Performance of Western Balkan economies regarding the European Pillar of Social Rights

Updated review on Montenegro

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March 2020
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Executive summary

Montenegro’s performance against several indicators of the social scoreboard, designed to monitor the implementation of the European Pillar of Social Rights, is relatively weak. Despite the fact that between 2017 and 2019 Montenegro achieved a high economic growth rate and a decrease in its unemployment rate, the employment rate remains low and long-term unemployment much higher than in the EU28. Also, poverty and social exclusion levels remain high though decreasing, and the overall efficiency of the social protection system is still unsatisfactory.

Some progress has been achieved in terms of better opportunities and access to education and labour market, but the labour market performance of Montenegro is still rather poor on several measures: high youth unemployment, low participation of women, exclusion of marginalised groups from the labour market and high long-term unemployment. The most visible improvement is related to the increased number of pupils with special education needs enrolled in primary and secondary education. Progress was also achieved in the vocational education and training system, while significant decline was recorded in the unemployment rate of persons aged 15-24. Still, a mismatch between education outcomes and labour market needs is seen as an obstacle to building a competitive market (European Commission, 2019: 49). Persons with disabilities, Roma and Egyptian population (RE), refugees and internally displaced persons, and people living in less developed areas have particular difficulties with access to and integration into the labour market. Also, despite some progress, RE remain the most vulnerable and discriminated community in the economy, and efforts to include them in the labour market are not showing satisfactory results, their labour force participation is decreasing, and informal employment continues to be high. In addition to the gender pay gap and gender employment gap, women are also largely outnumbered by men in the leadership positions, they lack ownership over property and are underrepresented among the self-employed persons and entrepreneurs in the economy.

The employment situation in Montenegro remained unsatisfactory despite slight recovery of the labour market in recent years and the new Labour Law which was just recently passed but has not had time to create an impact yet. Although the traditional full-time employment is the dominant type of employment practiced in Montenegro, in particular because of the high employment in public sector, there is also high incidence of seasonal employment as a result of changes in the economic structure during the transition process and high dependence on seasonal economic activities. This type of employment represents one of the most unfavourable employment situations. Informal employment, the practice of not declaring the full salary in order to evade tax paying (UNDP, 2016), along with long-term unemployment and the lack of part-time jobs contribute to unsatisfactory employment situation in Montenegro. Even though the average net salary has increased, the real net salary actually declined due to the increase of consumer prices. While minimum salary was increased as well, it remains low compared to the EU. Work-life balance is low in Montenegro and dissatisfaction with work-life balance has in fact recently grown for both men and women. The new Labour Law introduced several protective
mechanisms, but the impacts of its provisions are not yet to be seen since it was enacted in early 2020.

Although falling, poverty and social exclusion levels remain high, especially for children, persons with disabilities, older persons, Roma and Egyptian population, and for citizens of the Northern region which has one of the highest at-risk-of-poverty rates in the economy. Children are more exposed to the risk of poverty, and although the general rate of risk of poverty has declined, it is still higher than the average one. The sources available for the pension fund have not significantly increased and the average pension is low compared to the monthly costs of public nursing homes. In terms of nursing homes, a big disadvantage is the absence of public nursing homes in the central region and in the capital of Montenegro (Podgorica), while the newly opened nursing homes across the economy are privately owned and not formally part of the public system. The situation regarding the inclusion of persons with disabilities - one of the most discriminated and marginalised groups together with the Roma population - has not improved. Whilst the number of employed persons with disabilities has been increasing, they are still mostly employed in organisations dealing with the issue of disability which does not necessarily lead to permanent employment. Many citizens of the Northern region of the economy are still lacking access to some essential services, as this region in general is the poorest one in terms of economy and infrastructure. In the area of social protection, there have been efforts to introduce more proactive approach to providing care, but the system’s efficiency remains a challenge.

Summarily, the biggest challenges remain in the area of equal opportunities and access to labour market, but also in the area of fair working conditions. Moreover, there is an issue of poor data availability regarding social protection and social inclusion indicators. With regard to the labour market, the low employment rate in Montenegro remains one of the biggest challenges in the forthcoming period together with the high number of young people not in education, employment and training (NEETs) across the economy. Marginalisation of certain social groups, especially of persons with disabilities and Roma and Egyptian ethnic minority, and thus structural constraints in their participation in the labour market and social integration, continue to pose a significant problem and a big challenge for future policies. The provision of social protection could be improved through better targeting and design of services and benefits in order to avoid fragmented coverage of the population by the social protection system and disparities in labour market outcomes. The overall efficiency of the social protection system remains the biggest challenge despite the fact that significant funds are invested in it.
1 Introduction

The social protection system in Montenegro is complex and is currently undergoing a process of transformation. The system consists of two main parts: the insurance-based protection and a protection that is not based on insurance. As such, the system includes social benefits that are not based on pre-paid contributions such as family allowance, child allowance, personal allowance, care allowance, and assistance for foster care families. Benefits based on paid contributions include social security, including age, veterans and disability pensions, health insurance and unemployment insurance.

The Ministry of Labour and Social Welfare (MLSW) is the institution responsible for managing and monitoring the entire system of social welfare in Montenegro, while legislation is driven by the Law on Social and Child Protection. Institutions responsible for implementation of social welfare are the Centres for Social Work (in charge of social assistance), residential institutions (institutional care), Pension and Disability Insurance Fund (PIO Fund), Health Insurance Fund, and Employment Agency of Montenegro (the latter plays a key role in the programme of activation measures, enabling beneficiaries of social assistance measures to find productive employment).

The Employment Agency of Montenegro or Public Employment Service (PES) and the Centres for Social Work (CSWs) are responsible for employment, social and child protection. PES is a public service organisation with a legal entity. Administrative oversight in the area of employment is under the responsibility of the ministry, in accordance with the Law on Employment and Unemployment Insurance. The PES has 7 bureaus and 24 offices distributed based on the territorial principle, which enables PES tasks to be carried out more efficiently across the economy. On the other side, the system of social and child protection is centralised. The MLSW is the main institution responsible for policy making, provision of finance and supervision of CSWs. The two institutions implement social and child protection at municipal level. CSWs base their decisions on the rights to social and child protection, according to the Law on Social and Child Protection. Montenegro set up 13 CSWs covering all 23 municipalities. Reorganisation of CSW network contributed to having 25 CSW offices across the economy. Since 2011, the number of social workers increased by 53% and significant efforts and resources were invested in improving their competences (UNICEF, IDEAS and Institute for Social and Child Protection, 2019). However, the main problem is that CSWs are not “empowering their beneficiaries, that they are not providing sufficient information necessary for the protection of rights, nor the possibility to meaningfully participate in the protection process” due to the lack of competences and time (ibid.: 8-9).

Certain types of social assistance are under the responsibility of other Ministries. For example, Ministry of Education is responsible for the provision of free textbooks and free meals for children attending public preschool institutions that come from families who are beneficiaries of material support. Due to a decentralised management system, decisions on the supply and
implementation of a range of social services and the provision of social assistance, including one-time financial assistance, are made at the municipal level.

**Various action plans have been developed in the field of social policies, but the monitoring system needs further development.** For a time, one of the major concerns was that monitoring and evaluation of the strategic documents is inadequate since it was not based on measuring outcomes, but counting activities. Various working groups have been established but results of their work are limited. It seems that the main constraint is related to insufficient capacities: financial and human resources are limited. In addition, the overall system is still centralised and social planning at the local level is undeveloped or under development. However, significant efforts have been invested in the past years to remedy this problem. Namely, in 2018, the Government passed the bylaw that introduced requirements for evidence based strategic planning of public policies. The implementation is expected to improve verifiability of implementation of the strategic documents. Additionally, international organisations, such as UNICEF, have supported outsourcing monitoring and evaluation to the external consultants which increased their quality.1

**In general, data availability is limited.** However, there is optimism about improvements to data since several new datasets are to be provided soon, including the Statistics on Income and Living Conditions (EU SILC; December 2019) and Multiple Indicator Cluster Surveys (MICS; April 2019), as well as data from the recently established Information System for Social Welfare (Social Card)2.

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1 For example, see Analysis of the implementation of the Strategy for the development of the social and child protection system in Montenegro 2013-2017, available at: http://www.minradiss.gov.me/biblioteka/strategije

2 Social Card - (SWIS) is an electronic system for: processing, approval, record-keeping, calculation & payments (around EUR 65 million annually), reporting, monitoring and audit of social benefits/transfers. The system covers almost all other social services related business processes, including introduction of the case management, issuing of decisions for placement into residential social facilities, complaint procedures, etc. The beneficiaries no longer experience difficulties and are exposed to expenses of collection of huge paperwork necessary for access to social protection benefits, as the social welfare centre became one stop-shop. SWIS’s interoperability module with ten national IS: Pension Fund, Health Fund, Real Estate Office, Public Revenue Office, Employment Office of Montenegro, Ministry of Interior: Motor vehicles registry and national Central Registry of Population (Ministry of Information Society and Telecommunications), Ministry of Agriculture (Veterinary Directorate) and Ministry of Education – that automatically determines one’s eligibility for social benefits. Social workers are relieved of this administrative burden and can now on dedicate more to beneficiaries. Further, this sophisticated system also enables data import from the Electric Power Company (EPCG) for the electricity bills subventions for poor as well as data from the other national registries (Post Office, national statistical office) enabling data collection and reporting on property, income and un/employment, etc. status of individuals and families.
2 Montenegro’s performance in the 20 principles of the European Pillar of Social Rights

2.1 Equal opportunities and access to the labour market

2.1.1 Education, training and lifelong learning

The education system in Montenegro is characterised by good institutional and legislative support. Since 2000 Montenegro has implemented a comprehensive reform of its education system. The Government of Montenegro is responsible for the adoption and implementation of education strategies and policies at the national level. The system of education at all levels is financed from the public budget. In the recent period, a number of reforms were introduced in the education system. These reforms have initiated changes in all segments of this system. Numerous laws were amended introducing significant regulatory changes from pre-school to higher education. The 2017-2018 Action Plan to implement the Strategy for Development of General Secondary Education (2015-2020) was adopted in December 2016. The revised enrolment policy for high schools and vocational schools aims for reduced class sizes. The 2017-2024 Strategy for Teacher Training and the related 2017-2018 Action Plan were adopted, focusing on the improvement of training to develop students’ key competencies. Montenegro’s national qualifications framework is harmonised with the European qualifications framework and implementation is ongoing. Amendments to the Law on Higher Education were adopted in June 2018, establishing tuition-free enrolment for the first and second cycles and introducing 25% practical training for all study programmes. Primary education is compulsory and free for all children aged 6 to 15 years and lasts for nine years. Secondary education is not compulsory and is free of charge. According to the law, vocational education is free for all and there are no restrictions for entry into vocational schools for any social group. In addition, Montenegro’s Constitution guarantees minorities the right to education, while national legislation guarantees the education of students from minorities in their mother tongue.

Trends in participation rates vary: they are increasing in case of early school education, but are decreasing in case of primary education. According to data of Montenegro and Montenegro Roma Settlements: Multiple Indicator Cluster Survey (MICS) 2019, percentage of children aged 36-59 months who are attending early childhood education is 52.8% compared to 39.9% as was measured by MICS in 2013. However, the following groups of children are less included in early childhood education: children from rural areas (34.5%), from the Northern municipalities (37.1%), children who live in the poorest families classified by Wealth index quintiles (17.7%) and children from Roma and Egyptian communities (15.5%).

This general increase in participation in early childhood education can be attributed to the opening of new kindergartens and engaging more child-care workers in Montenegro in the past period. Namely, in 2018-2019, there were 166 kindergartens in Montenegro, compared to
2017/2018, when there were 147. However, the participation in primary school is decreasing. According to MICS 2019 data, the percentage of children of primary school entry age entering grade 1 (net intake rate) decreased from 90.8 in 2013 to 80.1 in 2018.

