



EUROPEAN SOCIAL POLICY NETWORK (ESPN)

Social protection and inclusion policy responses to the COVID-19 crisis

Montenegro

Jadranka Kaluđerović, Melisa Muratović



EUROPEAN COMMISSION

Directorate-General for Employment, Social Affairs and Inclusion
Directorate D — Social Rights and Inclusion
Unit D.2 — Social Protection

Contact: Giulia Pagliani

E-mail: Giulia.PAGLIANI@ec.europa.eu

European Commission
B-1049 Brussels

European Social Policy Network (ESPN)

**ESPN Thematic Report:
Social protection and inclusion
policy responses to the
COVID-19 crisis**

Montenegro

2021

Jadranka Kaluđerović, Institute for Strategic Studies and Prognoses

Melisa Muratović, Institute for Strategic Studies and Prognoses

The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high-quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

The ESPN is managed by the Luxembourg Institute of Socio-Economic Research (LISER) and APPLICA, together with the European Social Observatory (OSE).

For more information on the ESPN, see:

<http://ec.europa.eu/socialmain.jsp?catId=1135&langId=en>

LEGAL NOTICE

The information and views set out in this document are those of the authors and do not necessarily reflect the official opinion of the European Union. Neither the European Union institutions and bodies nor any person acting on their behalf may be held responsible for the use which may be made of the information contained therein. More information on the European Union is available on the Internet (<http://www.europa.eu>).

Manuscript completed in July 2021

The European Commission is not liable for any consequence stemming from the reuse of this publication. Luxembourg: Publications Office of the European Union, 2021

© European Union, 2021



The reuse policy of European Commission documents is implemented by the Commission Decision 2011/833/EU of 12 December 2011 on the reuse of Commission documents (OJ L 330, 14.12.2011, p. 39). Except otherwise noted, the reuse of this document is authorised under a Creative Commons Attribution 4.0 International (CC-BY 4.0) licence (<https://creativecommons.org/licenses/by/4.0/>). This means that reuse is allowed provided appropriate credit is given and any changes are indicated.

For any use or reproduction of elements that are not owned by the European Union, permission may need to be sought directly from the respective rightholders.

CONTENTS

SUMMARY.....	5
1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT	7
1.1 Epidemiological situation	7
1.2 Economic and (un)employment situation	11
1.3 Poverty, inequality and social exclusion situation.....	18
2 SOCIAL PROTECTION AND INCLUSION MEASURES IN RESPONSE TO THE PANDEMIC.....	20
2.1 Measures related to unemployment benefits	20
2.2 Measures of job protection provided through support to the employers, employees and the self-employed	20
2.2.1 <i>Subvencije u visini od 50% do 100% bruto zarade zaposlenih</i> (Salary subsidies worth 50% to 100% of the gross salary of the employed)	20
2.2.2 <i>Subvencija za novo zapošljavanje</i> (Salary subsidies for new employment).....	21
2.2.3 <i>Odlaganje uplate poreza i doprinosa na zarade i obaveze shodno Zakonu o reprogramu do 90 dana</i> (Deferral of the payment of taxes and contributions on salaries as well as obligations under the Law on Rescheduling for up to 90 days)	21
2.3 Measures related to sickness benefits and sick pay	22
2.3.1 <i>Tuđa njega i pomoć</i> (Care allowance).....	22
2.3.2 <i>Lična invalidnina</i> (Personal disability allowance)	22
2.4 Measures related to health insurance	23
2.4.1 <i>Subvencije na zarade zaposlenih u karantinu ili izolaciji</i> (Salary subsidies for employed people in quarantine or isolation)	23
2.5 Measures related to minimum income schemes and other forms of social assistance. 23	
2.5.1 <i>Jednokratna novčana pomoć za ranjive kategorije - prvi paket mjera</i> (One-off financial assistance for vulnerable categories – first package)	23
2.5.2 <i>Jednokratna novčana pomoć za ranjive kategorije – drugi paket mjera</i> (One-off financial assistance for vulnerable categories – second package).....	24
2.5.3 <i>Jednokratna novčana pomoć za ranjive kategorije-treći paket</i> (One-off financial assistance for vulnerable categories – third package).....	24
2.5.4 <i>Jednokratna podrška ranjivim kategorijama stanovništva - četvrti paket</i> (One-off financial support to vulnerable categories of the population – fourth package)	25
2.5.5 <i>Pomoć poljoprivrednim gazdinstvima i ribarstvu</i> (Assistance to agricultural holdings and fisheries).....	25
2.6 Measures related to housing support.....	26
2.6.1 <i>Olakšice u izmirivanju računa za električnu energiju za socijalno ugrožene kategorije stanovništva</i> (Subsidies to settle electricity bills for socially vulnerable households).....	26
2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19	26
2.7.1 <i>Subvencije za zarade zaposlenih na plaćenom odsustvu po osnovu čuvanja djeteta mlađeg od 11 godina</i> (Salary subsidies for employed persons who have taken paid leave to care for children under 11 years)	26
2.8 Other important temporary social protection/inclusion measures adopted in the context of the pandemic, which do not fall in any of the categories listed in the previous sections.....	27
2.8.1 <i>Moratorijum na otplatu kredita pojedincima i preduzećima u svim bankama, mikrokreditnim institucijama i IRF na 90 dana</i> (Loan repayment moratorium for individuals and businesses in all banks, microcredit institutions and IRF (Investment Development Fund) for 90 days)	27

- 3 SOCIAL PROTECTION AND INCLUSION RESPONSES TO THE CRISIS: OVERALL ASSESSMENT AND POSSIBLE GAPS 28
 - 3.1 Expected cost of social protection and inclusion measures 28
 - 3.2 Impact on the social protection system and on social inclusion policies..... 28
 - 3.3 Remaining gaps in the social protection system and social inclusion policies 29
 - 3.4 Debates and recommendations 29
- REFERENCES 30

Summary

Between Monday, 3 February 2020 and Sunday, 18 April 2021, the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Montenegro, it was 15,390. The total number of deaths per 100,000 people was 151 for the EU-27 versus 233 in Montenegro.

Montenegro is one of the countries most impacted by the COVID-19 crisis, due to its economic structure: tourism and associated sectors make up around 40% of GDP.

The UN Rapid Social Impact Assessment showed that even in April 2020, 15% of respondents had suffered a reduction in salary. Almost one fifth of respondents reported that at least one member of the household had either lost their job or stopped receiving a salary, even though they were still working.

World Bank projections indicate that COVID-19 increased the poverty rate during 2020 in Montenegro by an estimated 3 percentage points (2 percentage points counting the government subsidies provided), and that most of the 'newly poor' are unprotected. More than 80% of Montenegrins who could become poor because of the COVID-19 crisis currently do not have any social protection support.

The new Montenegrin government (formed in December 2020) has proposed changes to the Labour Law and the Law on Social and Child Protection that are currently – at the time of writing – going through parliament. Once adopted, they will result in a minimum wage increase from EUR 222 to EUR 250 a month, and the coverage of all children up to the age of 6 with child allowance.

The government's measures to combat the COVID-19 pandemic have included four packages of measures that have been implemented, plus a fifth that covers the second quarter of 2021.

The first package of economic measures was adopted on 19 March 2020, and its value was estimated by the government at EUR 100 million.

