

POLICY PAPER

Labour Supply Effect of Social Security Transfers

July 2012





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Abstract

Transfers from Montenegrin social policies have the potential to change the structure of the labour market, especially by focusing on transfers that can increase the activity rate and lessen grey market employment. In general, the labour market of Montenegro is characterized by a large grey economy which is not regulated, taxed, or documented, as well as very low activity rates and long-term unemployment. The focus of policy makers concerned with social transfers should be to explore the interaction between social transfers and how they enable some of Montenegro's labour market problems.

This paper briefly describes the social security system in Montenegro, identifies the main factors that lead to work disincentives, analyses the effect of the social transfers on the labour market in Montenegro and provides recommendations for policy makers in order to improve the link between social protections and the labour market.

Introduction

In Montenegro there is a set of social security benefits and transfers that are designed in order to enable adequate social protection and security. The main institution in charge of the social security system is the Ministry of Labour and Social Welfare (MLSW). However, some social welfare benefits are poorly designed, especially in the case of family social assistance. The system of social assistance is weakly correlated with labour market inclusion, partly due to the design of certain social transfers which lead to disincentives for work, especially among those who receive minimum income.

1. Main characteristics of the social security system in Montenegro

The social security system in Montenegro is based on laws in the field of social protection such as the Law on Contributions for Obligatory Social Insurance, the Law on Social and Child Protection, etc. In accordance with the Law on Contributions for Obligatory Social Insurance, employers in Montenegro are obliged to pay taxes and obligatory social insurance on behalf of the company and on behalf of the employee. The Law on Contributions for Obligatory Social Insurance prescribes mandatory social insurance, contribution rates and basis, as well as other issues related to the payment of contributions for mandatory social insurance. The contributions for mandatory social insurance include pension and disability insurance, health insurance, and unemployment insurance.

The social security system in Montenegro has been consolidated during previous years. Several laws were adopted in order to better regulate pension and disability insurance, health protection and social and child protection of persons living in social exclusion. The social protection system

in Montenegro provides a wide range of rights and financial benefits to citizens, including both contributory and non-contributory benefits.

During the last several years, a proportional system of taxation has been introduced regarding direct taxes. The main aim of such decision was creation of simple, transparent and efficient tax system, with one rate which was intended to be below 10%. As of January 1st of 2005, the rate on corporate income tax is 9%. The rate on personal income tax in 2007 amounted to 15%, in 2009 12%, and as of January 1st of 2010 it was reduced to the level of 9%.¹

Table 1: Employment tax rates in Montenegro (% of payroll/wages)

Year	2008	2009	2010
Employee's contributions			
Personal income tax (PIT)	15	12	9
Social security contributions	19	17.5	24
Pension contribution	12	12	15
Health contribution	6.5	5.0	8.5
Unemployment contribution	0.5	0.5	0.5
Employers' contribution			
Social security contributions	15.0	14.5	9.8
Pension contribution	9	8.5	5.5
Health contribution	5.5	5.5	3.8
Unemployment contribution	0.5	0.5	0.5
Chamber of Commerce contribution	0.32	0.32	0.32
Surtax on personal income tax	13-15% PIT	13-15% PIT	13-15% PIT

Source: Ministry of Finance

The Montenegrin social security system legislation includes all the areas of social insurance including pension and disability insurance, health insurance, insurance in case of unemployment, and the right to family cash benefits. (These benefits are defined by Regulation No. 31971R1408 of the Council on the application of social security schemes to employed persons and their families moving within the Community, as well as Regulation No. 31972R0574 fixing the procedure for implementing Regulation No. 31971R1408, and the Regulation No. 32003R0859 which expands the scope of application of the stated provisions.²)

¹ Personal income tax burdens constitute on average about 20% and employees social security costs – about 10% of gross income in EU27. This list includes all countries with flat personal income tax rates (Estonia, Czech Republic, Slovakia, Bulgaria, Lithuania, Latvia and Romania). The average salary in these countries in the scenarios analysed is approximately 78% of gross remuneration (while the average net salary in countries with progressive taxation is about 67%).