**Reform measures have been most visible in vocational education and training (VET).** Progress has been achieved in VET by better matching of labour market needs through the implementation of the newly developed dual education programme and the introduction of a system of vocational teacher placements in industry. New and revised VET curricula were introduced in the school year 2017/2018, accompanied by teacher training. Qualifications based on learning outcomes continue to be developed and scholarship is available for enrolment in deficit occupations. Two-thirds of secondary pupils are enrolled in vocational schools and the enrolment in three-year courses is decreasing despite an excess demand for those occupations in the labour market. One of the most common patterns among VET graduates is continuing education. The European Centre of Expertise Report on the Labour Market Policy in Montenegro states that in 2018 around 70% of VET pupils continued their education at university mainly due to the low demand for labour and bad economic situation. In 2017, the Ministry of Education started reforming the education system including VET. The biggest achievement has been the introduction of dual VET which refers to parallel education and work for an employer where pupils receive a monthly wage.

**Higher education is still characterised by oversupply or shortage of graduates in specific study fields.** Higher education consists of one public and two private universities and also nine independent private faculties and one independent public faculty. It is regulated by the Law on Higher Education. The total number of students, according to MONSTAT in 2018/2019 was 19,210, out of which 3,173 were enrolled in specialist, 1,115 in master’s and 93 PhD studies. Higher education is believed to oversupply students in a narrow range of subjects such as Business, Administration and Law (more than one-fifth of all students), arts & humanities, social science and journalism & information. However, there are no available studies that could empirically confirm these suspicions. The lack of data with this regard is especially relevant as one of the main reasons for graduates having difficulties in finding jobs is the general lack of available jobs. Moreover, the employers are noting the following obstacles to employability of the graduates: lack of specialisation and quality of knowledge and skills, lack of long-life learning and lack of motivation (Unija poslodavaca Crne Gore, 2016). Young people often rely on friends and family to find a job leading to nepotism in recruitment. A study of informal practices in the Balkans conducted in 2017 found that when people in Montenegro are asked to estimate employment through relevant informal contacts in the economy on the scale 1 to 10, the average estimation is 8.2 and when they are asked to estimate how often people get a job based on merit the average on the same scale is 5.2 (Cvetičanin et al., 2019). In response to this issue, the government has recently introduced a programme to provide unemployed graduates with internships after leaving universities. However, the effectiveness of the programme has been rather low. Whilst there has been no official ex-post evaluation of the programme, the absence of monitoring and mentorship in companies where internships are provided could be mentioned as possible reasons for its ineffectiveness. The other could be lack of understanding of what the goal of the programme is. Namely, it has been observed that employers use it as an annually renewable “free labour” resource.
In terms of youth, a new directorate now operates within the Ministry of Sport. More than 800 young participants benefited from one of the three Youth mobility actions since 2014. Slightly more young workers are overeducated (11.4%) than undereducated (8.0%) and the majority of young workers have managed to find work that is well matched to their level of qualifications. By analysing the parameters of the labour market in terms of education level, it is evident that the category of persons with secondary education is dominating the share of the active population followed by university graduates. There is an insufficient percentage of the population that is highly educated compared to developed economies. According to the 2011 census, out of the total population aged 15 and over, 17.4% holds a higher education degree. The aim is that by 2020 the share of population aged 30-34 with university degree increases to at least 40%.

The rate of early school leavers has reduced slightly. Male early leavers from education and training in 2019 represented 4.6% of male population aged 18-24, compared to 5.6% in 2017. The female percentage is slightly less and amounts to 4.5%, compared to 5.2% in 2017. As for the adult population aged 25-64, only 2.5% of adults participated in learning and that percentage is lower for males (2.1%) than for females (2.9%). On the other hand, lifelong learning remains low at 2.5% (see Figure 1).

Figure 1. Early leavers from education and training (% of population aged 18-24 years)

Along with the formal levels of education, a continuous development of vocational education is needed, which is a core function of lifelong learning. There is a strong need for further education, training programmes and specialisation.

2.1.2 Gender equality

Since declaring its independence in 2006, Montenegro has made significant progress in the field of development and human rights. According to the Law on Gender Equality, the concept of gender equality implies equal participation of women and men, as well as persons of different gender identities, in all areas of the public and private sector, equal status and equal
opportunities to exercise all rights and freedoms and the use of personal knowledge and skills for development in the society, as well as to equally benefit from the results of work.

**Although there is a good institutional and legislative framework for the protection and promotion of human rights and freedoms in Montenegro, practice shows that women are still exposed to social marginalisation and discrimination.** According to *Gender Equality Report 2019* (UNDP, 2019), stereotypes, the patriarchal way of thinking and the lack of openness to diversity are very strong. Women still do not have equal conditions for realising their human rights, nor do they have equal opportunities to contribute to national, political, economic, social and cultural development, and consequently to benefit from those opportunities. Despite the fact that more and more women are highly qualified, and their participation in the labour market is increasing, women are still largely outnumbered by men in positions of responsibility in politics and business, particularly at the top level. According to the Statistical Office of Montenegro, in 2017 only 11.4% of women were self-employed, which is more than twice as low as men (25%). An overall lack of decent jobs impacts women’s ability to earn pensions. Consequently, in 2017, only 33,144 women received pensions whereas 52,060 men were beneficiaries of such benefits.

**Data from the Action Plan for Achieving Gender Equality (2017-2021) shows that the gender pay gap in Montenegro is 13.9%.** This means that women only earn 86.1% of the average salary paid to men for equal work. Causes for the pay gap include direct discrimination, indirect discrimination, undervaluing of women’s work, segregation in the labour market, tradition and stereotypes and increased need for women to balance work and private life. After earning less when employed, women receive lower pensions which increases their poverty risk. Employed women more frequently have a tertiary education (55.9% of the active population with tertiary education in Montenegro) than employed men, because women with lower educational attainment more frequently stay out of the labour market. Indeed, official data for the first quarter of 2019 shows that among all unemployed women, 23.8% have a tertiary education degree (compared to 19.9% of unemployed men). This means that women need to invest in their education more if they want to become employed, compared to men, which implies the existence of discrimination from this point of view. Also, the gender employment gap was 11.4 percentage points in the third quarter of 2019, and it shows a fluctuating trend in the last three years (11.7 percentage points in 2016, 13.8 in 2017 and 13.8 percentage points in 2018).

**According to the Report of EU Delegation to Montenegro on Support to the Anti-discrimination and Gender Equality Policies, women are owners of only 4% of houses, 8% of land and 14% of holiday houses in Montenegro.** Lack of ownership over property causes multiple deprivations; women remain dependent on others (mainly husbands), fall easily below the poverty line in case of internal or external shocks and are discouraged to separate from partners even in the case of domestic violence (see below).

**Combatting violence against women and violence in family remains an important priority.** According to an UNDP survey conducted in cooperation with the Ministry for Human and Minority Right in 2017 42% of women in Montenegro have experienced some form of violence (psychological, economic, physical or sexual) from their husband and/or their partner in their life.
In recent years, there was a significant increase in the number of reported cases of domestic violence. The government makes efforts to create a legal and policy framework that would provide an adequate response to the current situation. UNDP research on the perception of violence provides information that 44% of citizens assess domestic violence as highly present in households, while only 20% said they did something to help the victim. Inherited experience of patriarchal power, which gives men a privileged position in relation to women, is still one of the key obstacles to entitlement to protection from domestic violence.

The Gender Equality Index for Montenegro was for the first time calculated in 2019 and it equals 55, while EU-28 average is 67.4. Women in Montenegro are the least equal in domain Power (35.1 p.p.), and the most equal in the domain of Health (86.9 p.p). The gap between Montenegro and EU-28 average is the biggest in the domain of Money which means that women in Montenegro are the least equal to their European counterparts when it comes to the outcomes of their work in terms of wages. The report emphasises that even though women and men are most equal in the domain of health, the domain itself does not capture all relevant levels of health-related inequality in Montenegro (for example selective abortion or violence against women).

### 2.1.3 Equal opportunities

Montenegro has good institutional and legislative framework for the protection and promotion of human rights and freedoms. However, practice shows that Roma, Lesbian, Gay, Bisexual and Transgender (LGBT) people, people with disabilities and older people are still exposed to social marginalisation and discrimination. Recent changes to anti-discrimination legislation passed in June 2017 defined the mandate of existing institutions within the anti-discrimination system more accurately. However, there is a clear need to further strengthen the capacities of these institutions and their staff (incl. resources, etc.) in order to ensure effective protection against discrimination.

Often marginalised people are not informed about their rights and about the institutional mechanisms for the protection of their rights. There is also a lack of trust in these institutions. Practice shows that victims of discrimination rather turn to CSOs when they face issues regarding discrimination.

Key challenges in this area include poor integration of human rights and gender components in development policies. Moreover, institutions either do not have sufficient staff with expertise in this area or the assets planned in the annual budget are not sufficient. Women continue to suffer from various forms of discrimination. Roma and Egyptians are still living on the margins of society. Continuous work is needed in the fields of education, health care, housing and employment. Persons with a disability are also subject to multiple discrimination, and physical access to institutions remains one of the most obvious problems. In order to decrease the level of...

**Human rights frameworks in the economy are aligned with international standards.** The following six groups have been identified as mostly exposed to discriminatory attitudes: Roma, people with disabilities, elderly, national minorities, LGBT and women.

**Montenegro continues to be a regional leader in the rights of LGBT persons.** Overall, the authorities have continued to show openness on this issue and collaboration with civil society is strong. The last Pride Parade took place in Podgorica without any incidents, but there was an increase in reports of hate speech targeting LGBT persons, including from high-level religious representatives. Continued and proactive efforts are still needed to ensure the full and effective implementation of the existing legal framework. On the other hand, little progress has been made on the rights of people with disabilities. Legislative alignment with international standards, including the UN Convention on the Rights of Persons with Disabilities, is progressing slowly. Montenegro still needs to provide regional and sustainable financial support for organisations representing people with disabilities and adequate spending of funds for professional rehabilitation.

**Despite some progress, Roma and Egyptians remain the most vulnerable and discriminated community in the economy** according to the European Commission Staff Report on Montenegro in 2018. On education, there was progress on the number of children enrolled in pre-schools and primary education, while preparatory pre-school education has been extended from 2 to 4 weeks. Other positive measures include the provision of free textbooks, scholarships, enrolment through quotas in secondary and university education for Roma students and provision of transportation in Podgorica. However, the level of knowledge of the official language remains poor, prevention measures against school dropouts are not implemented, and insufficient attention is given to adult education. Only one-third of Roma students complete compulsory education and just 3% (the lowest in the region) complete secondary education. Efforts to include Roma in the labour market are not yielding satisfactory results, their labour force participation is decreasing, and informal employment continues to be high. The great majority of Roma have access to health insurance although the percentage of coverage has dropped since 2011.

**Income is unequally distributed.** Montenegro’s income quintile ratio is still significantly higher than the EU28 average. SILC data (2018) show that the 20% richest households earn over than seven times more than the poorest 20%. There was no real change between 2014 and 2016 on this measure (7.4 in 2018, 7.4 in 2016, while in 2015 and 2014 the income quintile ratio was 7.5 and 7.3 respectively).

**Montenegro has a high share of people at risk of poverty or social exclusion.** In 2017 this indicator was at 33.7% while the estimate for 2018 is 31.4% (see Figure 2). The percentage of at risk of poverty or social exclusion was 34.6% in 2016, and 35.9%, and 37.5% in 2015 and 2014 respectively. This indicator is much higher than in the EU28. Also, the indicator for children is even
higher, amounting to 40.1%. At-risk-of-poverty-rate (AROP) is at the level of 23.6% (2017), while in 2016 AROP was slightly higher at 24%.