The second package was adopted on 24 April 2020, and its fiscal effect was EUR 75 million in gross amount. Both sets of measures were aimed at supporting companies and employees, as well as the socially vulnerable population.

In the period from 1 May 2020 until the end of June 2020, the total effect of the first two packages of measures amounted to approximately EUR 319.5 million (or roughly 6.5% of 2019 GDP); of this, EUR 1.4 million from the first package and EUR 890,000 from the second went on supporting the most vulnerable social categories.

The third package of economic measures, announced in July 2020, was presented as a development package with the long-term goal of mobilising domestic resources for sustainable development until 2024; its total value was estimated at EUR 1.2 billion. Out of a total of EUR 82.7 million aimed at short-term measures to be implemented by the end of 2020, EUR 4.2 million were to be devoted to subsidising workers' salaries in affected sectors, the salaries of workers in self-isolation or in quarantine, and new employment; EUR 1.8 million were to support the most vulnerable categories of the population; and EUR 12.1 million were for subsidies of workers' salaries in tourism, catering and transport.

The fourth package of measures was adopted in January 2021. This package implies the continuation of well-established measures from the previous support packages, as well as an improvement in the basis for the implementation of measures from the previous support packages. The package contains only 'COVID-19 measures', and the estimate for the total direct and indirect financial impact of the implementation of the measures is about EUR 163 million. The package covered the period from January 2021 to March 2021.

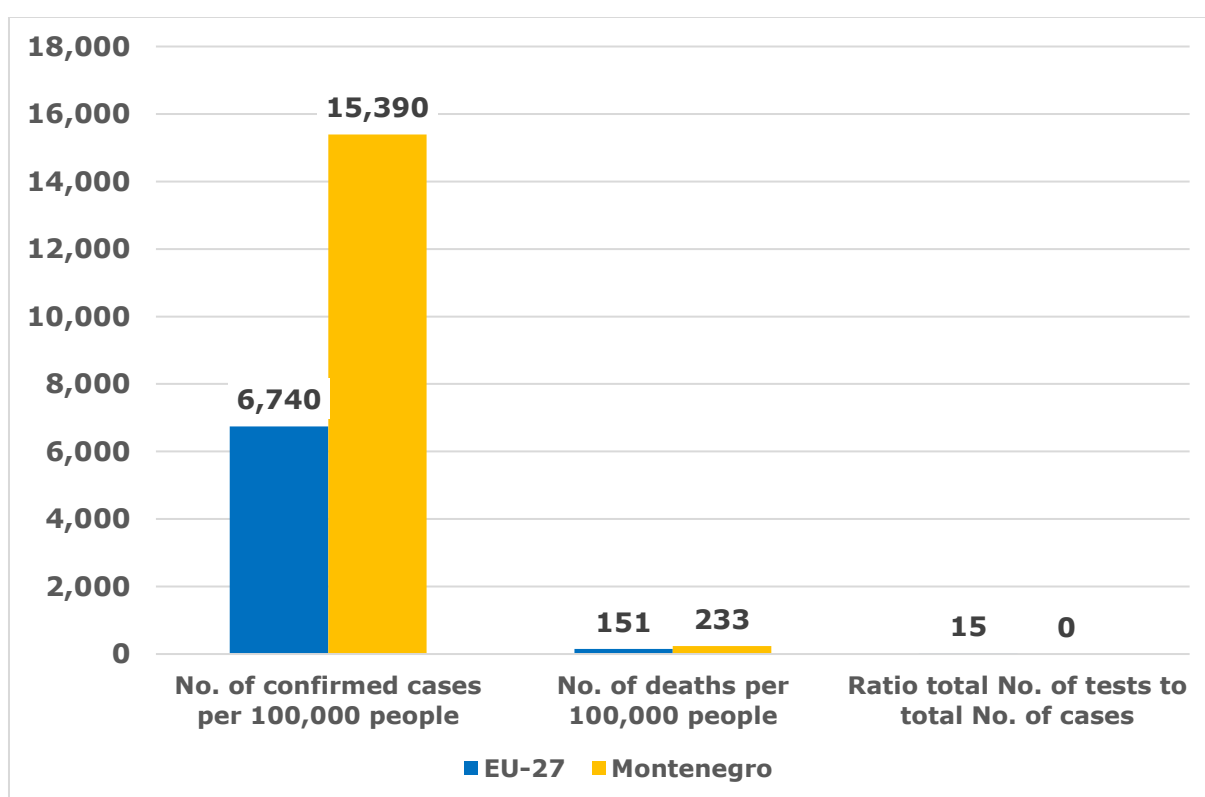
A **fifth package** of measures was presented at the end of April 2021. It will cover the second quarter of 2021 and will continue implementation of all the major measures from the previous fourth package. The estimated financial value of this package is EUR 166 million.

1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT¹

1.1 Epidemiological situation

During the 63 weeks considered for these three indicators (from Monday 3 February 2020 to Sunday 18 April 2021), the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Montenegro, it was 15,390. The total number of deaths per 100,000 people was 151 for the EU-27 versus 233 in Montenegro. The ratio of the total number of COVID-19 tests conducted to the total number of confirmed cases was 15.3 for the EU-27 and is not available for Montenegro.

Figure 1: Total number of COVID-19 cases and deaths per 100,000 people & ratio of total number of COVID-19 tests to total number of cases, 3 February 2020 to 18 April 2021 (EU-27 and Montenegro)