² Montenegro is coordinating social insurance system with almost 30 countries and in doing so it applies conventions on social insurance in compliance with the decision of the Parliament (according to which Montenegro

The main institution in charge of the unemployment benefits is the Employment Agency of Montenegro (EAM). Insurance in case of unemployment, the rights of the unemployed persons and the procedure for the realization of those rights, the way of providing funds and other issues important for employment are regulated by the Law on Employment and Realization of Rights from Insurance Against Unemployment. This law sets up employment processes and unemployment benefits. Social assistance benefits accrue to those who are exposed to poverty or social exclusion. Social assistance programs are divided into social welfare benefits aimed to help individuals/families in order to reduce their economic vulnerability, and child welfare benefits that are aimed on reducing the risk of poverty and vulnerability to children in families that are in social need.

The Law on Social and Child Protection states that the goal of social and child protection is to provide the protection of family, individual, children at risk and persons with social needs, namely persons living in social exclusion. The social assistance benefits represent a government intervention aimed at reducing vulnerability of certain groups in the society: poor, disabled, poor mothers, and children. The social security system in Montenegro has been consolidated during previous years and it provides a wide range of rights and financial benefits to citizens, including both contributory and non-contributory benefits. Social protection spending in Montenegro makes up around 18% of GDP which is high. Social protection spending in EU27 in 2010 amounted approximately 26% of GDP.³ However, social protection expenditure represented less than 20 % of GDP in all of the Member States that joined the EU in 2004 or 2007 with the exceptions of Slovenia and Hungary, and these countries have social protection systems that function much better than Montenegro's. Also, social protection expenditures in the region are lower than in Montenegro (Croatia has social protection expenditures less than 15% of GDP, Serbia 14% of GDP, etc.).

has taken the international treaties and agreements which have been concluded by the State Union of Serbia and Montenegro and which are in compliance with its legal system) and signs new treaties that it has concluded as an independent state. These are in compliance with the Regulation No. 31971R1408. Most of the treaties are also applied to the refugees and stateless persons in terms of the Geneva Convention. Other treaties are based on the insurance principle, which means that they are applied to all the persons who are or were covered by the legislation of the treaty parties, and to the members of their families.

³ <http://epp.eurostat.ec.europa.eu>

2. Disincentives for work and implications on the labour market in Montenegro

The disincentives for work come from numerous factors including inappropriately designed social benefits (transfers)⁴ which are prevalent in Montenegro. The disincentives either result in low motivation to work, or a refusal to declare labor market activity (informal employment). Therefore, there is low level of activity among Montenegrin population and high share of grey market.

The tax benefit model for Montenegro, conducted by the World Bank, partially examines an individual's entitlements to benefits such as social assistance, unemployment, housing, family, and in-work benefits according to the various income levels and family types. The main results of this model are that short contract, low wage jobs are almost entirely located in the informal sector and that it doesn't pay off to conduct such employment through the formal sector. The model shows that the main disincentives for formal work applies to lone parents or single earner couples with children who have access to social transfers such as Family Material Support and family benefits, i.e. the child allowance. The calculations show that any part-time, low-paying job would significantly decrease net income.

Box 1: *Social assistance as work disincentive in Montenegro*

A one-earner couple with two children is entitled to about EUR 1,750 a year in social assistance and family benefits. A full-time job at minimum wage would pay about EUR 1,650. Any part-time job at minimum wage would actually considerably decrease net income of the family. For example, a half-time job at minimum wage would decrease the family's income to only about EUR 1,000 a year.

Social assistance benefits are withdrawn at a high rate as formal gross income increases. In other words, for each net Euro that a recipient of social assistance earns formally in Montenegro, more than a Euro in social assistance is withdrawn, resulting in a marginal effective tax rate (METR) of more than 100 percent.

The family benefit, on the other hand, is not withdrawn, at least not up to a formal income of 15 percent of average wage (annual formal gross income of about EUR 1,300). For anyone earning more, though, the family benefit is completely withdrawn. Hence, for any family who receives family benefits, declaring any income of more than EUR 1,300 annually could result in the complete loss of family benefits—in the case of a two-child family, a loss in net income of about EUR 450.