Figure 2. At-risk-of-poverty-rate (AROP)

Source: Eurostat online database

2.1.4 Active support to employment

The Montenegrin PES conducts numerous measures and implements policies aimed at supporting people into employment. However, activity rates are still low and the unemployment rate among some vulnerable groups is still high. The main strategic document in the field of employment policy is the National Strategy for Employment and Human Resource Development 2016-2020 which was adopted by the government together with the Action Plan on Employment and Human Resource Development. The overall objective of the strategy is “Creating optimal conditions for the growth of employment and improvement of human resources in Montenegro” (Ministry of Labour and Social Welfare, 2015: 10) and several priorities were defined so as to attain it. These are: increasing employment, reducing unemployment, efficient functioning of the labour market, improving the qualifications and competencies aligned with labour market needs, promoting social inclusion and poverty reduction. The Action Plan for Employment and Human Resource Development is the main instrument for implementation of active employment policy which defines measures and activities aimed at achieving the objectives defined by the National Strategy over a period of one year.

Despite positive trends in 2017, labour market performance is poor, characterised by high youth unemployment, low participation of women and high long-term unemployment. One of the characteristics of Montenegro is a lower activity rate compared to EU Member States and also economies from the region. According to the 2019 Labour Force Survey (LFS), the average activity
rate of the adult population (15+) in Montenegro stood at 57.4 % (66.2% for the population aged 15 to 64 years). In respect to the activity rate per regions, in 2019 the activity rate for persons aged 15 and above amounted to 51.2% in the Northern region, 61.6% in the Central region and 56.6 % in the Southern region. The lowest activity rate is among the population from 15 to 24 years of age (36.5 %) and among the population between 55 and 64 years of age (54.1%) while the population between 25 and 54 years of age have a rate of 79.5% (see Table 22 in Annex 1). The activity rate is the highest among the population with higher education degrees, bachelors, masters and PhDs (83.5%), while the lowest rate is among persons without any formal education (16.2%). There is also a distinctive disparity in the gender-specific rates of activity (in 2019, the activity rate (for the population aged 15 to 64 years) for men was 73.3% and for women 59.1 %) (see Table 22 in Annex 1). According to the LFS, the inactivity rate of the adult population (15+) was at 42.6% in 2019. Pensioners accounted for 38.8% of the inactive population and students for 24%. The data shows that 16% of the population is inactive due to personal or family reasons. The 65+ age group has the largest share in the inactive population (32.8%) followed by the 15 to 24 age group that has the second largest share (25.5%), and the group aged 50 to 64 (21.8%). The employment rate for population aged 20-64 was 60.8% in 2019 (see Table 18 in Annex 1) and the unemployment rate for population aged 15-74 was 15.2%, the same as in 2018 but it represents a decrease compared to the previous years (16.1% in 2017,17.8% in 2016 and 17.6% in 2015) (see Figure 3). The problem of unemployment among young people is one of the key challenges of the labour market. Although a significant decline in the unemployment rate of persons aged 15-24 was achieved in 2019, it is still at the high level of 25.2% (see Table 21 in Annex 1), while the share of young people in total unemployment was at the level of 18.2%. The unemployment rate for young people aged 15-24 is significantly higher than the average unemployment rate.
Figure 3. Unemployment rate

Source: Eurostat online database

Long-term unemployment (LTU) increased in 2019, and is at a rather high level, amounting to 79% of total unemployment. The largest share among LTU persons pertains to those who have been seeking employment for 2 years or longer (62.9% of unemployed persons). The LTU rate was 11.9% in 2019, representing a decrease compared to 13.5% in 2015 (see Table 18 in Annex 1). The percentage points are similar for females and males, 11.4% of active males and 12.7% of active females (see Table 24 in Annex 1). The unemployment per regions is lowest in the Southern region and highest in the Northern region. According to the level of education, the lowest unemployment share pertains to unemployed persons with education level ED5-8, while the largest share refers to those who have education levels ED0-2 (Montenegrin Qualification Framework is aligned with the European Qualifications Framework and thus indirectly with the National Qualifications Frameworks of other European countries; see also Table 20 in Annex 1). In Montenegro, unemployment hits persons with poor education and with a lack of competences for any specific jobs the most. Unemployment is high for disabled persons, Roma, Egyptians, refugees and internally displaced persons, and people living in less developed areas. It is important to emphasise that persons with disabilities face barriers in employment. Social inclusion of persons with disabilities is considered as one of the most important challenges in the field of employment and integration of this group into society in Montenegro.

The youth unemployment rate (aged 15-24) has been significantly reduced since 2015. It stood at 25.2% in 2019, down from 37.6% in 2015 (see Figure 4).
Numerous active labour market policy (ALMP) measures have been designed and implemented since 2016. The effects of these measures, however, have not been measured to instruct the future policies. The focus of these policies included adult education, training for work with the employer, training for independent work, public works and seasonal employment, as well as a programme for providing continuous incentives to employment and entrepreneurship (see Table 1 for the overview of the ALMP measures). These plans have been passed every year but the proper evaluation of the effects of the measures that have been implemented are missing. The progress is still measured through the number of activities implemented, not the outcomes and the effects of the implemented measures.

More progress is needed to align education and skills with labour market needs. The Programme of Professional Training of University Graduates is developed as a strong response to the growing crisis of youth unemployment, especially highly educated persons without substantial work experience. The European Commission launched a number of initiatives, such as the Initiative for Young Persons and the Guarantee for Young Persons⁴, which provide additional funding for the measures for young persons. As LFS data shows, NEETs was at 16.7% of the total population in 2017. This indicator has decreased in the past three years compared to 19.1% in 2015. In 2017, the NEET indicator is higher for females (17.1%) than for males (16.3%). Moreover, labour market policies participants per 100 persons wanting to work in 2017 were 10.3, in 2016 4.1 and in 2015 10.4.

Table 1. Distribution of ALMPs in 2017 and 2018

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of participants</td>
<td>Share in % (of total number of unemployed persons)</td>
</tr>
<tr>
<td>Adult education and training</td>
<td>553</td>
<td>1.1</td>
</tr>
<tr>
<td>Public works</td>
<td>1 214</td>
<td>2.4</td>
</tr>
<tr>
<td>&quot;Stop grey economy&quot; project</td>
<td>145</td>
<td>0.3</td>
</tr>
<tr>
<td>&quot;Empower me and I will succeed&quot; project</td>
<td>n/a</td>
<td>-</td>
</tr>
<tr>
<td>Professional training of people with acquired higher education</td>
<td>3 360</td>
<td>6.6</td>
</tr>
<tr>
<td>No. of unemployed persons</td>
<td>51 262</td>
<td></td>
</tr>
</tbody>
</table>

Source: PES Montenegro

2.2 Fair working conditions

2.2.1 Secure and adaptable employment

Despite slight recovery in the labour market in recent years, significant challenges remain in relation to the secure and adaptable employment. One key problem of the labour market in Montenegro is the low employment rate. It is also important to highlight the difference between women and men which is the result of the fact that women are mainly taking care of dependent family members (especially children, elderly and ill family members). Amongst all unfavourable labour market conditions, it is also important to highlight LTU and prominent seasonal employment. Seasonal employment is a result of changes in the economic structure during the transition process and the high reliance on seasonal economic activities, such as tourism and construction. Regional disparities significantly influence the deepening of unfavourable trends between the northern and other regions. According to the LFS only 19.3% of employed persons were self-employed in 2018 (although this figure is slowly increasing in recent years).

There is a prominent gender gap in self-employment where only 23.4% of self-employed persons are women. In other words, out of the total number of employed persons, only 4.5% are self-employed women. Overall, entrepreneurship development in Montenegro is hampered by limited access to the support from financial institutions and commercial banks, as well as by the institutions dealing with entrepreneurial education. These obstacles are mostly visible in a limited
access to productive, financial and scientific resources. Despite activities carried out regarding the introduction of entrepreneurship as a subject in formal education, further efforts are required.

As Montenegrin economy lacks new and quality jobs on one side and since the higher education system produces too many less required educational profiles (administration, business, e.g.), Montenegro is faced with an increasing number of unemployed university graduates. The current number of unemployed persons with tertiary education is a result of the long-lasting transition process that caused a disruption in the traditional focus on vocational education, accompanied by almost 20 years of expansion of higher educational institutions (public and private), including the strong traditional belief that the university diploma will provide faster and better access to jobs. Out of the entire employed population, LFS data shows that 29.3% obtain tertiary education (55.5% of employed with tertiary education are women), while 43.2% have secondary vocational education and 4.9% secondary general education. The share of youth in the total number of unemployed persons stood at 19.5%. The share of unemployed persons with tertiary education is 18.8% of the total number of unemployed persons. The existing cooperation between the labour market and educational institutions is of formal nature. Also, there is no efficient system of forecasting future labour market needs and demands that would be supported by a high-quality and flexible educational programme and that would, in the end, result in the better connection of the labour market and the education. European Commission progress report for 2019 (European Commission, 2019) states that “(t)he economy continued expanding at a robust pace, improving labour market outcomes even though the unemployment rate remained high”.

Traditional full-time employment is very strong in Montenegro. Only 12.7% of persons in employment are working part-time (LFS data) which is a low percentage. Based on the PES report for 2019, out of the total number of unemployed persons, 41.55% are seeking their first job. This implies that entering the labour market in Montenegro is hard, especially for recent graduates. Only 8.4% of persons in employment (19.5% of total unemployed persons) are young persons aged 15-24. Out of the total number of employees, 96.3% have a written contract, 1.8% have an oral agreement and 1.8% have no contract at all. Some 67.4% of employees have a permanent contract and 32.6% have a fixed-term contract. Analysis of employment in current jobs by duration shows that the majority of employees work in their current job for 60 months or more (61.2% of all employees are at their current job position for 60 months or more), 14.8% of total employees have been in their current job for 0 to 11 months, 7.4% have been in position for 12 to 23 months and 16.6% work in their current job position for 24 to 59 months.

The informal economy remains significant. According to the National Human Development Report (2016), 67.3% of employed had their employer declaring their full salaries, while 10.4% were in position that only part of their salaries was declared, and respective taxes paid (envelope payment). The remaining 22.3% are informally employed (UNDP, 2016). Undeclared work is more frequently taking place in the sectors of trade, construction, tourism and hospitality, craft and industrial facilities of small and medium enterprises. Young people, regardless of their qualifications, are among those that are most susceptible to undeclared work, as well as the

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unskilled workers, older unemployed persons who lost their job in the transition process and even retirees. The main causes of undeclared work include the inflexibility of the labour market, high unemployment rate, low-profit margins and the high tax burden on employers.

2.2.2 Wages

Favourable economic conditions and growth have contributed to a slight growth in wages during the last few years. The main elements for wage formation of the employed on the national level are provided in the General Collective Agreement, while relations are defined on the level of sectors, branches and individual enterprises, through negotiations among social partners (workers and employers’ associations). Since the beginning of 2003, the Government has attempted to reduce labour price via certain cutbacks in fiscal burden on wages, thereby struggling to motivate employers to register currently employed workers or to employ new ones. However, in spite of this measure, employers still consider total labour price to be high and due to that attempt to reduce it in various ways – not registering their workers or presenting lower wages than real labour price, which is subject to calculation of payable taxes and contributions.