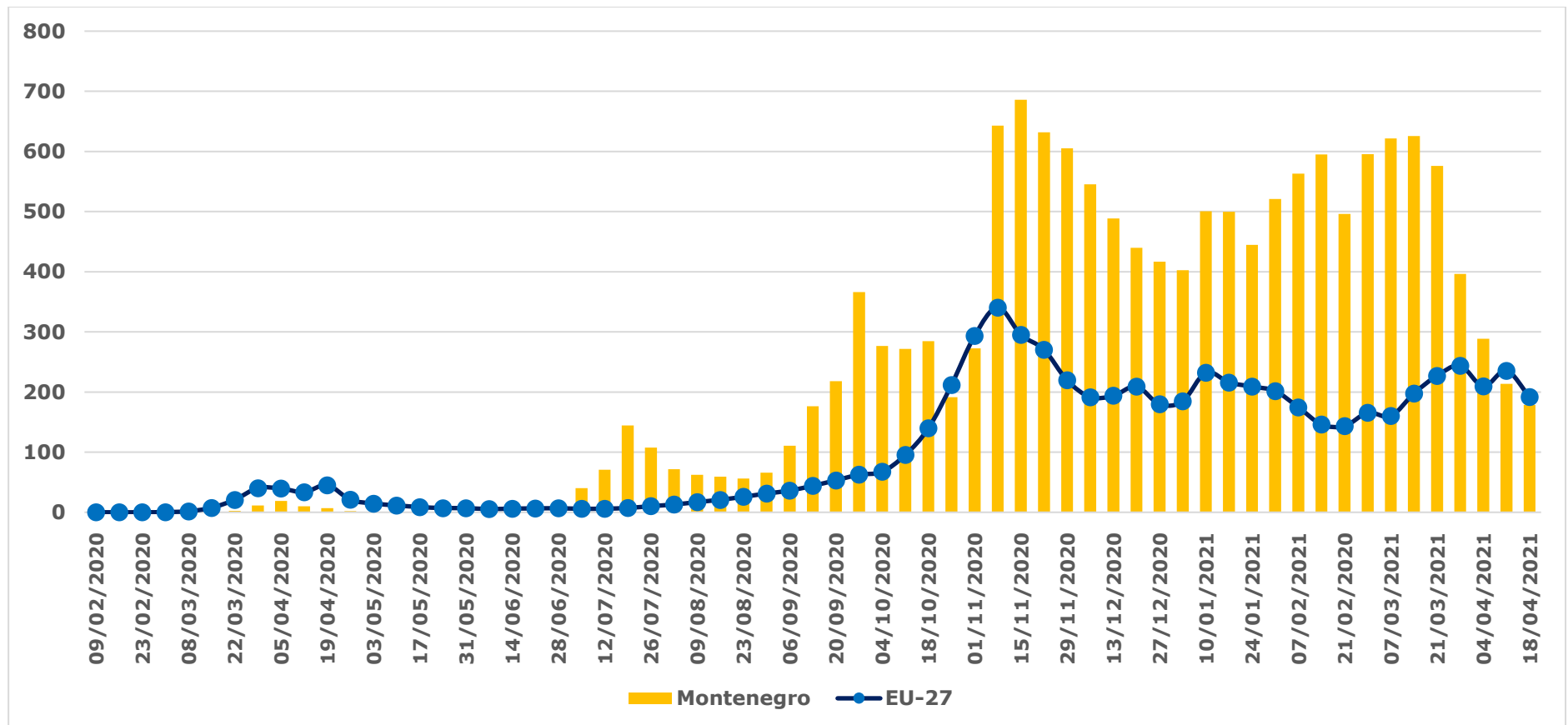


Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021

¹ Except if otherwise specified, the indicators presented in Sections 1.1 and 1.2 were calculated by the ESPN Network Core Team on the basis of data coming from two data sources: Our World in Data (OWID: <https://ourworldindata.org/coronavirus-source-data>) and the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>). These indicators were calculated for all the 35 ESPN countries for which data were available. All of them are presented in Annex B of the following report: Isabel Baptista, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato and Pietro Regazzoni (2021), *Social protection and inclusion policy responses to the COVID-19 crisis. An analysis of policies in 35 countries*, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This report also provides additional explanations on the data sources used and the calculation of the indicators. In addition, Annex B of the report provides the country results related to all ESPN countries included in the two international data sources used (see Tables B1.1, B2.1 and B3.1 for Figure 1, Table B1.2 for Figure 2, Table B2.2 for Figure 3, Table B3.2 for Figure 4, Tables B4.1, B4.2 and B4.3 for Figure 5, Table B5 for Figure 6, Tables B6.1-3 for Figures 7a-c, and Tables B7.1-3 for Figures 8a-c). The full report and its various annexes can be downloaded [here](#).

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of confirmed COVID-19 cases per 100,000 people reached 191.8 for the EU-27. In Montenegro, it was 178.6.

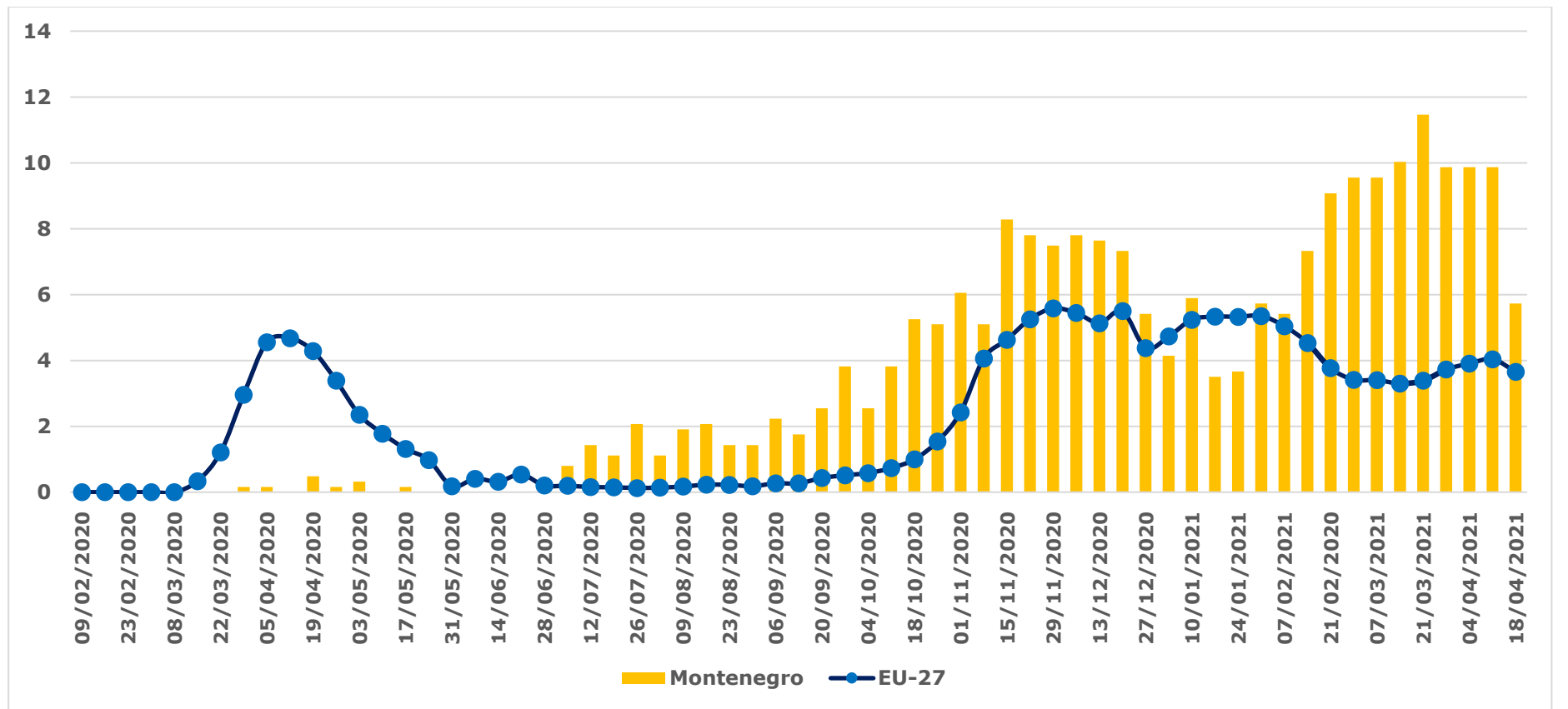
Figure 2: Weekly evolution - Number of confirmed COVID-19 cases per 100,000 people from 3 February 2020 to 18 April 2021 (EU-27 and Montenegro)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 deaths per 100,000 people reached 3.66 for the EU-27 as a whole. In Montenegro, it was 5.73.

