentrated among certain vulnerable groups of the population.** SEI for the surveyed vulnerable groups stands, as follows: social welfare beneficiaries: 11.9% of households are socially excluded; the long-term unemployed -10% of households are socially excluded; pensioners -8.9% of households are socially excluded, PWD - 5% of households are socially excluded, the RAE - 14.1% of households are socially excluded; and displaced persons - 8.3% of households are socially excluded, compared with national SEI of 3.5%.
  - **Social welfare beneficiaries - 11.9% of households are socially excluded.** Most of the social welfare system beneficiaries are young (43% ), while the elderly make up only 14%. Employment rate for this group is extremely low and stands at 6.5%. Every tenth beneficiary has no education at all. Roughly a third of beneficiaries believe that the distance from the doctor's office, hospital or medical centre and the long waiting time for an appointment (38%) prevent them from having urgent treatment if necessary. 67% of them have their own accommodation (proof of ownership).
  - **Long-term unemployed - 10% of households are socially excluded.** The average duration of a job search is 38 months, while a third of the long-term unemployed search even longer for a job. 82% of the long-term unemployed do not currently attend any type of training or school. Members of this group share highly unfavourable views of the quality of social services and believe that their family requires at least €1,177 monthly to cover their needs.
  - **Pensioners - 8.9% of households are socially excluded.** In 2007, the number of retirees in Montenegro was 100,000, with an average pension of €181.40. 17% of retirees participates in gainful activity to enhance their disposable incomes. A quarter of them believe that their health status is poor or very poor, and three quarters do not perceive any drastic changes in their health, compared to a year ago. Home ownership of retirees and elderly in Montenegro is high – 84%.
  - **PWD - 5% of households are socially excluded.** Currently, PWDs in Montenegro are mainly passive recipients of support, as the society's "stigma" towards disabled individuals is quite strong. The number of PWDs in Montenegro is estimated at 7-10% of the total population. This group evaluated the quality of healthcare services as very low. 91% of households with PWD member have their own accommodation.
  - **RAE population - 14.1% of households are socially excluded.** The NGOs estimate that some 25% of the RAE population has unresolved status in Montenegro and they lack identity documents and therefore they do not have or have limited access to public services: only 18.4% RAE families receive family and child allowances or some other social benefits. 38% of RAE own their houses, while 50% live in illegally-built structures mainly in city suburbs. Only around 20% are employed, 36% have no education and the group has a high illiteracy rate (72%).
  - **Displaced persons - 8.3% of households are socially excluded.** There are 24,282 displaced persons in Montenegro, of whom over 8,023 are from Croatia and BiH and the rest (16,259 are from Kosovo. The key issue for displaced persons is their not adequately determined legal status due to which they are not entitled access to social benefits, employment services, bank loans, real estate ownership, etc. Some 12% of displaced persons live in collective accommodation.
- **The number of socially excluded households and individuals in the northern region is significantly higher than in other regions of**





**the country.** In total, 5.9% households and 10.2% individuals are socially excluded in the northern region while in the southern region only 1% of households and 7.8% of individuals are socially excluded. In the central region 3.2% of households and 9.2% of individuals are socially excluded.

- **Laeken Indicators for Montenegro were calculated for the first time.** Laeken Indicators monitor the success in meeting the common objectives of the EU Social Policy Agenda, which is aimed at alleviating poverty and social exclusion in Member States. Four groups of indicators such as overarching indicators, inclusion indicators, pension indicators and health indicators were calculated. The analysis found that the risk of poverty is the highest for children, the elderly and females: 25% of young people, 24.9% of females and 27.3% of the elderly have a median income per equivalent adult, lower than 60% of the national median. Income inequality is high in Montenegro with the income of the richest 20% of Montenegrins being 18.84 times higher than the income of 20% poorest. 15.5% of males and 9.2% of females of 18 to 24 years of age only have lower secondary education and are currently not attending school or any type of training.
- **The Quality of Life (QoL) survey provided interesting information on public perceptions of social exclusion.** The survey indicates that Montenegrins are relatively satisfied with their life (6.3, on a 1 to 10 scale with 1 dissatisfied and 10 very satisfied) but less satisfied than the Europeans (EU 27) (7); are satisfied with their education (5.7); are satisfied with their current job (5.1); are not very satisfied with their current standard of living (4.9); are satisfied with their accommodation (6.1); and are relatively satisfied with their family life (7.3), health (6.9) and social life (6.5). A significant proportion of households (26.9%) have difficulty making ends meet, on a monthly basis, and 21.5% have great difficulty. On a scale of 1 to 10 (where 1 means very poor quality and 10 means very high quality) the respondents evaluated health services at 4.48; schools at 5.8; universities at 6.2; public transportation at 4.4; social services at 3.6; the State pension system at 3.7; and sport facilities at 6.2. Interestingly, a high proportion of respondents (90.6%) believe they are not sufficiently involved in the decision making of authorities. A significant proportion (35.6%) believe there is a lot of tension between

the rich and the poor; 19.6% find a lot of tension between management and workers; and 30.4% feel there is a lot of tension between different ethnic groups. QoL data is disaggregated by vulnerable groups and regions, too.

- **Barriers leading to social exclusion are multi-faceted and multi-dimensional and require assistance and interventions from the labour market, education and social welfare.** This Report provides an in-depth, qualitative and quantitative analysis of the six vulnerable groups, by examining such dimensions as legal background, poverty and exclusion, access to employment, education, healthcare, social services, housing and transportation, and their social and political participation. Each section identifies barriers to social inclusion specific to the vulnerable group and provides policy recommendations on how these barriers could be effectively addressed.

## Recommendations

Policies aimed at enhancing social inclusion should eliminate barriers to equity and promote the participation of the socially excluded in civic, social, economic and political spheres. The Government has made positive progress in mainstreaming social inclusion in its policies. The recommendations outlined below will help in promoting social inclusion even further. These recommendations are particularly important today when the current economic world recession, accompanied by rising unemployment and fewer chances of getting jobs, may put more people at risk of social exclusion and worsen the position of those already affected. The Government is facing the challenge of having to continue to allocate sufficient financial resources to maintain good services at a time of economic slowdown.

As the barriers and challenges faced by vulnerable groups are multi-faceted and multi-dimensional, policy approaches for combating social exclusion should be diversified and driven by increased local government, civil society, and private sector involvement in delivering the programmes and services, which advance social inclusion. The recommendations developed below are built on the premise that central government alone cannot address the challenges of social exclusion. This

132. Miriam Stewart, Linda Reutter, Edward Makwarimba, Gerry Veenstra, Rhonda Love and Dennis Raphael, "Left out: perspectives on social exclusion and inclusion across income groups", *Health Sociology Review* 17.1 (June 2008).

should involve collaboration among a wide range of ministries, services, the involvement of service users, and a multi-sectoral approach.<sup>132</sup> Local governments, NGOs, the private sector and vulnerable groups should be actively involved in political and administrative decision-making and the delivery of programmes and services. Our recommendations are grouped into three categories: strategic and cross-sectoral, sector-specific and strategies affecting specific vulnerable groups.

### Strategic and cross-sectoral policy recommendations:

The Report acknowledges that the Government of Montenegro recognises the relevance of the EU social inclusion process and adopted a range of policy strategies to promote social inclusion. Some core documents include: The Poverty Alleviation and Social Inclusion Strategy, the National Strategy for Resolving Issues of Refugees and IDPs 2005-2008; National Action Plan for the Decade of Roma Inclusion 2005 -2015 in Montenegro, the national Strategy for Improving Position of RAE Population in Montenegro 2008-2012, the Strategy for Social and Child Welfare Development in Montenegro, 2008 – 2012, the Strategy for Integrating Persons with Disabilities in Montenegro, and the Strategy for Development of Social Protection for the Elderly in Montenegro, 2008-2012, Strategy for Inclusive Education (2008), etc. To support the well-coordinated and effective implementation of these strategies, we recommend a series of public administration reforms at the central level:

- **Develop clearly-articulated Government-wide priorities promoting social inclusion.** Although the Government has developed a range of strategies and policies promoting social inclusion, some of these strategies are overly ambitious and contain too many activities and goals. The Government should establish an annual process to set Government-wide priorities to guide line ministries in identifying priorities and in planning policy outputs for promoting social inclusion. The central level of the Government responsible for setting the priorities and monitoring the country's progress towards achieving them will require substantive input from line ministries. The line ministries will identify the most pressing issues that will require major initiatives to address

them and which have significant financial and/or political implications, often requiring inter-ministerial cooperation. The involvement of line ministries in the priority-setting exercise will encourage line ministries to improve their internal policy analysis capacities, as they will be required to present reliable and comprehensive information regarding the developments and problems in their respective areas of competence. Once Government-wide priorities are identified, line ministries will be able to develop their own yearly policy and legislative drafting plans. The process of establishing priorities will encourage the strong integration of economic, employment, education, and social policies to promote social inclusion.

- **Establish an inter-ministerial committee reporting to the Cabinet of Ministers responsible for coordinating and mainstreaming policies on poverty and social inclusion.**<sup>133</sup>To address the multi-dimensionality of social exclusion, the committee could play a critical role in promoting policy coherence, co-ordination and information sharing, as different government agencies typically share responsibility for different interventions and support, such as paying social benefits, delivering training and skills development programmes and helping with labour market re-integration. As people are exposed to the multi-dimensional risks of social exclusion, complex, multi-dimensional policies and approaches are needed and this committee could play a lead role in developing and implementing them. More specifically, the Government inter-ministerial committee will include the most relevant ministries, local governments, NGOs and experts. The committee will mainstream social inclusion in the management and procedures of all social services and programmes. It will be responsible for ensuring that social inclusion goals are taken into account when new policies are developed, as well as support the link between the policies designed at the central level and passed down to the local levels. The committee could also provide advice and oversee the evaluation of the impact of particular policies throughout their implementation.
- **Require line ministries to align their policies and programmes with the Government's strategic priorities in the area of social inclusion and**

133. The need for an overarching approach to social exclusion combining labour-market policies, ongoing training and social protection, and other relevant areas was stressed by the European Commission. See, "Employment and Social Inclusion: More Overarching Approach to Labour Markets is Needed", *European Social Policy* (March 16, 2007).

