



Montenegro

Institute for Strategic Studies and Prognoses



National Human Development Report 2009
Montenegro: Society for All
Summary

NHDR 2009 Highlights

Social exclusion has become a visible phenomenon in Montenegro. Over the last several years the country has achieved impressive growth as a result of the economic boom in the construction, tourism, retail, telecommunications and banking sectors. Although this growth has created many opportunities for the human development of the poor and socially excluded, it has not adequately translated into improved social inclusion or poverty reduction.

In recognition of the importance of the European Union's (EU) social inclusion process, the Government of Montenegro has committed to providing adequate health, education, housing and other social services to its citizens and has adopted a range of policy strategies addressing social exclusion. The Government signed a Stabilization and Association agreement with the EU in 2007 and submitted its application for candidate status in December 2008.

This National Human Development Report (NHDR) is based on an open, intensive public discussion on the extent and complex nature and dynamics of social exclusion in Montenegro. The human development approach, as defined by UNDP, views people as the real wealth of nations. Human development is the process by which the range of opportunities and choices available to people can be expanded. Human development is impossible without the social inclusion of everyone, or without a process which ensures that those at risk of poverty and social exclusion have equal access to the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living and well-being that is considered normal in the society in which they live.

The Report has been prepared to support the Government and other stakeholders in promoting social inclusion in Montenegro by providing an in-depth analysis of social exclusion. With the support of UNDP, the Institute for Strategic Studies and Prognosis (ISSP) conducted research to prepare a quantitative evaluation of human development, social exclusion and poverty in Montenegro. This Report highlights the challenges faced by vulnerable groups and presents recommendations on how these challenges could be addressed.

Key findings of the Report:

- **The Human Development Index (HDI) for Montenegro has increased since 2004.** The HDI includes such key components as life expectancy, adult literacy rate, primary, secondary and tertiary gross enrolment and GDP per capita. The locally-calculated HDI in Montenegro was 0.828 in 2007, compared to 0.804 in 2004, and is significantly higher than the 0.789 of 1991. Improvements in the HDI are mostly attributed to the GDP per capita increase as well as a higher school enrolment rate.
- **Montenegro's population growth rate has decreased and its population is ageing.** Compared to the last census of 2003, the population has only increased by 0.76% and is estimated at 625,000. The growth rate decreased from 9.5 per thousand in 1991 to only 2.5 per thousand in 2006. The share of the elderly in the total population will increase significantly to 18.4% in 2031, having been 12.4% in 2001.
- 28% of total budget expenditure was allocated for social insurance and social welfare transfers, 18% for education and 22% for health in 2007. **In total these items participated with almost 70% in total budget.**
- **The poverty rate has only slightly decreased since 2003.** Although Montenegro's GDP increased by an impressive 8.6% in 2006 and 10.3% in 2007, poverty levels remained steady with 10.8% of the population still living below the poverty line (€162 per month) in 2008.
- **Poverty is concentrated in certain geographic areas.** Poverty is relatively high in the north of the country, where high unemployment, rather high illiteracy, especially among the elderly and women, and low income levels contribute to high poverty rates. More than half the poor (62%) reside in the north.
- **Some population groups are poorer than others.** The Roma, Ashkaelia, Egyptians (RAE) are the most vulnerable population with a poverty rate of 36%; followed by displaced persons 34%, social welfare recipients 30%; pensioners 15.7%; the long-term unemployed 12.3% and people with disabilities 11.9%.
- **Montenegro has very high and increasing inequality.** Inequality is measured by decile ratio, which presents the ratio of the average consumption of the richest 10% of the population divided by the average consumption of the poorest 10%. The level of inequality in Montenegro increased from 6.0 in 2004 to 9.8 in 2008.
- **Social exclusion is concentrated among certain vulnerable groups of the population.** This NHDR surveyed the six vulnerable groups: social welfare recipients (11.9% of households are socially excluded); the long-term unemployed (10% of households are socially excluded); pensioners (8.9% of households are socially excluded), people with disabilities (5%



of households are socially excluded), the RAE population (14.1% of households are socially excluded); and displaced persons (8.3% of households are socially excluded).

- **Laeken Indicators for Montenegro were calculated for the first time.** Laeken Indicators monitor the success in meeting the common objectives of the EU Social Policy Agenda, which is aimed at alleviating poverty and social exclusion in Member States. Four groups of indicators, such as overarching indicators, inclusion indicators, pension indicators and health indicators were calculated. For instance, the Laeken Indicators revealed that the risk of poverty is highest for children, the elderly and females: that 25% of young people, 24.9% of females and 27.3% of the elderly have a median income per equivalent adult lower than 60% of the national median. 15.5% of males and 9.2% of females of 18 to 24 years of age only have lower secondary education and are currently not attending school or any type of training.
- **The Quality of Life survey provided interesting information on perceptions of social exclusion.** The survey indicated that respondents are relatively satisfied with their life (6.3 on a 1 to 10 scale, with 1 dissatisfied and 10 very satisfied); are satisfied with their education (5.7); are satisfied with their current job (5.1); are not very satisfied with their current standard of living (4.9); and are satisfied with their accommodation (6.1). Montenegrins are satisfied most with their family life (7.3), health (6.9) and social life (6.5). A high proportion of the respondents (90.6%) believe they are not sufficiently involved in the decision-making of authorities. A significant proportion (35.6%) believe there is a lot of tension between the rich and the poor; 19.6% find there is a lot of tension between management and workers; and 30.4% feel there is a lot of tension between different ethnic groups.