Figure 3: Weekly evolution - Number of COVID-19 deaths per 100,000 people, 3 February 2020 to 18 April 2021 (EU-27 and Montenegro)



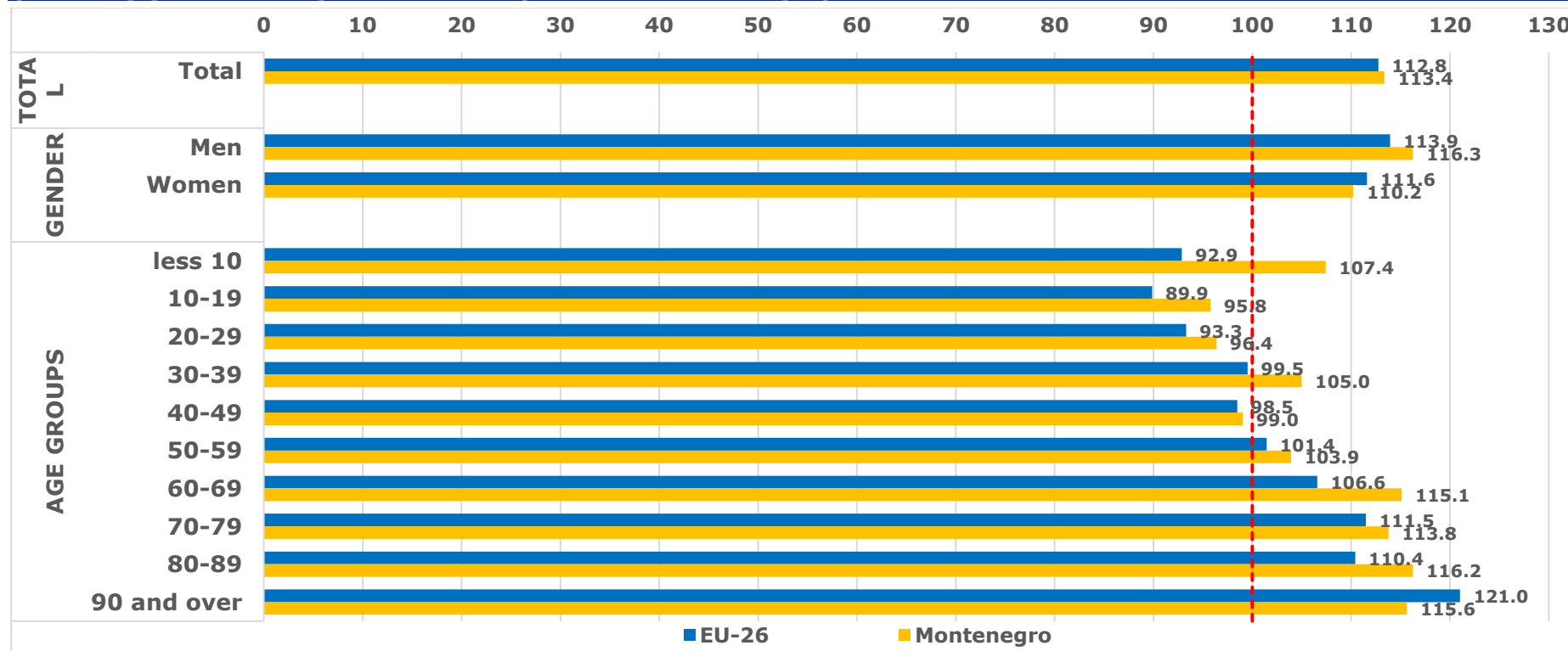
Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

Figure 4: Weekly evolution - Number of COVID-19 tests per new confirmed COVID-19 case, 3 February 2020 to 18 April 2021 (EU-27 and Montenegro)

This indicator is not available from the OWID database for Montenegro and is also not available from another data source.

The excess mortality ratio for 2020 is the total number of deaths (without distinction of causes) in the year 2020 expressed as a percentage of the previous 4-year (2016-2019) annual average of the total number of deaths. For the EU-26 average (no data for Ireland), the ratio of the total population is 112.8% while it is 113.4% in Montenegro. For the EU-26, it is 113.9% for men and 111.6% for women. In Montenegro, these gendered ratios are 116.3% and 110.2% respectively. Excess mortality is higher among older age groups. For those aged 90 years and more it reaches 121.0% for EU-26 and 115.6% for Montenegro.

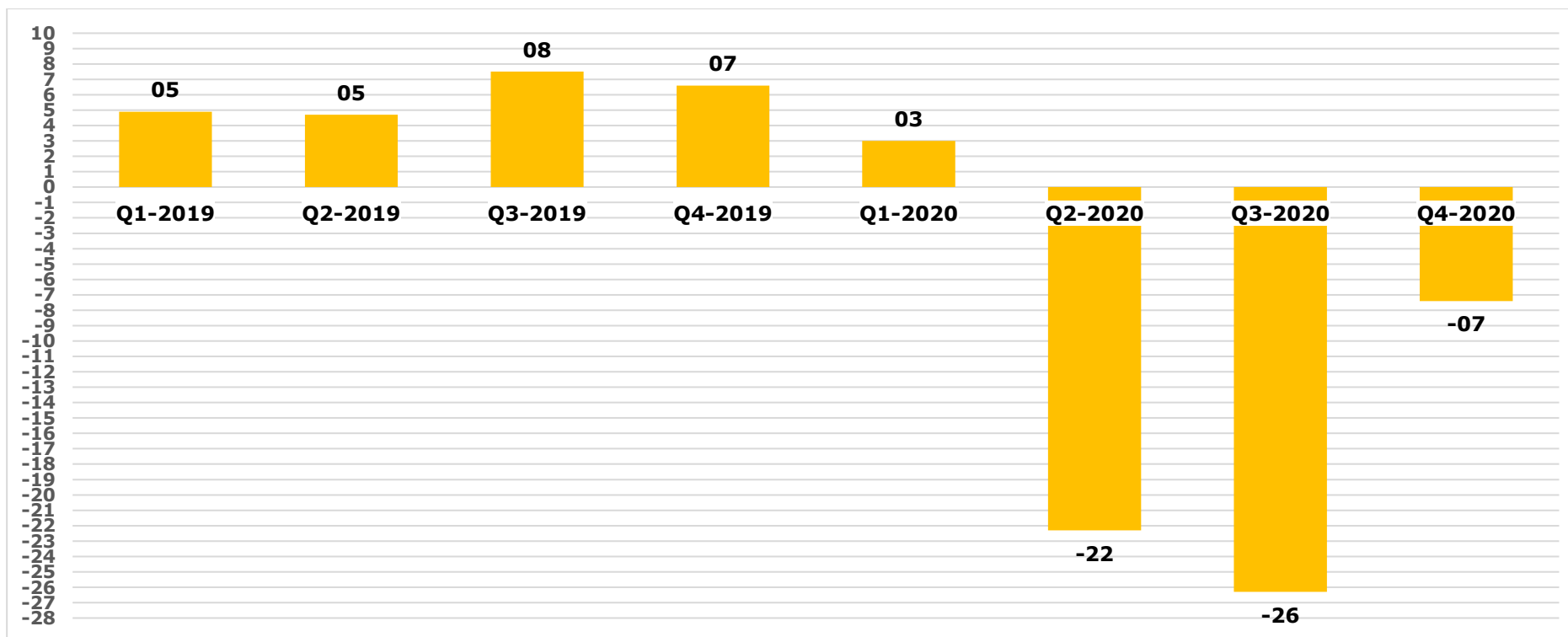
Figure 5: Excess mortality - Total number of all deaths in 2020 as percentage of the 2016-2019 annual average (including gender and age breakdowns (EU-26 and Montenegro))



Source: Eurostat - indicator [DEMO_R_MWK_10_custom_560457] Deaths by week, sex and 10-year age groups - downloaded 26 April 2021. For Bosnia and Herzegovina: Agency for statistics of Bosnia and Herzegovina (data received upon request on 19 April 2021).

