

Employment and Social Affairs Platform 2

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

2022 REVIEW ON MONTENEGRO



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Abbreviations

| | |
|--------------|--|
| CEDEM | The Centre for Democracy and Human Rights |
| CSW | Centre for Social Work |
| EAM | Employment Agency of Montenegro |
| EC | European Commission |
| EOC | Emergency Operations Centre |
| EU | European Union |
| FMS | Family Material Support |
| GDP | Gross Domestic Product |
| LFS | Labour Force Survey |
| NEET | Young people neither in employment nor in education and training |
| PIO | The Pension and Disability Insurance Fund |
| SILC | Statistics of Income and Living Conditions |
| UNDP | United Nations Development Program |
| VET | Vocational education and training |

I. Executive summary



After favourable economic trends in the period before the pandemic, a significant drop in Montenegro's Gross Domestic product (GDP) was recorded in 2020. The post-COVID period has led to a moderate recovery of the economy during 2021 and 2022, and the unemployment rate has also decreased. This has been reflected in the reduction of exposure to poverty, but poverty reduction still represents a significant challenge.

Montenegro witnessed political instability and transformation in 2022, after the change of the Government in 2020. Constant changes in the governance and administrative system, but also structural transformation (as many units were merged) created additional difficulties. The Government in 2020 was organized within twelve ministries, while in 2022 there were eighteen ministries. Out of these governmental institutions, the most relevant regarding the Pillar of Social Rights are the Ministry of Labour and Social Welfare, the Ministry for Education, the Ministry for Health, and the Ministry for Economic Development and Tourism.

The pandemic affected education in recent years. Due to the critical epidemiological situation and the measures introduced to prevent the spread of the virus, classes in schools and universities were either organised online or shortened. Regarding the policy and strategic framework, some strategies related to preschool education and digitalization have been adopted, while proposals related to higher education have been drafted. While significant progress has been achieved in terms of increasing the enrolment rate in preschool education, that economy's rate is still significantly below the EU 95% target. However, enrolment rates have returned to pre-COVID levels. The most apparent improvement in education is the increase in the enrolment rates of pupils with special education needs in preschool and primary education, which increased by 21% and by 7% respectively in academic year 2021/2022. During the previous two years, a slight decrease in the rates of young people neither in employment, educa-

tion, or training (NEET) was recorded. In 2021, the proportion of NEET (15-24) decreased for 0.9 percentage points, while the NEET rate for youth aged 15-29 remained almost the same as in 2020.

The employment situation in Montenegro is still unfavourable despite recovery of the labour market in 2022, the adoption of new labour legislation, and the new General Collective Agreement. In Q3 of 2022, overall employment increased by 12.2% compared to the same period of 2021. The employment rate was 59.6%, with pronounced differences between men and women. In the same period, the growth of the activity rate was recorded at 5.5 percentage points. The activity rate for men was 75.2%, which is significantly higher than the same rate for women of 62.3%. Furthermore, the unemployment rate fell in Q3 of 2022 (13.4%), which is a decrease of 1.6 percentage points when compared to Q3 of 2021. Although progress was recorded in the labour market, the weaknesses emphasized during the pandemic remained in the post-COVID period. These shortcomings refer to the low labour market participation of women, relatively high youth unemployment, and long-term unemployment. In the Q3 of 2022, the long-term unemployment rate was 9.9%, showing a slight increase compared to same period of the previous years, while youth unemployment rates stood at 20.1%, which is a significantly smaller figure when compared to the first half of 2022 and 2021. Nevertheless, when compared to the EU 27, the youth unemployment rate still remains at a significantly higher level.

Traditional full-time employment is the dominant type of employment practiced in Montenegro, mainly because of the high levels of employment in public sector, which was particularly present in 2021 and 2022. The real average net salary has increased due to the implementation of the economic programme 'Europe Now' in 2022, which resulted in an increase of the minimum wage by 80% in net terms (43% gross) and in the reduction of the tax wedge on labour. As a result, the net

average wage increased to EUR 721 in November 2022, up from EUR 537 at the end of 2021. While the minimum salary also increased, it still remains low compared to the EU average. Work-life balance is lacking in Montenegro, and discontentment with an unsatisfactory work-life balance has in fact recently grown for both men and women. Working from home and distance learning during the pandemic has put additional pressure on people's personal time during 2021. The Labour Law introduced several protective mechanisms, but the impacts of its provisions are yet to be seen.

Gender inequalities remain high, in addition to the gender pay gap and gender employment gap. During the pandemic, the degree of discrimination against women increased. Moreover, the pandemic affected women more than men, taking into account different social, economic and health aspects. Violence against women, in its different forms, is still the most widespread violation of women's human rights.

Despite decreases, poverty and social exclusion levels remain high, especially for children, persons with disabilities, older people, Roma and Egyptian population, and for citizens of the northern region. Children are the most exposed to the risk of poverty,

and although the general rate of risk of poverty has declined, it is still higher than the one for the general population. According to the Statistics of Income and Living Conditions, the economy's 'at-risk-of-poverty' (AROP) rate was 21.2%, whereas for children it stood at 30.5% (MONSTAT, 2022a). Average pension also increased as a result of adjustments to wage growth and inflation, but also due to the increase of the minimum pension in 2022. However, this creates an additional burden on the pension fund and will probably require larger transfers from the public budget. In terms of nursing homes, some progress has been achieved due to the opening of new public nursing homes for the elderly in the capital of Montenegro (Podgorica) and Niksic. Privately owned nursing homes also exist, although they are not formally a part of the care system. With COVID-19 related risks and the lack of contact and regular care, the situation was aggravated when it comes to people in need of care. The situation regarding the inclusion of persons with disabilities has slightly improved in 2022. Whilst both the number of temporarily and permanently employed persons with disabilities has been increasing, the continuation of efforts to further address the issue are necessary. Many citizens of the northern region are still lacking access to some essential services.

II. Introduction



In the last two years, various domestic and international trends influenced the socio-economic conditions of the economy. **The COVID-19 pandemic had a strong impact on economic activity in Montenegro**, as illustrated by the fact that the real economic growth rate was negative and amounted to 15.3% in 2020. The decrease in economic activity was further reflected in the labour market, as perceived not only in the loss of jobs, growth in unemployment, and restrictions in the implementation of active labour market policies, but also on the income of the population. The pandemic also affected the health system and the social system. The most affected were those who belong to vulnerable groups. The measures adopted to reduce the spread of COVID-19 also affected education, as teaching in schools and universities was transferred from classrooms to online teaching.

The consequences of the pandemic were also reflected in the trends and general economic situation of Montenegro during the previous two years, although the economy recovered (GDP growth rate in 2021 amounted to 13%, while real GDP growth in the first three quarters of 2022 was at the level of 7.1%). The delayed effects of the pandemic can be seen in different segments and socio-economic developments in 2021 and 2022.

In addition to the impact of the pandemic, during the previous two years, **political changes affected the social conjuncture of Montenegro**. Firstly, the elections from 2020 were followed by a long negotiation in government formation and a major transformation of the former administrative system, which resulted in changing the organisation of the entire system and reducing the number of ministries. Due to the long negotiation process concerning government formation between political parties, the budget for 2021 was not adopted within the stipulated period, which led to an approach of temporary financing. Such an approach to the functioning of public institutions has slowed down the work of

certain services, considering that in the period of temporary financing no public calls for services or goods could be issued, including those for medications, which caused some supply shortages. Political instability and transformation during 2022 as a consequence of the vote of no confidence in the two governments created additional difficulties and led to a slowdown in the decision-making process, such as in adopting legislation and other responsibilities. The Government in 2020 was organized within twelve ministries, while in 2022 this number was expanded to eighteen ministries. The most relevant when it comes to the Pillar of Social Rights are the Ministry of Labour and Social Welfare, the Ministry for Education, the Ministry for Health, and the Ministry for Economic Development and Tourism.

The implementation of the ‘Europe Now’ economic programme began in 2022, which primarily impacted the tax and health systems. Most importantly, the programme entails in changing the tax policy in the direction of introducing progressive taxation of wages instead of the previous proportional income tax rate. In addition, the programme increased the minimum wage from EUR 250 to EUR 450, consisting of changes which affected the growth of nominal wages. Furthermore, the implementation of the ‘Europe Now’ programme includes the abolition of the obligation to pay contributions for mandatory health insurance (abolition of contribution rate at the expense of both the employee and the employer), which affected the functioning of the health system (Ministry of Finance, 2021). The lack of financial resources in the Health Fund limited the availability of health services and resulted in long waiting lists for patients.

In addition to domestic factors, the socio-economic situation in Montenegro was also influenced by international market trends caused by the war in Ukraine. The war in Ukraine further accelerated the rise in prices, especially of food products, which affected the purchasing power of the population and their social position. Due to

high price increase, the real income of the population decreased in 2022: as of September 2022, real income was decreased by 4.6% when compared to January of the same year.

During the last two-year period, various laws, strategies, and action plans in the field of social policies were adopted. However, the monitoring system needs further development. New strategies were adopted or drafted in the fields of education, gender equality, female entrepreneurship, occupational safety and health, protection of per-

sons with disabilities from discrimination and promotion of equality, etc. The implementation of the 'Europe Now' programme was accompanied by changes in the legislation related to the labour market and the fiscal system. Likewise, the institutional framework was changed with the aim of increasing the quality of the implementation of social policies. The Employment Agency of Montenegro (EAM) continued with the implementation of employment policies. However, the evaluation of policies and their effects remains as the main challenge moving forward.

III. The Montenegro's performance in the 20 principles of the European Pillar of Social Rights (Pillar) and Action Plan



A. Equal opportunities and access to the labour market

I. Education, training, and life-long learning

The educational system in Montenegro consists of preschool, primary, secondary (general secondary and vocational secondary education), upper secondary and higher education. Primary education is mandatory and lasts nine years. The educational system also counts with adult education programmes, which are implemented for all levels of education.

The Montenegrin educational system is inclusive, as the Constitution guarantees minorities the right to education, while the economy's legislation guarantees the education of students from minorities in their mother tongue. There are also provisions that enable affirmative action for the enrolment of students from minority groups at public universities.

The Government of Montenegro is responsible for the adoption and implementation of education strategies and policies at the economy level. The educational policy is regulated by strategic documents at all levels of education. In recent years, Montenegro has implemented a comprehensive reform of its education system, having adopted the Strategy on early and pre-school education 2021-2025 and the Strategy for digitalization of the education system in Montenegro 2022-2027 (which is aligned with the EU Digital Education Action Plan). Other strategic documents regulating different segments of education are the Inclusive Education Strategy 2019-2025, the Strategy for teacher education 2017-2024, the Vocational Education Development Strategy 2020-2024, the Draft Higher Education Development Strategy 2021-2025, which has been revised and covers the period 2022-2026, and the Programme for the development and support of talented students 2020-2022, among others.

Montenegro's qualifications framework is in line with the European qualifications framework and implementation is ongoing.

The Law on Higher Education has been amended in 2021. These amendments are related to study models and alterations to it (going from a 3+1+1+3 to a 3+2+3 study model), as well as to the extension of the deadline for completion of studies of students enrolled on all levels under the previous study model until the beginning of the school year 2023/24. A draft of the new Law on Higher Education was prepared, but still not adopted.

In 2022, the total number of children enrolled in preschool education amounted to 24,654, out of which 52.5% were boys and 47.5% were girls. Regarding gender distribution, when compared to 2021 and 2020, enrolment ratios increased by 7.2% for boys and 15.9% for girls. In terms of the types of kindergartens, 95.4% of children are enrolled in public kindergartens and the remaining 4.6% attend private preschool programmes.

In total, 79,157 pupils were enrolled in primary education in 2022, out of which 51.9% were boys and 48.1% were girls. During the last few years, the number of enrolled pupils has increased. In comparison to 2021, the number of pupils increased by 1.7%, and by 2.4% when compared to 2020. The majority of pupils (98.9%) were enrolled in public primary schools.

The COVID-19 pandemic significantly affected education. During the pandemic, classes were conducted online. In 2021, classes were organised in schools, but they were shortened, with classes lasting 30 minutes instead of 45. One of the limitations of conducting online classes is the availability of the Internet, especially in rural areas. To move around this limitation, the Telekom of Montenegro provided internet service for 100 branch

units (50% of total number) located in rural areas (European Commission, 2022). As a result of this strategy, the problem of the availability of education was partly solved.