Key recommendations of the Report:

1. Develop clearly-articulated Government-wide priorities promoting social inclusion and how to effectively address the issue

- Establish an annual process to set Government-wide priorities which guide the line ministries in identifying priorities and planning policy outputs for promoting social inclusion.
- Require line ministries to align their policies and programmes with the Government's strategic priorities in the area of social inclusion and to publicly report on their progress.
- Establish an inter-ministerial committee which reports to the Cabinet of Ministers and is responsible for coordinating and mainstreaming policies on poverty and social inclusion.
- Introduce a requirement that all policies and programmes promoting social inclusion should have concrete budget resources to support their implementation.
- Introduce a requirement that all Government programmes and policies supporting vulnerable groups should contain specific and measurable targets.



2. Support public awareness campaigns on social inclusion that will involve the media, NGOs and all stakeholders.

3. Implement effective reform and decentralisation

- Local government should be given more responsibility and the human and technical capacities of locally-based agencies should be strengthened to enable them to implement programmes and promote social inclusion.
- The diversity of service providers should be increased to include NGOs, local authorities, businesses and local agencies such as Welfare Centres, employment agencies and others.
- The capacity of NGOs will need strengthening in both skills and infrastructure and with sustainable support from the Government, so they are better able to implement programmes and promote social inclusion.
- Introduce additional safeguards, such as establishing needs-based, minimum social services standards, to protect the socially excluded affected by decentralisation.
- Innovative, quality and beneficiary-oriented services should be introduced which utilise the best EU practices and promote programmes that assist social-assistance dependent individuals to transfer from welfare to work. Deinstitutionalisation should be promoted and individual programming for each beneficiary enforced to support the socially excluded.
- The equalisation of social transfers should be introduced and other support services established, to assist disadvantaged communities in addressing the social exclusion of their residents.

4. Promote gender equality in combating poverty and social exclusion

- Introduce a gender perspective into policies and programmes targeting social exclusion.

5. Support the social inclusion of beneficiaries of the social protection system

- Introduce new social services providers (NGOs, local authorities, businesses) and encourage local-level partnerships. Decentralise the social services system, assigning more to the jurisdiction of the municipalities. Develop an accreditation and licensing system for institutions and service providers in the area of social protection.
- Improve the quality and variety of services and expand the network of social services by supporting community-based, beneficiary-oriented services. Develop standards for these new services.
- Revise and simplify the administrative processes for social benefits, develop new eligibility criteria and improve access to services.
- Introduce additional incentives to motivate individuals to search for and keep a job, such as the welfare to work programmes and social enterprises. Improve the targeting of social benefits and increase the monetary social benefits entitlements.



- Introduce a case management approach and move the social protection agencies as close to the beneficiaries as possible.

6. Support the social inclusion of the unemployed and long-term unemployed

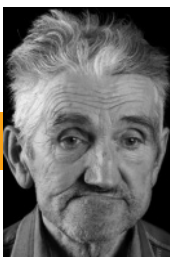
- Decrease the unemployment rate by creating employment opportunities for hard-to-employ groups such as the long-term unemployed, older workers, those who have lost their jobs as a result of restructuring and privatisation, people with disabilities, and other vulnerable groups.
- Target barriers leading to long-term unemployment and adopt a series of complimentary measures to eliminate barriers to employment and provide stimuli for employers who employ hard-to-employ groups.
- Adopt a series of measures to minimise the extent of the informal economy and unregistered labour to at the same time eliminate the associated exploitative conditions of work, poor health and safety conditions. Strengthen the capacity of Labour Inspectorate and Occupational Health and Safety Inspectorate to enforce the Labour legislation.
- Continue implementation of the Government's Strategy on SMEs Development 2007-2010.
- Promote life-long learning.

7. Support the social inclusion of retirees with minimum income

- Ensure the sustainability of the pension fund to maintain adequate pension coverage for the elderly.
- Effectively address the challenges associated with the significant increase in applications for the institutional placement of the elderly. Develop a set of alternative placement options such as 'assisted living' in communities, and day-care centres for the elderly and others.
- Increase additional income opportunities.

8. Support the social inclusion of people with disabilities

- Continue implementing the Strategy for Integrating Persons with Disabilities (PWD) in Montenegro and monitor its implementation.
- Ratify the UN Convention on PWD.
- Provide adequate social protection and enhance disability-focused supports and services.
- Introduce a composite set of measures to promote the inclusion of PWD into the mainstream labour market.
- Improve the accessibility of housing, transport and public services.
- Implement the Action Plan of the Strategy for Inclusive Education (2008-2012).



9. Support the social inclusion of the Roma, Ashkaelia and Egyptians (RAE)

- Implement the Government's strategic documents targeting the RAE that include the introduction of integrated approaches to promote the social inclusion of RAE at the municipal level.
- Resolve the issues of RAE legal status and improve their access to social protection and employment and improve their housing conditions.
- Develop and implement targeted interventions addressing the strong social prejudices and traditional stereotyping of the RAE.
- Integrate RAE schoolchildren and students into mainstream/formal education with additional support (higher RAE children enrolment into preschool facilities, 'schools' for RAE parents for their education and awareness raising, and continue with stimulus measures such as free textbooks, transport, scholarships for secondary school students, etc).

10. Support the social inclusion of displaced persons:

- Open concrete possibilities for the local integration of those displaced persons opting to remain in Montenegro, and grant them proper legal status.
- Regularise the status of those "(internally) displaced persons" from Kosovo residing in Montenegro through: (1) citizenship, (2) long-term residence with all the rights of citizens other than voting rights, or (3) prima facie refugee status.
- Enhance access to the social network, as well as to full healthcare and health insurance coverage, by resolving the legal status of displaced persons.
- Be more proactive in promoting the civil registration and documentation of all individuals born on Montenegrin territory, and ensure active, open and transparent access to competent bodies in this regard. State institutions should establish specific, time-bound procedures to simplify the process of birth registration for RAE children born in Montenegro but not registered at birth.