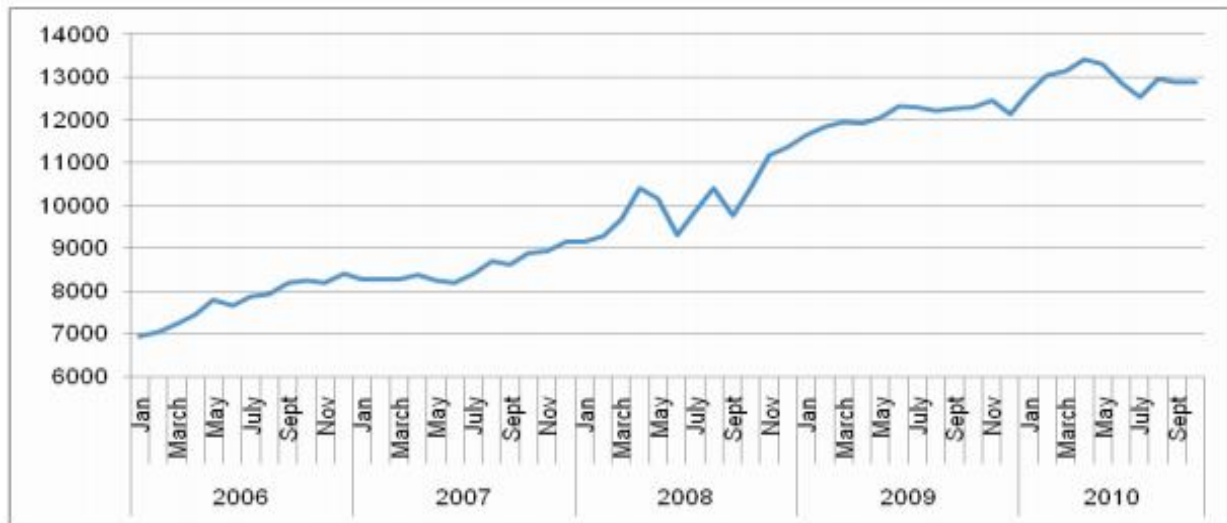
Source: Work Disincentives in Montenegro, Results from the 2011 OECD Tax and Benefit Model for Montenegro

⁴ Apart from this factor, the literature also attributes the existence of disincentives to the inappropriate taxation and social contributions.

Also, the wrongly designed unemployment benefits led in the past to the increase of the beneficiaries and presented serious disincentives for work. These benefits were changed three times during the last several years, mainly due to the fact that they motivated people to remain listed in the unemployment register and at the same time work in grey economy.

Recent changes in unemployment benefit duration have made the system stricter than it was previously, when the amount and duration of benefits stipulated persons remain officially unemployed but would receive these benefits and work in the informal economy at the same time. The number of unemployed persons in Montenegro amounted to 31429 (1st quarter of 2012). Unemployed persons receive unemployment benefit on annual basis. Based on EAM data, the average number of persons receiving unemployment benefit in 2008 amounted to around 9,500, while in 2009 it increased to 12,500, which represents the increase of 31%.

Graph 1: *The change in number of unemployment benefits beneficiaries during 2006-2010 as a consequence of the change in benefit duration*