Since the beginning of the transition process average wages in Montenegro have recorded high nominal growth rates. However, real growth rates were negative in several periods. The MONSTAT data shows that the average net salary in 2018 amounted to EUR 511 and was 0.2% higher than the average net salary from 2017. However, consumer prices in 2018 increased by 2.6% in relation to 2017, so the real net wages in the same period in fact declined by 2.3%. At the level of 2018, the average gross salary was EUR 766. The high growth rate of net wages was recorded in the following sectors: mining and quarrying (12.7%), professional, scientific and technical activities (8.5%), financial and insurance activities (8.4%), and accommodation and food service activities (7%). The highest average net salary is in the sectors of financial and insurance activities (EUR 994), electricity, gas steam and air conditioning supply (EUR 869) and in information and communication (EUR 703). On the other side, the lowest average net salary is recorded in the sectors of administrative and support service activities (EUR 341), wholesale and retail trade (EUR 366) and manufacturing (EUR 411).

There are several reasons for the recent increase in wages in Montenegro. One of the most important factors that have contributed to this growth is a successful tax reform that significantly reduced tax rates on work. In the period from 1994 to 1999, income was taxed at progressive rates, with the effective tax rate on income exceeding 30%. A flat income tax rate of 19% was introduced in 1999 and was in force until 2002 when it again switched to progressive taxation with an effective tax rate of 14%. Such progressive taxation was in place until 2006 with mild modifications and a reduction in progressive tax rates during that time. Initially, tax rates were 0%, 17%, 21% and 25%. In mid-2004, they changed to the following rates: 16 %, 20% and 24% (0% rate was abolished), and at the end of 2004 they decreased by 1 percentage point and amounted to 15%, 19% and 23%. Since 2007, the system of progressive taxation has been abolished and a unique income tax rate of 9% has been introduced with a deferred application since 2010. At the beginning, in 2007 and 2008 the tax rate was 15%, in 2009 it was reduced to 12% and then a unique rate of 9% was introduced since 2010. The unique tax rate system was altered again in
2013 when a higher income tax rate (15%) for income above EUR 720 was introduced, the so-called "crisis tax". As soon as 2015, the crisis tax on higher incomes was changed to 13%, and from 2016 to 11%. In 2017, 2018 and 2019 the crisis tax rate applied was 11%. After seven years, the Government of Montenegro finally decided to abolish crisis tax and as of 1 January 2020, income tax has returned to 9%, regardless of the amount of income of the individual.

Social security contributions have undergone a number of changes in the past three decades. From the beginning of 1994 until 2005, the cumulative contribution rate was 40% (pension insurance 24%, health insurance 15% and unemployment insurance 1%) and was evenly distributed between the employer and the employee. In the period from 2005 to 2007 compulsory social security contributions accounted for 36.1% (20% for employees and 16.1% for employers). In 2008, the cumulative rate was reduced to 34%, and to 32% in 2009 (17.5% for employees and 14.5% for employers). Since 2010, the cumulative amount of the contribution was 33.8% (24% for employees and 9.8% for employers) and slightly increased in comparison with 2009.

Since 2015, the situation has almost been the same as in 2010 with one change, and a slight increase in health insurance at the expense of employee in the amount of 0. % (from 3.8% to 4.3%, so the cumulative contributions for social insurance amounted to 34.3%). As of 1 July 2019, health insurance at the expense of employee decreased from 4.3% to 2.3%. Today, total cumulative contributions for social insurance amount to 3.3%. The reduction of taxes created a space for an increase in net earnings. The significant growth in the tourism sector over the past few years has also caused the growth of salaries in this field. High inflows of foreign direct investments and domestic investments have contributed to the growth of salaries. In addition to these important factors, reduced grey economy and increased productivity are probable factors leading to higher earnings.

2.2.3 Information about employment conditions and protection in case of dismissals

Montenegro has achieved some level of preparation for EU rules in the field of employment conditions and protection in case of dismissals. EU rules in the social field include minimum standards for labour law, equality, health and safety at work and non-discrimination. The Parliament of Montenegro enacted a new Labour Law in December 2019, which came into force in January 2020. The new Labour Law defines the rights and obligations of the employee as well as the conditions imposed by the employer. The Law also explains the conditions during the period of employment, as well as the protection of the employee in case of dismissal.

Concerning the dismissal of an employee, the employer may cancel the labour contract with the employee if there is a justified reason to do so. The employer should warn an employee in written form about a dismissal which includes a deadline for the employee’s response which cannot be shorter than five working days. Valid grounds (justified dismissal) are related to

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6 Labour Law, “Official Gazette of Montenegro”, 74/19
worker’s capacity; worker’s conduct and economic reasons. Dismissal is prohibited if a decision on dismissal is related to marital status, pregnancy, maternity leave, family responsibilities, temporary work injury or illness, race, sex, sexual orientation, religion, political opinion, social origin, nationality/national origin, age, trade union membership and activities, disabilities, financial status, language, parental leave, whistleblowing, birth, state of health, and ethnic origin. Workers enjoying special protection are workers’ representatives, pregnant women and/or women on maternity leave, workers below eighteen years of age (minor workers), with family responsibilities (parents, adopters, foster parents under the special provisions in the law) and workers with disabilities. The protection of employee’s rights in case of dismissal (Article 180) states that an employee has the right to initiate a dispute in order to protect their rights within 15 days from the date of receipt of the decision before the Agency for the Peaceful Resolution of Labour Disputes or before the Centre for Alternative Dispute Resolution. If the dispute is not resolved before these authorities, the employee can initiate the procedure before the competent court. In the case of a dispute over termination of employment, the burden of proving the justifiability and legality of the reason for termination is on the employer. If there were no legitimate or justified reasons for the termination of the employment contract, the employee has the right to return to work, as well as the right to compensation for material and non-pecuniary damage, lost earnings, etc.

2.2.4 Social dialogue and involvement of workers

Social dialogue is in place in Montenegro and is established as a tripartite mechanism. It is a complex and stable mechanism that is based on a sincere desire of social partners, government, trade unions and employers to build dialogue on mutual trust. The Constitution of Montenegro stipulates that the social position of employees is harmonised in the Social Council, which consists of representatives of trade unions, employers and the government. The economy has ratified four of the six ILO labour conventions on social dialogue, whereas C151 on the Protection of the Right to Organise and Procedures for Determining Conditions of Employment in the Public Service, and C154 concerning the Promotion of Collective Bargaining have not yet been ratified.

Social dialogue in Montenegro is regulated under three different laws, namely: Labour Law; Law on Social Council which regulates the establishment, composition, scope of work, manner of work, financing and other issues of importance of the work of the Social Council; and Law on Trade Union Representativeness.

The Social Council is responsible for facilitating social dialogue in Montenegro. The Council plays a central role in negotiations on amendments to the general collective agreement and may be involved in drafting proposals for laws through establishing working groups. However, its capacity remains limited, as it can only give opinions on proposed laws and regulations within its authority. Until 2008 when the Union of Free Trade Unions was registered, there had been only one trade

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1 Law on Social Council, “Official Gazette of Montenegro” No. 44/18
2 Law on the Representativeness of Trade Unions, “Official Gazette of Montenegro” No. 12/18
union association at national level – the Association of Trade Unions of Montenegro. Trade union pluralism at national and sectoral levels as well as at the level of individual employers, called for the need for recognition of their representativeness which had to be preceded by the development of a legislative framework, i.e. the Law on the Representativeness of Trade Unions (which was adopted in 2010 and recently amended). In line with the above, the successor of the former socialist trade union, the Confederation of Trade Unions of Montenegro, was granted representativeness at the beginning of November 2010, followed by the Union of Free Trade Unions by the end of the same month.

The efficiency of social dialogue could be improved, which was shown by some recent negotiations. The recent pension reform initiative, for instance, showed some weaknesses of dialogue because it almost finished with a general strike due to the initial unwillingness to have constructive dialogue. However, the situation was resolved after several negotiations. Some progress was made in relation to the new labour legislative that was adopted at the end of 2019.

In its Montenegro 2019 Report, the European Commission repeated its recommendation that cooperation with social partners and other non-state actors operating in the sector should be re-enforced.

### 2.2.5 Work-life balance

Work-life balance has become an important issue for both women and men in Montenegro. Eurofound research (see Table 2) recently concluded that the work-life balance problem is much more frequent in Montenegro than it is on average in the EU. In 2016, 76% of respondents in Montenegro were too tired from work to do household jobs at least several times a month, which was much higher than the corresponding EU28 average of 59%. Furthermore, in 2016, 62% of respondents in Montenegro experienced difficulties in fulfilling family responsibilities because of work at least several times a month, again much higher than the EU average of 38%. The least common work-life balance problem was having difficulties to concentrate at work because of family responsibilities. This was reported by 41% of respondents in Montenegro in 2016 versus the much lower 19% for the EU28. It can also be noted that in all three mentioned parameters there was an increase in the percentage of misbalance between daily business tasks and life in 2016 compared to 2011 (see Table 2).
Table 2. Work-life balance in Montenegro, 2011 and 2016 (%)

<table>
<thead>
<tr>
<th>At least several times a month...</th>
<th>Montenegro 2011</th>
<th>Montenegro 2016</th>
<th>EU average 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have come home from work too tired to do some of the household jobs which need to be done</td>
<td>Total 72</td>
<td>76</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>Men 67</td>
<td>75</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td>Women 78</td>
<td>79</td>
<td>62</td>
</tr>
<tr>
<td>It has been difficult for me to fulfil my family responsibilities because of the amount of time I spend on the job</td>
<td>Total 52</td>
<td>62</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>Men 46</td>
<td>61</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>Women 61</td>
<td>63</td>
<td>38</td>
</tr>
<tr>
<td>I have found it difficult to concentrate at work because of my family responsibilities</td>
<td>Total 31</td>
<td>41</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>Men 30</td>
<td>41</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Women 31</td>
<td>42</td>
<td>20</td>
</tr>
</tbody>
</table>


2.2.6 Healthy, safe and well-adapted work environment and data protection

There is already a legislative and institutional framework for healthy, safe and well-adapted work environment and data protection, but the adoption of an amended Law on Safety and Health at Work in 2018 should further improve the situation. The Law on Safety and Health at Work in force in Montenegro defines safety and health at work as: providing working conditions not posing a risk of injury at work, occupational and work-related diseases, while also creating conditions for full physical and psychological safety of employees. The supervision of the implementation of the Law on Safety and Health at Work is conducted by the Labour Inspection through the labour inspectors for occupational safety and health at work. However, according to the National Strategy for Employment and Human Resource Development 2016-2020, human capacities for labour inspection in general are limited, and measures focusing on strengthening the Labour Inspection, both in human resources and professional training, are needed. The Law on Safety and Health at Work states that the employer implements the protective measures by respecting the following principles: avoiding risk, evaluating risk, eliminating risk, adapting the work and workplace to the employee, especially in terms of the design of the workplaces, the choice of work equipment, the choice of working and production methods with a particular emphasis on the alleviation of monotonous work and work at a predetermined work-rate and reducing their effect on health, adapting to technical progress, replacing the dangerous by the non-dangerous or less dangerous, developing a comprehensive policy for the safety and health at work, which includes technology, organisation of work, working conditions, interpersonal relations, and working environment factors, giving advantage to collective protective measures over individual protective measures, and giving appropriate instructions and information to employees.
The Montenegrin authorities adopted the Strategy for Improvement of Safety and Health at Work of Employees 2016-2020 in July 2016 in order to improve the situation. The Strategy states that the principle of occupational safety and health (OSH) at work is a constitutional principle in Montenegro. Every employee has the right to adequate earnings, as well as the right to a limited working time and paid vacation. Only healthy employees in healthy workplaces provide the main contribution to the overall economic and social development of a modern society, through improvement of productivity, quality of products and services, work motivation and job satisfaction. Therefore, health and protection of employees is one of the key areas of the sectoral policy that connects health, human rights, social cohesion and progress of society. The amended Law on Safety and Health at Work was adopted in 2018. The reasons behind amendments are the requirements mentioned above and the need to harmonise national legislation with the European Union acquis, conventions and recommendations of the International Labour Organisation and other sources of international law, as one of the conditions for joining the EU. In this sense, the mentioned law integrates the Framework Directive of the Council 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of employees at work. In addition, Montenegro has the obligation to comply with the Directive of the European Parliament and of the Council 92/57 / EEC on minimum requirements for protection and health at work on temporary or mobile construction sites.