**publicly report on their progress.** The ministries should be required to justify how their policies support key Government commitments in the area of social inclusion. They could also be required to establish baselines, targets and benchmarks for their social inclusion policies and programmes and report their progress to stakeholders and the public in general. The monitoring mechanism would not only ensure that social inclusion is promoted but will also help to identify policy limitations to address sub-optimal outcomes in health, education and other areas critical to human development and social inclusion.

- **Introduce a requirement that all policies and programmes promoting social inclusions should have concrete budget resources to support their implementation.** There is overwhelming evidence that the resources spent on social inclusion contribute significantly to the reduction of the risk of poverty and social exclusion. Adequate and long-term financing of policies and measures supporting social inclusion is critical to policy implementation. It is critically important to ensure that all Government strategies promoting social inclusion provide specific information on the financial resources allocated to implement them. Strategies should contain specific and measurable targets and indicators of success as well as concrete budgets. These budgets should take into account Government priorities in the area of social inclusion and the state of public finances. Process of deinstitutionalisation implies social budget's savings. These resources should be reallocated to the social services to be established at the local level.
- **Introduce a requirement that all Government programmes and policies supporting vulnerable groups should contain specific and measurable targets.** As this NHDR demonstrates, quantitative and qualitative analysis could explain the determinants of social exclusion for evidence-based policies and programmes development. The Government should consistently and systematically set measurable targets derived from its social inclusion priorities and objectives and improve social statistics. As indicators are an essential tool for an Open Method of Co-ordination, Montenegro will be expected to use the EU commonly-agreed indicators and incorporate them into its JIM.

Chapter 3 revealed that the general public knows little about social inclusion, nor about the needs of socially-excluded groups. To address this, we recommend:

- **Supporting public awareness activities on social inclusion involving the media, NGOs and all stakeholders.** To raise public awareness, the media can be encouraged to cover the challenges that socially excluded people face and let them share their own experiences and perspectives. These efforts could focus on specific vulnerable groups with the aim of overcoming negative public attitudes. The media could also play an instrumental role by providing information to socially-excluded groups and individuals about their rights and the programmes and services they can access and benefit from.

Another approach would be to encourage the Institution of the Human Rights and Freedoms Ombudsman to prepare a special report on social exclusion and assess the impact of specific Government policies and programmes on social inclusion. Although the Ombudsman's power is characterised by the non-binding dimension of his decisions, his report could scrutinise specific policies and programmes and provide recommendations to the Government on how to promote social inclusion and raise public awareness on the importance of social inclusion.

The analysis presented in Chapter 3, on the needs of such diverse vulnerable groups as the long-term unemployed, beneficiaries of the social welfare and many others, confirmed that the needs of socially-excluded individuals are so diverse they cannot be met unless an individually-focused approach is adopted. To address this limitation, we recommend:

- **Emphasising individual level programming to support the socially excluded and eliminate the barriers between programmes and services targeting social inclusion.** The central and local governments should be encouraged to transition towards individually-focused programming to better respond to local and individual needs. An integrated approach will only succeed at the individual level if programming is developed at both the national and local levels, rather than having a variety of social programmes, each focusing on a specific problem. Once the barriers between different programmes, such as training, social and unemployed benefits, are eliminated and differences in eligibility requirements reduced, the beneficiaries will be able to access greater range of services available. At the local level, the functions of job placement and benefit payment could be combined and provided through 'one-stop' single offices.

As the needs of vulnerable groups are diverse and as

different regions and municipalities have different needs, priorities the provision of social services should be decentralised. To strengthen local-level decision-making in the area of social inclusion we recommend:

- **Decentralising and delegating more tasks, responsibilities, resources and decision-making authority in the area of social inclusion to municipalities.** Decentralisation can improve resource allocation and the provision of social services by bringing decision makers and service providers closer to residents. It can lead to a higher level of responsiveness and customisation where local public servants develop and implement unique solutions to specific local problems. Decentralisation allows the voices of the socially excluded and vulnerable groups and individuals communicated to local and national decision makers to be heard. It can enhance citizen participation and local government accountability and encourage local public administrations to be innovative.. Local public administrations can rely on the knowledge, expertise, and experience of local people and develop and implement better-targeted and more cost-effective and efficient social programmes and services. Successful decentralisation is possible if local governments independently set their own expenditure priorities and if local financial autonomy is ensured. It gives independence to local decision makers and makes them sensitive to local costs and priorities. However, since Montenegro is small country, and specific expertise is limited, some functions and expertise should remain at central level.

As the existing evidence suggests, decentralisation does not automatically lead to improved outcomes for socially-excluded and vulnerable groups and individuals. The results of decentralisation efforts in developing countries have been mixed. This can be partially attributed to the limited authority provided to local public administrations, misalignment of responsibilities among the central, regional and municipal governments and service providers, and a lack or limited capacity of public administrations at the local level. To implement the effective decentralisation of social services, the Government should:

- **Clearly delineate central to local government mandates and responsibilities in the area of social services provision.** Some publicly-funded programmes and services can be better delivered by the central level, while other services can be

more effectively and efficiently delivered at the local level. The most effective approach is to decentralise the authority for service provision to the lowest possible level of government. Delineation of responsibilities can be supplemented by determining how the expenditures will be shared. If these responsibilities are not properly delineated, what the local government intends to and is supposed to provide will be unclear, which may result in a low quantity and quality of services being rendered or indeed their unavailability.

- **Establish an effective local accountability regime by enhancing local democracy.** A new decentralised model should be build upon new lines of accountability and reporting. It should promote organised and systematic dialogue among stakeholders, including municipal governments, CSOs, community groups and the private sector, to determine in a participatory manner the local priorities and adopt local action plans. The Government should continue to maintain social benefits distribution, ensure country-wide services' standards and access to basic services and ensure welfare centres are well-equipped and employ well-trained staff.
- **Implement further fiscal decentralisation and establish transparent accounting systems.** Fiscal decentralisation defines how and in what way expenditure and revenue is organised between and across different levels of government. Giving more responsibility to local governments in the area of social services provision should be supported by providing adequate revenue and spending powers to local governments. They should possess sufficient taxing and revenue-raising authority to ensure that budget revenue can cover budget expenditure. To operationalise these new institutional arrangements, local public administrators must have the necessary planning, budgeting, and accounting skills. During the initial stages of decentralisation, the central government may develop and impose safeguards to ensure that objectives of fiscal decentralisation are met and local capacity is developed. A lack of competent public expenditure management can result in local authorities running up debts and lead to their inability to effectively deliver critical public services.
- **Strengthen the capacity of local public administrations.** In addition to the necessary infrastructure improvements, decentralised



public administration requires adequately trained public administrators, equipped with the skills necessary to be more independent and responsive to local needs. Support and guidance should be provided in such areas as decision-making, planning, resource mobilisation and management, human resources management, communication and coordination, and participatory approaches to decision making. Local agencies must be strengthened through additional staff training and the procurement of technology to address the challenges of coverage and co-ordination between social welfare and employment agencies. The Government may also develop standards, protocols and competency requirements to promote staff professionalism in local agencies.

Chapter 4 established that the number of poverty affected and socially excluded households and individuals in the northern region is significantly higher in comparison to the other regions. To address this gap we make the following recommendations:

- **Consider introducing the equalisation of social transfers and other support to disadvantaged regions to address the social exclusion of their residents.** The areas most affected by poverty and social exclusion are also those where tax revenue is low, as households' taxable incomes are modest and there are relatively low economic activities. Equalised social transfers will help reduce inter-regional differences and promote regional development by improving social infrastructure and regional development. Transfers could be very specific and target specific zones where the barriers to social inclusion are the most challenging.

Chapter 3 commented on the low social and political participation of vulnerable groups. To empower these groups, we suggest the following:

- **Introduce the requirement that central government and local authorities hold public discussions and consult NGOs representing vulnerable groups on any policy/programme proposal that could affect them.** The risks of social exclusion should be addressed by broadening the framework of policy discourse and by encouraging greater engagement with civil society organisations.<sup>134</sup>This will increase the likelihood that policies and programmes meet the needs of vulnerable groups, are feasible,

and are effectively implemented on the ground. The Government can benefit from grass-roots experiences to improve policies and strengthen local capacities in service delivery.

NGOs can play an important role in the struggle against poverty and social exclusion. They could advance the debate on social inclusion policies being developed by the Government and provide input from people with experience in social exclusion to the policy making process. Such involvement would not only pressure the public sector to do a better job of eliminating social exclusion but could also help in identifying priority areas for interventions.

It is critically important to involve NGOs and socially-excluded individuals and groups into budgeting, local government planning and development. Although many NGOs may initially lack capacities, the involvement of NGOs may help to inform the local government to identify priority areas for intervention. NGOs could develop skills on how to analyse, probe and monitor decisions about public expenditure and investment. They could also be involved in monitoring the quality of publicly-provided goods and services and their impact, but NGOs should also act as contracted services providers themselves.

- **Strengthen the capacities of NGOs in implementing programmes and in promoting social inclusion.** NGOs could play a significant role in tackling such issues as unemployment and poverty, especially when the Government agencies do not have sufficient capacity to maintain an effective safety net across the community. As both the beneficiaries and Government agency staff acknowledged that the demands on the services provided by central level run social welfare centres and employment agencies exceed their capacities, NGOs could be more engaged by the national and local governments. NGOs possess a number of advantages: They are local and able to promote inclusion within the context of local needs and they are flexible in their operations and can respond quickly. In addition, NGOs can acquire donations from donors, businesses and individuals and rely on volunteers in delivering their programmes and services. In particular, the Government may design projects in the field of social inclusion to be delivered jointly, in partnership by the Government agencies at local level and NGOs.

134. UN, People Matter: Civic Engagement in Public Governance, World Public Sector Report 2008.

As Chapters 2 and 3 found, the available data, programmes and benefits does not always take into consideration the gender perspective. To address this limitation, we recommend:

- **Introducing a gender perspective into the policies and programmes targeting social exclusion.**

Men and women may face different barriers to social inclusion. Thus additional statistical information should be obtained, disaggregated by sex. This would ensure that policies and measures aimed at eliminating exclusion could be monitored, guaranteeing that women, as well as men, would benefit from them. Once the gender disaggregated statistical data is available, a gender perspective could be adopted and incorporated into the design and implementation of policies and programmes addressing social inclusion.