According to the latest European Commission (EC) Progress Report for Montenegro (2022), the economy still does not have a qualitative, budgeted, multi-annual education strategy and plan for sustainable reforms. Under these circumstances, broad discussions with all relevant stakeholders including civil society representatives are necessary to address issues related to youth with disabilities, minority groups, as well as a gender dimension focusing on the specific needs of girls and boys. The total number of students enrolled in second-

ary schools in 2022 amounted to 24,970. Almost one third of students were enrolled in gymnasiums (31.2%), while the largest number (53.9%) enrolled in four-year programmes in vocational education and training (VET) schools, and a smaller amount (14.9%) enrolled in three-year programmes in VET schools. The majority of VET students enrolled economics and law (25.1%) and health and social protection programmes (21.5%), while a significant percentage of students enrol tourism, trade, and catering (14.3%).

As dual education was introduced, the number of students enrolled in three-year VET programmes increased when compared to previous years (Table I).

Table I: Number of students in secondary schools 2021/2022

| | 2021/2022 | | | 2022/2023 | | |
|--|-----------|------|------------|-----------|------|------------|
| | III | IV | Gymnasiums | III | IV | Gymnasiums |
| Economics and law | | 3354 | | | 3377 | |
| Construction | 80 | 589 | | 73 | 605 | |
| ICT | | 602 | | | 671 | |
| Interdisciplinary areas | | 512 | | | 488 | |
| Engineering and production technologies/ Electrical engineering | 472 | 1218 | | 473 | 1173 | |
| Engineering and production technologies/ Mechanical engineering | 754 | 186 | | 741 | 144 | |
| Engineering and production technologies/ Mechatronics | | 132 | | | 140 | |
| Art and design | | 95 | | | 103 | |
| Musical art | | 217 | | | 186 | |
| Agriculture, nutrition, veterinary medicine | 151 | 385 | | 104 | 323 | |
| Mining, metallurgy, chemical industry | 71 | 138 | | 59 | 123 | |
| Traffic and communications | 67 | 1171 | | 85 | 1196 | |
| Tourism, trade and catering | 1786 | 1936 | | 1720 | 1928 | |
| Services/personal services | 414 | | | 393 | | |
| Services/Textiles | 14 | 97 | | | 99 | |
| Health and social protection | 71 | 2806 | | 76 | 2893 | |
| General programmes (Gymnasiums) | | | 7927 | | | 7797 |

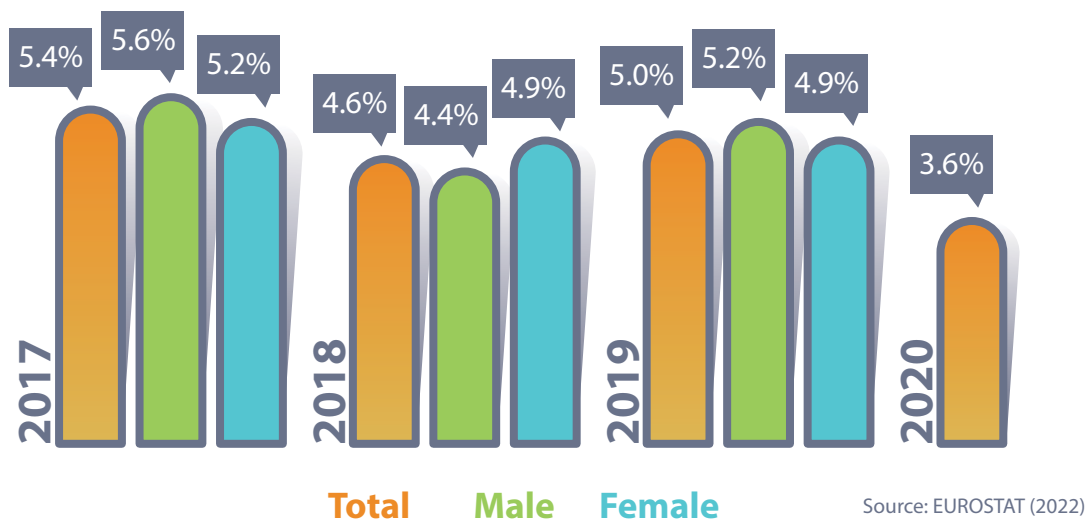
Source: Školska statistika, Ministarstvo prosvjete Crne Gore (2022)

When it comes to adult education, a total of 2,278 participants attended one of the programmes dedicated for this population in 2021, which represents a 9.9% decrease when compared to 2020.

In 2021, the total number of enrolled students at universities (including all years of study) amounted to 17,679. Out of the total number, 56% were female and 44% male. In terms of institutional type, 68.9% students enrolled in public university, while

31.1% enrolled in private universities. In order to increase the employability of university graduates and to provide opportunities for acquiring practical knowledge and experience, the Government of Montenegro implements the Professional Training Programme of higher education graduates. According to the data of EAM, in 2021-2022, 2,723 persons were included in this programme, out of which 44.9% were employed in the public institutions/companies and 55.1% in private companies.

Figure 1: Early leavers from education and training 2017-2020 (% of population aged 18-24 years)



The rate of early school leavers has decreased in 2020 in comparison with previous years. It amounted to 3.6%, which is 1.4 percentage points lower in comparison to 2019. The rate of early school leavers is significantly lower in Montenegro in comparison to the EU27 (3.6% vs. 9.9% in EU). In 2021, the proportion of NEET (15-24) amounted to 20.2%, while the proportion of NEET (15-29) was 26.5%. There is a significant difference between men and women. The proportion of NEET women (15-24) was 15.9%, which is 8.3 percentage points less than the proportion of NEET men.

Slightly smaller differences in the proportions of NEET between men and women were recorded in the age group 15-29 (28.3% for men vs. 24.6% for women). In comparison to 2020, the proportion of NEET (15-24) in 2021 decreased by 0.9 percentage points, while the proportion of NEET (15-29) in 2020 was at a somewhat lower level when compared to the rates of 2021 (26.6%). When compared to the EU27, the NEET rate in Montenegro is much higher. In 2021, the NEET rate (15-29) in EU27 amounted to 13.1%, which is twice as low as in Montenegro.

2. Gender equality

Gender equality in Montenegro is regulated by the Law on Gender Equality, which implies the equal participation of women and men in all areas of the public and private sector, equal position and equal opportunities for the exercise of all rights and freedoms and the use of personal knowledge and abilities for the development of society, as well as achieving equal benefits from work results. However, although the legislative framework has been established, it has limited impact on improving the situation of gender inequality in the society, due to a lack of political will to put this issue on the priority list (European Commission, 2022).

The issue of gender equality is recognized in various strategic documents and work programmes. The Strategy for Gender Equality 2021-2025 was adopted in 2021. The insufficient level of gender equality is recognized as a problem in the Strategy, indicating a low level of gender equality in Montenegro. The main causes are related to the application of the law, the existence of stereotypes, and the insufficient empowerment of women and persons of different sexual and gender identities. In order to raise the level of gender equality in Montenegro until 2025, operational goals have been defined aiming at: improving the application of the existing normative framework for the implementation of the gender equality policy and protection against discrimination based on sex and gender; improving the areas of education, culture and media in order to reduce the level of stereotypes and prejudices against women and persons of different sexual and gender identities; and increasing the level of participation of women and persons of different sexual and gender identities in areas that enable access to resources and the benefitting from the use of resources (Ministry of Justice, Human and Minority Rights, 2021). Furthermore, the issue of improving gender equality is recognized in the Government's Medium-term Work Programme 2022-2024 (Government of Montenegro, 2022).

Further measures aiming to advance gender equality include the adoption of the Law on Temporary Child Support, as well as the establishment of the Alimony Fund. The implementation of the law began in November 2022 and provides that the Alimony Fund will pay single parents whose partners fail to meet their legal obligations, through the subsequent collection of these funds from non-compliant parents by the state. Since there is a problem of non-payment of alimony and considering that custody of the largest number of children belongs to mothers after divorce, these decisions can contribute to solving the problem.

In 2019, the Gender Equality Index for Montenegro was calculated for the first time and amounted to 55, which is lower compared to the EU average of 67.4 (Komar, 2019). According to the Gender Equality Profile of Montenegro from 2021, traditional gender roles and gender stereotypes persist in all spheres of life (home, political life, the labour market, and education) indicating that the society remains highly patriarchal, although progress has been achieved in the fields of legislation and politics during the last two years (UNDP, 2021). Moreover, violence against women, in its different forms, is still the most widespread violation of women's human rights. The need to solve this problem was also pointed out in the EC Progress report for 2022 which states that "Montenegro must address the issue of the gender-based violence and domestic violence in the strategy" (European Commission, 2022).

The Global Gender Gap Report from 2021 indicates that Global Gender Gap Index for Montenegro amounted to 0,732¹ which ranks it 48th out of a total of 156 ranked societies. In relation to 2020, the index increased by 0.021, progressing by 23 places in the 2021 ranking. The highest equality is recorded in educational attainment (0.998), while the lowest is in political empowerment (0.212). According to the survey on the attitudes and per-

¹ 1 - means parity, while 0 - means imparity



ceptions of citizens and public administration employees on gender equality conducted by UNDP in 2021, every second citizen believes that women and men are so different that gender equality is impossible to fully achieve (World Economic Forum, 2021).

According to the Progress Report of the EC, women are under-represented in political and economic decision making. Data on the labour market indicates a disproportion between men and women. In the Q3 of 2022, the employment rate for men was 57.1%, while for women it stood at a significantly lower level (47.7%). In relation to self-employed persons, the percentage of self-employed women is significantly lower than that of men. According to the Labour Force Survey (LFS), out of the total number of self-employed, only 27.6% are women as of Q3 2022 (MONSTAT, 2022b).

The gender employment gap decreased in recent years. According to the MONSTAT data, in 2020,

the difference between the employment rate of men and women (20-64) amounted to 12.9 percentage points. Compared to 2020, the gender employment gap in 2021 was smaller by 1.8 percentage points, and in Q3 2022 it amounted to 8.4 percentage points.

In order to promote the development of female entrepreneurship, a new Strategy for the Development of Female Entrepreneurship of Montenegro 2021-2024 was adopted in 2021. Due to changes in the legislation and the introduction of pensions for women with three or more children, the number of unemployed women has decreased. In the Q3 of 2022, the unemployment rate for women was 10.5%, which is lower than the unemployment rate for men by 4.6 percentage points. On the other hand, during the 2019 and 2020, the unemployment rate of women was at a higher level than the unemployment rate of men.

The COVID-19 pandemic has particularly affected women. According to the Centre for

Democracy and Human Rights (CEDEM) survey from 2020, 17.1% of respondents believe that the degree of discrimination against women has increased due to the COVID-19 pandemic, which is the highest percentage compared to other discriminated groups (CEDEM, 2020). Similarly, UNDP research from 2020 indicates that since the beginning of the pandemic women have suffered more serious consequences than men because of mounting effects of numerous social, economic and health aspects. According to this Report, during the three months of lockdown (April-June 2020), it is estimated that women earned EUR 122.3 million in unpaid work, which was a figure 92% higher than that of men (UNDP, 2020).

3. Equal opportunities

Montenegro has a good institutional and legislative framework regarding human rights and freedoms. The main laws that regulate equal opportunities and define norms against all forms of discrimination are the Law on the Prohibition of Discrimination, the Law on the Prohibition of Discrimination against Persons with Disabilities, the Law on Minority Rights and Freedoms, the Criminal Law, and the Law on the Protectors of Human Rights and Freedoms of Montenegro. There are also strategic frameworks in place aiming to reduce discrimination against different groups, consisting of the Strategy for Improving the Quality of Life of LGBTI Persons in Montenegro for the Period 2019-2023, the Strategy for Minority Policy 2019-2023, the Strategy for the Protection of Persons with Disabilities from Discrimination and the Promotion of Equality for the period 2017-2021, Strategy of social inclusion of Roma and Egyptians in Montenegro 2021-2025 and the Strategy of gender equality 2021-2025².

In the last couple of years, significant steps were made regarding development of legislation targeting the LGBT population. The Law on Lifelong Partnership Among People of

the Same Sex has been adopted and its implementation started in July 2021 as the first same-sex partnership was registered. However, in order for this law to be fully enforced and for LGBT couples to enjoy the same rights as heterosexual partnerships, certain laws have to be amended.

In the Government's work programme for 2022, one of the defined goals refers to the improvement of respect for human and minority rights, gender equality, the rights of persons with disabilities, and the elimination of all forms of discrimination. Therefore, a reduction in the level of discrimination against LGBT persons, members of minorities, and the Roma and Egyptian (RE) population is foreseen (Government of Montenegro, 2022).