The Agency for Personal Data Protection and Free Access to Information is responsible for employee data security. On the legislative side there is the Personal Data Protection Law with the provisions of the GDPR (General Data Protection Regulation). The GDPR provides for the obligation of the data controllers and processors of personal data to appoint a personal data protection officer who will be the first contact point in the event of a violation of the right. By adopting the new Law on Personal Data Protection that transposes the provisions of the GDPR, the level of protection of personal data for Montenegrin citizens will be improved.

### 2.3 Social protection and inclusion

#### 2.3.1 Childcare and support to children

A strategic and institutional framework for childcare and support to children is in place and significant sources are devoted to childcare. High quality childcare can have a positive influence on children’s development and school readiness by providing valuable educational and social experiences. The main focus of childcare is put on the development of the child, whether that be mental, social, or psychological. High quality childcare is characterised by having well-qualified, well-paid, and stable staff, low child-adult ratios, and efficient management, as well as offering a programme that covers all aspects of child development (physical, motor, emotional, social, language and cognitive development). As an increasing number of mothers are in the workforce and most children aged 3 and older now attend a childcare facility on regular basis, it has become critical that young children from all backgrounds have access to high-quality childcare and early education. Early childcare is an equally important and often overlooked component of child
development. Childcare providers can be children’s first teachers, and therefore play an integral role in systems of early childhood education.

Data on children aged less than 3 years in formal childcare is improved with the implementation of the MICS survey. In 2019, MONSTAT completed the Multiple Indicator Cluster Survey (MICS) with support of UNICEF. This survey includes valuable data for monitoring the situation of children and women by utilising number of internationally standardised indicators.

Pre-primary childcare and education are part of the uniform education and childcare system, which is performed in accordance with the educational programme of pre-primary education, and it covers children up to the enrolment at primary school. There are 49 pre-primary institutions in Montenegro of which 21 institutions are public and 28 are private, with a network of 170 childcare units and 777 organised childcare groups in these units. The total number of children enrolled in pre-primary institutions in the school year 2019/2020 is 23,080. Of the total number of enrolled children, 47.4% (10,947) are girls and 52.6% (12,133) boys. The number of enrolled children is higher by 6.5% in comparison with the previous school year. Children enrolled in public institutions account for 95.3% of the total number of children. The average number of children per educational group in a public pre-primary institution is 32, and in private institutions 14. The number of children that are registered in public or private pre-primary institutions is increasing, as well as the number of child-care workers.

The legislation that provides child support is the Law on Social and Child Protection. The Law provides for the following rights: material security, personal disability allowance, care and assistance supplement, health protection, funeral expenses, one-time financial assistance, a fee for a new-born baby, child allowance, reimbursement of salary compensation and salary compensation for maternity or parental leave, child birth compensation, reimbursement of salary compensation and wage compensation for half- and full-time work. The Law was amended in 2014, 2016 and 2017. Basic rights in the area of child protection include: 1) provision of necessary supplies for a new-born baby; 2) child allowance; 3) allowance for childbirth; 4) wage compensation for half-office hours; and 5) relaxation and recreation of children. The Law on Social and Child Protection defines that social and child protection is an activity through which measures and programmes are provided and implemented and target individuals and families with unfavourable personal or family circumstances, which include support, prevention and assistance in meeting basic living needs. Social and child protection aims to improve the quality of life and empower independent and productive life of individuals and families. The CSW, or other guardianship body, is obliged to provide appropriate forms of assistance and support to parents and take necessary measures to protect the rights of the child, including initiating proceedings for limiting and depriving of parental rights and undertaking various measures of custody for children and adult persons deprived of their business ability. In addition to basic material support for social protection, the Law also defines basic material support for childcare: 1) compensation for a new-born baby; 2) child allowance; 3) cost of nutrition in pre-school institutions; 4) assistance for the

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10 http://www.csrgc.me/index.php/propisi/zakoni
upbringing and education of children and youth with special educational needs; 5) reimbursement of salary compensation and salary compensation for maternity or parental leave; 6) compensation based on the birth of a child; and 7) reimbursement of salary compensation and wage compensation for half- and full-time work.

Data from SILC (December 2019)\(^{11}\) shows that children are more exposed to the risk of poverty. The risk of poverty rate declined from 24.1% (2014) to 23.8% (2018). Also, the rate of risk of poverty or social exclusion in 2018 was 31.4% and compared to 2017 it decreased by 2.3 percent points. Also, the rate of material deprivation of households shows that 12.9% of population in Montenegro cannot afford at least four out of nine material deprivation items, which is 1 percent point decrease compared to 2017.

### 2.3.2 Social protection

**Public spending on social protection in Montenegro is significant, but numerous problems still exist, which calls for deeper analysis of the entire system of social protection.** The goal of social and child protection is to ensure the protection of families, individuals, children at risk and persons in the state of social need or social exclusion. Protection of the poor and vulnerable households from the effects of crisis and providing for potentially new beneficiaries of social protection rights requires more active approach (UNICEF, IDEAS and Institute for Social and Child Protection, 2019: 8). In particular, targeting and adequacy of social welfare as well as improved monitoring are needed, together with better tracking of needs for social assistance in order to meet the needs of the new poor and vulnerable, whose poverty may be only temporary (under the influence of the effects of crisis).

**Even before the effects of the global financial crisis were experienced in Montenegro, the government focused on reforming the social welfare system, with the aim of strengthening social cohesion in the economy.** Priority was given to establishing mechanisms that guarantee an adequate level of social welfare, equal opportunities for all citizens, protection of most vulnerable groups and the development of mechanisms of prohibition of social exclusion and discrimination. Equal attention was paid to encouraging employment and respecting the rights of workers, which is an indispensable part of social cohesion but also a significant factor in the social security system. Regardless of the effects of the crisis, budgetary constraints and the need for saving, there was no significant reduction in the allocations for social protection rights. Also, it is important to emphasise that payments based on rights in these areas are regular and are treated as a priority.

**The Ministry of Labour and Social Affairs is the institution responsible for managing the entire system of social welfare in Montenegro.** Institutions responsible for the implementation of social welfare are the CSWs (social assistance), residential institutions (institutional care), the Pension and Disability Insurance Fund (pension and disability insurance), Health Insurance Fund (health

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insurance) and the PES Montenegro (insurance against unemployment, active employment policies). The most important forms of social protection rights are the following: family support allowance (FMS), child allowance, care and assistance of another person, personal disability allowance and placement with another family, placement in institution and non-institutional services.

Social protection is now focused on improving the status of citizens on a personal, family and even social level, strengthening social cohesion and nurturing independence and the ability of people to help themselves. A systemic, holistic perspective has been introduced but faces some implementation problems such are: lack of proactivity and prevention, lack of community based holistic approach, lack of empowerment of the beneficiaries and misbalance of power between them and case workers, inadequate number of social care workers to provide high quality care, non-developed system of monitoring of internal distribution of the workload, inadequate information system, challenges in applying supervision model and inadequate job standardisation (ibid.: 8-11). A key area of the reform of social and childcare system is to improve the work of the CSWs. The reform process entailed a complete reorganisation of the CSWs (for number of institutions that provide certain type of assistance, see Table 3) which, in addition to structural ones, included changes to the methodology of work. The most significant change relates to the application of a new approach and way of working with users through the introduction of case management concept which replaces former work within professional teams. A system of supervision has also been introduced which ensures that the CSW tasks are performed through professional support and learning. Funds for basic material and social and childcare services are provided in the public budget, in accordance with the law. Family material support (FMS) is the most common social welfare assistance (see Table 4), used by 31 066 people in Montenegro. The municipal budget may provide funds for material support for social and child protection prescribed by the Law on Social and Child Protection12 and for social and childcare services, such as home help, living room, public kitchen services, children’s holiday and recreation, supported housing, accommodation in a shelter, housing for socially vulnerable persons, including for other services based on the availability of funds. If municipalities are not able to provide funds for services, the government will participate in their financing, in accordance with this Law.

Table 3. Social welfare institutions 2018

<table>
<thead>
<tr>
<th>Institutions for children and youth</th>
<th>19</th>
<th>378</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deprived of parental care</td>
<td>1</td>
<td>78</td>
</tr>
<tr>
<td>Mentally and physically handicapped</td>
<td>17</td>
<td>284</td>
</tr>
<tr>
<td>With behaving disorders</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>Institutions for adults</td>
<td>4</td>
<td>492</td>
</tr>
</tbody>
</table>

Source: MONSTAT / Statistical Yearbook 2019

Table 4. Social welfare beneficiaries 2014-2018

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family material support</td>
<td>13 644</td>
<td>11 463</td>
<td>8 961</td>
<td>7 987</td>
<td>9 319</td>
</tr>
<tr>
<td>(number of families)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family material support</td>
<td>40 359</td>
<td>36 86</td>
<td>26 873</td>
<td>24 586</td>
<td>31 066</td>
</tr>
<tr>
<td>(number of members)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal disability</td>
<td>1 876</td>
<td>2 033</td>
<td>2 222</td>
<td>2 343</td>
<td>2 500</td>
</tr>
<tr>
<td>allowance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Care and support allowance</td>
<td>8 947</td>
<td>11 439</td>
<td>14 856</td>
<td>14 539</td>
<td>15 298</td>
</tr>
</tbody>
</table>

Source: MONSTAT / Statistical Yearbook 2019

Weaknesses related to cooperation are recognised by the main institutions. Thus, the project titled “Cooperation between Employment Agency and Centres for Social Work” was implemented in the period from 2015 to 2017. The main goal was to provide support through training PES and CSW employees in providing support for the hard-to-employ persons (specifically persons with disabilities and the Roma and Egyptian populations) and their integration into the labour market. The project consisted of four components which were related to strengthening the capacities of PES and CSWs through different training initiatives, improving cooperation between those institutions in the process of activation of hard-to-employ persons and formalisation of their cooperation by signing an agreement of cooperation. In order to eliminate the above-mentioned problems in communication and improve the overall quality and efficiency of providing services in activation of users of FMS who are capable of working, PES and CSWs signed an agreement (June 2017) on the process of social activation of work-capable beneficiaries of FMS. According to the agreement, the term “social activation” is used for the new, integrated work approach of both institutions (CSW and PES) in order to enable the target group to solve problems with the support of these institutions, to strengthen and develop skills for active overcoming of unfavourable social situations, better inclusion in the labour market and / or higher social inclusion in society. Following cooperation problems, one of the common operational goals of the CSW and PES was

the mentioned agreement that defines the establishment of a unique approach in relation to common users. This should be achieved through applying a common and holistic identification of user needs, agreeing on the priority of providing social activation measures, implementing employment policy measures and social inclusion activities, and coordinating the development of individual activation plans and individual employment plans. Due to communication problems between the institutions, they defined the joint goal – improvement of the flow of information and knowledge.

**CSWs and PES should also ensure the provision of quality and efficient services based on the individual needs of users for the purpose of their employment and social inclusion.** This assumes implementation of improved working methods with target groups of users with the aim of engaging in various forms of social activation and social inclusion leading to employment, as well as improving the competencies of people from the target groups of beneficiaries and improving the conditions for their employment and social inclusion. There is a need to collect information on new services and include new providers of activities and services (e.g. educational institutions, NGOs, employers, etc.). The agreement states that time and budget resources could be saved by reducing fragmentation and duplication of efforts invested in working with the same user groups. Adequate monitoring, evaluation and adjustment of planned activities and results should also be ensured.