These comprehensive and multi-dimensional, cross-sectoral policy recommendations may help in establishing a comprehensive institutional and policy framework to eliminate barriers to social inclusion.

## Specific recommendations supporting vulnerable groups:

To eliminate the barriers to social inclusion in specific sectors (e.g. employment, transport, social), we have developed a set of sector-specific policy recommendations. They are targeted at guaranteeing equal access to quality services (e.g. health, education, social assistance) and ensuring the provision of quality services, which are adequate, accessible and affordable for all citizens.

### *Beneficiaries of the social welfare*

Social spending in Montenegro is relatively high and in 2007 €173,37 million, out of a total expenditure of €616.96 million, was spent on Social Insurance and Social Security Transfers. To eliminate barriers to social inclusion in the long-term, however, the Government

may decide to dedicate a percentage of GDP to the social welfare system to ensure that economic growth will benefit all.

As presented in Chapter 3, the social welfare system requires restructuring and emphasis should be placed on establishing new, easily understandable and clear eligibility criteria for beneficiaries, in order to include a wider number of the socially excluded and to make the system more transparent. As the data and evidence presented in Chapters 2 and 3 confirm, the duration of social assistance payments and their amounts may not be always adequate to promote social inclusion. It was also found that social programmes and services are not flexible enough to address local needs and local budget allocations are inadequate for social services at the local level. Our recommendations on how the existing social welfare system policies could be enhanced to promote the social inclusion of beneficiaries of social welfare system are listed below:

- **Revise and simplify administrative processes and upgrade eligibility criteria in the area of social benefits.** Need for improvement of the legislation, a complicated social welfare system and inadequate resources to provide for eligible individuals, are some of the problems faced by social welfare beneficiaries. To make the social welfare system more effective and efficient and to reduce costs, the administrative process for obtaining social benefits should be simplified and new eligibility criteria should be established to improve targeting. Policies in the area of social welfare benefits should be simple, fact-based, and supported by sound administrative technology.
- **Introduce additional work incentives for the long-term unemployed.** In supporting the long-term unemployed, it may be necessary to review the existing benefit system to ensure that having a job, even if only for a short time, generates more income than benefits alone. The Government should create a series of incentives, such as the continuation of some form of welfare benefit after employment has begun.
- **Improve targeting of social benefits.** The Government should improve the targeting of social benefits and re-assess benefits that are very low in relation to the average incomes. It may be necessary to improve record-keeping systems so groups most at risk can be better identified and targeted. The Government could consider spending less on the support provided

to relatively better-off families and improve the targeting of needy families. It is particularly important to increase the income support received by those unable to earn an income from other sources.

Family allowances and child allowances play a significant role in combating poverty, but the means-testing of family benefits must be improved so that family benefits are linked to concrete needs. Improving the family benefits system may help to prevent children poverty and allow effective early interventions. Ad hoc assistance distribution could also be improved and better coordinated with the ad hoc assistance provided by local authorities.

- **Introduce a case management approach.** The central and local authorities should try to administratively strengthen the system and move the social welfare centres as close to the beneficiaries as possible, to ensure that individuals are caught in the safety net before they become socially excluded. The proximity of the social assistance offices promotes an individualised approach to case management, which includes early and tailored interventions that have proven to be effective in eliminating social exclusion. Frequent contacts between benefit recipients and the agencies responsible for benefit administration could result in the development and implementation of “individual action plans” that will take into account such individual characteristics as age, skills, special needs and employability.
- **Decentralise the social welfare system and provide municipalities with more responsibility and rights.** If properly managed, the decentralisation of the social welfare system can increase the range of people’s choices, facilitate transparent decisions, bring programmes and services closer to the people, and thus make a fundamental contribution to social inclusion. Some municipalities can rely on the knowledge, expertise, and experience of local people and develop and implement better-targeted and more cost-effective and efficient programmes and services in collaboration with NGOs and private businesses. Municipalities currently provide social support such as housing for the elderly, ill and disabled. These segments of social welfare are vitally important for social inclusion but are underdeveloped and only cover a small number of people, as municipalities cannot generate sufficient revenue to fund these programmes. Decentralisation could also

enable municipalities to allocate more resources for various local priority areas, such as day-care centres for people with disabilities, home care and foster care arrangements.

The Government may wish to implement Social Innovation Fund experiences, which have proven to be one of the most efficient mechanisms for social welfare system reform in South and Eastern Europe. The SIF could provide substantive support to local actors through capacity building; coordination; proposal preparation; delivery of social services; preparation and distribution of guidelines; monitoring and evaluation; the establishment of standards for social services; and other relevant activities. The SIF will directly benefit the most vulnerable, socially-excluded groups, reduce poverty and social exclusion utilising the best social inclusion practices, and will promote the effective decentralisation of social services delivery.

More specifically, the Social Innovation Fund will support local actors in developing and implementing initiatives that establish new social services and welfare to work (W2W) projects through expert and technical advice. Local actors, with the assistance of the SIF, will develop project proposals and submit them to SIF through ‘open calls’ for proposals. The SIF will fund projects from communities in accordance with the transparent grading criteria, and approval, monitoring and evaluation procedures. The SIF will also support the involvement of stakeholders and beneficiaries through their active, engaged participation in project planning, development and implementation. In particular, the SIF will support the organisation of regular community level meetings to jointly plan, share updates and experiences and coordinate projects, so that local actors learn and support each other and exchange best practices in the field.

The implementation of the SIF will support the implementation of Social Security Law and such key social national strategies as the Poverty Alleviation and Social Inclusion Strategy; the Strategy for Development of Social and Child Protection; the Strategy for Development of Social Protection for Elderly; and the Strategy for People with Disabilities. The introduction of the SIF will promote social welfare system reform through:

- introducing innovative, quality and beneficiary-oriented social services, utilising the best EU social services practices, including

- welfare to work (W2W) projects that transit individuals from being dependent on welfare to working and other income opportunities (e.g., social enterprises and/or similar social economy schemes);
- promoting the diversity of social services providers to include CSOs, local authorities, businesses and Social Welfare Centres and strengthen their capacities by developing partnerships between the different providers involved;
- decentralising the social welfare system and establishing partnership-based social deinstitutionalisation and improved welfare systems at the local level; and
- social services in residential social institutions (e.g. Homes for the Elderly, residential mental care institutions).

### Long-term unemployed

Access to employment is a critical factor for social inclusion. A lack of gainful employment precludes the receipt of a steady income to address physical and psychological needs, leading to social exclusion.<sup>135</sup> Unemployment exposes individuals and families to risks of poverty and debt, poor health and mortality, inadequate housing and low education attainment, a loss of motivation and self-esteem, the disruption of social relations and a loss of freedom. Youth unemployment is associated with particularly high risks, leading to a loss of self-esteem among potential young workers.

Employment provides not only income, it helps to integrate people into social networks and allows them to access additional educational, cultural and leisure activities. The integration of individuals into the labour market can ensure their social inclusion and human development and enables them to become self-sufficient over the long term.

Chapter 3 identified the key challenges to social inclusion faced by the unemployed. They include the need for a greater scope of active labour market programmes, especially ones addressing the significant proportion of long-term unemployment; measures to eliminate employment discrimination; and increased training and educational opportunities for the unemployed. Our recommendations on how to address these and other challenges identified in Chapter 3 and enhance the existing labour policies are provided below:

- **Adopt and enforce labour legislation addressing systemic employment discrimination.** As many members of vulnerable groups, such as the RAE and displaced persons, feel discriminated against in the labour market, specific provisions addressing the systemic employment discrimination faced by these groups should be introduced into labour legislation. In all the relevant focus groups, women believe they suffer additionally discrimination (being questioned about their marital status, family/pregnancy plans; 'appearance matters', etc.). The introduction of anti-discriminatory labour legislation will eliminate the barriers encountered by these groups in accessing jobs and will increase their promotion and retention rates, once employed. The legal framework could include a provision explicitly stating that nobody shall be denied employment opportunities or benefits for reasons unrelated to his/her ability to perform his/her functions. Employers should make sure that their systems, policies and practices are compliant with this requirement and the Labour Inspectorate should provide monitoring in this regard. As a first step, these provisions should be applied to State-owned and funded entities. These general legislative provisions to promote equal opportunities could be enhanced by specifying the vulnerable groups at high risk of social exclusion.
- **Establish 'one-stop shop' offices for social support beneficiaries and the unemployed.** These offices should be able to provide individualised support for those who are able to look for work immediately and require only minimal support in their job search, and those who have to overcome more complex barriers such as acquire the necessary skills, address health needs, and find childcare. The staff of these offices may play a critical role in promoting lifelong learning and in improving the skills of the unemployed and in improving the matching of labour supply and demand in the labour market. The staff should be trained and required to identify the main obstacles each client has in finding employment, propose specific steps and the support required to overcome them and define the person's obligations. It may be necessary to require individuals receiving income support and capable of working to look for work.
- **Target barriers leading to long-term**

135. Miriam Stewart, Linda Reutter, Edward Makwarimba, Gerry Veenstra, Rhonda Love and Dennis Raphael, "Left out: perspectives on social exclusion and inclusion across income groups.(Report)" in Health Sociology Review 17.1 (June 2008).





**unemployment.** These 'one-stop' offices could focus their efforts on long-term unemployment, which is a major risk factor for social exclusion. Once a person loses their job and stays unemployed for extended periods of time, s/he may lose the skills and the self-esteem necessary to re-enter the labour market, unless adequate and timely support is provided. In addition, the long-term unemployed may be hindered by illiteracy, outdated competencies, a disability or poor health. The long-term unemployed may lose their skills, have fewer contacts with others through social networks and carry a stigma, which further discourages employers, as they may consider the long-term unemployed as having low productivity and being too risky to recruit.