Research among citizens shows that Roma, poor people, women, LGBT persons, people with disabilities, and older people are still exposed to social marginalisation and discrimination. According to research among citizens conducted by Centre for Civic Education (2022), the three groups most exposed to discrimination are members of the Roma population, women and poor people. Other groups facing discrimination are minorities, LGBT people, political dissidents, the elderly, and persons with disabilities (PWDs). The same research indicates that more than 70% of respondents believe that poor people, Roma communities, and people with disabilities are significantly unequal compared to others. According to research conducted by the Centre for Democracy and Human Rights (CEDEM), an increase in perceived discrimination based on sexual orientation and gender identity was recorded in 2022 compared to 2010. On the other hand, the research showed that in the observed period the percentage of citizens who felt discriminated against based on nationality, religious affiliation, and political beliefs, unlike discrimination based on sexual orientation and gender identity, has decreased (EEAS, 2022).

² More information on strategies and laws referring to human and minority rights in Montenegro can be found here: <https://janepolitike.me/politika/ljudska-i-manjinska-prava/>

Although progress has been made in public policies, in order to ensure effective protection against discrimination, there is a clear need to further strengthen the capacities of these institutions and their staff, including resource allocation. According to the EC Progress report for 2022, institutional capacities need to be further strengthened, including through the allocation of appropriate funding for the promotion and enforcement of human rights (European Commission, 2022).

4. Active support to employment

After the strong impact of the pandemic on the labour market, which was reflected in the reduction of employment and the subsequent increase in unemployment, the labour market showed signs of recovery in 2022. According to the LFS, the total number of employees (15-64) in Q3 of 2022 was 252,900, which was 12.2% higher when compared to the same period of the previous year. The employment rate (15-64) was 59.6%, consisting of rates of 63.5% for men and 55.6% for women. The activity rate in the Q3 of 2022 was 68.8%, which represents a 5.5 percentage points increase compared to the same period of the previous year. The activity rate of women is significantly lower compared to men (62.3% vs. 75.2%). In terms of level of education, activity is highest among persons with higher education (85.4%), while it is lowest among persons with less than primary education (17.5%).

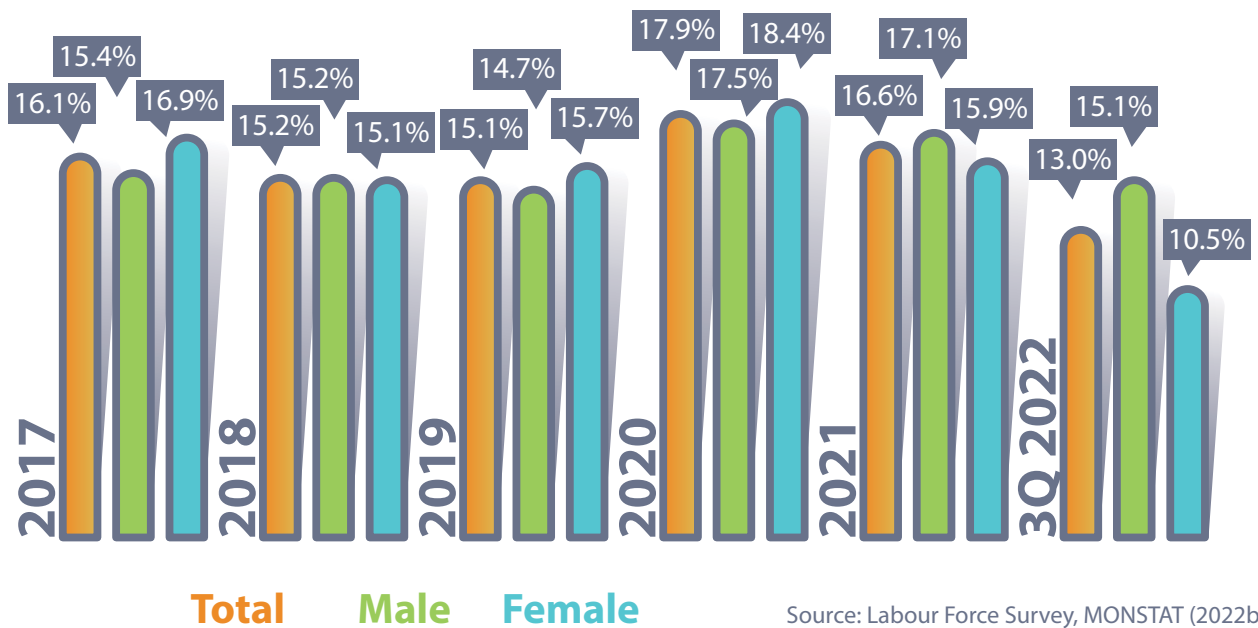
Due to the growth of economic activity during the Q3 of 2022, the unemployment rate (15-64) was 13.4%, which is smaller than the rate in Q3 2021 by 1.6 percentage points. The unemployment rate for women was 10.8%, while it was up to 15.6% for men.

One of the significant problems of the labour market is long-term unemployment, which in Q3 2022 was at the level of 9.9%.

Compared to the Q3 of 2021, long-term unemployment has increased by 0.2 percentage points. However, compared to 2021, long-term unemployment has decreased by 1.1 percentage points. Long-term unemployment shares in the total unemployment amounted to 75.6% in Q3 2022. In comparison to the EU27, the long-term unemployment rate in Montenegro is many times higher. In 2021, this rate in the EU27 amounted to 2.8%, which is 8.2 percentage points lower than the rate in Montenegro.

The rate of persons outside the labour force amounted to 39.9% in Q3 2022, which is significantly less compared to the Q3 of 2021 when this rate amounted to 45.4%. There are pronounced differences by gender within this population, as witnessed by the indicator of 32.7% for men, while it was at the level of 46.8% for women. A third of the inactive population is older than 65, while a quarter is between 15 and 24.

Figure 2: Unemployment rate 2017-2022



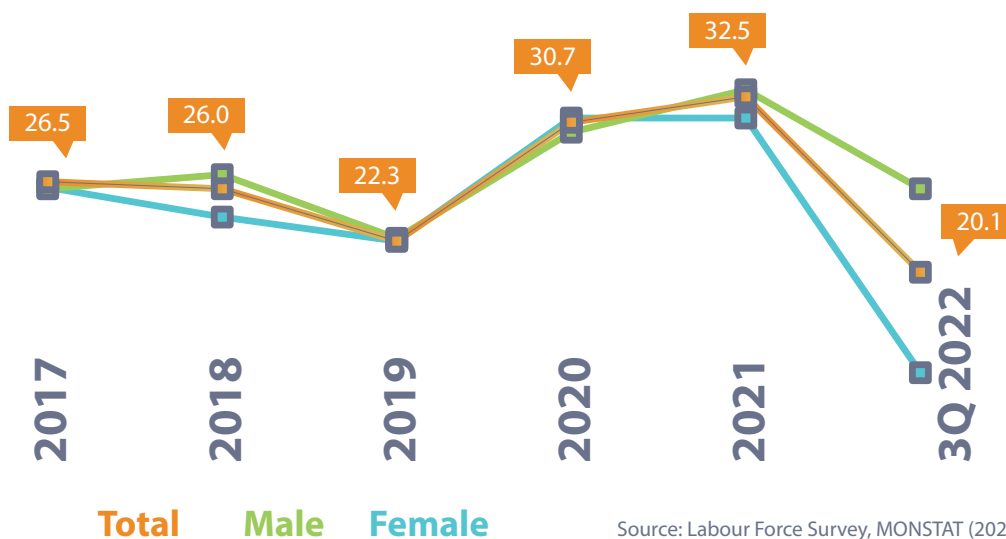
Source: Labour Force Survey, MONSTAT (2022b)

Youth unemployment rate declined in 2022 for the first time in the past couple of years.

One of the main challenges of the labour market is youth unemployment. The youth unemployment rate (15-24) was 21% in the Q3 of 2022. However, in the first two quarters it was at a significantly higher level (in Q1 2022 it was 40.5%, and in Q2 it stood at 26.7%). The youth unemployment rate

(15-29) is at approximately the same level of 20.1% (25.8% for males and 13% for females). In 2021, the youth unemployment rate (15-24) amounted to 37.1%, which is significantly higher than in the EU27 (16.5%). This disparity is similar to the youth unemployment rate (15-29), where the rate is 19.5 percentage points higher in Montenegro (32.5% in Montenegro vs. 13.0% in EU27).

Figure 3: Youth unemployment rate (15-29)



Source: Labour Force Survey, MONSTAT (2022b)

To improve the situation of the labour market, numerous employment policies are currently being implemented. The Employment Agency of Montenegro (EAM) implements active employment policies targeted towards the different groups of the unemployed. In 2021, active employment policy measures were implemented for 1,173 unemployed persons. Additionally, programmes were

implemented in cooperation with employers for 1,114 unemployed persons and in cooperation with three organizers of adult education for 58 unemployed persons. The innovative programme for continuous self-employment and development of entrepreneurship was realised by granting one loan for self-employment, which opened one new job (Employment Agency of Montenegro, 2022).

Table 2: Distribution of ALMPs in 2021 and 2022

| | No. of participants 2021 | Share in % (of total number of unemployed persons) | No. of participants 2022 | Share in % (of total number of unemployed persons) |
|--|--------------------------|--|--------------------------|--|
| Public works | 586 | 1.02 | 320 | 0.69 |
| Incentive for seasonal work employment | 66 | 0.12 | | |
| Training for work at the employer | 207 | 0.36 | 248 | 0.53 |
| Training for independent work | 255 | 0.44 | | |
| Education and training of adults | 58 | 0.10 | 318 | 0.68 |
| Loans Innovative programme | 1 | 0.002 | | |
| Incentive for employment | | | 52 | 0.11 |
| Youth employment support program | | | 90 | 0.19 |
| | | | | |
| No. of unemployed | 57,386 | | 46,596 | |

Source: Employment Agency of Montenegro (2022, 2023)

The framework of active employment policies, education, and training programmes for adults included 58 persons (4.9% of the total number of unemployed persons covered by the measures); 255 for training for self-employment (or 21.7% of the unemployed persons covered by the measures); 207 for training for work with an employer (or 17.6% of the unemployed included in the measures); 66 for incentive program for seasonal employment (5.6%); 586 for public work programmes (50.0%); and one unemployed person for the self-employ-

ment programme. In relation to the total number of unemployed, active employment policies cover 2% of the unemployed. Furthermore, 3,258 university students were included as a part of the Professional Training Programme of higher education graduates in 2021/2022.

In 2022, active employment policy measures were implemented for 1,028 unemployed people, which is 91.13% of the planned number of participants. Unemployed persons who are exposed to risk on

the labour market are included, such as young people, women, persons who have been looking for work for more than 12 months, members of the RE population and beneficiaries of the family material support. The participation of women in the total number of program participants was 66.73%, persons under 30 years of age 35.80%, persons looking for work for more than 12 months 32.10%, members of the RE population 1.46% and beneficiaries of family material support 4.77% (Employment Agency of Montenegro, 2023).

In addition to the active employment policy measures financed from the EAM's budget, in cooperation with the International Labour Organization, the Pilot Project 'Activate Women' was implemented for 121 unemployed women with children of preschool age, financed by the Global Fund for Sustainable Development of the UN and the European Commission.



B. Fair working conditions

5. Secure and adaptable employment

The COVID-19 pandemic had a significant impact on labour market trends. In 2020, the number of registered unemployed increased by 13.4% compared to 2019, and the growth of unemployment continued in 2021, when it was 31.1% higher than in 2020. The number of the unemployed was at the level of 54,560 persons. Due to positive economic trends during 2022, registered unemployment in the first nine months of 2022 decreased by 8.8% compared to the same period of the previous year. On the other hand, registered employment increased by 21.9% in the comparative period. Employment recorded growth in all sectors of activity.

According to the LFS, in the Q3 of 2022, most of the employed had written contract with their employers, while 2.4% had oral agreements, and 1% did not have contract. Two thirds of employees had a permanent contract, while the remaining one third had a fixed-term contract.

Full-time employment is very common. Out of the total number of employees, 97.4% were employed full-time, while only 2.6% had a part time job. Full time employment was most represented in the industry sector (98.4%), while it was less present in the agricultural sector (91.4%). Out of all employees in the service sector, 97.6% were employed full-time. Regarding the employment status, 79.1% were employees, while 18.7% were self-employed. The smallest percentage of the total number of employees (2.2%) were family workers.

The proximity of municipalities and good traffic connections enable daily work migrations. According to data from the LFS, 15,900 employed persons in Montenegro worked in another municipality from where their household was located

(or 6.1% of the total number of the employed). Moreover, 2.4% of the total number of employed persons work abroad. A higher percentage of those employees were male rather than female (55% vs. 45%).

As Montenegro's economy lacks new and quality jobs, one of the challenges moving forward is increasing the number of jobs for unemployed university graduates. According to the LFS, more than one fourth of total number of unemployed possessed education (bachelors, masters, and doctoral degrees).