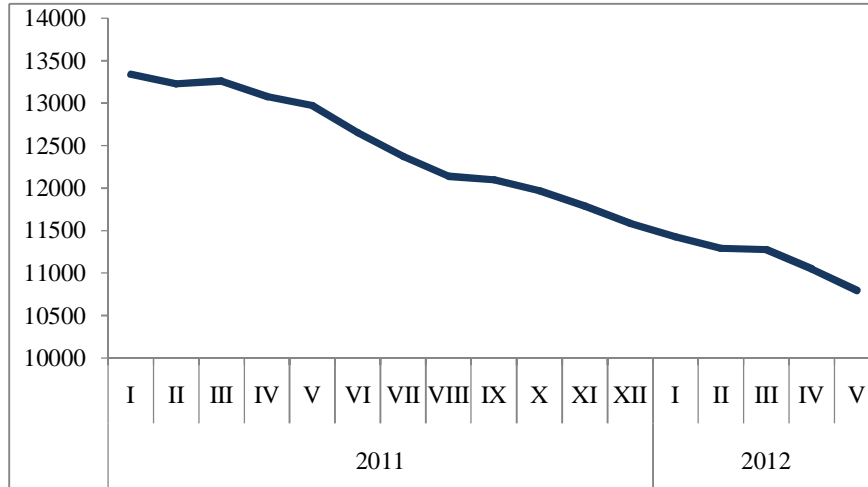


Source: EAM

This increase was not just a consequence of global economic crisis, but also a consequence of generous conditions for receiving unemployment benefits. In the period 2006-2008 Montenegro was one of the fastest growing economies in Europe (GDP growth rates: 2006-8%, 2007-10.7% and 2008-6.9%). Unlike most economies, the formal labour market, which recorded a positive trend prior the crisis, didn't suffer seriously in terms of overall employment (in areas that registered growth prior the crisis) and unemployment (which registered decline prior the crisis) because they remained on a similar level as during 2009. However, the constant increase of the number of unemployment benefit beneficiaries since 2006 (even in the terms of high economic growth), indicates that such an increase is the consequence of generous conditions for receiving these benefits. The previous changes left the generous conditions in terms of its duration and

receiving the same. The number of those receiving these benefits remained at almost the same level during 2010. However, the last change in unemployment benefit duration (April 2010)⁵ contributed to a more realistic picture of those who really need these benefits. The number of beneficiaries decreased slightly during 2011 and it kept decreasing during 2012.

Graph 2: *The change in number of unemployment benefits beneficiaries as a consequence of the change in benefit duration (2011-2012)*



Source: EAM

The system of social transfers and social assistance to a certain extent affects the performances of labour market in Montenegro and its outcomes. This refers to the activity rate, informal economy and consequently long-term unemployment in Montenegro.

2.1. Social Transfers and Labour Force Activity Rates

The activity rate in Montenegro has been decreasing since the onset of the economic crisis and remains at a very low point. According to the Labour Force Survey (LFS), the total activity rate is 57.2% although the rate is much lower for women (50.6%) than it is for men (63.7%). The existing disincentives apply to the more than 13,000 families whose members are also children, elderly, or disabled people that do not influence activity rate.

The discrepancy between men’s and women’s activity rates is, in part, derived from differing social roles involving work and child rearing, as well as the conditionality of the Family Material Support program. The LFS indicates that 16% of inactive citizens do not seek work because they

⁵ Since April 1st 2010, there are no new beneficiaries of previous types of unemployment benefits. Those who have gain the right to unemployment benefits according previous (including “minimum pension benefit”) in accordance with the old law will continue to receive this benefit under same conditions (duration and amount of benefit). However, there are no new beneficiaries of these two benefits.

take care of children. Typically an individual who forgoes work in order to take care of children is female, so the observed gender activity gap occurs due to responsibilities involving children.

Unfortunately, the way social transfers are structured in Montenegro leaves the government in a position of inadequacy when attempting to activate the female labour force. Activation of female workers can occur when they do not have to choose between child rearing and working, transfers which give material support for families with children can be used to pay for child care and day care programs in which children can stay while parents work. Such transfers exist in Montenegro through the Family Material Support program, the issue is that they are conditioned on registering with the Employment Agency of Montenegro (EAM) which is only for *unemployed* individuals. Therefore, a woman who is inactive due to child rearing responsibilities has no reason to activate under the current transfer system, she may wish to work (as more than 20% of the inactive population do) but in order to receive child care subsidies she must be unemployed. A transfer which is not conditional on unemployment may actually help activate primary caretakers as they know they will have the resources for their children to be cared for while they work. At the same time, if unconditional child care transfers help increase labour force activity and employment, the costs of such transfers can be offset by a larger tax revenue base.

The usage of Family Material Support beneficiaries has increased by 8% from 2006, while the women's activity rate has also declined. This indicates that although an increasing share of the population is drawing on Family Material Support benefits the system is still doing little to activate female workers, in fact the stringent application and qualification process may be causing women to deactivate instead of apply for benefits and look for work. If extending child care transfers to working women can activate the female labour force, revenue increases may help pay for the growing number (8%) of non-working transfer beneficiaries.