### 2.3.3 Unemployment benefits

**Following a recent downward trend in the unemployment rate and the number of unemployment benefit users, the number of users of these benefits kept increasing since 2017.** Since 2012 the unemployment rate in Montenegro has been decreasing – from 19.7%\(^{15}\) to 15.2% in September 2019\(^ {16}\) - in line with the rate of users of unemployment benefits. During 2015, on average, 7 342 unemployed persons used this right every month and the total funds allocated for the financial compensation in 2015 amounted to EUR 9,271,693.86,\(^ {17}\) while in 2016, on average, 6 386 unemployed persons used this right on a monthly basis with the total funds allocated for financial compensation in 2016 amounting to EUR 8,198,069.36.\(^ {18}\) In 2017, however, with the increase of unemployment rate there were more persons who used unemployment benefits – 8 422 on average, and the total funds allocated for financial compensation were higher than in the previous years – EUR 10,449,121.69 (the unemployment rate for men actually decreased, but for women increased significantly).\(^ {19}\) In 2018, on average 9 595 unemployed persons used this right on a monthly basis. Total funds allocated for monetary compensation in 2018 amounted to EUR

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In 2019, there was a significant increase in the number of users of financial compensation. On average, 12,372 unemployed persons used unemployment benefits and the total funds allocated for financial compensation in 2019 were much higher than in the previous years - EUR 16,208,912.10.

The person must be registered at the PES Montenegro and must be capable or partially capable of work and actively seeking employment to obtain unemployment benefits. An unemployed person is a person aged between 15 and 67 years who is a Montenegrin citizen, as well as a foreigner with granted permanent residence, a recognised refugee status or an approved supplementary protection. An unemployed person is entitled to receive financial compensation, and health, pension and disability insurance during the use of this compensation. The right to receive financial compensation is provided to an insured person who, prior to termination of employment, had an insurance period of at least 12 months continuously or with interruptions in the last 18 months. The insured person who has part-time employment is entitled to receive financial compensation if, after redistribution of working hours, s/he fulfils the above conditions. An insured person has the right to receive financial compensation in the sense of a special law, if their employment contract was terminated without their consent or guilt and if the person registered with the PES within the prescribed time limit. The financial compensation is 40% of the minimum salary determined in accordance with the law. Invalidity of Work II and III category entitles the holder of the right to a monetary allowance in the amount of the lowest pension in Montenegro established by the Pension and Disability Insurance Act. The conditions for obtaining the right to financial compensation, the exercise and termination, the length of time, the amount of the financial compensation and the re-acquisition of this right are established by the Law on Employment and Exercising Rights with respect to Unemployment Insurance.

2.3.4 Minimum income

Minimum income is established by legislation; however, there are numerous debates on its appropriateness. A form of minimum wage where defined coefficients, which depend on the level of education, are multiplied by the minimum labour cost was introduced in Montenegro in 1994 by the General Collective Agreement. In 2018 the Labour Law implemented the concept of minimum wage according to international practice, which is now applied in the new Labour Law (2019). Today, there are two levels of protection in Montenegro. The first level of protection represents the system of coefficients in the General Collective Agreement and the basic labour cost, which is transformed into the gross calculated value of the coefficient. An additional level of

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22 http://www.zzzcg.me/nezaposlenii/
24 General collective agreement, “Official Gazette of Montenegro”, No. 014/14
25 http://www.privrednakomora.me/multimedija/rad-i-radni-odnosi/zakon-o-radu
Protection is the introduction of a minimum wage by the Labour Law, so that no employee can earn a full-time job wage which is lower than 30% of the average salary. The agreement of the government, trade unions and employers, which was reached in 2013, stipulates that the minimum wage is established in the nominal amount of EUR 193, which is about 40% of the average salary in Montenegro. The level of minimum wage in Montenegro has increased as of 1 July 2019. It is now set at EUR 222 a month, which represents a 15% increase. The minimum wage was increased from about 38% of the average salary to about 43% of the average salary.

In Montenegro there are no specific minimum wage levels that apply to specific groups, such as young people for example. Analysing the data on developments of the minimum wage and other economic indicators for the period from 1994 until today in Montenegro, it can be concluded that the increase in the minimum wage does not affect the average wage developments, while at the same time it affects the reduction of employment and the increase in unemployment, i.e. the increase in informal employment (Katnic, 2017). The data does not indicate that the increase in the minimum wage, in nominal and relative terms, in previous years has led to an increase in tax revenues from labour, which are more constant than the percentage of GDP and are about an average of 15% of GDP.

### 2.3.5 Old age income and pensions

A recent SILC survey (2018) shows that elderly dependent on their income are more exposed to risk of poverty compared to a few years ago. This supports current debate and launch of pension system reform in Montenegro. The SILC survey from 2018 shows that for single-member households in which the member is older than 65, the risk of poverty rate was 16.4%, which is 3.2 percentage points more than in 2013. The Pension and Disability Insurance Fund (PIO Fund) is an institution that primarily takes care of the pension system of Montenegro and acts in accordance with the Law on Pension and Disability Insurance. The Law on Pension and Disability Insurance has been amended many times since the reform of the pension system (started in 2003) and the system covers most elderly people. However, only about 42% of the working age population contribute to the system, which means that future coverage ratios will decline. The Pay-As-You-Go (PAYG) pension system is a system of intergenerational solidarity where current pensions are financed by current contributions from employees. This system in Montenegro is continually faced with the problem of financing due to the poor labour market conditions such as high unemployment rates and presence of unregistered work, and negative demographic trends such as the declining fertility rates and population aging. The ratio of the number of employees who pay contributions and pensioners whose income is financed from these contributions is becoming more unfavourable (see Table 5).
Table 5. The ratio of the number of pensioners and the number of employees in Montenegro; monthly data 2017-2019

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Avg. pension (€)</th>
<th></th>
<th></th>
<th>Avg. pension (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of pensioners</td>
<td>Number of employees</td>
<td>Ratio</td>
<td>Number of pensioners</td>
<td>Number of employees</td>
<td>Ratio</td>
<td>Avg. pension (€)</td>
</tr>
<tr>
<td>Jan</td>
<td>108 499</td>
<td>177 058</td>
<td>1:1.63</td>
<td>114 279</td>
<td>178 160</td>
<td>1:1.56</td>
<td>285.98</td>
</tr>
<tr>
<td>Feb</td>
<td>108 702</td>
<td>178 112</td>
<td>1:1.64</td>
<td>114 413</td>
<td>179 035</td>
<td>1:1.56</td>
<td>285.81</td>
</tr>
<tr>
<td>March</td>
<td>108 824</td>
<td>179 783</td>
<td>1:1.65</td>
<td>114 447</td>
<td>181 260</td>
<td>1:1.58</td>
<td>285.56</td>
</tr>
<tr>
<td>April</td>
<td>108 895</td>
<td>181 687</td>
<td>1:1.67</td>
<td>114 463</td>
<td>184 039</td>
<td>1:1.61</td>
<td>285.38</td>
</tr>
<tr>
<td>May</td>
<td>108 936</td>
<td>185 886</td>
<td>1:1.71</td>
<td>114 420</td>
<td>189 341</td>
<td>1:1.65</td>
<td>285.28</td>
</tr>
<tr>
<td>June</td>
<td>109 098</td>
<td>188 167</td>
<td>1:1.72</td>
<td>114 497</td>
<td>196 539</td>
<td>1:1.72</td>
<td>285.03</td>
</tr>
<tr>
<td>July</td>
<td>113 394</td>
<td>191 770</td>
<td>1:1.69</td>
<td>114 524</td>
<td>198 987</td>
<td>1:1.74</td>
<td>284.85</td>
</tr>
<tr>
<td>Aug</td>
<td>113 740</td>
<td>188 161</td>
<td>1:1.65</td>
<td>114 544</td>
<td>195 041</td>
<td>1:1.70</td>
<td>284.55</td>
</tr>
<tr>
<td>Sept</td>
<td>117 717</td>
<td>184 719</td>
<td>1:1.57</td>
<td>114 424</td>
<td>195 784</td>
<td>1:1.71</td>
<td>284.32</td>
</tr>
<tr>
<td>Oct</td>
<td>113 971</td>
<td>177 369</td>
<td>1:1.56</td>
<td>114 504</td>
<td>194 555</td>
<td>1:1.70</td>
<td>284.95</td>
</tr>
<tr>
<td>Nov</td>
<td>114 099</td>
<td>178 078</td>
<td>1:1.56</td>
<td>114 673</td>
<td>194 756</td>
<td>1:1.70</td>
<td>285.05</td>
</tr>
<tr>
<td>Dec</td>
<td>114 140</td>
<td>177 627</td>
<td>1:1.56</td>
<td>114 676</td>
<td>194 085</td>
<td>1:1.69</td>
<td>283.80</td>
</tr>
</tbody>
</table>

Source: Fund PIO database

The ratio of the number of employees and pensioners in Montenegro was 1:1.73 in 2019, while the optimal ratio is 3:1. It is clear that the existing pension system is hardly sustainable. The most favourable ratio was in early 1980s with 3:1, which at the beginning of the 1990s began to drastically change. With a sharp increase in the number of pensioners, due to the temporary retirement, the average pension has fallen relative to the average salary. In absolute numbers, in December 2019 the average salary in Montenegro was EUR 520, and the average pension about EUR 287.48. The government gradually increased the retirement age through reform but the situation in the pension fund did not significantly improve. According to the Law on Pension and Disability Insurance, old age pensioners, when the interim solution expires in four years, can leave at 67 years of age and at least 15 years of service; with 40 years of service, regardless of age; with 30 years of service of which at least 20 in workplaces where the insurance period is calculated with an increased duration; or with 20 years of service if they are the parent or guardian of a child with severe developmental disabilities. The overview of the numbers and types of pension and disability insurance beneficiaries is provided in Table 6.