6. Wages

During the period of 2018 to 2021, the average net salary in Montenegro recorded constant nominal growth. In 2018, the average salary was EUR 511. Similar salary levels were recorded in 2017 (EUR 520) and in 2016 (EUR 499). In 2019, net earnings were higher by 0.8% as compared to 2018. A slight increase in earnings was also recorded in 2020 and 2021, when the average net earnings amounted to EUR 524 and EUR 532, respectively.

With the implementation of the economic programme 'Europe Now' as of 2022, earnings recorded a significant growth. Namely, the 'Europe Now' programme implies a change in the tax legislation, which affected the growth of wages. Firstly, the implementation of the programme resulted in an increase in the minimum wage from EUR 250 to EUR 450 (the minimum wage was previously increased in 2021 from EUR 222 to EUR 250) and in the establishment of a progressive system of income taxation, based in the introduction of a non-taxable part of the wage of EUR 700 on a gross basis (i.e. 0% income tax on earnings up to EUR 700). The tax rate on income in the amount of EUR 700 to EUR 1,000

is 9%, while an increased income tax rate of 15% is introduced on earnings above EUR 1,000. The programme also includes the abolition of the obligation to pay contributions for mandatory health insurance (abolishing the contribution rate at the expense of both the employee and the employer), which had a significant impact on the amount of earnings. Therefore, the implementation of the 'Europe Now' programme contributed to the reduction of the tax burden on labour from 39% to 20.4%, which continues to increase progressively with the growth of earnings (Ministry of Finance, 2021).

Considering these changes in tax legislation through the implementation of the 'Europe Now' programme, average net wages in January 2022 amounted to EUR 686, which represents an increase of 28.9% compared to 2021. Compared to wages in December 2021, they were nominally higher by 27.4% in January 2022. However, it is important to emphasize that the increase in wages is a consequence of changes in tax legislation and the abolition of healthcare contributions, rather than being caused by increased labour productivity.

During 2022, earnings recorded a slight growth, seeing that in the first nine months they were at the level of EUR 708, which is an increase of 33.6% compared to the same period in 2021 (MON-STAT, 2022c). However, due to high inflation in 2022, real wage growth was significantly lower. In September, real earnings decreased by 4.6% when compared to January 2022.

7. Employment conditions and protection in case of dismissals

Montenegro has achieved some level of preparation for implementing the 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, non-discrimination, and the

promotion of social dialogue (European Commission, 2022). At the end of 2021, further amendments to the Labour Law, which was previously amended at the end of 2019, were adopted. The latest amendments to the Labour Law were initiated under the scope of the implementation of the economic programme 'Europe Now', due to the need to adjust the legislative framework. The Labour Law³ defines the rights and obligations of employees in an employment relationship on the basis of work, the manner and procedure of their realization being regulated by this law, the collective agreement, and the employment contract. The Law also explains the conditions during the period of employment, as well as the protection of employees in case of dismissal.

According to the Labour Law, employers may terminate the labour contract with employees if there is a justified reason to do so. Valid grounds (justified dismissal) are related to 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/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), those with family responsibilities (parents, adopters, foster parents under the special provisions in the law), and workers with disabilities. The law prescribes clear procedures in case of a collective dismissal of workers, dismissal in case of termination of need for work, conditions for receiving severance pay, and the entire procedure of termination of employment.

Also, the Labour Law states that an employee has the right to initiate a dispute in order to protect

3 Labour Law, Official Guzzetti 74/2019 i 8/2021

their rights before the Agency for the Peaceful Resolution of Labour Disputes or before the Centre for Alternative Dispute Resolution within 15 days from the date of receipt of the decision. 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 falls 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 nonpecuniary damage, lost earnings, etc.

8. Social dialogue and involvement of workers

Social dialogue in Montenegro is established as a tripartite mechanism. It is a complex and stable mechanism that is based on a desire of social partners, government, trade unions, and employers to build dialogue based 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 (Montenegrin Employers Federation, n/d). The economy has ratified all six ILO labour conventions on social dialogue, the latest one being the C 151– Labour Relations (Public Service) Convention, ratified in April 2019. The Labour Law, the Law on Social Council, and the Law on Trade Union Representativeness regulate social dialogue (Regional Cooperation Council, 2021).

Given the trends in the economy and the labour market after the pandemic period, the role of social dialogue was even more emphasized. Taking into account the challenges arising from the crisis, the role of social dialogue should be greater and more significant. The pandemic, in addition to events in the domestic market related to political instability and the impact of the war in Ukraine on economic trends, had an impact on the function-

ing of social dialogue, as illustrated by the slowing down of initiatives in the field during the post-COVID period. The decrease in the intensity of social dialogue during the previous two years was also assessed by the social partners.

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 the establishment of working groups. The Council consists of representatives of the government, trade union organizations, and employers' associations in Montenegro. According to the Progress Report 2022 of the EC, there is a need to improve the functioning of the Social Council in order to ensure it is fully embedded into economy's policymaking (European Commission, 2022).

At the end of 2022, the General Collective Agreement was signed, as a product of the social dialogue between the social partners, the Union of Employers, the Confederation of Trade Unions, the Union of Free Trade Unions, and the Government of Montenegro. The new General Collective Agreement established defined conditions related to salaries. It defined that salaries should be increased based on working at night, during public and religious holidays, overtime, and working on Sundays. Double time is not included in the minimum wage, rather being calculated on the amount of the minimum wage, which is a novelty introduced by this collective agreement. Furthermore, the basis for increasing earnings in the section for work on Sundays, double work and work during standby has been improved. For the first time and in accordance with the provisions of the Labour Law, the new General Collective Agreement, limits the duration of overtime to 250 hours on an annual basis, with the possibility of different arrangements at the branch and employer level (Ministry of Labour and Social Welfare, 2022).

9. Work-life balance

Establishing a healthy work-life balance is one of the labour-related issues that hinders women more than men. This problem was especially pronounced during the COVID-19 pandemic, given that many of the various measures that were introduced to suppress the spread of the virus affected the work-life balance.

Namely, during the pandemic, companies completely or partially organized work from home. According to research conducted by the Union of Employers, from May 2020 more than 40% of business entities stopped working, while 35% of them partially operated during the first month of the lockdown, 23% were fully operational, of which 13% organized work from home (Montenegrin Employers Federation, 2020). This disproportionately affected women's work-life balance, due to the greater involvement of women in housework. According to research conducted by the UNDP, in 2020 11% of women stated that they usually do not do any work in the house, while the percentage of men is significantly higher, amounting to 42%. To add to the unfavourable situation for women, practices of unpaid work by women are significantly higher than amongst men (UNDP, 2020). Due to the introduced measures and online learning, children were not able to go to schools and kindergartens, meaning that the care for children put additional pressure for employed parents in terms of helping children with school and taking care of them. Parents whose working conditions did not allow flexible work engagements faced problems of leaving their children when having to go to work. Those who worked at home experienced difficulties in adapting to new work settings in parallel with caring for children (UN, 2020). A high percentage of full-time employees (97.4% as of Q3 2022) further complicated the situation when it comes to work-life balance.

The legislative regulation in place partly enables a better reconciliation of obligations at home and

at work. According to the Labour Law, employed women have the right to maternity leave (which can also be used by fathers) and parents have the right to parental leave to take care of the child. Moreover, the law regulates other cases concerning the care of children, giving parents or guardians the right to paid leave from work (European Commission, 2022).

10. Healthy, safe, and well-adapted work environment and data protection

According to the Law on Safety and Health at Work, protection and health at work is provided and implemented through the application of modern technical, organisational, health, social and other measures and means of protection in accordance with this law and other regulations, in addition to ratified and published international agreements. The law regulates the conditions for providing protection and health at work. As one of the conditions for joining the EU, the law was amended in 2018 to harmonize its provisions with the EU legislative framework, conventions and recommendations of the International Labour Organization, and other sources of international law. According to the Law, the employer is obliged to provide protection measures by preventing, eliminating, and controlling risks at work; informing and training employees, with appropriate organization and necessary resources; as well as providing special protection and health at work for working women during pregnancy, youth over 18 years of age, and persons with disabilities. The employer is also obliged to account for changes in the working environment, implement protection measures, and select work and production methods that will ensure the improvement or the provision of a higher level of protection and health at work.

The Law on Safety and Health at Work states that the employer implements 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 dangerous equipment 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 employees⁴. 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.

The Montenegro Strategy for Occupational Safety and Health 2022-2027 has been adopted in 2021, as well as the Action Plan for its implementation for 2022. The strategic goal of this Strategy is to improve occupational health and safety at all levels of activity. The operational goals defined within the Strategy include improving the institutional framework, providing reliable data necessary for sectoral action, strengthening the role of occupational health and safety providers, the impact of COVID-19 on working life, and promotional frame (Ministry of Labour and Social Welfare, 2022). According to the Strategy, the main shortcomings of occupational health and safety are the demotivation of employees, which directly affects productivity and efficiency through the implementation of occupational health and safety measures; failure to report injuries at work by employers; inadequate application of regulations concerning occupational health and safety; insufficient capacities of the Occupational Safety Inspection; insufficiently developed awareness of

⁴ Law on Safety and Health at Work, Official Journal of the European Union, No 34/2014 and 44/2018. Available on: <https://www.paragraf.me/propisi-crnegore/zakon-o-zastiti-i-zdravlju-na-radu.html>

employers and employees about rights, obligations and responsibilities in terms of safety and health at work; inefficient institutional structure and inadequate coordination between individual institutions; insufficient information, coordination and cooperation of key actors in the promotion of examples of good practices in the application of safety and health measures at work; and inadequate system framework for monitoring the training needs (knowledge and skills) of professionals for occupational health and safety.

The Agency for Personal Data Protection and Free Access to Information is responsible for employee data security. The Law on Personal Data Protection⁵ regulates the protection of personal data, in accordance with the principles and standards contained in confirmed international treaties on human rights and fundamental freedoms and generally accepted rules of international law.



5 The Law on Personal Data Protection, “Official Gazette of Montenegro”, No. 079/08, 070/09, 044/12, 022/17)

C. Social protection and inclusion

II. Childcare and support to children

A strategic and institutional framework for childcare and support to children exists and significant resources are devoted to the childcare. As an increasing number of mothers are in the workforce and most children aged 3 and older now attend a childcare facility on a 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.

The availability of data on children aged less than 3 years in formal childcare improved with the implementation of the Multiple Indicator Cluster Survey (MICS) survey. In 2019, MONSTAT completed the MICS with support of UNICEF. This survey includes valuable data for monitoring the situation of children and women by utilising a number of internationally standardised indicators. The Early Childhood Development Strategy is being prepared within the initiative 'EU and UNICEF for Early Childhood Development in Montenegro'. The timeframe of this initiative is August 2020-July 2030. This strategy will target children (0-6 years), parents and caregivers, service providers, institutions, and decision makers.

The number of children in preschool education returned to the 2019 level (72% of children aged 3-6), and the number of children with disabilities in both preschool and primary education increased by 21% and 7%, respectively. In December 2021, Montenegro established the Digital School Platform for students, teachers, and parents as a complementary resource for teaching and learning during and beyond the pandemic. A Strategy for digitalising

education was adopted in December 2021.

In Montenegro there are 52 pre-primary institutions, out of which 21 are public and 31 are private, in addition to counting with a network of 158 childcare units, within which 790 childcare groups were organised. There was a total of 23,008 children enrolled in pre-primary institutions in the school year 2021/2022. Of the total number of enrolled children, 47.7% (10,986) were girls and 52.3% (12,022) were boys. The share of enrolled children was 7.9% higher in comparison with the previous school year. Children enrolled in public institutions account for 96.1% of the total number of enrolled children. The average number of children per educational group in public pre-primary institution is 31, while private institutions count with an average of 11 children. Childcare workers represent 47.5% of the total number of employees in pre-primary institutions (MONSTAT, 2022d).

It is important to point out that the trend is positive, and there is a significant improvement in this area. The number of children that are registered in public or private pre-primary institutions is increasing, as well as the number of childcare workers. However, the pandemic halted this trend and in 2021-2022 there were slightly lower levels of enrolled children in pre-primary education as compared to 2019-2020.