2.2. Social transfers and grey market (informal sector)

Montenegro has a labour market characterized by the prevalence of employment in the grey market. According to the ISSP Labour Force Survey 2007 data, close to 50,000 or 22.6% of the total number of employed persons is employed in the informal sector companies or hold an informal employment in formal sector companies (informal employees). In addition, for 31,000 or 17.5% of registered employed persons, social security contributions are only paid on 50% of their actual wages. The level of grey market in EU27 amounts approximately 16% of GDP.⁶

The interaction between grey market employment and transfers could be explained by the means-tested nature of the Family Material Support. Low, and declining, activity rates may indicate that workers are choosing grey market employment over lawful employment. This

⁶ Survey on The Shadow Economy in Europe 2010, Johannes Kepler Universitat, Linz, 2010

means that many recipients of social assistance might actually be working, but not in a formal sector. Possible improvement of incentives for these people may lead to the registering them and moving into official employment, i.e. it could lead to the reduction of grey economy.

Box 2: *The effect of disincentives for work on the informal sector of employment*

Empirical analysis in the new EU member states suggests that high disincentives for formal work, as measured by formalization tax rate (FTR)⁷ are associated with higher informal employment. In particular, an increase in the FTR of one percentage point is associated with an increase in the likelihood to work informally by 1.1 (0.8) percentage points. For low wage earners, these likelihoods are twice as high.

Source: Work Disincentives in Montenegro, Results from the 2011 OECD Tax and Benefit Model for Montenegro

According to the LFS, around one fourth of employed Montenegrins work in the grey market, and a large number of these citizens are registered with the EAM and draw on social transfers. The costs avoided by this type of employment are twofold: income from the grey market is not taxed and lawful employment carries the opportunity cost of Family Material Support transfers and unemployment benefits. Although the direct payment from grey market activities may be lower than lawful employment an individual who is working on the grey market has the ability to receive income while being registered as unemployed, allowing them to receive transfers as a supplement to their grey market income. In this sense, a transfer that is supposed to be a safety net in the case of temporary unemployment ends up enabling grey market activities.

Three conditions of the Family Material Support are especially troublesome in terms of incentivizing the grey market: (1) a beneficiary may not own or use a business space, (2) there is a monthly income cap, and (3) they may not refuse an employment opportunity. Regarding the first condition, a beneficiary may own or use a business space but, especially in the case of a crisis environment, may not derive inadequate income from this business in order to support a family. Combined with the lack of universal family benefits the business owner may come under strong financial pressure. In order to access material support and financial benefits, the owner may not register the business space instead choosing to participate in their business on the grey market. This is great loss for the government—the state is not collecting tax revenue from a business and they are paying out benefits to this individual. The conditional nature of the transfer has pushed this owner into the grey market. Regarding the second condition, an individual who can make *just above* the income cap legally or *just below* the income cap in the grey market will

⁷ Formalization tax rate (FTR) is concept to measure the disincentives for formal work. This indicator is used to measure how much of an informal worker's net income would be taxed away if the worker were to formalize—taxed away in terms of income tax, social security contributions, and withdrawn benefits like social assistance and family benefits.

take the lower paying grey market position because he or she can supplement it with transfer payments from the Family Material Support as well as unemployment benefits. The third condition functions in a similar way. An individual who works in the grey market may have skills which are not at first utilized by an employment offer, being forced to accept the offer may just make them refuse the transfers and employment in favor of continuing grey market work. In this sense, conditional transfer payments are a hindrance to labour market growth.

2.3. Social transfers and long-term unemployment

The Montenegrin labour market also has issues with long term unemployment, in the first quarter of 2012, long term unemployment totaled 38.7%. The structure of unemployment benefits has been changed to make steps toward decreasing some of this long-term unemployment. Previously, unemployment benefits could be used by certain groups until they became old enough to draw on their pensions. This indefinite period of benefits presented disincentives for work and created an atmosphere of reliance on unemployment benefits. The standards for receiving benefits were increased so that indefinitely receiving unemployment compensation was much more difficult, and required 30 years of work experience whereas previously only ten years was required for men aged 60 and women aged 55. Since the introduction of this stricter requirement long term unemployment has dropped by 4% and the amount of people drawing on this unemployment benefit, known as the mini pension, has decreased by 31%. (see Anex – Unemployment benefits in Montenegro). During this period the total number of employment citizens also increased by 4%. By not allowing beneficiaries a constant stream of income to make long-term unemployment more reasonable, they had a greater incentive to look for work. Fighting the *inactivity trap* is also a key to reducing long-term unemployment. This trap occurs when the opportunity cost of employment is greater than the benefits which are received from being employed.