- **Adopt a series of complimentary measures to eliminate barriers to employment.**

The obstacles that the unemployed face could be addressed through:

- individualised and responsive approaches to support the unemployed and in particular the long-term unemployed, which specifically address the individual barriers to his/her access to the labour market;
- establishing quotas for employing individuals with a reduced work capacity;
- providing subsidies to employers who hire members of vulnerable groups;
- providing small business start-up grants to help the unemployed start enterprises (this approach should be supported by a strict monitoring mechanism to minimise fraud);
- financing programmes focusing on target groups (young, long-term unemployed, ageing workers, redundancies) to increase their employability. Examples include providing support for sheltered employment for PWD; introducing targeted training for the long-term unemployed, unemployed women, PWD, RAE, people leaving institutions;
- introducing comprehensive vocational training schemes that focus on developing the skills needed in the market economy, particularly targeting those who lost their jobs as a result of restructuring, and the low-skilled unemployed youth;

- promoting on-the-job training programmes;
- implementing public works initiatives in regions where a significant portion of residents are at risk of social exclusion;

- **Adopt a series of measures to minimise the extent of unregistered work and the informal economy.**

The informal economy is often associated with exploitative work conditions and poor health and safety conditions, employment insecurity and a lack of pension coverage. All these factors put those employed in the informal economy at risk of social exclusion. Labour Inspectorate capacities should be upgraded to enable them to combat unregistered work more effectively.

- **Continue implementation of the Government's "Strategy on SMEs Development 2007-2010".**

The Strategy will promote and provide administrative and financial support to the long-term unemployed to encourage their involvement in entrepreneurial activities and small business practices.

### *Pensioners with a minimum income*

The pension system should enable retirees to maintain living standards broadly in line with those of the majority of the population. Although adequate levels of pension are secured through mandatory participation in employee pension schemes, these levels may not be sufficient in the long-run so the pension system should be kept sustainable. Additionally, the Law on Voluntary Pension Funds states that individuals can also save in investment funds to provide themselves with additional income in old age. This participation benefits the relatively better-off individuals but may be problematic for low-income households. Pensioners with a minimum income mostly live within a household and are supported by the more affluent members of the household. These retirees should receive supplemental income from other social programmes, either a means-tested one-time benefit or repeated benefits. To support retirees with a minimum income we recommend:

- **Maintaining adequate pension coverage for the elderly.** As the population is ageing, the Government should develop a long-term strategy aimed at increasing the absolute levels of pensions, and especially of social pensions, to prevent the social exclusion of the elderly. There is also an urgent need to effectively address

the challenges associated with the significant increase in applications for the institutional placement of the elderly and to develop a set of alternative placement options, such as assisted living in communities, daily centres.

### *Persons with disabilities (PWD)*

Montenegro signed the Convention on the Rights of Persons with Disabilities in September 2007 but it has not yet been ratified. The Convention requires governments to introduce changes in their legislation to improve and promote social inclusion and to provide access for people with disabilities to education, employment, information, and to the social and health care systems. The Convention obliges governments to rethink the underlying assumptions upon which their policies and practices have historically been based. Rather than resigning PWD to institutionalised living arrangements, segregated education, sheltered employment and qualified income support, it refocuses social and other policies on the societal barriers that prevent these individuals from fully and effectively participating and being included in all aspects of society. Chapter 3 revealed the absence of accessibility standards and that the public and decision makers are generally unaware of the needs of PWD; that almost all public buildings, houses and public transportation remain inaccessible for PWD; that NGOs representing the PWD should further develop their capacities and sustainability; and that a community-based rehabilitation system has not been developed. To address these and other challenges, we recommend the following:

- **Continue implementing the Strategy for Integrating Persons with Disabilities (PWD) in Montenegro.** Although the Ministry of Labour and Social Welfare developed the Strategy for Integrating Persons with Disabilities in Montenegro, which contains a wide range of interventions to promote the social inclusion of the disabled, this Report has found a very limited spectrum of programmes, services and benefits available to these individuals. People with disabilities cannot participate fully in education or in employment. The interventions and strategies outlined in the Strategy must be implemented and the range of programmes, services and benefits provided by the national and local governments to people with disabilities should be expanded.
- **Continue with implementing Strategy for Inclusive Education in Montenegro.** It is an imperative to ensure no child with special

needs remain outside education system. On contrary these children are not only excluded from education but from opportunities for further development and social inclusion as well. If they are unable to access education, their access to vocational training, employment, income generation and business development in the future is dramatically diminished. Inclusive education, with access to education in the mainstream local community school, provides the best opportunity for the majority of children and youth with disabilities to access education and promotes their social inclusion. The strategy envisages sets of goals for: pre-school (increase coverage of children with disabilities and at risk with pre-school education, accessibility, information sharing among health, educational, and social authorities); elementary (improve schools' capacities and accessibility, increase coverage, develop assistance and volunteerism, detection mechanisms); secondary (staff capacities developed, accessibility, volunteerism); specialised institutions (deinstitutionalisation and transformation into resource centres, individual educational plans, etc.) and for daily centres acknowledged as platform for educational and other programmes.

- **Provide adequate social welfare and enhance disability-focused support and services.** Though 2011 census envisages disability coverage, to improve support and develop services provided to PWD, a detailed database/register of disabled individuals and their families should be established, classified by municipality, disability group, and the available social support. It is important to secure an adequate social welfare guaranteeing PWD a dignified living standard and the possibility of living independent lives. Disability-focused support and services may include daily centres, social housing, personal assistance support, technical aids and devices, special equipment, life skills assistance, home modification and accessible transportation. Community-based services must be improved so disabled people can live in their own homes and not be confined to institutions. The benefits intended to compensate for the additional costs related to a disability could be increased as well.
- **Introduce a composite set of measures to promote the inclusion of PWD into the mainstream labour market.** As this Report demonstrates, many PWD can and want to work, so any policy based on the assumption that they cannot work is flawed. Helping people to

get work greatly advances their social inclusion. PWD should have full and equal access to all publicly-funded employment support, according to their needs. Subsidies should be provided to employers to encourage them to employ individuals with partial work capacities. Though sheltered workshops are not optimal option, these workshops will probably continue to play an important role. Efforts on their skills upgrade and employability should be further enhanced.. Programmes such as providing subsidies to firms employing PWD should be further supported but special schemes offering extensive on-the-job support through individual job coaches.

- **Improve the accessibility of housing, transport and public services.** Accessibility in the areas of transportation, housing, and public services must be improved. Policies should be tailored to the needs of the disabled to enable them to access goods and services and infrastructure and transportation should be adapted to meet their needs.

## RAE

The barriers to social inclusion faced by the RAE are significant and include high poverty rates, unemployment, limited access to education, vocational training, etc. The Government of Montenegro demonstrated its commitment to promoting the social inclusion of the RAE by developing the national Strategy for Improvement of the Position of RAE Population in Montenegro 2008-2012 and National Action Plan (NAP) for the Implementation of "The Decade of Roma Inclusion 2005/2015" in Montenegro. Among its most urgent tasks, the Strategy emphasises the goal of decreasing the long-endured discrimination and inequality of the RAE population. Chapter 3 identified the specific barriers to social inclusion that the RAE face, including unresolved legal status in the country for considerable percentage of the RAE, high poverty rates, low educational attainment, high illiteracy rate, high unemployment rate and strong social prejudices and traditional stereotyping, poor housing. RAE women face the additional discrimination being RAE and being women and associated with living within a very patriarchal community. Although many of the recommendations provided in other sections target the barriers to social inclusion also faced by the RAE, the recommendations listed below are particularly tailored to the circumstances of this vulnerable group:

- **Implement integrated approaches to promoting the social inclusion of the RAE, especially at the municipal level.** The RAE have higher poverty and unemployment rates, much lower levels of education and live in very poor housing compared to the rest of the population. As this Report finds, the challenges to social inclusion the RAE face are multi-dimensional and include a lack of employment opportunities, low educational attainment, minimal skills, and limited access to services. As all these barriers are interlinked and mutually reinforcing, they should be addressed through effective integrated approaches combining interventions addressing different barriers. In particular, local employment agencies and Social Welfare Centres could employ RAE staff to ease RAE access to the services.
- **Resolve the issues of legal status or implement temporary solutions to allow all RAE access to the social welfare system.** As some RAE do not possess personal documents, their legal status in Montenegro remains undetermined, they cannot access the social welfare system or other public services, own real estate, etc. This is a significant barrier to social inclusion and should be addressed as a priority.
- **Develop and implement targeted interventions addressing the strong social prejudices and traditional stereotyping of the RAE.** Interventions can target employers, educators, Government agency personnel working with the RAE, and the public in general. Activities in this area should include training to promote awareness and respect for human rights, with a specific focus on RAE cultures, languages and way of life. Affirmative action programmes, aimed at recruiting RAE to work in Government institutions at all levels, could also be considered to reduce prejudices and stereotyping.
- **Integrate RAE students into mainstream education with additional support.** The Government should invest in additional training and in engaging RAE as teachers and educational assistants within inclusive education concept. Special education plans, teaching materials, additional classes and mentorship specifically targeting the improvement of the academic achievements of RAE students could also be developed. Scholarship initiatives should be supported and made sustainable, as well as adult literacy and vocational training. It is also essential to work with RAE parents and families and on overcoming the language barriers.

## Displaced persons

The Government adopted the national Strategy for Resolving Issues of Refugees and IDPs in Montenegro in 2005. The Strategy ended in 2008 and an evaluation has yet to be carried out. Chapter 3 identified specific barriers to social inclusion faced by displaced persons, including their unresolved legal status in the country, limited local integration, high unemployment rate and limited quality accommodation, especially for the vulnerable ones. Recommendations on how the existing policy framework could be improved are listed below:

- **Resolve the legal status of refugees or implement temporary solutions to allow all refugees access to the social welfare system.** Displaced person status remains undetermined especially following Montenegro's independence in 2006. In addition, some RAE displaced persons do not possess personal (ID) documents and experience difficulty accessing public services and the social welfare system. This is a significant barrier to social inclusion that should be resolved as a priority. For instance, special ID cards or temporary residence permits for refugees could be issued to displaced persons without IDs as a temporary measure.
- **Focus on income generation activities and improve the employability of displaced persons.** As poverty is significantly higher among displaced persons than among the average citizens of Montenegro, specifically-focused support must be provided to enhance the employability of these groups. Potential interventions include targeted training opportunities, facilitating access to credits to establish new businesses, and public works in the most disadvantaged communities. The legal barriers for employment and starting new businesses should be removed.
- **Provide support Kosovo RAE displaced persons<sup>136</sup> children access to kindergarten.** Public kindergartens' charges are quite affordable for the majority but for RAE displaced persons being poor and with numerous children this is a serious obstacle. Displaced RAE children should be admitted free of charge since their kindergarten attendance is recognized as a key factor for improving their chances for integration into the education system. The capacity of the kindergarten in the communities inhabited with RAE displaced persons will therefore need to be

increased to accommodate more children.