The law that provides child support is the Law on Social and Child Protection. In accordance with the Law on Social and Child Protection, the prescribed rights given by the Centre for Social Work (CSW) are: material security, personal disability allowance, care and assistance supplement, health protection, funeral expenses, one-time financial assistance, a bonus for new-born babies, child allowance, reimbursement of salary compensation and salary compensation for maternity or parental leave, child birth compensation, and reimbursement of salary

compensation and wage compensation for half-full-time work. Certain parts of the law were amended in 2014, 2016, 2017, and 2021.⁶

Basic rights in the field of child protection include the provision of necessary supplies for a new-born baby, child allowance, allowance for childbirth, wage compensation for half-office hours, and relaxation and recreation for children. The Law on Social and Child Protection defines that social and child protection is an activity through which measures and programmes which include support, prevention, and assistance in meeting basic living needs are provided and implemented, and target individuals and families with unfavourable personal or family circumstances. Social and child protection aims to improve the quality of life and empower an independent and productive life for 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 business ability. In addition to basic material support for social protection, the Law also defines basic material support for childcare, which includes: compensation for a new-born baby, child allowance, cost of nutrition in pre-school institutions, assistance for the upbringing and education of children and youth with special educational needs, reimbursement of salary compensation and salary compensation for maternity or parental leave, compensation based on the birth of a child, and reimbursement of salary compensation and wage compensation for half and full-time work.

During 2021, amendments to the Law on Social and Child Protection were adopted twice. These amendments established the right to child allowance being recognized for all children up to the age of 6. With subsequent changes of the law, from October 01, 2022, all children up to the age of 18

became entitled to the child benefit. According to the amendments to the Law, every child up to the age of 18, as well as children who are beneficiaries of material security, allowance for care and assistance, or personal disability benefits, can exercise the right to a child allowance. This compensation is also provided in a larger amount for children without parental care, as well as for those whose parents, adoptive parents, guardians, or foster parents, as beneficiaries of material security, have established an employment relationship based on an agreement on actively overcoming an unfavourable social situation. Families with up to five children are entitled to the child allowance.

The amount of the child allowance is of EUR 30 per month. For children who receive an allowance on another basis, such as beneficiaries of material support, the child allowance amounts to EUR 44, while it amounts EUR 52 for care and assistance allowance beneficiaries, and EUR 60 for children who are beneficiaries of personal disability benefits and those without parental care. The total number of child allowance beneficiaries is estimated at around 125,000 – due to changes in the law, the number of beneficiaries has increased. Centres for social work received a total of 76,311 new requests for child allowance and so far, 37,704 children under the age of six have exercised this right. Moreover, 12,791 children also receive the allowance, having obtained it on other basis, as beneficiaries of the right to material support, allowance for care and assistance, or personal disability allowance. Among them are children without parental care and those whose parents are in the process of work activation (Bozovic, 2022).

The new proposal on amendments to the Law on Social and Child Protection should be included in the parliamentary procedure, and the basic changes concern the introduction of a significantly higher one-time allowance for each new-born. Thus, that value would amount to EUR 900, and for EUR 1,000 for beneficiaries with the right to material

⁶ The Law on Social and Child Protection on its integrity is, available on: <https://www.gov.me/dokumenta/e10de0d2-f825-4ada-b470-c3d9d32267f3>

support. According to the currently valid law, this allowance amounts to around EUR 109.07, and to EUR 130.88 for the beneficiaries with the right to material support. Furthermore, starting in 2021, free textbooks are provided for all primary school students.

The COVID-19 pandemic had a severe impact on children, adolescents, and young people in Montenegro, exacerbating existing equity gaps and highlighting systemic weaknesses. During the crisis, children became more vulnerable to poverty, violence, and social exclusion, in addition to becoming less able to acquire the knowledge and skills required for a smooth transition into adulthood. As schools were closed, and education organized digitally, the quality of education was impacted, especially when it comes to vulnerable groups of children who lacked access to computers and internet and parental support (UNICEF, 2020).

Data from SILC (2021) shows that households with dependent children are more exposed to the risk of poverty. In terms of household type, in 2021, the highest poverty risk rate was for persons in households consisting of one adult with at least one dependent child (47.4%), followed by persons in households consisting of two adults with three or more dependent children (44.8%). Data from SILC also shows that 30.5% of children aged 0 to 17 were at risk of poverty⁷. In 2021, this indicator was 45.5%, while in 2020, it was 38.6%, which was 0.2 percentage points higher than in 2019 (MONSTAT, 2022a).

12. Social protection

The Ministry of Labour and Social Welfare 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, responsible for social assistance, residential institutions, overseeing institutional care; the Pension and Disability Insurance

Fund, in charge of pensions and disability insurance; the Health Insurance Fund, responsible for health insurance; and the EAM, charged with insurance against unemployment and active employment policies. Through the project 'Strengthening the capacity of the Social and Child Protection System', the Ministry responsible for social protection prepared the Evaluation of the Strategy for the Development of the Social and Child Protection System for the period 2018-2022. Adoption of the new strategic document is planned for the Q1 of 2023 (Ministry of Finance and Social Welfare, 2021).

The most important forms of social protection rights in place in Montenegro are the material support allowance (MS), child allowance, care and assistance of another person, personal disability allowance and placement with another family, placement in institution, and non-institutional services. Even prior the COVID-19 crisis 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. Despite the effects of the crisis, budgetary constraints, and the need for saving, there was no significant reduction in the budgetary allocations for social protection. On the same line, it is important to emphasise that payments directed towards social protection programmes are regular and treated as a priority.

During the pandemic and post-COVID period, the Government has initiated numerous of measures with the aim of strengthening the social protection system. These included financial support for

⁷ The percentage of children at risk of poverty or social exclusion is an indicator of how many children are at risk of poverty and/or extremely materially and socially deprived, and/or live in households with very low work intensity.



families who already received funding and for pensioners receiving the minimum level of pensions, in addition to a one-time financial assistance for all registered unemployed persons who did not receive financial compensation or material security.

A further addition to the social protection system was the adoption of the proposal of the Law on compensation of former beneficiaries of allowances for three or more children, which began to be implemented in April 2022. The law foresees the introduction of a lifetime compensation for former allowance beneficiaries who exercised that right in 2015 under a law that was declared unconstitutional by the Constitutional Court.

Public spending on social protection in Montenegro is expressive. During 2019 and 2020, the share of social protection costs, including expenses associated with the benefits level, amounted to 16.5% of GDP and 22.6% of GDP, respectively (MONSTAT, 2022e). During 2021, significant funds were also allocated for this purpose. The total funds paid out to social and child protection beneficiaries (from

regular budget funds and from the budget reserve) amounted to EUR 80.74 million. Of that amount, a little over EUR 826,000 was paid to social and child protection beneficiaries as a one-time aid through a package of measures in the fight against COVID-19. During 2021, the housing capacities for the elderly were also increased, but there is still a lack of housing capacities for different categories of citizens, such as children with developmental disabilities and persons with disabilities. Activities to establish day care centres for children with developmental disabilities and day care centres for the elderly continued. The licensing of social welfare service providers was also continued (Ministry of Finance and Social Welfare, 2021).

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 poor and vulnerable households from the effects of the crisis and providing support for new potential social protection beneficiaries requires more active approach (UNICEF, 2019). Some areas of action which de-

mand particular attention are the targeting and adequacy of social welfare, as well as improvements on monitoring systems, alongside a better tracking of needs for social assistance in order to meet the demands of the newly poor and vulnerable, whose poverty may be only temporary and a result of the effects of crisis.

Social protection is now focused on improving the status of citizens on a personal, family and social level, strengthening social cohesion and nurturing independence and the ability of people to help themselves. A systemic, holistic perspective has been introduced to social protection systems in the economy, but faces some implementation problems which include the 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 monitoring system of internal distribution of the workload, inadequate information system, challenges in applying a supervision model, and inadequate job standardisation (UNICEF, 2019).

A key aspect of the reform of social and childcare

systems is to improve the work of the Centres for Social Work (CSWs). The reform process was based on a complete reorganisation of the CSWs which, in addition to structural alterations, included changes to their work methodology. The most significant change relates to the application of a new approach and way of working with users through the introduction of a case management concept which replaces the former work structure 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.

The Family Material Support (FMS) programme is the most common form of social welfare assistance in Montenegro, used by almost 5% of the population. The municipal budget may provide funds for material support for social and child protection prescribed by the Law on Social and Child Protection⁸ and for social and childcare services, such as home assistance, day care, public kitchen services, activities and recreation for children's holiday, supported housing, accommodation in a shelter, housing for socially vulnerable persons,

Table 3: Social welfare institutions 2019-2021

| | 2019 | | 2020 | | 2021 | |
|--|--------------|-----------------------|--------------|-----------------------|--------------|-----------------------|
| | Institutions | Beneficiaries / Total | Institutions | Beneficiaries / Total | Institutions | Beneficiaries / Total |
| <i>Institutions for children and youth</i> | 19 | 388 | 22 | 374 | 22 | 365 |
| <i>Deprived of parental care</i> | 1 | 72 | 1 | 77 | 1 | 90 |
| <i>Mentally and physically handicapped</i> | 17 | 298 | 20 | 280 | 20 | 258 |
| <i>With behaving disorders</i> | 1 | 18 | 1 | 17 | 1 | 17 |
| <i>Institutions for adults and elderly</i> | 4 | 512 | 4 | 499 | 4 | 470 |

Source: Statistical Yearbooks, MONSTAT (2022f)

⁸ The full scope of the Law on Social and Child Protection, "Official Gazette of Montenegro", No. 27/13, 1/15, 42/15, 47/15, can be found here: <https://www.zzzcg.me/wp-content/uploads/2015/05/Zakon-o-socijalnoj-i-djecjoj-zastiti.pdf>

Table 4: Social welfare beneficiaries 2017-2021

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-------|-------|-------|-------|-------|
| Family material support (number of families) | 7987 | 9316 | 8777 | 8509 | 8037 |
| Family material support (number of members) | 24586 | 31066 | 29470 | 28718 | 27284 |
| Personal disability allowance | 2343 | 2500 | 2608 | 2731 | 2847 |
| Care and support allowance | 14539 | 15298 | 17573 | 19160 | 18970 |
| Child allowance | | | | | |
| Right holders | 6200 | 7622 | 7358 | 7281 | 34150 |
| Number of children | 11715 | 14974 | 14427 | 14167 | 49477 |

Source: Statistical Yearbooks, MONSTAT (2022f)

amongst 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.

13. Unemployment benefits

After the termination of an employment relationship, the unemployed person has the right, based on the unemployment insurance, to receive a payment of monetary compensation under certain conditions. The conditions for the obtention and termination of the benefits, their duration and amount of monetary compensation, and process of re-acquiring the right to monetary compensation are determined by the Law on Employment Mediation and Rights During Unemployment.⁹ The basic criterion for determining the period during which an unemployed person is entitled to monetary compensation through the unemployment benefit after termination of employment is the length of the previously completed insurance period. The minimum period for which the unemployment benefit is paid is three months (for insured persons with an insurance period of nine months to five years), and the maximum period is 12 months (for insured persons with an insurance

period of 25 to 35 years). The unemployment benefit, in accordance with Article 57 of the Law on Employment Mediation and Rights During Unemployment, amounts to 120% of the calculation value of the coefficients established by law and other regulations, which amounts to a net value of EUR 108 (in addition, the contribution for pension and disability insurance are also paid).

During 2021, the financial compensation for users who acquired this right under the scope of the previous law – in the amount of 40% of the minimum wage – amounted to the net value of EUR 88.80 for the period of January-September (while the final value including contributions for pension and disability and health insurance amounted to EUR 110.82), and to the net value of EUR 100 in the period of October-December (the final value including contributions for pension and disability and health insurance was of EUR 124.80) (Employment Agency of Montenegro, 2022). As a result of salary changes in 2022, the monetary compensation for users who acquired this right under the previous law amounted to the net value of EUR 180 as of January 2022 (while the final value including contribution for pension and disability insurance amounted to EUR 216.90). Individuals who receive

⁹ The full scope of the Law on Employment Mediation and Rights During Unemployment, "Official Gazette of Montenegro", No. 024/19, can be found here: <https://zakoni.skupstina.me/zakoni/web/dokumenta/zakoni-i-drugi-akti/652/1942-11860-19-1-19-1-4.pdf>

these benefits make a majority of all beneficiaries, representing around 80% of all recipients.

Disabled persons who were incapacitated to work who were entitled to financial compensation according to the previous law in the amount of the lowest pension, received an unemployment benefit in the net value of EUR 147.08 as of January 2021 (the final value including contributions for pension and disability and health insurance was of EUR 183.55) (Employment Agency of Montenegro, 2022) For this category, financial compensation in the period January-April 2022 was paid in the net value of EUR 204.29 (with a pension and disability contribution amounting to EUR 246.16), and as of May until August 2022, it is paid in the amount of EUR 220.94 net value (while the final value including pension and disability contribution

amounted to EUR 266.23) and as of September 2022, it is paid in the net amount of 253.61 (with the final value including pension and disability contribution amounted to EUR 305.60) (Employment Agency of Montenegro, 2023).