1.2 Economic and (un)employment situation

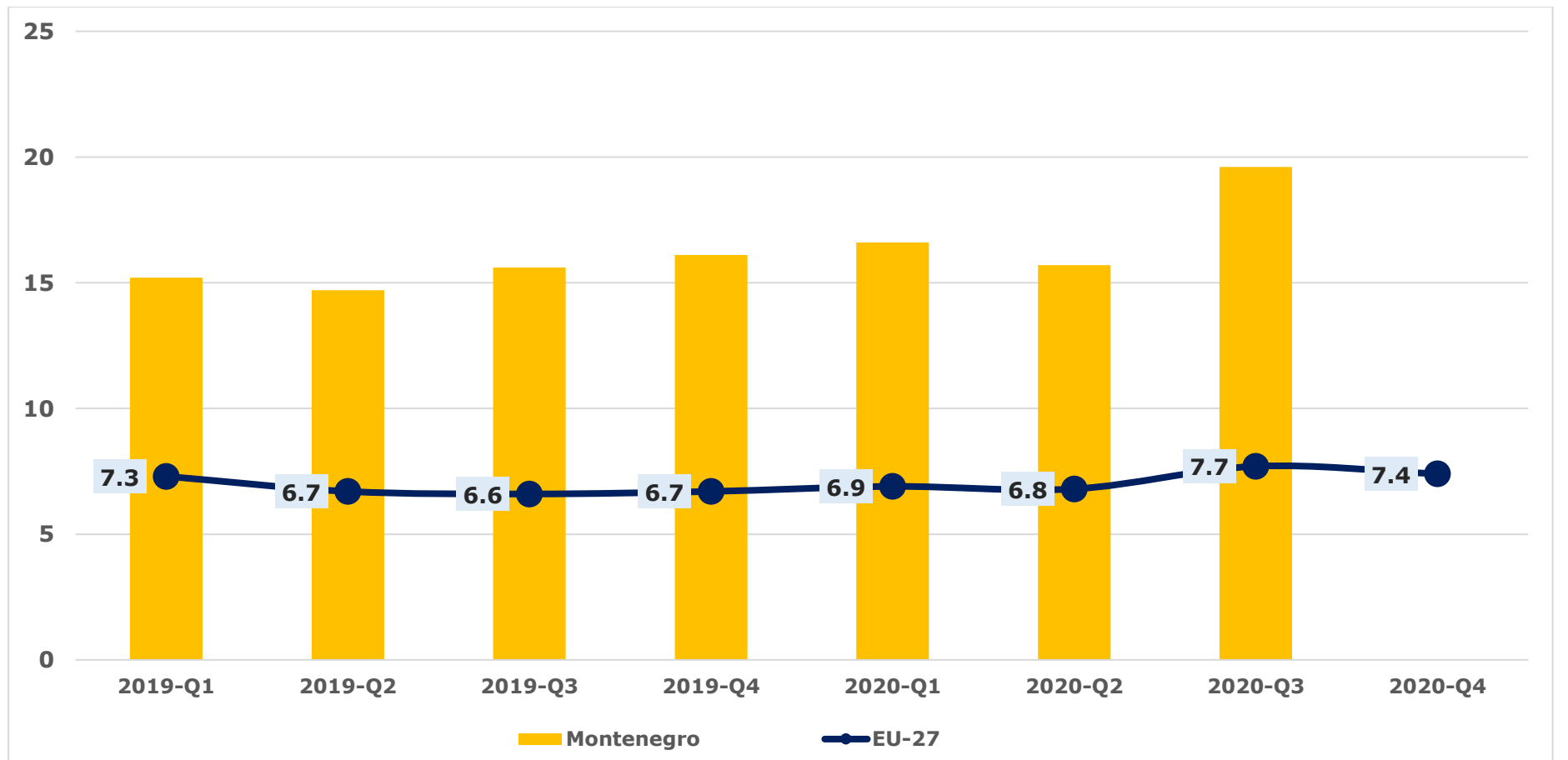
Figure 6: Gross domestic product at market prices, non-chain-linked and non-prices adjusted, changes in quarter compared to same quarter in previous year (2019–2020, Montenegro, %)



Notes: GDP in the fourth quarter of 2020 (Q4 2020) fell by 7.4 percentage points compared to Q4 2019; preliminary data Q1 2020 to Q4 2020.
Source: MONSTAT GDP quarterly data, downloaded 12 May 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.4%. In Montenegro, the data are not (yet) available

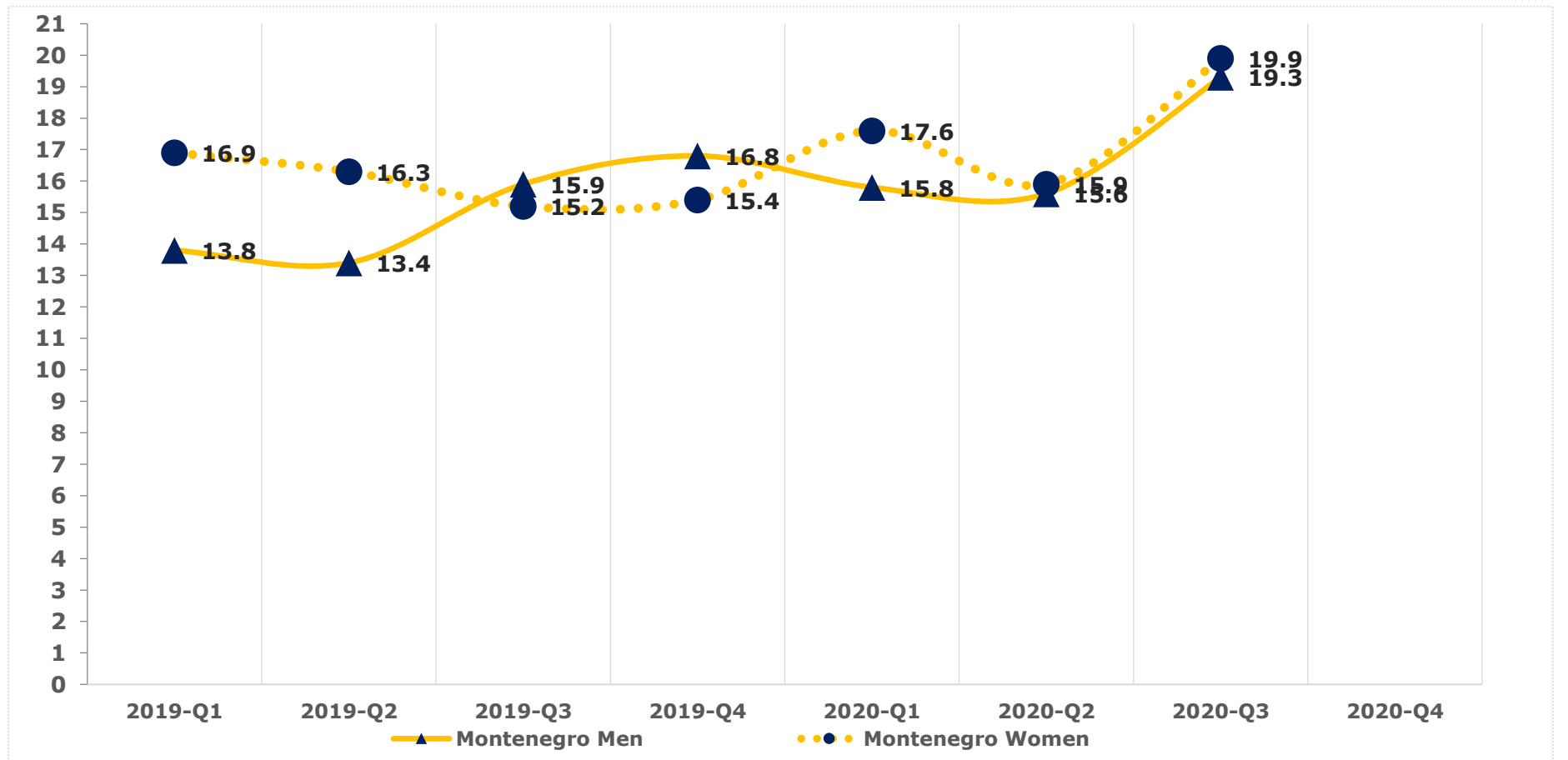
Figure 7a: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Montenegro, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.1% for men and 7.7% for women. In Montenegro, these figures are not (yet) available.