- **Improve residential accommodation for displaced persons, in particular the elderly and disabled.** Though some housing is provided together by international community and some municipalities, housing is surely one of the most vital issues linked to social exclusion, not only because it represents a basic need, but also because the availability of quality housing allows access to employment, social welfare and healthcare. The housing problems encountered by displaced persons stem from both the unavailability of housing and the unsuitable quality of existing housing. Further investments are needed in the construction of affordable small apartments specifically to rent to displaced persons to promote their social inclusion.

## Other sector-specific recommendations promoting the inclusion of vulnerable groups

### Education

Access to education and training is a fundamental right and a tool to prevent social exclusion. As Chapter 3 demonstrated, low educational attainment is one of the major determinants of unemployment that could directly lead to social exclusion. The education system in Montenegro with its compulsory elementary schooling requirement is relatively well developed and of good quality. In addition to key reforms, such as changes in curricula, reviews of standards and assessment tools, and shifting the emphasis from factual knowledge to problem-solving and decentralisation, the education sector reforms should be designed to include the goal of social inclusion. The Report finds that current learning and educational opportunities do not adequately promote lifelong learning and adults experience challenges in finding and participating in appropriate training

136. Some vulnerable displaced persons from Kosovo receive child and family allowances from Serbia but there is no data how many.

programmes. As 15.5% of males and 9.2% of females of 18 to 24 years of age only have lower secondary education and currently do not attend school or any kind of training, the issue of school dropouts should be addressed. Our recommendations on how these and other challenges could be addressed and how the existing education policy framework could be enhanced to promote social inclusion are listed below:

- **Promote lifelong learning for all.**  
Economic transition highlights the importance of skills and qualifications as a way to escape unemployment, as individuals with low qualifications can only access poorly-paid and insecure jobs. In modern, knowledge-based economies education is seen as lifelong and incorporates all formal and informal learning opportunities. It includes effective learning in childcare, from pre-school to higher education, vocational training, and adult training. The Government adopted the Strategy for Adults Education 2005-2015 but it should further promote the idea of lifelong learning and focus, in particular, on enhancing the educational attainment of people with low academic qualifications through improving the adult and continuing education system and making sure that the programmes and training offered match the needs of the market economy and the new competency requirements, including computer skills. Skills in using Information and Communication Technologies (ICT) are essential in contemporary life and in the labour market.
- **Provide targeted support for the socially excluded or those at risk of social exclusion.**  
Although the introduction of user charges for education services may make the education sector more competitive and improve its quality, it may limit the access of children and adults from poor households to quality education and training, resulting in their having a low educational attainment level and minimal labour market opportunities, and consequently a greater risk of social exclusion. User charges discourage young people from poorer backgrounds from continuing their education beyond the compulsory education level. To address this barrier, the Government should continue investing into and improving the education system to boost opportunities for young people and help adults adapt to the changing demands of the knowledge economy. Additional programmes providing targeted support for those most in need, through scholarships, subsidies on canteen

meals or free lunches and living allowances, could be implemented as well.

- **Address the factors leading to school dropout.**  
Potential interventions addressing the challenges of dropouts and low educational attainment may include: better individual monitoring and support for those at risk of dropping out; tailored programmes focusing on target vulnerable groups such as the RAE, families receiving social benefits and children of unskilled parents (e.g. additional preparatory classes for Roma children); providing training subsidies for young people under age 18, who are at risk of social exclusion; development of mechanisms to identify children out of education system.
- **Promote inclusive education for all, including students with disabilities.**  
In order to equip disadvantaged students with equivalent learning means, even in the case of severe disability, they should be educated in mainstream schools rather than in separate institutions, on the condition that additional resources are provided to these schools for the additional needs of these children. Inclusive education should ensure access to and equal participation of students with special needs in inclusive education programmes. For instance, students should only be placed in special schools if their placement in regular classrooms, with appropriate accommodation and support, does not meet their educational needs. Additional measures could also be implemented, including teacher-training, improving the schools' physical accessibility, and providing opportunities for parents and communities to be more actively involved. The normative acts should be aligned with the national and international respective documents; teachers' capacities developed; establish coordination among the institutions through connection of the regular and special teaching curricula; establish expert support network; provide quality work of the education system and its regular evaluation; affirmation of positive attitudes in relation to inclusive education.

## Health

As Chapter 3 demonstrated, if the socially excluded have medical insurance coverage, it reduces their social exclusion. Almost all residents of Montenegro are covered by medical insurance and are therefore

entitled to public healthcare in terms of equal access to available care and equal quality of care. However, a strong legal framework for healthcare and the availability of health insurance does not equate to good healthcare provision for the socially excluded. Life expectancy at birth has declined in Montenegro, from 75.2 in 1991 to 72.7 in 2007, while infant mortality remained relatively high by EU standards. Although these health outcomes are strongly influenced by social and economic factors, such as increasing income inequality and the hardships of the 1990s, high levels of unemployment and stress, the healthcare system has to be improved to be able to address these challenges and support social inclusion. Our recommendations on how the existing healthcare policies could be enhanced to promote social inclusion are listed below:

- **Adopt a series of policy changes to reduce inequalities in access to healthcare.** A healthcare system must receive funding to maintain both its preventative and curative efficiency. In particular it is important to continue funding preventive measures and diagnostic procedures to decrease the number of emergencies and long hospital stays. Access to healthcare for some vulnerable groups, even those with insurance, may be problematic because certain treatments and services are available but can only be received with considerable delay, which could jeopardise their health. To decrease inequalities in accessing healthcare services, the Government should develop and implement a multi-dimensional approach to prevent social exclusion, especially if healthcare reforms such as decentralisation, demopolisation of provision, and a shift to local level service provision are implemented. If the health insurance system overemphasises choice and efficiency at the expense of equity and solidarity, the risk of greater social exclusion will increase, especially for some vulnerable groups.
- **Address specific barriers in accessing healthcare.** Health authorities should address the obstacles that the socially excluded face, such as waiting times; the cost of not subsidised medication treatment that is too high for the socially excluded; and geographical difficulties in obtaining access to healthcare, medical treatment or surgery. There is a strong connection between social status and health when factors such as being a PWD, with a low income and living in a relatively underdeveloped region, contribute to poor health. Thus, policies eliminating barriers to health services should be aligned with social welfare, employment and education policies.

## Access to transport

- **Continue subsidising transport services for the socially excluded.**

Public transport services are essential for ensuring the mobility of people and their access to both employment and key services. As this Report reveals, the availability of subsidies to the socially excluded or those at risk of social exclusion is extremely important, as it helps the unemployed access jobs, enables vulnerable people to access basic services and facilitates their participation in social and cultural life. The Government, at both central and local levels, and municipalities should continue subsidising transport costs for the socially excluded and implement activities that make public transport accessible for people with disabilities.





Annexes



# Annex I

## Methodological explanations

### Sampling plan – CORE SAMPLE

**Basic group** - Individuals over 15 years old. (Resident population, displaced persons and foreign citizens working or residing in the country for a year or more).

**Sample type** – Two-stage stratified sample of households. Units of the first stage were primary sampling units (census units) and the units of the second stage were households.

**Stratification** – Census units, as primary sampling units were stratified according to the:

- Type of settlement: (urban, other)
- Territory: Podgorica, northern region (includes municipalities: Andrijevisa, Berane, Rozaje, Bijelo Polje, Pljevlja, Plav, Zabljak, Kolasin, Mojkovac, Savnik and Pluzine), central region (includes municipalities: Niksic, Danilovgrad i Cetinje) and southern region (includes municipalities: Bar, Ulcinj, Budva, Tivat, Kotor i Herceg Novi).

**Frame for the selection of sample** – in the first stage, the sample was based on the list of census units with 20

or more households. In the second stage the sample was based on the list of households for the selected census units. Table 2. shows the breakdown of the elementary units without units with less than 10 households.

**Sample size** – 240 census units were included in the sample. From each census unit 10 households were selected and 5 households were then surveyed out of the 10 selected. It was necessary to survey 1,200 households in total to have a representative sample.

**Allocation of the sample** – allocation of the sample was done according to the territory and the type of settlement, in proportion to the number of households.

**Selection of the sample** – Primary sampling units (census units) were selected proportionally to the number of households, and the units of second stage (households) were selected by simple random sampling with equal probabilities.

**System of sample testing**– self-weighted sample:

h – Index of stratum i=1 to 4

i – Index of census units i=1 do

j – Index of households i=1 do  $m_{hi}$

M – Number of households in total population - Montenegro total

$M_h$  - Number of households in total population for h stratum

$N_h$  - Number of census units in sample for h stratum

$M_{hi}$  - Number of households in sample for h stratum and for i census unit

General formula is:

$$\hat{Y} = \sum_{h=1}^4 \sum_{i=1}^{n_h} \sum_{j=1}^{m_{hij}} \frac{1}{n_h} \cdot \frac{M_h}{m_{hi}} y_{hij}$$

In cases where 100% sample had been realized, the following formula was applied:

$$\hat{Y} = \frac{187724}{1200} \sum_{h=1}^4 \sum_{i=1}^{n_h} \sum_{j=1}^{m_{hij}} y_{hij} = \text{for testing of households, and:}$$

$$\hat{Y} = \frac{\text{NUMBER OF TESTED PERSONS OF POPULATION IN MONTENEGRO}}{\text{NUMBER OF SURVEYED PERSONS OF POPULATION}} = \sum_{h=1}^4 \sum_{i=1}^{n_h} \sum_{j=1}^{m_{hij}} y_{hi} \text{ for testing of individuals.}$$

Table 1: Sample allocation

	Number of census units			Number of households		
	Total	Urban	Other	Total	Urban	Other
MONTENEGRO	240	150	90	1,200	750	450
PODGORICA	64	54	10	320	270	50
CENTRAL REGION	41	30	11	205	150	55
NORTHERN REGION	61	37	24	370	145	225
SOUTHERN REGION	74	29	45	305	185	120