On average, during 2021, 12,146 unemployed persons exercised their right to unemployment benefits, while during first six months of 2022 the average number of users was 11,237. The total funds allocated for monetary compensation during 2021 amounted to EUR 17.4 million, while for the first half of 2022 this value amounted to around EUR 13.7 million. The decrease of the unemployment rate and more favourable labour market situation after the COVID-19 pandemic caused a decrease in the number of users of unemployment benefits in second half of 2021 and in 2022.

Table 5: Number of users of unemployment benefits by month

| | 2020 | 2021 | 2022 |
|------------------|-------|-------|-------|
| January | 13208 | 12318 | 11918 |
| February | 12892 | 12334 | 11804 |
| March | 12585 | 12285 | 11792 |
| April | 12169 | 12106 | 10841 |
| May | 12108 | 11947 | 10682 |
| June | 12266 | 12144 | 10385 |
| July | 12575 | 12295 | 10489 |
| August | 13145 | 12548 | 10406 |
| September | 13183 | 12169 | 10415 |
| October | 12536 | 12110 | 10304 |
| November | 12517 | 11847 | 10479 |
| December | 12337 | 11643 | 10429 |

Source: Employment Agency of Montenegro (2022, 2023)

14. Minimum income

The minimum income is determined by legislation. However, its determination causes numerous debates on its appropriateness. The form of minimum wage was introduced in Montenegro in 1994 by the General Collective Agreement¹⁰ since the defined coefficients, which depend on the level of education, are multiplied by the minimum labour cost. In 2008, the Labour Law¹¹ implemented the concept of minimum wage according to international practice. 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 protection is the introduction of a minimum wage by the Labour Law.

At the end of 2021, a set of laws were adopted as part of the 'Europe Now' programme. In December 2021, the Parliament adopted amendments to the Labour Law, which raised the minimum wage from EUR 250 to EUR 450 as of January 1, 2022, consisting of an 80% increase in the previous value. The minimum wage was based on changes of Article 101 of the Labour law which defines the right to the minimum wage. An employee has the right to a minimum wage for standard work performance and full-time work, i.e. work time that is equivalent to full-time work in accordance with this law, the collective agreement, and the employment contract. The value of the minimum wage is determined on an annual basis by the Government of Montenegro according to the proposal of the Social Council of Montenegro, based on the criteria for determining the level of minimum wages (the general level of wages in the economy; living expenses and changes in them; and economic factors, including the requirements

of economic development, the level of productivity, and the need to reach and determine a high level of employment.)

In the article it is added that "The minimum wage from paragraph 1 of this article, in net amount, cannot be lower than EUR 450.00".¹² Compared with the average wage, the minimum wage amounts to around 62.5% of the average wage, which is significantly higher in comparison to the previous values of the minimum wage (consisting of 47% of the average wage). Earlier, during 2021, the minimum wage was also increased from EUR 222 to EUR 250 (12.6% increase), as a follow-up for the previous increase conducted during 2019, from EUR 193 to EUR 222 (15% increase).

15. Old age income and pensions

The SILC survey of 2021 showed that the elderly dependent on their income and are less exposed to risk of poverty when compared to the situation a few years ago. The survey further demonstrated that for single-member households in which the member is older than 65, the risk of poverty rate was 12.3% in 2021, which is significantly lower when compared to the rates of 16.5% from 2019 and 17.6% from 2020. This is mainly due to the significant increase of minimum pension established in 2021. A more significant increase in the minimum pension was achieved in 2022. Initially, the minimum pension was increased in September 2022 by 36%, amounting to EUR 253, and it was additionally increased by an additional 2.5% in February 2023. The increase is based on the provision adopted in December 2021. After the increase of the minimum pension, the number of beneficiaries of the minimum pension also grew to the current coverage of around 40,000 beneficiaries. At the same time, the value of the average pension also increased, which was caused by the increase in the minimum pension, meaning that at

¹⁰ General collective agreement, "Official Gazette of Montenegro", No. 014/14

¹¹ The full scope of the Labour Law, "Official Gazette of Montenegro", No. 49/08, 88/09, 26/09, 26/10, 59/11, 66/12, 31/14, 53/14, can be found here: <https://www.zzzcg.me/wp-content/uploads/2015/05/Zakon-o-radu.pdf>

¹² Article 101 of the amended Labour Law, "Official Gazette of Montenegro" No. 074/19, 008/21, 059/21, 068/21, 145/21 can be accessed here: <https://www.katalogpropisa.me/propisi-crne-gore/zakon-o-radu-2/>



the end of 2022, the average pension value grew by about 23% in comparison to the values in place at end of 2021.

The Pension and Disability Insurance Fund (Fund PIO) is the institution that is primarily responsible for 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 which started in 2003. The system covers most elderly people, although the coverage ratio changed over recent years, having mostly decreased by 2020. Data from 2021 and 2022 showed increasing ratio. However, these numbers cannot be compared with data from previous years, as the data on the number of employed persons was revised for 2021 (MONSTAT, 2021b).

Table 6: The ratio of the number of pensioners and the number of employees in Montenegro; monthly data 2019-2022

| | 2019 | | | | 2020 | | | | 2021 | | | | 2022 | | | |
|-----------|----------------------|---------------------|----------------------------------|-----------------------|----------------------|---------------------|----------------------------------|-----------------------|----------------------|---------------------|----------------------------------|-----------------------|----------------------|---------------------|----------------------------------|-----------------------|
| | Number of pensioners | Number of employees | Ratio of pensioner and employees | Average pension (EUR) | Number of pensioners | Number of employees | Ratio of pensioner and employees | Average pension (EUR) | Number of pensioners | Number of employees | Ratio of pensioner and employees | Average pension (EUR) | Number of pensioners | Number of employees | Ratio of pensioner and employees | Average pension (EUR) |
| January | 114729 | 194589 | 1:1.70 | 289.41 | 114791 | 193423 | 1:1.69 | 288.92 | 114893 | 169860 | 1:1.48 | 293.52 | 113498 | 212046 | 1:1.87 | 299.06 |
| February | 114828 | 195353 | 1:1.70 | 289.26 | 114873 | 189933 | 1:1.65 | 288.78 | 114711 | 172753 | 1:1.51 | 293.55 | 113523 | 212959 | 1:1.88 | 299.29 |
| March | 114831 | 197594 | 1:1.72 | 289.07 | 114863 | 187251 | 1:1.63 | 288.78 | 114463 | 175149 | 1:1.53 | 293.38 | 113605 | 214917 | 1:1.89 | 299.35 |
| April | 114681 | 200595 | 1:1.75 | 289.11 | 114789 | 184607 | 1:1.61 | 288.71 | 114282 | 177932 | 1:1.56 | 293.25 | 109541 | 217520 | 1:1.99 | 303.69 |
| May | 114719 | 205164 | 1:1.79 | 289.83 | 114745 | 181030 | 1:1.58 | 288.59 | 114024 | 180956 | 1:1.59 | 293.47 | 109372 | 222901 | 1:2.04 | 328.60 |
| June | 114730 | 213488 | 1:1.86 | 289.67 | 114807 | 178178 | 1:1.55 | 288.41 | 114190 | 185344 | 1:1.62 | 293.26 | 109483 | 230765 | 1:2.11 | 328.69 |
| July | 114794 | 215181 | 1:1.87 | 288.51 | 114765 | 174170 | 1:1.52 | 290.06 | 114280 | 189975 | 1:1.66 | 293.26 | 109462 | 235343 | 1:2.15 | 328.64 |
| August | 114751 | 210455 | 1:1.83 | 288.27 | 114679 | 172154 | 1:1.50 | 290.24 | 114131 | 193449 | 1:1.69 | 293.05 | 109500 | 230984 | 1:2.11 | 328.38 |
| September | 114457 | 205650 | 1:1.80 | 288.31 | 114311 | 168778 | 1:1.48 | 290.73 | 113755 | 198549 | 1:1.75 | 293.27 | 109446 | 226500 | 1:2.07 | 358.68 |
| October | 114644 | 202787 | 1:1.77 | 287.95 | 114765 | 165961 | 1:1.44 | 290.96 | 113758 | 202981 | 1:1.78 | 292.91 | 109745 | 226341 | 1:2.06 | 359.31 |
| November | 114769 | 203123 | 1:1.77 | 287.63 | 114847 | 163851 | 1:1.42 | 290.85 | 113682 | 209323 | 1:1.84 | 292.75 | 109947 | 227500 | 1:2.07 | 361.74 |
| December | 114739 | 198566 | 1:1.73 | 287.48 | 114880 | 160978 | 1:1.40 | 290.78 | 113576 | 211302 | 1:1.86 | 292.66 | | | | |

Source: Fund PIO (n/d), MONSTAT (2022c)

The Pay-As-You-Go (PAYG) pension system is a system of intergenerational solidarity where existing pensions are financed by current contributions from employees. The pension system in Montenegro is continually faced with a sustainability problem due to poor labour market conditions, such as high unemployment rates and presence of unregistered work, negative demographic trends such as the declining fertility rates, and population aging.

In absolute numbers, in November 2022, the average salary in Montenegro was EUR 721, and the average pension amounted to around EUR 361, which roughly represents 50% of average wage. The government gradually increased the retirement age through reform but the situation in the pension fund did not significantly improve. According to the opinion of the PIO Fund Director, after an increase in the value of pensions, their monthly cost will increase from EUR 35 million to EUR 42 million, meaning that the budget of PIO Fund will exceed EUR 500 million per year. The sustainabil-

ity of this financing will be one of the challenges in the upcoming period. Additionally, in December 2022, payment of one-time aid was provided and carried out in the following amounts:

- EUR 200 to pensioners who receive a pension in the value of up to the average pension, which amounts to EUR 359.31;
- EUR 100 to pensioners whose pension amount ranges from the average pension to the amount of the minimum wage, from EUR 359.32 to EUR 450;
- EUR 50 to pensioners whose pension amount ranges from the amount of the minimum wage to the amount of the consumer basket, from EUR 450.01 to EUR 793.90.

The total funds for the payment of one-time assistance to pensioners amounted to EUR 17.1 million (Fund PIO, 2022).



The following table provides an overview of the numbers and types of pension and disability insurance beneficiaries:

Table 7: Pension and disability insurance beneficiaries

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|--------|--------|--------|--------|--------|
| Beneficiaries | | | | | |
| Old-age pensions | 63756 | 64913 | 65610 | 66568 | 66207 |
| Disability pensions | 21448 | 20894 | 20343 | 19502 | 18480 |
| Survivor benefits | 28936 | 28869 | 28786 | 28810 | 28880 |
| Compensation for disability | 4576 | 4334 | 4115 | 3871 | 3546 |
| Aid and care compensation | 838 | 782 | 733 | 679 | 630 |
| Expenditures, in 000 EUR | | | | | |
| Old-age pensions | 235114 | 246570 | 251973 | 256961 | 259015 |
| Disability pensions | 65743 | 65734 | 64837 | 62893 | 60324 |
| Survivor benefits | 79220 | 81397 | 82731 | 83348 | 85335 |
| Foreign pensions | 10081 | 10323 | 10962 | 10494 | 10768 |
| Compensation for disability | 2626 | 2629 | 2435 | 2343 | 2179 |
| Aid and care compensation | 1979 | 1891 | 1799 | 1704 | 1570 |
| Other compensations | 6501 | 6206 | 6133 | 6296 | 7768 |
| Contributions for health insurance | | | | 4033 | 4048 |
| Other costs | 5696 | 5728 | 5686 | 6078 | 9193 |

Source: PIO Fund (n/d), MONSTAT (2022g)

16. Health care

In the Government's Medium-Term Work Programme 2022-2024 (adopted in early 2022), numerous goals and indicators are defined that aim to improve health policy and health care provision. One of the goals refers to "Ensuring continuity in the provision of health services and equal availability to all patients" (Government of Montenegro, 2022). This goal implies improvements in the health system at all levels, which should ensure that the number of complaints from patients regarding the provision of health services is reduced, and that the number of days waiting for examinations in the field of ENT, psychiatry and dermatovenerology should be reduced from 45 to 30 days in 2022, to 25 days in 2023 and 21 days by the end of 2024. The improvement of the infra-

structure of the healthcare system is also planned, which involves actions such as increasing the number of adapted microbiological laboratories, opening a clinic for infectious diseases and a clinic for dermatovenerology, and increasing the number of centres for the control and prevention of infectious diseases with the establishment of Emergency Operations Centres (EOC), counting with an improved IT system for the collection data and management in crisis situations. Furthermore, the foreseen goals refer to "improving coordination and control in the field of prevention of chronic non-communicable diseases", as well as "strengthening an integral approach to detection, diagnosis, prevention and social integration of persons with rare diseases and their families" (Government of Montenegro, 2022).