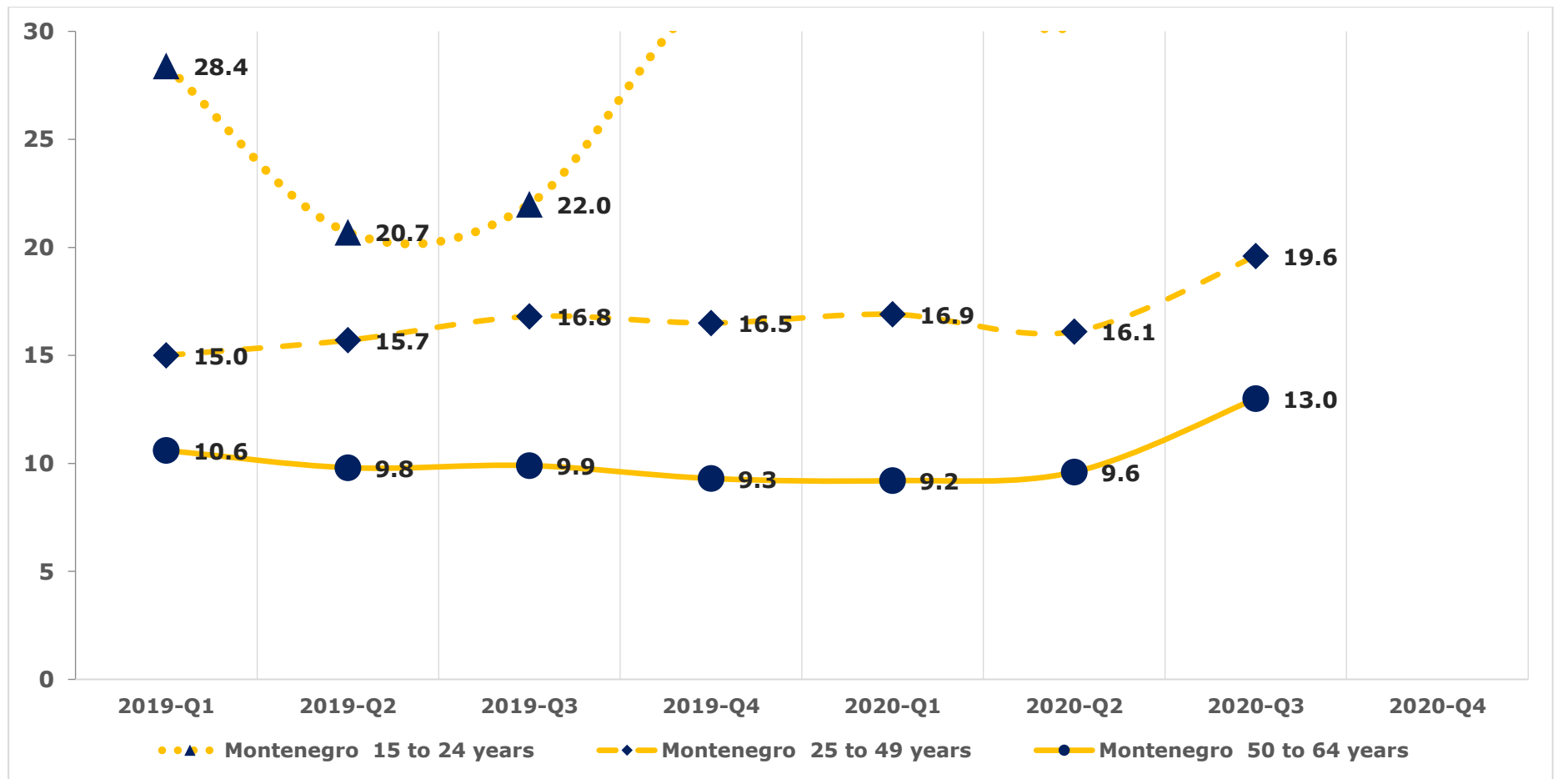
Figure 7b: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Montenegro, %)



Source: Eurostat LFS - indicator [lfsq_organ] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 is 16.9% for the 15-24 age group. In Montenegro, the data are not (yet) available or are unreliable data due to small sample sizes.