Box 3. Unemployment and inactivity trap in Montenegro according the Results from the 2011 OECD Tax and Benefit Model for Montenegro

The so-called “unemployment trap” is relatively low in Montenegro. The unemployment trap is the average effective tax rate (AETR) for someone on unemployment benefits (but not on social assistance) who takes up a formal job at a certain wage level.

On the other side the “inactivity trap”, in contrast, is rather high in Montenegro. The inactivity trap is the AETR for someone on social assistance who takes up a formal job at a certain wage level. In Montenegro, it varies from more than 70 percent for someone accepting a job at 50 percent of average wage to about 45 percent for someone accepting a job at 150 percent of average wage.

Source: Work Disincentives in Montenegro, Results from the 2011 OECD Tax and Benefit Model for Montenegro

In this sense, the transfers an individual gains can have a great impact on their decision to work or stay unemployed. As stated above, if transfers are conditional on unemployment (more specifically on registration with the EAM,) the transfer itself becomes part of the opportunity cost incurred when an individual chooses to pursue gainful employment. This may be why Montenegro experiences such a high long-term unemployment rate, low labour force activity, and high grey market activities.

Reforming conditions for receiving benefits could help, receiving benefits as a *supplement* to gainful employment would mean transfers are no longer an opportunity cost of work and instead incentivize employment. This idea not only has theoretical support, but is reinforced by controlled employment experiments in the past. A Canadian program called the Self-Sufficiency Project broke with the previous system of unemployment transfers and offered a generous earnings supplement to individuals who were previously receiving social transfers but then found work. The study randomly assigned 3000 participants to the group to receive the transfer after they found employment and 3000 participant control group who were on traditional unemployment benefits. After the ninth quarter of the study, the group which received the social transfer payments had 12.1% higher overall employment rate than the control, 12.5% higher full-time employment rate, were working an average of 20 hours more per month, and were earning \$242 more per month because they had higher employment rates.⁸ In addition, the program created a large enough tax revenue base from increased employment to completely fund itself.

⁸ Card, D., Robins, P. K., & Michaelopoulos, C. (2005). When financial work incentives pay for themselves: evidence from a randomized social experiment for welfare recipients. *Journal of Public Economics* , 5-29.

3. Concluding remarks and recommendations

Social transfers offer only a limited view of social policies as a whole and their effect on the labour market. However, some conclusions may be drawn based on the existing analysis. In order to reform the design of social assistance and family benefits, beneficiaries of social assistance and family benefits should benefit from formal work. If not, there may be high incentive for lawfully employed workers to exit from official employment or underreport their wages, i.e. to increase the level of grey economy.

Moving from means-tested to unconditional transfers could increase the amount of people drawing on transfer payments. However should they draw workers out of the grey market, the costs could be offset by revenue gains. When issuing transfer payments is accompanied by a loss of tax revenue, labour is pushed into the non-taxable grey market.

Reforming conditions for receiving benefits and capacity building within the main institutions in charge of social security system and labour market could help in better coverage of social security system, but also it may contribute to the higher incentives for job searching. The Ministry of Labour and Social Welfare and Employment Agency of Montenegro should conduct some activities in the upcoming period (mid-term) in order to enhance the entire system of social transfers and its efficiency, but also to improve the labour market situation. Therefore, the Ministry should:

- Simplify procedures for the remittance of taxes and contributions and at the same time to strengthen inspection services but also centres for social work so that they could be able to establish and maintain communication with individuals and families receiving social assistance and deal with their activation.
- Develop a system to inform the public about the rights in the area of social protection in order to increase rights accessibility;
- Intensify activities which will impact the reduction of black labour market i.e. legalization of informal employment.

In order to reduce the size of the grey economy, apart from reforming social programs, it is necessary to give priority to upward professional mobility through policies supporting growth and active policies on the labor market. Sometimes, temporary assistance for returning to employment can be just as efficient as permanent mechanisms inspired by income tax reduction devices, as well as, less costly for public finances. More resources are needed for training programs or improvement of the quality of Montenegrin employment institutions. It is necessary to strengthen the role of the Employment Agency when it comes to the provision of employment services, particularly with the aim to give priority to the employment of hard-to-employ persons.