During 2020 and 2021, policies and measures to suppress the COVID-19 pandemic were implemented, and during 2021, the immunization of a significant part of the total population was initiated. Mass immunization began in May 2021, and by the end of 2021, a total of 630,636 doses of vaccines against COVID-19 were administered, of which 283,588 were first doses, 272,385 second doses and 76,663 third doses. This means that in Montenegro, 59% of the adult population received the first dose, 56.7% were vaccinated with two doses, and 16% with three doses. In relation to the total population, 45.6% of the inhabitants were vaccinated with the first dose, 43.8% were vaccinated with two doses, and 12.3% with three doses. At the same time, the most modern therapy against COVID-19 infection was provided, oxygen supplies were tripled and new oxygen stations were provided for several COVID hospitals, 700,000 tests for COVID were performed, and the economy's digital COVID certificate was introduced, followed by the introduction of the EU digital COVID certificate (Government of Montenegro, 2022).

When it comes to the implementation of infrastructure projects in healthcare, during 2021, a tender was announced to hire contractors for the construction of the Infectious Diseases Clinic. A total of EUR 1.2 million was provided for the scanner and angioplasty room at the Clinical Centre of Montenegro and more than EUR 20 million in donations were provided for the health system. Emergency medical aid units were opened in the municipalities of Tuzi and Petnjica. For the first time, accreditation of laboratories and mapping of the health system was carried out (Government of Montenegro, 2022). In July 2022, the construction of the Mental Health Clinic was kicked off, which will count with 20 rooms with 57 beds. The value of the investment for this facility was of EUR 6 million, and the start of operations is planned for early 2025 (KCG, n/d).

Regarding the improvement of healthcare, a more efficient system for scheduling examinations enti-

tled 'Faster to the doctor' was introduced. The Clinical Centre of Montenegro is working at full capacity, and it has started to make up for the examinations of non-COVID patients which were halted in 2020 due to the pandemic. Through connections with clinics abroad, it was possible to improve health care provision and offer modern approaches in the treatment of rare diseases and enable the reestablishment of the screening programme for the prevention of malignant diseases. In 2021, two important laws were adopted - the Law on Medically Assisted Fertilization and the Law on Mandatory Health Insurance. A two-year cooperation agreement between the Ministry of Health of Montenegro and the Regional Office of the World Health Organization for Europe for 2022-2023 was established at the end of 2021.

With the introduction of the socio-economic 'Europe now' programme, the payment of health insurance contributions was waived, which created difficulties in the functioning and financing of the health system in 2022, in addition to resulting in long waiting lists. Therefore, the key challenges for healthcare in the coming period are reducing the number of complaints from patients on the provision of health services, reducing the number of days of waiting for specialist examinations, as well as the adaptation of microbiological laboratories.

17. Inclusion of people with disabilities

Montenegro has made some improvement regarding the strategic, legislative, and institutional framework for the protection of persons with disabilities. One out of ten people in Montenegro lives with some form of disability (MONSTAT, 2011). According to data made available by MONSTAT, out of the total number of inhabitants of Montenegro, 11% (68,064) of them have obstacles in performing daily activities caused by long-term illness, disability, and old age. In July 2022, the Strategy on Protection of Persons with Disabilities from Discrimination and Promotion of Equality 2022-2027 was



adopted. This strategic document places primary emphasis on effective suppression of all forms of discrimination, as well as creating conditions for the enjoyment of equal rights in all areas of life for persons with disabilities. This document also points to the questionability of the data estimating the number of persons with disabilities, as the available data comes from 2011 and the question of their accuracy is raised, especially taking into account estimates that the number of persons with disabilities in the total population is significantly higher. Throughout the entire strategic document, the problem of the lack of quality and credible data related to persons with disabilities in all areas treated by the strategy itself has been recorded (Ministry of Human and Minority Rights, 2022). The previous strategic document was valid for the period 2017-2021 and was based on Article 6 of the Law on Prohibition of Discrimination against Persons with Disabilities, which defines the obligation of the public administration body responsible for human and minority rights affairs to prepare a strategic document related to the protection of persons with disabilities from dis-

crimination and the promotion of their equality with other persons.

The government established the Council for Rights of Persons with Disabilities in December 2021 (European Commission, 2022). This Council should become a framework for regularly checking the compliance of drafts and proposals of new regulations with the Convention and consultation with persons with disabilities through their representative organizations, which was also the recommendation of the Committee for the Rights of Persons with Disabilities within the Concluding Observations on Montenegro from 2017.

The Draft Law on the Unified Disability Assessment was prepared as part of the project 'Reform of the Disability Assessment System', funded by the EU, and implemented by the United Nations Development Program (UNDP) in partnership with the Montenegrin Government, in line with relevant ministries and civil society organizations. In December 2022, the Round Table on the Draft of this law was held (Ministry of Labour and So-

cial Welfare, 2022). An expected improvement for the rights of persons with disabilities is that from 2024, people with disabilities could expect a disability assessment based on a human rights model, rather than a strictly medical one, as has been the case so far. This means that not only the medical impairment a person has will be evaluated, but also the barriers they face in life, which constitute an obstacle to independent living and equality in society. The reform envisages the establishment of a single body - the Institute for Expertise. The Institute will determine disability according to a new methodology, unique for all departments, which will no longer be based on an outdated medical model but on a human rights model in accordance with the UN Convention on the Rights of Persons with Disabilities, which adopted a new definition of disability. The findings and opinions of the Institute will be the basis for the exercise of all rights (in all departments), both in terms of monetary benefits and to the access of social and other services. According to the project's legal consultant, the essence of the new concept for the Law is based on an approach to expertise in which commissions and experts do not decide how a person should live, but what person needs so that they can live equally, based on the notion that they have the same rights and human dignity as everyone else. The law gives special attention and an important role to civil society organizations that represent people with disabilities (Ministry of Labour and Social Welfare, 2022).

The Law on Professional Rehabilitation and Employment of Persons with Disabilities stipulates that the EAM is responsible for the organization of a Fund for Professional Rehabilitation and Employment of Persons with Disabilities. According to this law, it is established that the resources of the Fund, paid into the Budget of Montenegro, come mainly from a special contribution paid by employers who have not met the prescribed quota in the employment of persons with disabilities. Moreover, the law stipulates that the resources of the Fund can be used for professional rehabilitation measures and activities for unemployed and

employed persons with disabilities, the co-financing of special employment organizations, active employment policy programmes in which persons with disabilities participate, subsidies, financing of grant schemes, and financial assistance for participants in professional rehabilitation measures.

In 2021, EUR 11,816,545.11 was spent for the implementation of the programme of professional rehabilitation and employment of persons with disabilities. In the same year, 1,739 applications were submitted to the Fund for Professional Rehabilitation and Employment of Persons with Disabilities requesting recognition of the right to wage subsidies for employment of persons with disabilities. Out of the stated number of submitted requests, 536 requests refer to the extension of this right. Of the total number of requests (1,739), 49.22% referred to employed men with disabilities, while 50.78% referred to employed women with disabilities. Regarding employment type, 58.37% of requests were related to persons with disabilities who were employed for a temporary period, while the remaining requests were related to persons with disabilities who were employed for permanent period. In 2021, 1,540 employers realised the right to subsidize earnings for 2,474 people with disabilities.

The EAM provides grants for persons with disabilities. Following a decision implemented in February 2020, the agency approved 52 projects for financing, with a total value of EUR 2,476,991.31. These projects involved a total of 420 persons with disabilities, of which 293 persons were employed during the duration of the project, and 140 persons will be employed for a minimum duration of nine months after the completion of the project. These projects were implemented during the first half of 2021. Additionally, in 2021, 507 persons with disabilities were included in professional rehabilitation measures and activities. Of the total number involved, 65% are women while 35% are men (Employment Agency of Montenegro, 2022).

18. Long-term care

The pandemic delayed the opening of nursing homes for the elderly in Podgorica and Niksic. The World Health Organization has determined a special protocol for the purchase and procurement of medical equipment for this initiative, without which it would not be possible to put these institutions into operation. The nursing home for the elderly in Podgorica was opened at the end of 2022. The capacity of this institution is for 274 users, and the total value of the investment was EUR 12 million (of which over EUR 4 million were financed by the local self-government of the capital city). The establishment of the institution is still ongoing: it is still planned to open a geriatrics department with total capacity of 79 beds. Subsequently, a dementia ward with a capacity of 20 beds will gradually be opened, followed by a palliative care ward where 77 users are expected to be accommodated. Finally, by the end of 2023 a psychogeriatric ward where 78 users can be accommodated is expected to be open.

In addition to Podgorica, nursing homes for the elderly already exist in Risan, Bijelo Polje and Pljevlja. The home for the elderly in Niksic was opened in March 2023. The total capacity of this facility is 208 accommodation units, and it is planned that around 130 employees will be hired to take care of the tenants. The monthly price of accommodation is defined by law. Accommodation for people who are mobile is EUR 350, i.e. for geriatrics. For persons who are in a thermal state, that is, in the palliative ward, the price of accommodation is EUR 450.

Currently, accommodation services for persons with disabilities after coming of age, in case there is no one to able to take care of, is only provided by the Institute 'Komanski most', which, despite significant investments in previous years, does not have suitable conditions to attend to all those who need these services. The process of de-institutionalization is taking place slowly and with difficulty, consisting of the transition from institutional

care to care and support in the community, which Montenegro committed to by ratifying the United Nations (UN) Convention on the Rights of Persons with Disabilities in 2009.

There are 119 residents in the Institute, and compared to 2019, when the last report on the visit of the Ombudsman to 'Komanski Most' was published, certain things have been improved. The health clinic became incorporated into public health institutions, and it was easier to schedule specialist examinations and prescribe therapy. The institute currently operates with a team of 15 professionals, being composed by a defectologist, three psychologists, and eleven social workers. In addition to these workers, the Institute also counts with a medical service that provides primary health care at the institution level.

The latest Transformation Plan of the Institute 'Komanski Most', which was adopted in 2020 (and refers to Q3 2020 – Q3 2024), changed the purpose of the pavilion for people with autism, which, according to the Ombudsman, was never put to that function. Today, the space is used to prepare patients for life in the community. This marked the beginning of the process of deinstitutionalization and transformation of the institution. Earlier strategies for the integration of persons with disabilities and strategies for the development of social and child protection almost did not offer significant measures for the deinstitutionalization process. Certain non-governmental organizations, such as the Association of Disabled Youth of Montenegro (UMHCG), emphasized that it is necessary to adopt the Deinstitutionalization Strategy, which would enable people with disabilities (PWD) to live more independently.

19. Housing and assistance for the homeless

The Government of Montenegro is preparing the Strategy and Action Plan of the Housing Policy of Montenegro for the period 2022-2026. The proposal of the Law on Social Housing is in its final

stages, after which it will be submitted for public discussion. A working group was formed to draft the law in 2021, having as a goal the need to define, through the concept of the law, the basic institutes of social housing and their responsibilities, specify the persons who have the right to address their housing issue in accordance with the law, define sources of financing, assert possibilities for the development of social housing, etc. The drafting of the law followed the drafting of the Draft Housing Policy, resulting in a significant part of the recommendations of the Draft Strategy being concretized in the Draft Law. According to it, local self-government units will adopt local social housing programmes as three-year programme documents. In 2021, activities on the development of the Social Housing Programme for the period 2022-2025 began. The previous programme referred to the period 2017-2020.

Through the four phases of the decade-long '1000+' project, more than 1,600 families bought an apartment using the loan, which provided more favourable conditions. Citizens who are entitled to the loan and consequently have an advantage in buying apartments are young married couples, single parents, families with children with disabilities, and persons with disabilities, while in the last phase, due to the COVID pandemic, health workers were prioritized. In the fourth phase the latest one to be implemented, 462 vouchers were allocated, namely 191 vouchers for the priority target groups and 148 vouchers for other target groups, while the rest were allocated to beneficiaries from the waiting list. According to announcements made by the Ministry of Ecology, Spatial Planning and Urbanism, the fifth phase of the '1000+' project is being prepared, the value of which will be EUR 20 million.

During 2022, the Capital of Cetinje implemented the first phase of the construction of a building for social housing. After the conclusion of the first phase of work, the total value of which was EUR 317,000, the start of the second phase is expected to occur soon. The public budget for 2023 foresees

EUR 500,000 for this purpose. The investment is realized through the Development Programme of the Capital of Cetinje for the year 2022, and its expected deadline for completion is in mid-2023.

When it comes to the homeless in Montenegro, Article 4 of the current Law on Social and Child Protection recognizes adults and the elderly who are homeless as persons who are specially protected in achieving the goals of social and child protection. The same law defines a homeless person as a person who does not have a residential address, resides in public or other places that are not intended for housing, and does not have the means to meet the need for housing. The law recognizes people who are homeless as a category of persons who exercise the right to certain material benefits and services from that area, however, in practice there is no record keeping or services that would respond to their needs and provide adequate care, especially in cases of need for urgent treatment.