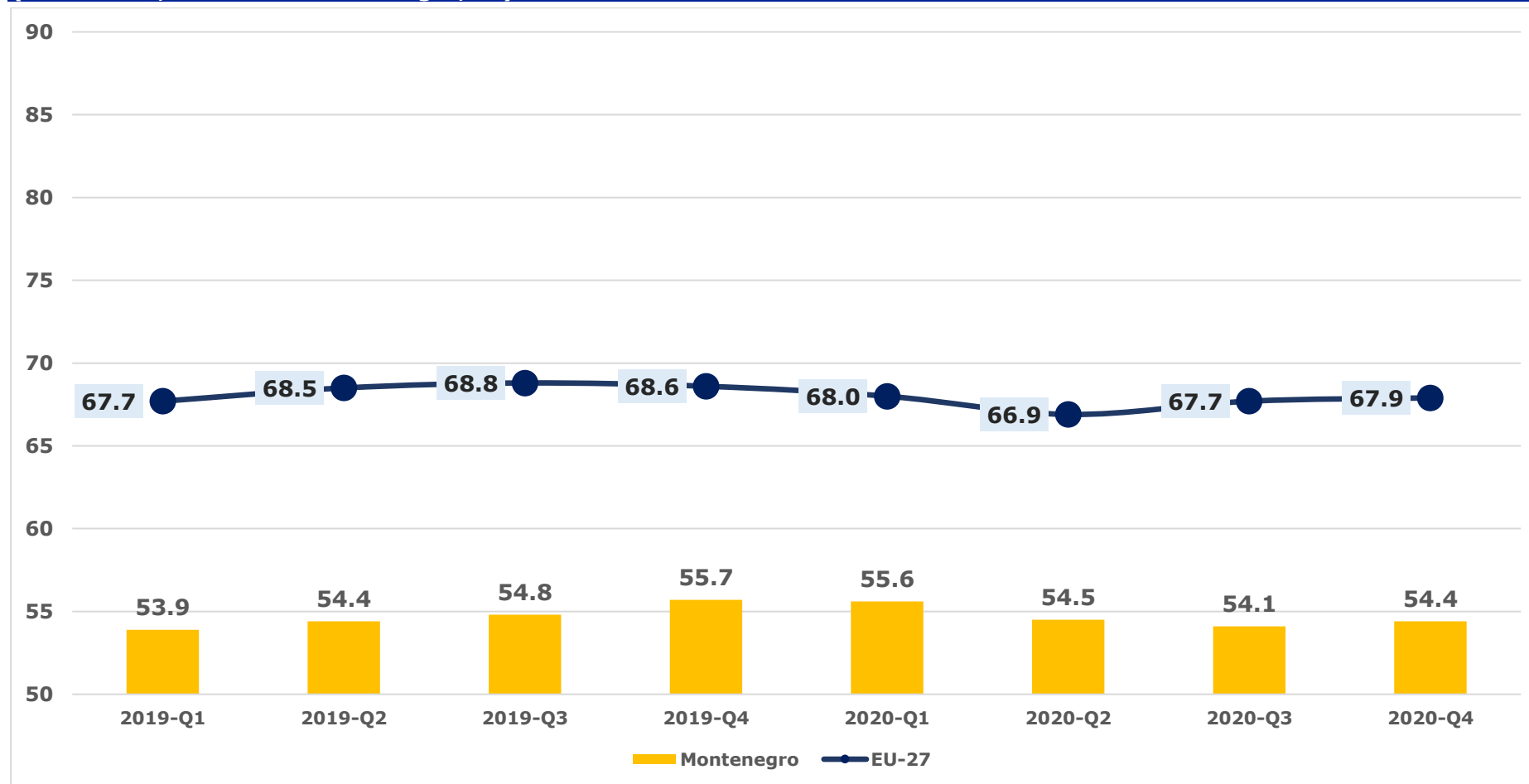
Figure 7c: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Montenegro, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate for people aged 15-64 in the EU-27 is 67.9%. In Montenegro, it is 54.4%.

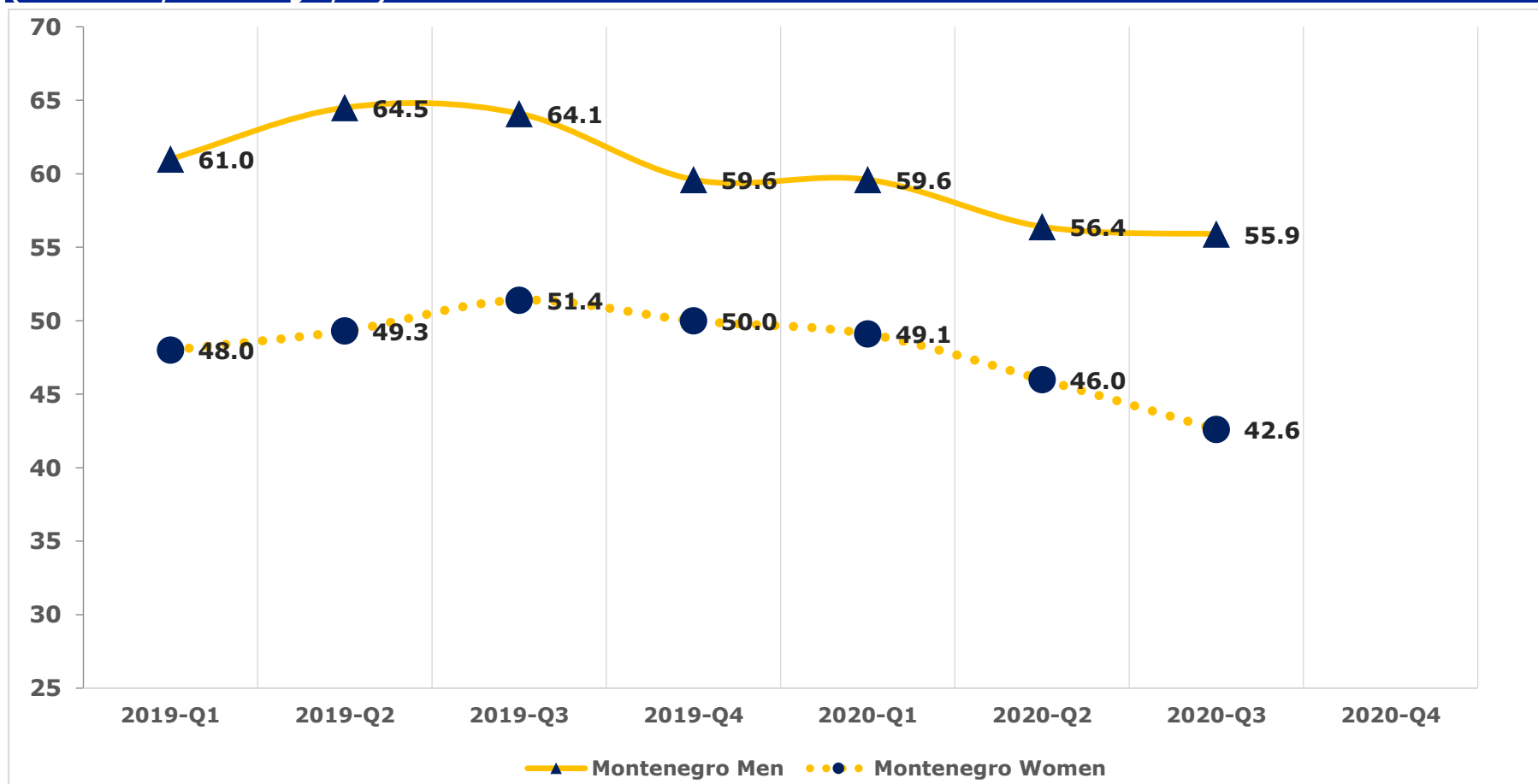
Figure 8a: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Montenegro, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 73.0% for men and 62.8% for women. In Montenegro, these figures are not (yet) available