Table 2: Primary unit for sampling

	Number of census units		
	Total	Total	Total
MONTENEGRO	187,724	117,394	70,330
PODGORICA	50,167	42,395	7,772
CENTRAL REGION	31,825	23,178	8,647
NORTHERN REGION	57,510	22,706	34,804
SOUTHERN REGION	48,222	29,115	19,107

## Primary sampling - census units' selection

For the first stage, the sample of census units was systematically selected in each stratum (territory X type of settlement), with a probability that it was proportional to the size from the list of the census units. The unit of measurement for census unit size was the number of households. The frame for the selection of census units was sorted according to the census ordinal within the municipality for each stratum. Using systematic sampling, this sorting of census units provided a high level of implicit geographical stratification, and it ensured effective distribution of the sample. Within each stratum, the selection of the census units was done in the following manner:

1. The measures of size (number of households) were cumulated through a sorted list of census units in the strata. Final cumulative measure of size ( $M_h$ ) was the total number of households in the strata from the frame.
2. To obtain the interval for the selection of the sample in the strata  $h$  ( $I_h$ ), the  $M_h$  was divided by the total number of census units which were selected in the strata  $h$  ( $n_h$ ) given in table 1.:  $I_h = M_h/n_h$ .
3. A random number ( $R_h$ ) between 1 and  $I_h$  was selected. In this way the first census unit was identified, based on its cumulative measure of size. The interval and ordinal were then multiplied and added up to an initial value in order to identify other census units in the sample. The sample of census units in the strata  $h$  was identified by the following selection numbers:

$$S_{hi} = R_h + [I_h \times (i - 1)], \text{ rounded,}$$

where  $i=1,2,\dots,n_h$

$i$ - selected census unit were those whose cumulative measure of size was closest to  $S_{hi}$  but not smaller than  $S_{hi}$ .

An excel file can be used for selecting sample census units if one follows the last step, according to the allocation of sample PK in Table 1.

Selection of sampling units in the second stage (selection of households)

A systematic sample of 10 households could be selected from the list of households for each census unit in the following manner:

1. To all households in each census unit a serial number from 1 to  $M'_{hi}$  was allocated (total number of households in the census unit).
2. In order to obtain the interval ( $I_{hi}$ ) for the sample selection within the census unit,  $M'_{hi}$  should be divided by 10 and keep to two decimals.

Select a random number ( $R_{hi}$ ) with two decimals, between 0.01 and  $I_{hi}$ . In this way, the first household was selected. The rest of the households were selected by multiplying the interval and ordinal and adding up the result to  $R_{hi}$ . The following numbers identify households within the census unit:

$$S_{hij} = R_{hi} + [I_{hi} \times (j - 1)], \text{ rounded,}$$

where  $j = 1, 2, 3, \dots, 14$

j- Selected household was the one which has serial number equal to  $S_{hij}$ .

## Sampling plan – boosters

The sampling plan for boosters is similar to the core sample. Namely, administrative registers of the surveyed groups were used as a base for the sample selection, as follows:

- Social welfare beneficiaries (more precisely: beneficiaries of family allowance benefit) – the database of social welfare beneficiaries of Ministry of Health Labour and Social Welfare
- Pensioners with low income – Pension and Disability Insurance Fund's (PIO Fund) database of pensioners with a minimum pension
- RAE – the sample selection undertaken with the support of the national Roma NGOs Coalition: "Roma Cycle"
- Persons with Disabilities – the database of recipients of personal disability benefits and other disability-related benefits was provided by the Ministry of Health Labour and Social Welfare and by Social Welfare Centres
- Long-term unemployed – the register of unemployed individuals of the Employment Agency
- Displaced persons – the database of displaced persons provided by UNHCR and the Bureau for Care of Refugees

## Social welfare beneficiaries

*Basic group* for the selection of the sample were all the households' beneficiaries of family allowance benefit.

*Sample type* – Two-stage stratified sample of households. Units of the first stage were municipalities and the units of the second stage were households.

*Stratification* – Primary sampling units were stratified according to the:

- Type of settlement: (urban, other)
- Territory

*Frame for the selection of sample* – for the first stage, the frame for sample selection was a list of municipalities with family allowance beneficiaries, and for the second stage a list of households for the selected municipalities.

*Sample size* – 20 municipalities were included in the

sample. From each municipality a selected number of households corresponded to the share of family allowance beneficiaries in that municipality (from the total number of beneficiaries). In total 100 households were selected for the Survey.

*Allocation of the sample* – the sample was allocated according to the territory, proportionally to the number of beneficiaries.

*Selection of the sample* – Primary sampling units (municipalities) were selected proportionally to the number of households, and the units of second stage (households) were selected by simple random sampling of equal probabilities.

## Persons with Disabilities

*Basic group* the sample was selected from all the households in a which member received a personal disability benefit and other disability-related benefits such as: support for disabled members of veterans' families, personal disability benefits for veterans.

*Sample type* – Two-stage stratified sample of households. Units of the first stage were municipalities and the units of the second stage were households.

*Stratification* – Primary sampling units were stratified according to the:

- Type of settlement: (urban, other)
- Territory

*Frame for the selection of sample* – for the first stage, the frame for sample selection was a list of municipalities with individuals receiving disability-related benefits, and for the second stage a list of households for the selected municipalities.

*Sample size* – 21 municipalities were included in the sample, and from each municipality a number of households were selected - 100 households in total.

*Allocation of the sample* – samples were allocated according to the territory, proportionally to the number of beneficiaries.

*Selection of the sample* – Primary sampling units (municipalities) were selected proportionally to the number of households, and the units of second stage (households) were selected by simple random sampling of equal probabilities.

## Allocation of the boosters' samples

	Family allowance beneficiaries	Persons with Disabilities	Displaced persons	Low income pensioners	Long-term unemployed	RAE	Total
1. Podgorica	26	21	37	26	25	65	200
2. Cetinje	3	5	0	2	5		15
3. Danilovgrad	2	3		2	5		12
4. Kolasin	2	2		1			5
1. Niksic	14	11	7	14	15	35	96
1. Bar	3	6	14	7	10		40
2. Ulcinj	2	4	2	3	5		16
1. Kotor	1	1		3			5
2. Tivat	2	1	5	1			9
3. Budva	0	1	2	1			4
1. H.Novi	2	7	10	3	10		32
1. Berane	10	5	12	7	7		41
2. Andrijevisa	1	1	2	0			4
1. Plav	4	3	3	2			12
1. Rozaje	10	6	2	4			22
1. B.Polje	10	12	2	12	10		46
2. Mojkovac	2	3		1			6
1. Pljevlja	6	8	2	11	8		35
	100	100	100	100	100	100	600

## Long-term unemployed

**Basic group** - the sample is taken from the Register of Unemployed of the Employment Agency of Montenegro.

**Sample type** – Two-stage stratified sample of households. Units of the first stage were municipalities and the units of the second stage were households.

**Stratification** – Primary sampling units were stratified according to the:

- Type of settlement: (urban, other)
- Territory

**Frame for the selection of sample** – for the first stage, the

frame for sample selection was municipalities, and for the second stage it was a list of individuals who had been unemployed for more than a year, for the selected municipalities.

**Sample size** – 10 municipalities were included in the sample, and from each municipality a number of households were selected - in total 100 households were selected.

**Allocation of the sample** – the sample was allocated according to the territory, proportionally to the number of beneficiaries.

**Selection of the sample** – Primary sampling units (municipalities) were selected proportionally to the number of households, and the units of second stage (households) were selected by simple random sampling of equal probabilities.

## Displaced persons

*Basic group* the sample was selected from the database from the 2003 census of displaced persons.

*Sample type* – Two-stage stratified sample of households. Units of the first stage were municipalities and the units of the second stage were households.

*Stratification* – Primary sampling units were stratified according to the:

- Type of settlement: (urban, other)
- Territory

*Frame for the selection of sample* – for the first stage, the sample selection frame was municipalities, and for the second stages a list of displaced persons' households from selected municipalities.

*Sample size* – 13 municipalities were included in the sample, and from each municipality a number of households were selected - in total 100 households were selected.

*Allocation of the sample* – the sample was allocated according to the territory, proportionally to the number of refugees.

*Selection of the sample* – Primary sampling units (municipalities) were selected proportionally to the number of households, and the units of second stage (households) were selected by simple random sampling of equal probabilities.

*Note:* during the NHDR public discussion process, the Bureau for Care of Refugees and UNHCR, requested more disaggregated data on displaced persons. In response, UNDP contracted an additional survey of 221 displaced persons households. The Survey was conducted in July 2008 in order to obtain representative disaggregated data (with exception of poverty rates and SEI) as per the following sub-groups: 1. displaced persons from Croatia and BiH; 2. non-RAE displaced persons from Kosovo and 3. RAE displaced persons from Kosovo. This additional Survey was completed using the same methodology described here. In total 319 households (1357 individuals) of displaced persons households were surveyed.

## RAE

*Basic group* the sample was selected from the RAE population register of NGO coalition "Roma Cycle".

*Sample type* – Two-stage stratified sample of households. Units of the first stage were municipalities and the units of the second stage were households.

*Stratification* – Primary sampling units were stratified according to the:

- Type of settlement: (urban, other)
- Territory

*Frame for the selection of sample* – for the first stage, the frame for sample selection was in the municipalities of Niksic and Podgorica, and for the second stage a list of RAE households for the selected municipalities.

*Sample size* – 2 municipalities were included in the sample, a number of households were selected from each the municipality - in total 100 households were selected.

*Allocation of the sample* – the sample was allocated according to the territory, proportionally to the number of households.

*Selection of the sample* – Primary sampling units were selected proportionally to the number of households, and the units of second stage (households) were selected by simple random sampling of equal probabilities.

## Pensioners

*Basic group* the sample was selected from the Pension Fund's Register of pensioners.

*Sample type* – Two-stage stratified sample of households. Units of the first stage were municipalities and the units of the second stage were individuals receiving old-age or disability minimum pensions (€71.6 a month).

*Stratification* – Primary sampling units are stratified according to the:

- Type of settlement: (urban, other)
- Territory

*Frame for the selection of sample* – for the first stage, the frame for sample selection was municipalities, and for the second stage a list of pensioners with minimum old-age or disability pensions from selected municipalities.