There are currently two licensed homeless service providers. The Home for the Elderly Risan can provide accommodation, while NGO Juventas provides a support service for life in the community. This service does not include accommodation, i.e. lodging, but the user is provided with a free lunch, showering, washing and drying of clothes, and donations of clothes and shoes. The organization also provides free consultations with a social worker, psychologist, health worker, legal adviser, and associates in social inclusion. Apart from the abovementioned institutions, there are no other available services intended exclusively for people who are homeless.

Currently, there are no spaces providing temporary housing for the homeless in different cities of the economy which would ensure geographic coverage. Although the figure for the total number of homeless people is not reliable, the Report on the work of the Ministry of Finance and Social Welfare for 2021 states that the number of homeless people registered in social work centres in 2021

amounted to 23 individuals, of which 21 were men and 2 were women. All registered homeless people were over 40 years old (Ministry of Finance and Social Welfare, 2021). However, according to some NGOs, these figures are underestimated. The problem of lack of more accurate records on the number of people who are homeless is particularly evident. Therefore, there is a distinct lack of customized support services for this vulnerable group.

20. Access to essential services

Information regarding access of households to electricity, sewage, and to the water supply network is scarce. According to data from the last census of the population and dwellings, held in 2011, it can be concluded that almost 100% of households have electricity, while the percentage of connections to the water supply and sewerage network is somewhat lower, standing at 92%. Variations exist between municipalities, being it that the greatest coverage of the water supply network is in more developed municipalities, while it is somewhat less present in the less developed municipalities of the Northern region.

More accurate data exists when it comes to the Internet access. This indicator is constantly im-

proving over recent years. According to the Statistical Office of Montenegro, 80.8% of households had internet access in 2021, which is increase of 0.5% compared to previous year. Mobile devices as a platform for accessing the Internet are experiencing constant and significant growth. Compared to 2020, a growth of 1.8% was recorded. In 2021, 34.2% of households had access to the Internet using a personal computer (PC), while 67.9% of households had access to the Internet using a portable computer (laptop, netbook, tablet). When it comes to the territorial representation of the Internet in households, it is the lowest in the north amounting to 73%, while in the southern region it is the highest and amounts to 89.8%. Internet access in non-urban-type settlements was 71.3% in 2021, while in urban-type settlements Internet access is higher and amounted to 85.4%, which is an increase of 0.4% and 0.5% respectively compared to 2020 (MONSTAT, 2021a).

At the end of 2021, the Digital Transformation Strategy of Montenegro 2022-2026 alongside its Action Plan 2022-2023 was adopted, which sets as one of its goals “Increased coverage and modernization of electronic communication infrastructure”, establishing as a goal reaching 86.4% coverage by 2026 (Ministry of Public Administration, Digital Society and Media, 2021).

IV. Conclusions

Despite the certain improvements, Montenegro still faces numerous challenges regarding the different topics covered by the European Pillar of Social Rights. This particularly refers to the need to enhance institutional arrangements to protect the most vulnerable categories and to foster equal opportunities in Montenegro.

Positive developments are noted in education. The coverage of children in preschool education has increased while the share of early school leavers in the recent period recorded a decline. The improvement of the economic situation in the post-COVID period has also influenced a slight decrease in the NEET rate compared to the previous period. Nevertheless, **there are still high rates of NEETs.** Although there are advances in defining the strategic framework to address this issue, a comprehensive strategy in the area of education reform is still lacking. Even though the educational system is accessible and inclusive, it does not fully provide young people with all the necessary knowledge and skills that are required by the economy. Hence, **a more efficient approach is needed in order to address the skills mismatch.**

Over the past two years, the labour market has begun to recover after the devastating impact of the pandemic, which led to job losses and rising unemployment. However, **the labour market is still facing a series of challenges despite its recovery in 2022.** First of all, the high rates of the long-term unemployment and youth unemployment need higher attention and devotion from policy makers. In order to improve the situation of the labour market and increase the employability of the unemployed, various employment policies are implemented. However, **a significant weak-**

ness relates to the evaluation of policies and their effectiveness.

Moreover, Montenegro needs to ensure effective and efficient support for most vulnerable to access the labour market, especially ethnic minorities (Roma and Egyptians), persons with disabilities and young NEETs. Activity and employment recorded growth, while the unemployment rate was significantly reduced in 2022 compared to 2021 and 2020. **Although the position of women on the labour market has improved, the problem of low activity is still present.**

Although the legislative framework in the field of gender equality has been improved, **there are still challenges to be addressed and problems that women face to a greater extent than men.** The gender employment gap has decreased, and the unemployment rate of women is at lower level compared to men. However, the present problem is the significantly lower activity of women, which indicates the need to define policies and steps to increase their activity. During the previous period, the pandemic affected women more significantly than men. Conducted research indicates the growth of discrimination against women and that women's unpaid work is significantly higher. The pandemic also resulted in the deterioration of work-life balance in general, but women are more faced with problems related to this unbalance than men.

Increases in wages, pensions, and social protection benefits contributed to the decrease of at-risk-of-poverty rate. However, poverty and social exclusion levels remain high, especially for children, persons with disabilities, older people, Roma

and Egyptian population, and for citizens of the northern region. Children are the most exposed to the risk of poverty, and although the general rate of risk of poverty has declined, it is still higher than the one for general population. According to the Statistics of Income and Living Conditions (MONSTAT, 2022a), as of December 2022 the economy's 'at-risk-of-poverty' (AROP) rate was 21.2%, whereas for children it stood at 30.5%. The average pension also increased due to adjustment to wage growth and inflation, but also due to the increase of the minimum pension in 2022.

Social protection policy has been expanded and includes different rights for different population groups. New amendments to the legal regulations increased support to children by extending the right to child allowance to all children up to 18 years of age, which may have an effect on the reduction of poverty. In addition, the policy of long-term care was improved during the previous period, where new homes for the elderly were opened, which will enable greater availability of services and care for the elderly.



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Annex Fiche on Social Entrepreneurship

Social entrepreneurship in Montenegro is still underdeveloped. As this form of entrepreneurship is new in Montenegro, it is not yet recognized as a special form of economic activity. However, there are certain regulations that indicate support for the development of social entrepreneurship. This primarily refers to various incentives for the employment of persons with disabilities, the allocation of financial resources for non-governmental organizations that put vulnerable groups in the focus of their work, etc. Nevertheless, there is no law on social entrepreneurship that would define social enterprises more clearly, and the current Law on Business Organisations¹³ does not recognize social enterprises. Furthermore, there is no public authority that is directly responsible for social entrepreneurship. However, the existing competences of public authorities refer to other areas that to a certain extent also affect social business.

Although there is no strategic and regulatory framework that deals exclusively with social entrepreneurship, some strategic documents contain certain parts that point to the development of this type of entrepreneurship. The strategy for the development of micro, small and medium-sized enterprises for the period 2018-2022 is to a certain extent focused on the development of social entrepreneurship. Namely, the fifth pillar of the Strategy, entitled 'Promotion of female entrepreneurship, youth entrepreneurship and social entrepreneurship' focuses on providing targeted support to specific target groups. Further improvement of support for entrepreneurs starting a business in traditional sectors as well as for women and young people in entrepreneurship and social entrepreneurship envisages a set of measures to strengthen the institutional environment, financial support, improvement of knowledge and skills, and promotion of their establishment and development. In this context, the following priorities have been defined within the aforementioned strategic pillar of this document (Government of Montenegro, 2018):

- Improving the institutional environment and access to finance;
- Providing the necessary knowledge and skills;
- Promotion, networking and advocacy of the interests of women, young people and social entrepreneurs.

The Employment Strategy for the period 2021–2025, within the framework of operational objective 3, refers to the improvement of the position of unemployed persons on the labour market through the efficiency of services for the labour market, measures of active employment policy, and the strengthening of social inclusion and poverty reduction. The same objective, under measure 3.10 'Development of social entrepreneurship', envisages the establishment of a network of social enterprises by 2025. This measure emphasizes the need to establish and improve the institutional infrastructure necessary for the development of social entrepreneurship, but also to improve and diversify financial support mechanisms (Ministry of Economic Development, 2021).

Social entrepreneurship is recognised in the Strategy for the Development of Women's Entrepreneurship of Montenegro 2021-2024 as a possibility for women to respond to the recognised needs of the community (Ministry of Economic Development, 2021). This implies on activities which implementation could lead to social changes. This type of entrepreneurship encourages women to be innovators, while also nurturing and promoting female leadership, which is also important for the overall process of women's economic empow-

¹³ The full extent of the Law on Business Organisations "Official Gazette of Montenegro" No. 65/20, can be accessed here: <https://www.paragraf.me/propisi-crnegore/zakon-o-privrednim-drustvima.html>

erment. The fact that social enterprises are often started by women (but also men) who have previously experienced certain shortcomings and problems present in their community, and through their actions provide concrete solutions for pressing social, cultural and environmental challenges, require the public sector to attend to them and provide organized support and assistance. Therefore, in the coming period, it is important to implement activities that further affirm, promote, and encourage social entrepreneurship, whereby competent institutions and organizations from the public sector should pay special attention to cooperation and partnership creation with the private and, especially, non-governmental sector.

Furthermore, this strategy recognizes that despite certain initiatives and realized programs, there is a lack of stronger support mechanisms for the development of business initiatives for women from vulnerable groups. Activities intended for these target groups need to be further improved, strategically planned and ensure the continuity of their implementation. In addition to the self-employment program (especially for single mothers), as one of the possible models, the program for young women, single mothers, and social entrepreneurship should be ensured greater visibility and promotion, as well as improved access to information about the opportunities it provides to potential entrepreneurs. This is especially so because social entrepreneurship gives a chance precisely to women, who represent a vulnerable category, as it encourages and empowers them, and at the same time creates a framework for results that enables the progress of the communities where women social entrepreneurs operate. Therefore, strong, targeted financial and non-financial support should be provided to this model of women's entrepreneurship through the new Strategy. On the same note, one of the measures of this strategy (Measure 3.1.1) is to "Provide comprehensive program support for the inclusion of women entrepreneurs in specific forms of business organization (clusters, supply chains, social entrepreneurship, etc.)" (Ministry of Economic Development, 2021). The planned activities relate to providing support for self-employment and development of social entrepreneurship led by women from vulnerable categories (women with disabilities, elderly women, Roma women, single mothers, victims of violence, etc.).

Social enterprises in Montenegro face significant challenges, including the existing limitations regarding the level of income that can be obtained from the economic activities of NGOs. According to the Law on NGO Organizations¹⁴, it is defined that a non-governmental organisations can directly perform an economic activity determined by the statute if it is registered in the registry of economic entities allowed to perform that activity. If the income from economic activity in the current year exceeds the amount of EUR 4,000, the non-governmental organisation cannot directly perform economic activity until the end of the year. Nevertheless, this law foresees the support of the economy by providing financial means for support in the budget, as well as by introducing tax and other benefits to non-governmental organisations. The economy can give public property (space, technical equipment, etc.) to be used by a non-governmental organisation, in accordance with the law regulating the use, management and disposal of public property, or other laws.

The economy provides funds for financing projects and programs in areas of public interest that are implemented by non-governmental organisations, in the amount of at least 0.3% of the annual budget. In addition, the economy provides special funds for financing projects and programs of non-governmental organisations in the field of protection of persons with disabilities, in the amount of 0.1% of the annual budget. The law on the budget of Montenegro provides funds for the co-financing and inter-financing of projects and programs of non-governmental organisations supported by European Union funds, in the amount of at least 0.1% of the annual budget.

¹⁴ The full scope of the Law on NGO Organizations, "Official Gazette of Montenegro" No. 39/11, 37/17 can be accessed here: <https://www.paragraf.me/propisi-crnegore/zakon-o-nevladinim-organizacijama.html>

In 2022, the Ministry of Labour and Social Welfare, in cooperation with the Ministry of Finance with the support of the Delegation of the European Union in Montenegro, opened a call for grants within the grant scheme 'Support to employment, social inclusion and social entrepreneurship'. The total value of the grant scheme is EUR 2,705,882.35. It is planned to provide support to projects that will improve the provision of social services in communities, including support for innovative social services, with a special focus on deinstitutionalization and promotion of the concept of social entrepreneurship. The projects will begin to be implemented in 2023.

Social entrepreneurship provides potential development opportunities, but in addition to the abovementioned efforts, a comprehensive approach and continuous commitment of policy makers and all actors in society is needed for this important type of activity to be revived more significantly in Montenegro.

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