More efficient work of the Employment Agency would be ensured by defining the rights and obligations of job seekers and reporting on their motives of registering with the Agency (whether due to employment opportunities, health insurance, to qualify themselves for social benefits and other things). Employment Agency of Montenegro should:

- Develop employment programmes aimed at hiring working-age Family Material Support beneficiaries;
- Implement more measures aimed at activating the population because there is a significant number of those who are able to work but are inactive;
- Increase the active labour market measures efficiency by channeling them primarily to hard-to-employ persons, persons with disabilities and socially vulnerable persons within the existing financial resources;
- Tighten strict criteria for those who do not want to participate in trainings, education or other programmes;
- Improve cooperation with Employment Bureaus so that Family Material Support beneficiaries would be issued apart from a proof of unemployment, a certificate of participation or a proof of rejection to participate in the programmes of additional training and retraining. Also, adequate information should be communicated with centers for social work in the case of rejection of offered employment.

Also, centers for social work should consider an efficient way to organize services that would take care of the elderly, children or children with special needs in order to activate women who are inactive because they care for others. Ministry should analyze the costs and benefits of linking the Family Material Support with other social benefits since it can have contra effect. Breaking some of the linkages between the different social transfers could raise overall efficiency in particular by raising incentives to leave the social protection system by entering formal employment.

Annex

Table 2: Unemployment Benefits by months and paid amounts

Month	UB1 – 33€		UB2 – 55€		Mini pension		All users		
	No. of users	Gross (€)	No. of users	Gross (€)	No. of users	Gross (€)	No. of users	Total amount (€)	
2010	January	5177	263780.8	-	-	7453	941521.6	12630	1205302
	February	5425	280108.4	-	-	7610	933153.5	13035	1213262
	March	5351	264075.2	-	-	7795	944075.7	13146	1208151
	April	5369	274655.4	-	-	8054	1014796	13423	1289451
	May	5132	258239.8	209	28975.35	8170	1012141	13511	1299356
	June	4737	211985.6	404	45170.24	8118	962237.6	13259	1219393
	July	4496	191563.8	473	45363.25	8049	985393.3	13018	1222320
	August	4327	184361.6	693	81231.96	7943	969888.9	12963	1235482
	September	4257	186781	816	101873.3	7801	950078.4	12875	1238733
	October	4170	183234.4	1071	141234	7631	141234	12872	1257106
	November	4095	174634.7	1433	186543.2	7513	929365.1	13041	1290543
	December	4102	193304.7	1787	231124.6	7399	906154.7	13288	1330583
2011	January	4031	177141.4	2073	251941.9	7235	876865.6	13339	1305949
	February	3890	170356.7	2248	239180	7089	873827.1	13227	1283364
	March	3874	168011.4	2419	223822	6965	863232	13258	1256263
	April	3875	160963.9	2387	204046.7	6814	830467.7	13076	1195478
	May	3807	159181.4	3044	314119.7	6118	734599	12969	1207900
	June	3770	161525.4	2326	189924	6558	800250.1	12654	1151699
	July	3709	160642.8	2218	182478.6	6446	804035.8	12373	1157157
	August	3640	121668.6	2232	142440.4	6266	610442.3	12138	1087052
	September	3584	149102.6	2459	243508.9	6055	738329.2	12098	1130940
	October	3516	145604.9	2588	262555.3	5864	712297.5	11968	1120858
	November	3495	146028.6	2635	241176.8	5657	685387.4	11787	1072594
	December	3466	144571.1	2628	215465.1	5492	667671.9	11586	1027708
2012	January	3513	153346.2	2663	232604.8	5251	658588.7	11427	1044510
	February	3607	154477.3	2507	211254.5	5177	655281.9	11291	1021014
	March	3438	143254.1	2741	236877.8	5088	632957	11273	1013571
	April	3627	155693.1	2424	195940.4	4997	621110.5	11048	972741.9
	May	3596	153111.5	2302	184667.7	4903	609805.8	10795	947585.1