*Sample size* – 20 municipalities were included in the sample, and from each municipality a number of households were selected - in total 100 households were selected.

*Allocation of the sample* – the sample was allocated according to the territory, proportionally to the number of beneficiaries.

*Selection of the sample* – Primary sampling units (municipalities) were selected proportionally to the number of households, and the units of second stage (households) were selected by simple random sampling of equal probabilities.

# Annex II

## Statistical annex

	1991	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>HUMAN DEVELOPMENT INDEX (HDI)</b>										
Life expectancy at birth (years)	75.210	73.400	73.400	73.400	73.000	73.100	73.150	72.650	72.700	72.700
male	72.000	70.700	70.700	70.700	70.000	70.100	71.000	70.400	70.600	70.600
female	78.400	76.100	76.100	76.100	76.000	76.100	75.300	74.900	74.800	74.800
Adult literacy rate (%)	94.900	94.900	94.900	94.900	94.900	97.700	97.700	97.700	97.700	97.700
Combined primary, secondary and tertiary gross enrolment ratio (%)	70.150	75.810	75.280	72.610	73.400	75.190	73.760	75.220	77.280	80.730
GDP per capita (PPP US\$)	5347.3	3107.0	4475.1	4398.5	4858.3	6120.4	7100.7	7396.1	8645.0	9934.6
<i>Life expectancy index</i>	<b>0.837</b>	<b>0.807</b>	<b>0.807</b>	<b>0.807</b>	<b>0.800</b>	<b>0.802</b>	<b>0.803</b>	<b>0.794</b>	<b>0.795</b>	<b>0.795</b>
<i>Adult literacy index</i>	0.949	0.949	0.949	0.949	0.949	0.977	0.977	0.977	0.977	0.977
<i>Gross enrolment index</i>	0.702	0.758	0.753	0.726	0.734	0.752	0.737	0.752	0.773	0.807
<i>Education index</i>	<b>0.867</b>	<b>0.885</b>	<b>0.884</b>	<b>0.875</b>	<b>0.877</b>	<b>0.902</b>	0.897	0.902	0.909	0.920
<i>GDP index</i>	<b>0.664</b>	<b>0.574</b>	<b>0.634</b>	<b>0.632</b>	<b>0.648</b>	<b>0.687</b>	<b>0.711</b>	<b>0.718</b>	<b>0.744</b>	<b>0.768</b>
<b>Human development index (HDI) value</b>	<b>0.789</b>	<b>0.755</b>	<b>0.775</b>	<b>0.771</b>	<b>0.775</b>	<b>0.797</b>	<b>0.804</b>	<b>0.805</b>	<b>0.816</b>	<b>0.828</b>
(1) Source: Monstat; Statistical Yearbook 1991, 1999-2007; Federal Statistics Yearbook 2000; Pension system in Montenegro model										
<b>GENDER-RELATED DEVELOPMENT INDEX - (GDI)</b>										
<b>Gender-related development index (GDI)</b>	<b>0.775</b>	<b>0.740</b>	<b>0.761</b>	<b>0.758</b>	<b>0.763</b>	<b>0.774</b>	<b>0.800</b>	<b>0.802</b>	<b>0.812</b>	<b>0.824</b>
<b>Equally distributed life expectancy index</b>	<b>0.810</b>	<b>0.781</b>	<b>0.781</b>	<b>0.781</b>	<b>0.774</b>	<b>0.776</b>	<b>0.802</b>	<b>0.794</b>	<b>0.794</b>	<b>0.794</b>
<i>Life expectancy index-female</i>	0.848	0.810	0.810	0.810	0.808	0.810	0.797	0.790	0.788	0.788

<i>Life expectancy index-male</i>	0.775	0.753	0.753	0.753	0.742	0.743	0.808	0.798	0.801	0.801
Female population share	0.503	0.502	0.502	0.502	0.502	0.508	0.508	0.508	0.508	0.508
Male population share	0.497	0.498	0.498	0.498	0.498	0.492	0.492	0.492	0.492	0.492
Life expectancy at birth	75.210	73.400	73.400	73.400	73.000	73.100	73.150	72.650	72.700	72.700
male	72.000	70.700	70.700	70.700	70.000	70.100	71.000	70.400	70.600	70.600
female	78.400	76.100	76.100	76.100	76.000	76.100	75.300	74.900	74.800	74.800
<b>Equally distributed education index</b>	<b>0.860</b>	<b>0.876</b>	<b>0.877</b>	<b>0.869</b>	<b>0.875</b>	<b>0.870</b>	<b>0.897</b>	<b>0.902</b>	<b>0.908</b>	<b>0.920</b>
<i>Female education index</i>	0.836	0.845	0.842	0.851	0.855	0.854	0.894	0.899	0.905	0.914
<i>Male education index</i>	0.887	0.909	0.916	0.889	0.896	0.886	0.900	0.905	0.912	0.927
<i>Adult literacy rate-female</i>	0.903	0.903	0.903	0.903	0.903	0.903	0.961	0.961	0.961	0.961
<i>Adult literacy rate-male</i>	0.979	0.979	0.979	0.979	0.979	0.979	0.992	0.992	0.992	0.992
Adult literacy rate (%) -Age 10+	94.900	94.900	94.900	94.900	94.900	97.700	97.700	97.700	97.700	97.700
Adult literacy rate (%) -female	90.261	90.261	90.261	90.261	90.261	90.261	96.140	96.140	96.140	96.140
Adult literacy rate (%) -male	97.934	97.934	97.934	97.934	97.934	97.934	99.240	99.240	99.240	99.240
<i>Gross enrolment ratio-female</i>	0.702	0.731	0.721	0.747	0.760	0.757	0.760	0.775	0.794	0.819
<i>Gross enrolment ratio-male</i>	0.702	0.769	0.789	0.707	0.729	0.700	0.716	0.730	0.752	0.796
Gross enrolment - Combined primary, secondary and tertiary gross enrolment ratio (%)	70.150	75.810	75.280	72.610	73.400	75.190	73.760	75.220	77.280	80.730
Gross enrolment ratio - female*	70.200	73.100	72.100	74.700	76.020	75.740	76.030	77.490	79.440	81.870
Gross enrolment ratio - male*	70.200	76.900	78.900	70.700	72.910	70.040	71.630	73.020	75.250	79.650
<b>Equally distributed income index</b>	<b>0.655</b>	<b>0.564</b>	<b>0.626</b>	<b>0.623</b>	<b>0.639</b>	<b>0.678</b>	<b>0.702</b>	<b>0.709</b>	<b>0.735</b>	<b>0.759</b>
<i>GDP index-female</i>	0.615	0.525	0.585	0.583	0.599	0.638	0.663	0.669	0.695	0.719
<i>GDP index-male</i>	0.702	0.611	0.672	0.669	0.686	0.724	0.749	0.756	0.782	0.805
GDP per capita (PPP US\$)	5347.3	3107.0	4475.1	4398.5	4858.3	6120.4	7100.7	7396.1	8645.0	9934.6

GDP per capita (PPP US\$)-female	3987.7	2317.0	3337.3	3280.1	3623.0	4564.2	5295.2	5515.5	6446.9	7408.5
GDP per capita (PPP US\$)-male	6701.7	3894.0	5608.7	5512.7	6088.9	7670.6	8899.3	9269.5	10834.8	12451.0
* Based on ratio GERf/GER, GERm/GER in 1999										
Source: Monstat: Statistical Yearbook 1991, 1999-2007										
<b>GENDER EMPOWERMENT MEASURES (GEM)</b>										
<b>Gender empowerment measure (GEM)</b>	<b>0.331</b>	<b>0.317</b>	<b>0.352</b>	<b>0.351</b>	<b>0.417</b>	<b>0.427</b>	<b>0.441</b>	<b>0.444</b>	<b>0.459</b>	<b>0.478</b>
<b>Indexed EDEP for parliamentary representation</b>	<b>0.193</b>	<b>0.193</b>	<b>0.193</b>	<b>0.193</b>	<b>0.380</b>	<b>0.380</b>	<b>0.390</b>	<b>0.390</b>	<b>0.390</b>	<b>0.390</b>
Equally distributed equivalent percentage (EDEP) for parliamentary representation	9.640	9.550	9.550	9.550	18.830	18.890	19.490	19.490	19.490	19.490
Seats in parliament held by women (as % of total)	5.100	5.100	5.100	5.100	10.670	10.670	10.670	10.670	11.100	11.100
Seats in parliament held by men (as % of total)	94.900	94.900	94.900	94.900	89.330	89.330	89.330	89.330	88.900	88.900
<b>Equally distributed equivalent percentage (EDEP) for economic participation</b>	<b>0.736</b>	<b>0.736</b>	<b>0.817</b>	<b>0.817</b>	<b>0.817</b>	<b>0.817</b>	<b>0.817</b>	<b>0.817</b>	<b>0.817</b>	<b>0.817</b>
Indexed EDEP for legislators, senior officials and managers	0.504	0.504	0.665	0.665	0.665	0.665	0.665	0.665	0.665	0.665
Equally distributed equivalent percentage (EDEP) for legislators, senior officials and managers	25.210	25.220	33.270	33.270	33.270	33.270	33.270	33.270	33.270	33.270
Female legislators, senior officials and managers (as % of total)	14.860	14.860	21.160	21.160	21.160	21.160	21.160	21.160	21.160	21.160
Male legislators, senior officials and managers (as % of total)	85.140	85.140	78.840	78.840	78.840	78.840	78.840	78.840	78.840	78.840
Indexed EDEP for professional and technical workers	0.969	0.969	0.969	0.969	0.969	0.969	0.969	0.969	0.969	0.969
Equally distributed equivalent percentage (EDEP) for professional and technical workers	48.436	48.430	48.430	48.430	48.430	48.430	48.430	48.430	48.430	48.430
Female professional and technical workers (as % of total)	58.970	58.970	58.970	58.970	58.970	58.970	58.970	58.970	58.970	58.970
Male professional and technical workers (as % of total)	41.030	41.030	41.030	41.030	41.030	41.030	41.030	41.030	41.030	41.030
<b>Equally distributed equivalent percentage (EDEP) for income</b>	<b>0.064</b>	<b>0.021</b>	<b>0.045</b>	<b>0.043</b>	<b>0.053</b>	<b>0.085</b>	<b>0.115</b>	<b>0.125</b>	<b>0.171</b>	<b>0.227</b>
Income index-female	0.097	0.056	0.081	0.080	0.088	0.112	0.130	0.136	0.159	0.183
Income index-male	0.165	0.095	0.138	0.136	0.150	0.190	0.221	0.230	0.269	0.310
Women's GDP per capita (PPP US\$)	3987.7	2317.0	3337.3	3280.1	3623.0	4564.2	5295.2	5515.5	6446.9	7408.5