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27 [http://www.fondpio.me/zakoni/zakonOpio.html](http://www.fondpio.me/zakoni/zakonOpio.html)
Table 6. Pension and disability insurance beneficiaries

<table>
<thead>
<tr>
<th>Beneficiaries</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old-age pensions</td>
<td>58 027</td>
<td>61 037</td>
<td>59 007</td>
<td>63 756</td>
<td>64 913</td>
</tr>
<tr>
<td>Disability pensions</td>
<td>22 806</td>
<td>22 509</td>
<td>21 275</td>
<td>21 448</td>
<td>20 894</td>
</tr>
<tr>
<td>Survivor benefits</td>
<td>28 837</td>
<td>28 816</td>
<td>28 196</td>
<td>28 936</td>
<td>28 869</td>
</tr>
<tr>
<td>Compensation for disability</td>
<td>5 302</td>
<td>5 075</td>
<td>4 815</td>
<td>4 576</td>
<td>4 334</td>
</tr>
<tr>
<td>Aid and care compensation</td>
<td>1 039</td>
<td>974</td>
<td>906</td>
<td>838</td>
<td>782</td>
</tr>
</tbody>
</table>

Expenditures, in 000 EUR

<table>
<thead>
<tr>
<th>Beneficiaries</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old-age pensions</td>
<td>218 172</td>
<td>222 429</td>
<td>227 282</td>
<td>235 114</td>
<td>246 570</td>
</tr>
<tr>
<td>Disability pensions</td>
<td>68 775</td>
<td>67 308</td>
<td>65 847</td>
<td>65 743</td>
<td>65 734</td>
</tr>
<tr>
<td>Survivor benefits</td>
<td>76 276</td>
<td>76 132</td>
<td>76 832</td>
<td>79 220</td>
<td>81 397</td>
</tr>
<tr>
<td>Foreign pensions</td>
<td>9 161</td>
<td>9 468</td>
<td>9 655</td>
<td>10 081</td>
<td>10 323</td>
</tr>
<tr>
<td>Compensation for disability</td>
<td>2 854</td>
<td>2 703</td>
<td>2 596</td>
<td>2 626</td>
<td>2 629</td>
</tr>
<tr>
<td>Aid and care compensation</td>
<td>2 458</td>
<td>2 688</td>
<td>2 113</td>
<td>1 979</td>
<td>1 891</td>
</tr>
<tr>
<td>Other compensations</td>
<td>2 458</td>
<td>2 268</td>
<td>2 113</td>
<td>6 501</td>
<td>6 206</td>
</tr>
<tr>
<td>Contributions for health insurance*</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other costs</td>
<td>4 805</td>
<td>5 286</td>
<td>6 217</td>
<td>5 696</td>
<td>5 728</td>
</tr>
</tbody>
</table>

Source: PIO Fund/ MONSTAT / December 2019

In mid-2018 the Montenegrin government initiated the changes to the Law on Pension and Disability Insurance with the intention to introduce a new retirement age, conditionality for retirement as well as the new pension calculation formula. Currently, “special” old-age pensions are provided to those with 30 years of service, of which at least 20 years are effectively spent in hazardous occupations that have accelerated service periods. The government initially proposed the gradual abolishment of this special old-age pension until the end of 2020, as well as a new “double” condition for old-age pension for persons with 65 years of age and 40 years of service. However, after long negotiations with trade unions these initially proposed reform measures have been changed. Based on the proposal the condition for old-age retirement is still 40 years of contributory service, but the age criteria would be 61 years of age (lowered from 65). If an insured person does not fulfil 40 years of service, the age requirement is 66 years for men and 64 for women. Additionally, it was agreed that until 2025 the age limit for special case old-age pension would be increased to 63 years for both women and men, in order to achieve equality. In addition, government agreed that all years of service will not be used for the calculation of pension (which is currently according the law), but one-quarter (ten) of the worst, unbridled years

should be excluded from the calculation (until 2030). However, this proposal has not been passed yet.

2.3.6 Health care

The government provides priority health care measures aimed at preserving and improving the health of citizens. The measures are accessible to all citizens. The Health Insurance Fund of Montenegro is an institution that provides rights to health care and health insurance. The synchronised operation of the Fund in the health care and health insurance system enables better control, more rational and dedicated spending of funds, as well as more creative policy management. In order to achieve better quality of the rights of its insured, the Fund has its organisational units in all municipalities in Montenegro. The insured person holds rights in accordance with the Law on Health Insurance. This Law regulates the rights under compulsory health insurance and the exercise of these rights, financing of compulsory health insurance, supplementary health insurance, contracting health care with providers of health services, as well as other issues of importance for exercising the rights under health insurance. The rights under compulsory health insurance are: right to health care; right to compensation for earnings during temporary incapacity for work; and right to compensation of travel expenses related to the use of health care. The right to health care includes: promotion of health; disease prevention; diagnosis, examination and treatment, including measures of early identification and prevention of progression of damage; rehabilitation and specialised medical rehabilitation; continuous health care; dental health care; emergency and emergency medical assistance; dialysis; transfusion medicine services; medicines and medical devices; and medical-technical aids.

Despite certain data related to health care exist, they still do not reveal all the weaknesses of the health care system. For instance, there is no frequently produced data on self-reported unmet needs for medical care, etc. Improving the monitoring is important so that such statistics could provide more recommendations for policy makers.

2.3.7 Inclusion of people with disabilities

Montenegro made some improvements regarding the legislative and institutional framework for the protection of persons with disabilities. The Law on the Prohibition of Discrimination against Persons with Disabilities (LPDPD) was adopted in 2015 with the intention to harmonise national legislation with the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD). In 2016, the new Strategy for the Integration of Persons with Disability for the period 2016-2020 was adopted. The Government had also adopted the Strategy for the Protection of Persons with Disabilities from Discrimination and Promotion of Equality 2017-2021, which followed the areas of activities and timeframe of the European Disability Strategy 2010-2020. However, according to the report on disabilities for 2017/2018 prepared by the General Director of the Directorate for Youth in the Ministry of Sport, the majority of other national laws and
bylaws had not been harmonised with the LPDPD and UNCRPD.\textsuperscript{29} Also, as the existing reports on people with disabilities in Montenegro, developed over the last 3 years, show – the big obstacle to monitor the efficiency of measures and activities aimed at improving the social inclusion of people with disability is that there is no comprehensive and adequate quantitative and qualitative data related to disability.\textsuperscript{30} This problem has not been solved yet. Also, the report by the Informal Coalition of organisations of persons with disabilities (OSI) in Montenegro highlighted that there is no single database on persons with disabilities, and that the government does not use the unified definition of persons with disabilities in line with the UN Convention.\textsuperscript{31}

The main feature is still inefficient implementation of the Law on Professional Rehabilitation and Employment of Persons with Disabilities. Although Montenegro introduced the Law on Professional Rehabilitation and Employment of Persons with Disabilities in 2011, which proscribes that an employer, which has between 20 and 50 employees, is obliged to employ at least one person with a disability, and an employer, with more than 50 employees is obliged to ensure that at least 5\% of its workforce are people with disabilities,\textsuperscript{32} the majority are actually still employed in organisations dealing with the issue of disability. According to the PES, there are only 2\% of employees with disabilities, regardless of the incentives provided to employers for these purposes by the government. Most employers still prefer to pay the prescribed financial levy to the Fund for Professional Rehabilitation and Employment of Persons with Disabilities instead of hiring persons with disabilities.\textsuperscript{33}

The Law on Professional Rehabilitation and Employment of Persons with Disabilities contributed to establishing the Fund for Professional Rehabilitation and Employment of Persons with Disabilities at the PES Montenegro. The Fund is primarily financed from the special contribution paid by employers which have not fulfilled the prescribed quota for employment of persons with disabilities. These funds are paid to the government budget. As of 1 January 2014, the Fund was allocated a special budget position in the PES Montenegro budget, and for 2019 the amount of EUR 6,000,000 was provided for this programme (same amount as for 2017 and 2018), while EUR 8,300,000 was earmarked for 2020. According to PES Montenegro, in 2019 there were 1,404 employed persons with disabilities in Montenegro, out of which 882 persons were temporary workers, while 522 persons got permanent contract\textsuperscript{34}. According to PES Montenegro data as of 31 December 2018, there were 660 employed persons with disabilities in Montenegro, of which 254 persons were temporary workers, while 406 persons got permanent contract\textsuperscript{35}. In 2017 there were 336 employed persons with disabilities in Montenegro, of which 280 persons

\textsuperscript{30} Country report on the European Semester – Montenegro: https://www.disability-europe.net/country/montenegro
\textsuperscript{31} Center for Democracy and Human Rights, Analysis of Position and Protection from Discrimination of Disabled Persons in Montenegro: https://www.cedem.me/images/jDownloads_new/Analiza_polozaja_i_zastite_od_diskriminacije_OSI.pdf
\textsuperscript{32} Law on Professional Rehabilitation and Employment of Persons with Disabilities

March, 2020

31
were temporary workers, while 56 persons got permanent contract. The numbers of employed persons with disabilities show that the situation has been improving compared to 2016 when 245 persons with disabilities were employed (180 with a temporary contract and 65 with permanent contract) and 2015 when only 108 of them were employed (67 with a temporary contract and 41 with a permanent contract). Although the number of employed persons with disabilities in general has been visibly increasing over the last few years, they are not necessarily securing permanent positions.

In 2019, one public call for financing projects for employment of persons with disabilities was published with grants schemes (25 April 2019). Based on this public call, funding was granted for 57 projects with a total value of EUR 2,641,025.91. These projects envisaged to include 383 persons with disabilities, of which 287 would be employed during the duration of the project, and 134 persons would be employed after completion of the project for a minimum period of nine months. Project implementation will continue during 2020 as well.

The situation regarding accessibility for people with disabilities is still far from satisfactory. The key measures on social inclusion of people with disabilities defined by laws and strategies are related to the removal of physical barriers that hinder the access to facilities in public use, buildings, transportation and other infrastructural facilities. In 2017 a few facilities were completed/adapted: Public Health Care Center “Dr Niko Labovic” Berane (value of completed works EUR 262,583.58), Public Health Institute, General Hospital in Berane (EUR 247,867.26), Public Health Care Center in Niksic (EUR 347,174.56), Public Health Centre for Pulmonary Diseases “Brezovik” in Niksic (EUR 291,432.87). The total value of works carried out on these four buildings during 2017 was EUR 1,149,058.27. Works on facilities of the General Hospital in Niksic and Ministry of Finance Podgorica are underway.

In 2018 11 organisations founded the Network of organisations of persons with disabilities of Montenegro. The Network was established within the "Networking to better work" project, implemented by the Association of Young People with Disabilities of Montenegro (UMHCG) in partnership with the Centre for Development of Non-Governmental Organisations (CRNVO), with the financial support of the European Union. The fact that everyday conditions for people with disabilities in Montenegro are still very bad is also supported by the results of the public opinion poll conducted by the Centre for Democracy and Human Rights in 2018. The research results show that citizens of Montenegro think that discrimination of people with disabilities has not been

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37 Analysis of the position and protection from discrimination of persons with disabilities in Montenegro: [https://www.cedem.me/images/JDownloads_new/Analiza_polozaja_i_zastite_od_diskriminacije_OSI.pdf](https://www.cedem.me/images/JDownloads_new/Analiza_polozaja_i_zastite_od_diskriminacije_OSI.pdf)


41 [https://ec.europa.eu/epale/hr/content/osnovana-mreza-organizacija-osoba-invaliditetom-u-crnogorii](https://ec.europa.eu/epale/hr/content/osnovana-mreza-organizacija-osoba-invaliditetom-u-crnogorii)
really decreasing in the last 8 years and that they consider people with disabilities as the one with the worst treatment among all discriminated and marginalised groups (including ethnic, national and religious minorities, LGBT population, etc.).

2.3.8 Long-term care

Long-term care is limited by unaffordability of the professional service for a lot of elderly in Montenegro. Institutions of long-term care or social protection in Montenegro involved in the direct provision of social services for elderly and older users are primarily social work and institutions for accommodation of users (nursing homes). There are four public/state-owned institutions in Montenegro offering a care home for elderly: the nursing home “Grabovac” in Risan in the coastal region – which provides the institutional care for elderly, adults with disabilities, chronically mentally ill elderly and people in a state of acute social need. The accommodation capacity is 300 places. In June 2017, an adult and senior shelter was established, which is implemented through the "Supporting Project for Adoption of Shelters for Adult and Older Persons". The capacity of the shelter is four places. The second public nursing home is “Bijelo Polje” in the city of Bijelo Polje in the northern region – which provides accommodation services for elderly, adults with disabilities, chronic mentally ill elderly persons and persons in the state of acute social needs. The accommodation capacity is 200 places. The third institution which provides care for the elderly is the Institute “Komanski Most” in Podgorica – whose activities include accommodating adults with disabilities (moderate, more severe and severe intellectual disorders and disorders from the autistic spectrum), occupational engagement in accordance with physical and psychological abilities, cultural and entertainment activities, etc., as well as health care in accordance with the regulations governing the health care and health insurance. The capacity of this institution is 130 places. The transformation plan for “Komanski Most” was adopted in December 2013. The plan focuses on preventing further users' reception and gradual deinstitutionalisation of current users through the development of skills for independent living and the provision of adequate alternative services within the family and community. The newest nursing home for elderly was built this year in the city of Pljevlja, in the northern region of Montenegro. It is intended for accommodation of displaced persons from Bosnia and Herzegovina, Croatia and Kosovo with the capacity of 68 places. The big disadvantage is the absence of a public nursing home in the central region and Podgorica as the capital and the most populous city of Montenegro. One public nursing home in Podgorica is under construction.