Source: Employment Agency of Montenegro

Table 3: Public expenditures on social protection in Montenegro

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1.Social protection benefits and allowances	134.63	144.64	164.42	178.51	191.50	197.78	226.56	270.33	325.56	415.66	394.68	430.09
<i>1.1.Contributory benefits</i>	115.25	128.72	148.92	159.53	168.73	174.50	200.57	238.41	293.21	379.62	360.82	388.69
1.1.1. Gross pensions	91.65	114.56	122.08	131.46	144.80	144.91	164.90	203.64	250.94	323.50	331.21	356.88
1.1.2. Health protection of pensioners	18.92	9.17	21.73	22.67	16.49	20.01	23.66	24.73	28.94	32.18	-	-
1.1.3. Maternity leaves	4.00	4.51	4.14	5.40	6.00	6.14	6.56	6.38	6.85	11.30	14.61	17.85
1.1.4. Passive labour market measures	0.68	0.48	0.97	n.a.	1.44	3.44	5.45	3.66	6.48	12.64	15.01	13.97
<i>1.2. Social assistance benefits</i>	19.39	15.92	15.50	18.98	22.77	23.28	25.99	31.92	32.35	36.04	33.85	41.39
1.2.1. Child allowances	10.76	6.12	1.55	2.34	2.64	2.70	3.31	3.95	4.05	3.17	4.42	4.70
1.2.2. Family Material Support	4.40	5.51	10.04	8.97	8.28	8.86	10.30	13.25	13.00	13.44	14.01	16.39
1.2.3. Other persons care	1.27	1.38	0.91	2.60	2.28	2.56	3.16	4.70	4.60	3.62	5.22	7.94
1.2.4. Veterans and invalid protection	2.32	2.15	2.25	3.69	8.21	7.52	7.51	8.32	8.90	13.44	9.34	8.89
1.2.5. Single payments and subsidized public transport for disabled persons	0.35	0.45	0.41	0.84	0.86	1.15	1.20	1.30	1.45	2.01	0.73	0.53
1.2.6. Food in the kindergartens	0.29	0.31	0.34	0.54	0.50	0.49	0.51	0.40	0.35	0.36	0.13	0.58
1.2.7. Wage arrears for workers from liquidated companies (Labour Fund)											2.46	2.36
2. Social care, services and measures	6.40	7.43	8.04	2.77	6.51	11.91	18.82	9.62	17.82	15.19	13.82	10.62
2.1. Accommodation in residential institutions and faster care	1.55	1.74	2.11	2.49	2.52	2.52	2.44	2.50	2.90	1.81	2.28	2.92
2.2. Active labour market measures	4.52	5.31	5.71	n.a.	3.71	9.16	16.38	7.12	14.92	13.38	11.54	7.70
2.3. Recreation of children from the poorest families	0.33	0.38	0.22	0.28	0.28	0.23	0.00	0.00	0.00	0.00	0.00	-
3. Other social protection activities (administrative costs)	5.36	8.09	8.88	11.10	18.06	18.01	22.54	23.16	26.11	22.10	21.01	18.32
3.1. Ministry of Labour and Social Welfare	0.584	1.742	1.631	1.333	1.246	1.412	3.971	3.10	3.14	4.04	3.44	1.91
3.4. Centres for Social Work	1.12	1.28	2.07	2.34	3.08	2.68	2.95	3.80	5.39	4.00	6.47	6.44
3.5. Commissariat for Displaced Persons	0.06	0.13	0.04	0.06	0.10	0.21	0.11	0.29	0.48	0.44	0.53	0.38
3.6. Red Cross	0.08	0.08	0.05	0.07	0.08	0.10	0.12	0.20	0.24	0.30	0.30	0.32
3.7. Employment Agency of Montenegro	3.51	4.87	5.09	n.a.	6.35	6.20	7.35	8.43	8.77	5.96	5.89	5.04
3.8. PIO Fund	11.34	9.24	8.55	7.30	7.20	7.41	8.04	7.34	8.09	7.36	4.38	4.24
3.9. Labour Fund	-	-	-	-	-	-	-	-	-	-	0.19	0.31
4. Overall spending on SP in Montenegro (1+2+3)	146.39	160.16	181.34	192.38	216.07	227.70	267.92	303.11	369.49	452.96	429.51	459.02

Source: Ministry of Finance, Budget Law for period from 2000 to 2007

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