Man's GDP per capita (PPP US\$)	6701.7	3894.0	5608.7	5512.7	6088.9	7670.6	8899.3	9269.5	10834.8	12451.0	
Source: Monstat: Statistical Yearbook 1991, 1999-2007, ISSP calculations											
<b>TRENDS IN HUMAN DEVELOPMENT AND PER CAPITA INCOME</b>											
GDP per capita (1994 US\$)-informal economy included	3,541.2	2,526.5	2,882.9	2,839.4	2,852.9	2,884.6	2,997.90	3,110.20	3,372.60		
<b>TRENDS IN HUMAN DEVELOPMENT AND ECONOMIC GROWTH</b>											
GDP per capita (1994 US\$)-informal economy included	3,541.2	2,526.5	2,882.9	2,839.4	2,852.9	2,884.6	2,997.90	3,110.20	3,372.60		
Lowest value during 1991-2003	1,706.86 in 1993										
Highest value during 1991-2003	3,541.1 in 1991										
GDP per capita (current US\$)			1,545.37	1,818.13	2,103.79	2,682.84					
Average annual real rate of change (%)				-0.2	0.8	1.5					
<b>PROGRESS IN SURVIVAL</b>											
Life expectancy at birth (years)	75.210	73.400	73.400	73.400	73.000	73.100	73.150	72.650	72.700	72.700	
Infant mortality rate (per 1,000 live births)	11.1	13.4	11.2	14.6	10.8		7.8	9.5	11		
Under five mortality rate (per 1,000 live births)	11.14	14.50	12.50	15.73	11.41						
People not expected to survive to age 60 (%)											
Maternal mortality ratio reported (per 100,000 live births)	31.23			23.53							
Source: Federal Statistics Office (FRY); Pension Reform Project, ISSP calculations											

## Annex III

# Quality of Life Indicators and Laeken Indicators

## Quality of Life Indicators

Average (in range from 1 to 10)	Montenegro	North	Central	South
Life satisfaction	6.31	6.21	6.53	7.59
Satisfaction with education	5.7	5.3	6.2	6.8
Satisfaction with current job	5.1	4.8	4.9	6.3
Satisfaction with living standard	4.9	5.1	4.9	6.3
Satisfaction with accommodation	6.1	6.3	6.5	7.3
Satisfaction with family life	7.3	7.6	7.6	8.2
Satisfaction with health	6.9	7.1	7.1	7.9
Satisfaction with social life	6.5	6.3	6.8	7.2
Level of trust in other people	4.2	4.3	4.1	4.2
Satisfaction with health services	4.48	4.59	4.47	3.71
Satisfaction with schools	5.84	5.91	6.02	5.19
Satisfaction with universities	6.22	6.10	6.60	5.81
Satisfaction with public transportation	4.43	4.53	4.56	3.38
Satisfaction with social services	3.61	3.83	3.69	3.04
Satisfaction with the State pension system	3.68	4.16	3.86	2.64
Satisfaction with sports facilities	6.23	6.29	6.49	5.34

*Note: the data is examined at the national level and therefore does not actually represent a simple average based on the regions*

## Laeken Indicators

Indicator	Definition	Breakdowns	Breakdowns
At-risk-of-poverty rate + Illustrative threshold value	Threshold value	€162.0	
At-risk-of-poverty rate + Illustrative threshold value	Share of individuals aged 0+ with an equivalised disposable income below 60% of the national median equivalised disposable income*. <i>Source: SSE</i> *Median equivalised disposable income is defined as the household's total disposable income divided by its "equivalent size", to take account of the size and composition of the household, and is attributed to each household member (including children). Equivalisation is based on the OECD modified scale.	Total	24.3
		0-17	25.0
		18-64	23.8
		65+	27.3
		Male	23.4
		Female	24.9
Relative median poverty risk gap	Difference between the median equivalised income of individuals aged 0+ below the at-risk-of poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of poverty threshold. <i>Source: SSE</i>	48.3	
S80/S20	Ratio of total income received by the 20% of the country's population with the highest income (top quintile) to that received by the 20% of the country's population with the lowest income (lowest quintile). Income must be understood as equivalised disposable income. <i>Source: SSE</i>	18.84	
NAT: Healthy life expectancy	Number of years that a person at birth, at 45, at 65 is still expected to live in a healthy condition (also called disability-free life expectancy). To be interpreted jointly with life expectancy	n.a.	
Early school leavers	Share of individuals aged 18 to 24 who only have lower secondary education (their highest level of education or training attained is 0, 1 or 2 according to the 1997 International Standard Classification of Education – ISCED 97) and did not receive education or training in the four weeks preceding the survey. <i>Source: SSE</i>	Male	15.5
		Female	9.2
People living in jobless households	Proportion of people living in jobless households, expressed as a share of all people in the same age group. This indicator should be analysed in the light of context indicator N°8: jobless households by main household types <i>Source: SSE</i>	Total	26.4
		0-17	28.1
		18-59	23.4
		Male(18+)	27.6
		Female(18+)	28.7

NAT: Projected total public social expenditures	Age-related projections of total public social expenditures (e.g. pensions, healthcare, long-term care, education and unemployment transfers), current level (% of GDP) and projected change in share of GDP (in percentage points) (2010-20-30-40-50)	n.a.	n.a.	
Median relative income of elderly people	Median equivalised income of people aged 65+ as a ratio of income of people aged 0-64 <i>Source: SSE</i>	84.11		
Aggregate replacement ratio	Median individual pensions of 65-74 relative to median individual earnings of 50-59, excluding other social benefits <i>Source: SSE</i>	Male	32.86	
		Female	30.97	
Unmet need for care	The total self-reported unmet need for care, was limited to the three reasons: (a) financial barrier (b) waiting time (c) too far travel. Particularly the % of population that feel their medical care needs were not met because: (a) they could not afford / care was too expensive care (b) they are on a waiting list (c) care services are too far to travel to or they had no means of transportation (d) other reasons. Then present the aggregate proportion for the first 3 reasons for unmet need – thought to be those more strongly-related to social welfare systems. This does not preclude Member States to use all existing information on unmet need and reasons for unmet need as additional information. Similarly for dental care. <i>Source: SSE</i>	Male	7.4	
		Female	7.5	
		17-44	6.1	
		45-64	8.9	
		65-74	15.7	
		75+	10.8	
		1	11.0	
		2	7.0	
		3	7.5	
		4	5.6	
5	6.3			
At-risk-of-poverty rate anchored at a fixed moment in time (2004)	Share of individuals aged 0+ with an equivalised disposable income below the at-risk-of-poverty threshold calculated in year 2004 (1st EU-SILC income reference year for all 25 EU countries), up-rated by inflation over the years.	n.a.	n.a.	
Employment rate of older workers	Employed individuals in age groups 55-59 and 60-64 as a proportion of the total population in the same age group <i>Source: SSE</i>	55-59	Total	39.3
			Male	56.9
			Female	20.4
		60-64	Total	19.4
			Female	11.8
In-work poverty risk	Individuals who are classified as employed (distinguishing between “wage and salary employment plus self-employment” and “wage and salary employment” only) and who are at risk of poverty. This indicator needs to be analysed according to personal, job and household characteristics. It should also be analysed in comparison with the poverty risk faced by the unemployed and the inactive. <i>Source: SSE</i>	Employed	19.0	
		Unemployed	35.2	
		Inactive	26.1	

Activity rate	Share of employed and unemployed people in total population of working age 15-64  Source: SSE	15-24	27.4
		25-54	62.3
		55-59	41.3
		60-64	19.4
		Total	49.6
		Male	50.0
		Female	37.8
NAT: Regional disparities – coefficient of variation of employment rates	Standard deviation of regional employment rates divided by the weighted national average (age group 15-64 years). (NUTS II)  Source: SSE	25.56	

Note: SSE - Survey on Social Exclusion (UNDP/ISSP 2008)

# Abbreviations

<b>CSO</b>	Civil Society Organization
<b>EC</b>	European Commission
<b>EU</b>	European Union
<b>EUR</b>	Euro
<b>FDI</b>	Foreign Direct Investment
<b>GDI</b>	Gender Development Index
<b>GDP</b>	Gross Domestic Product
<b>GEM</b>	Gender Empowerment Measure
<b>GEO</b>	Gender Equality Office
<b>HDI</b>	Human Development Index
<b>HIV/AIDS</b>	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
<b>IDPs</b>	Internally Displaced Persons
<b>JIMs</b>	Joint Inclusion Memoranda
<b>MDGs</b>	Millennium Development Goals
<b>MLSW</b>	Ministry of Labour and Social Welfare
<b>NAP</b>	National Action Plan
<b>NGO</b>	Non-Governmental Organization
<b>NHDR</b>	National Human Development Report
<b>OMC</b>	Open Method of Coordination
<b>OSCE</b>	Organization for Security and Co-operation in Europe
<b>OSI</b>	Open Society Institute
<b>PASIS</b>	Poverty Alleviation and Social Inclusion Strategy
<b>PPP</b>	Purchasing Power Parity
<b>PWD</b>	Persons with Disabilities
<b>RAE</b>	Roma, Ashkaelia and Egyptians
<b>SEI</b>	Social Exclusion Index
<b>SIF</b>	Social Innovation Fund
<b>SME</b>	Small and Medium Enterprises
<b>UN</b>	United Nations
<b>UNCT</b>	United Nations Country Team
<b>UNHCR</b>	Office of the UN High Commissioner for Refugees
<b>UNDP</b>	United Nations Development Programme
<b>USD</b>	United States Dollar
<b>VAT</b>	Value Added Tax
<b>W2W</b>	Welfare to Work
<b>WHO</b>	World Health Organization



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