1 This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICI Opinion on the Kosovo declaration of independence
44 http://www.vijesti.me/vijesti/pljevlja-staracki-dom-bez-zaposlenih-otvoren-uzi-bora-983984
Over the last few years, private nursing homes have been established for the elderly. These homes are not part of the public social protection system and cannot be considered an institutional resource at this moment because first they are not formally absorbed into the system and second there are no systematic conditions for their licensing. Still, they are a significant factor in the care of the elderly.\textsuperscript{45} There are 3 private nursing homes, two of them are in Danilovgrad\textsuperscript{46} (around 20 km from Podgorica) and one is in Kotor municipality in the coastal region. There used to be two more, but inspection closed them down. Of the mentioned three private homes, not a single one has a working license – one of them is in the process of obtaining a license and another one is temporarily banned.\textsuperscript{47}

Within the “Be responsible” project, a city laundry was opened, which provides free of charge services for people 67 years and older. According to the reports, in 2016, the extension of the network of daily residences for the elderly in Montenegro continued. Two more daily living homes for elderly people opened, and up to that moment six-day residences were established for the elderly in Montenegro: three in Niksic, two in Danilovgrad and one in Mojkovac.

While in many Northern and Western European economies, support for informal carers is designed to allow them to reconcile their caring responsibilities with a professional career, in contrast, family members in Southern and Eastern economies have more intense caring responsibilities,\textsuperscript{48} and this is exactly the situation in Montenegro. One of the main reasons for that can be found in the unaffordability of the professional service for a lot of elderly in Montenegro, having in mind that the average pension in Montenegro is EUR 284\textsuperscript{49} while monthly rent for public nursing home ranges from EUR 250 up to EUR 450.\textsuperscript{50}

2.3.9 Housing and assistance for the homeless

According to the Directorate for Spatial Planning, the lack of data on the number of social housing in Montenegro, the cost of renting, as well as the ownership rights over social housing units are the biggest problems in the area of social housing. The adoption of a national strategy on social housing would contribute to improving the results in this area and thus help more citizens.\textsuperscript{51} The obligation to develop the Social Housing Programme\textsuperscript{52} is prescribed by Article 5 of the Social Housing Law from 2013.\textsuperscript{53} Social housing, under this Law, represents the housing of a


\textsuperscript{46} Out of which one has suffered from a fire, and might not be in function.

\textsuperscript{47} https://www.cdm.me/drustvo/privatni-staracki-domovi-rade-i-bez-licenci-cijene-odreduju-bez-kontrole/

\textsuperscript{48} http://ennhri.org/Long-term-Care-in-Europe

\textsuperscript{49} http://www.fondpio.me/

\textsuperscript{50} https://www.cdm.me/drustvo/privatni-staracki-domovi-rade-i-bez-licenci-cijene-odreduju-bez-kontrole/

\textsuperscript{51} http://www.zid.org.me/143-adp-zid/521-pitanje-socijalnog-standovanja-u-crnoj-gori


\textsuperscript{53} http://www.mrt.gov.me/ResourceManager/FileDownload.aspx?Id=291107&rType=2
specific standard, provided to individuals or households, which are not able to solve the problem of housing due to social, economic or other reasons. The right to social housing can be exercised by natural persons who do not own an apartment or whose housing unit does not have adequate standard and who cannot provide a housing unit from the income they earn. Priorities in exercising the right to social housing, according to this Law, are given to: single parents/legal guardians, persons with a disability, persons over 67 years old, young people who were children without parental care, families with children with disabilities, members of Roma and Egyptians (RE population), displaced persons, internally displaced persons from Kosovo* who reside in Montenegro, foreigner with permanent residence or temporary stay whose status of displaced or internally displaced person was acknowledged and victims of family violence.  

The Government of Montenegro adopted the Social Housing Programme 2014-2016 in June 2014 and the new programme was adopted for the period from 2017 to 2020. The regional housing programme of displaced and internally displaced persons was one of the elements of the programme for the period 2014-2016, where the first Pilot Project - Niksic MNE 1 included the construction of 62 housing units, whose total value was EUR 2,780,000.00, of which EUR 1,980,000.00 were grant funds, while the government and/or local unit contribution was EUR 600000.00. Works on the facility started in May 2015 and the project was completed within the planned time-limit. In July 2013, two other sub-projects were nominated: the construction of 120 housing units at Camp Konik, MNE 2 of the value of EUR 6,906,750.00, of which grant funds constituted EUR 6,226,622.00. Works on ten buildings with ten housing units each were completed before the agreed time-limit. The value of construction of 94 housing units for refugees in Berane municipality was EUR 3,990,649, of which donor funds amounted to EUR 3,575,779. Construction began in February 2017 and a public call for allocation of apartments was announced during the summer of 2018. In 2016 the Camp Konik II was closed down and the subproject Construction of 120 Housing Units at Camp Konik, MNE 2 saved EUR 1,950977.11, so the Assembly of Donors approved the extension of the project of housing construction at Konik MNE5 Construction of 51 housing units at Konik - IPA Project continuation. At the end of 2017, 120 of RE displaced persons moved to these housing units. In 2018 a list of allocation of 38 apartments for displaced persons within the Regional Housing Programme for the municipality of Herceg Novi was published. Part of this housing programme related to building 50 houses throughout Montenegro for people who own land and building permits. By the end of 2020, more than 5 000 apartments in Montenegro will be built within the Social Housing Programme.

Housing provision to socially disadvantaged categories of citizens in the north of Montenegro was

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55 https://mladiberana.me/stanovi-za-raseljena-licu
57 http://webcache.googleusercontent.com/search?q=cache:jmzDtJVQflUJ:www.mrt.gov.me/ResourceManager/FileVersion.aspx%3Frid%3D291122%26rType%3D2%26file%3DSOCIAL%2520HOUSING%2520PROGRAMME%2520MONTENEGRO%25206_9_2017-1.pdf+%26cd%3D1%26hl%3Den%26ct%3Dclnk%26gl%3Dme
59 https://www.cdm.me/ekonomija/2020-izgradnje-jos-3-000-stanova/

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also part of the Social Housing Programme for the mentioned period. During 2015, the first phase of the housing provision to socially disadvantaged categories of citizens in the north of Montenegro project was implemented based on which 23 housing units were built by the Montenegrin Fund for Solidarity Housing Development LLC from Podgorica (hereinafter referred to as the “Fund”). Also, in 2016, 8 housing units with corresponding non-residential premises were purchased from the Fund, totalling EUR 299,270,000 in value, with the aim of giving them to municipalities to address the housing needs of socially disadvantaged categories of population.60

In 2017 in Podgorica, the Reception Centre for homeless people started working, with the capacity for 12 persons. The capital city allocates about EUR 2 million annually for social needs, and this project is estimated to cost a total of EUR 50,000 annually. The lease of the building was completed by the end of 2018, after the completed tender procedure. Users have the right to stay up to three months, but because there were only a few users in the centre, none of them left the Reception Centre after those three months. One user was employed as a janitor of the building for a year. Red Cross and the CSW are working with people settled in the Reception Centre in order to enable these people to live in the community after leaving the Centre.61

2.3.10 Access to essential services

Access to essential services is mostly an issue in the least developed region, namely the Northern region, which is dominantly a rural area. The latest census of population, households and dwellings from 2011 found that there were 247,354 dwellings in Montenegro for living. Of the total number of dwellings in Montenegro, almost all of them have electricity, and 92% have plumbing installations and a sewer connection. Less than half of the dwellings have air conditioning – 40%, while only 7% of dwellings have central heating installations. The highest number of dwellings with a water supply connection is in Tivat municipality (99%), while the lowest is in the municipality of Savnik (49.3%). Actually, seven municipalities with the lowest percentage of water supply installations belong to the northern region of Montenegro, which is in general defined as economically and infrastructurally the poorest region of Montenegro. When it comes to the sewer connection, the situation is very similar, where again the municipality of Savnik has the lowest percentage in all Montenegro (49.1%), followed by the other municipalities of the northern region. In Montenegro only 7% of dwellings have central heating, but even though 3 municipalities with the highest percentage are in the northern region (characterised by a cold winter), Savnik is again the municipality with the lowest percentage in all economy.

Internet access has improved significantly in recent years. According to 2011 census total of 74,679 or 30% of dwellings in Montenegro have internet connection while most of the dwellings – 133,472 or 54% have no internet access.62 According to the Statistical Office of Montenegro, in

60 http://www.mrt.gov.me/ResourceManager/FileDownload.aspx?rId=291107&rType=2
61 http://www.rtcg.me/vijesti/podgorica/196844/beskucnik-zaposlen-u-prihvatilistu.html
2013 55.8% of dwellings had internet access and in 2014 63.6% of them,\textsuperscript{63} while in 2015 67.5%, in 2016 69.8%,\textsuperscript{64} in 2017 70.6%,\textsuperscript{65} in 2018 72.2%\textsuperscript{66} and in 2019 74.3% of dwellings had internet. Therefore, the percentage of households with Internet access has been increasing since 2011, and in the last year (2019) it has increased by 2.1% compared to the previous one.\textsuperscript{67}

In terms of internal public transport, there is only public transport by road in Montenegro. It operates as intercity transport, special intercity transport, city and suburban transport, special city and suburban transport.\textsuperscript{68} There is an intercity public transport from/to every municipality (at least a bus line to/from the capital), but only a few municipalities in Montenegro have public city transport, including Podgorica, Niksic and a few cities/towns at the coast (especially during the summer tourist season).\textsuperscript{69}
3 Conclusion

Montenegro still faces challenges with regard to numerous indicators of the Social Scoreboard designed to support the European Pillar of Social Rights. This is the case for all three chapters, especially for equal opportunities and access to labour market and fair working conditions. The unemployment rate has been decreasing in the last few years, but there is still high rate of NEETs and low employment rate. Also, ALMPs do not cover a high percentage of those seeking a job. Montenegro has a high share of people at risk of poverty or social exclusion. However, one of its strengths is a relatively low share of early school leavers which is much lower in comparison with the EU28.

Adult participation in learning is very low and that represents one of the biggest challenges in the forthcoming period. Low participation in the labour market implies further problems and indicates miscommunication between the main institutions in charge of social protection and public employment offices. The Information System for Social Welfare (Social Card) was recently established which currently covers programmes implemented by social welfare centres and resident-type institutions, and PES data. The system should improve the coordination and communication between the main institutions in the mid-term.

Some analysis showed that social protection programmes need to be better adapted to the needs of different groups, including children, working age persons and the elderly. SILC 2018 data analysis revealed that children whose parents have a lower level of education are particularly at risk of poverty and social exclusion. Thus, a more coherent and holistic approach is needed in order to provide adequate child protection. For working-age people, it is important that social protection promotes the employment of those who are excluded from the labour market in a better way, with 48% of social assistance beneficiaries having a potential for work engagement (World Bank, 2013)\(^\text{70}\). In addition, it is important to address the specific barriers that women face when being employed (Montenegro 2018 Report). When it comes to older people, there is a need for a better integration of services with social protection services in order to better respond to their needs and help them to continue to live in their homes. Additional efforts should also be made to improve social inclusion through social protection, especially for the most vulnerable groups such as Roma and people with disabilities (Montenegro 2018 Report).

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