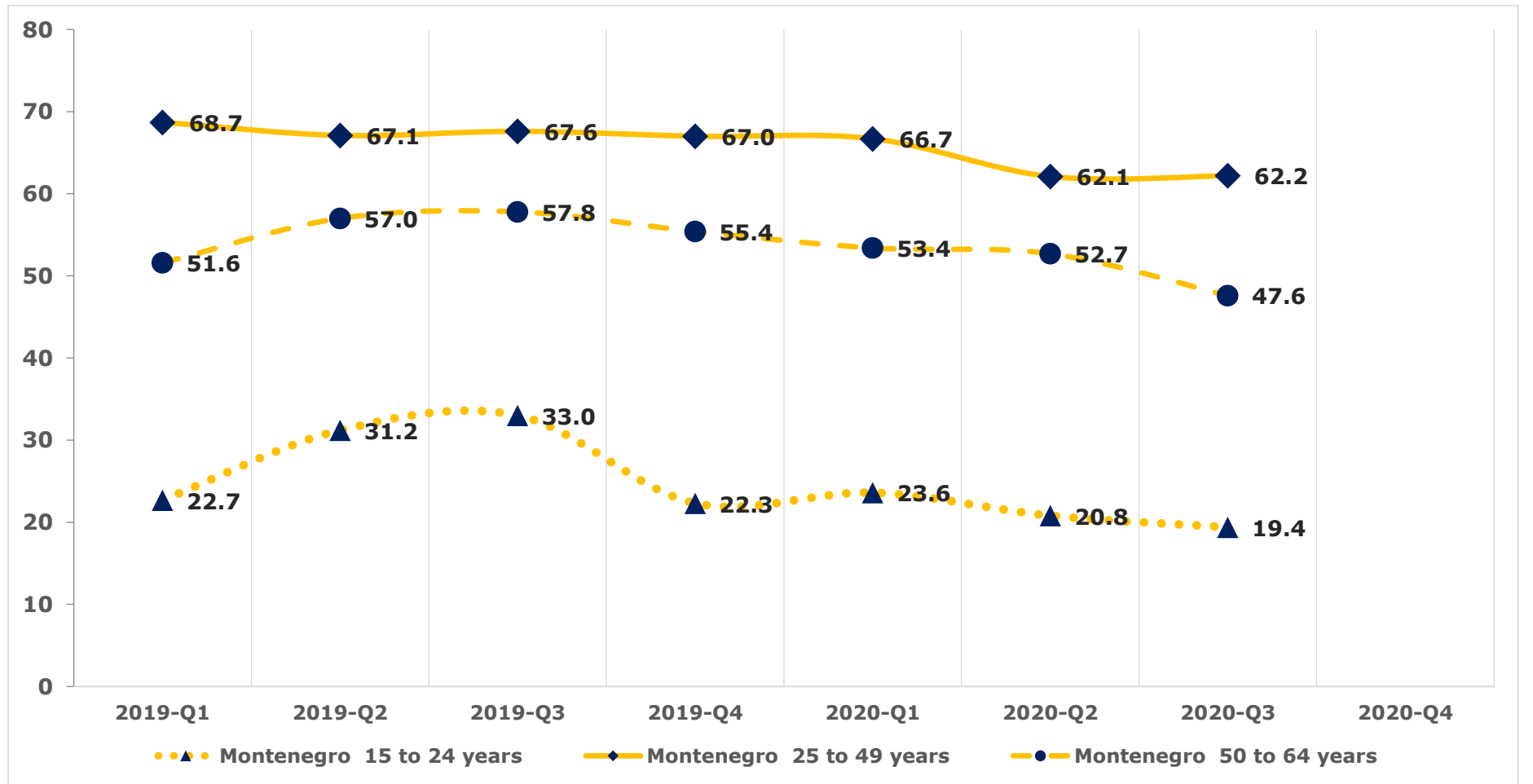
Figure 8b: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Montenegro, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 31.1% for the 15-24 age group. In Montenegro, these figures are not (yet) available.

Figure 8c: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Montenegro, %)

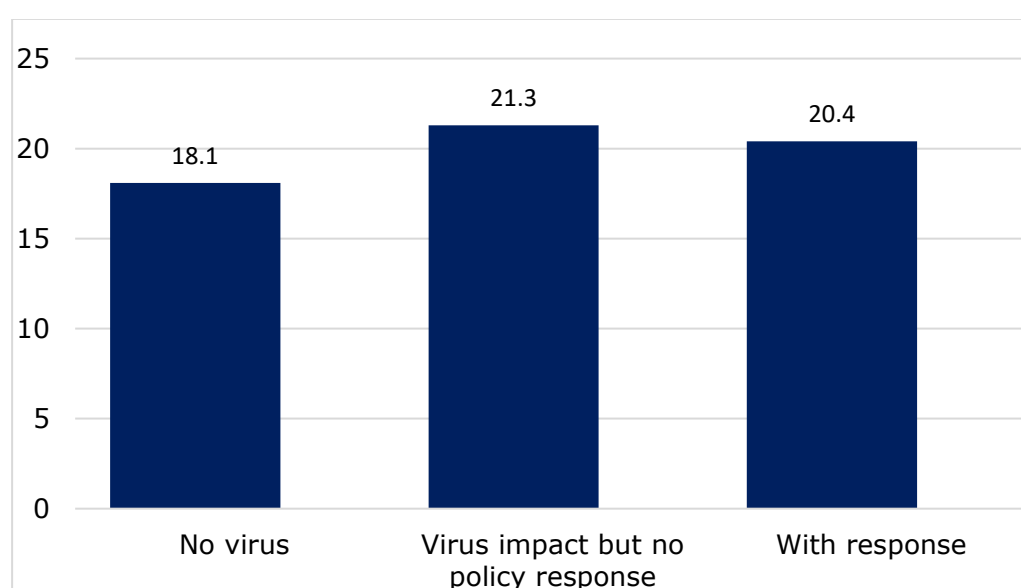


Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

1.3 Poverty, inequality and social exclusion situation

The World Bank prepared simulations, in order to assess the likely impact of the pandemic on poverty, as well as the impact of government response measures in six Western Balkan countries, including Montenegro. The simulations looked at the impact through multiple channels: income from each sector, type of work and household private transfers. According to the newest results (World Bank Group, 2020b), COVID-19 is estimated to have increased poverty by 3 percentage points in Montenegro. Once government response measures are taken into account, the effect is somewhat smaller (2 percentage points) (Figure 9).

Figure 9: Estimation of poverty (USD 5.50 a day, 2011 PPP) (Montenegro, % of population)



Note: Income measures in the Statistics on Income and Living Conditions (EU-SILC) and consumption measures in the Household Budget Survey (HBS) are not strictly comparable. 'No virus' baseline = poverty as estimated in 2019, based on household survey data from earlier years and growth in real GDP per capita, using the original 2011 PPPs.

Source: World Bank simulations based on 2015 income data from the EU-SILC in Montenegro.

A UN report providing a social impact assessment of the COVID-19 outbreak in Montenegro (UN, 2020a) shows that the outbreak had an adverse effect on the ability of households to cover their basic needs, such as food, utilities and medicine. The percentage of respondents who were able to afford food and medicine fell by 8 percentage points after the outbreak, compared with before. More respondents could not afford to pay for utilities (20 percentage points less), loan/credit payments (26 percentage points less), education-related costs for students (16 percentage points less) and rent (10 percentage points less). The percentage of people who could not afford certain household-related costs was above average in the northern region. One of the indicators for the epidemic-caused hardship situation used in the study was the comparative trend of one-off financial assistance requests submitted to the Centres for Social Work. Analysis of the requests submitted showed that the vast majority of applicants (72.6% in March, 76.5% in April, 69.8% in May and 67.5% in June 2020) did not belong to social assistance claimants. This indicates that the crisis hit those who were not covered by social protection schemes harder than it did existing social assistance beneficiaries.

The study also shows that the primary needs during the pandemic, across all types of households, related to food and hygiene kits. The third most pressing need varied depending on the type of household: clothes (Roma families), medical services (families with children with disabilities) and access to the internet and devices to help with distance learning (families with children with disabilities, single-parent families, children of parents who use substances and children in foster care).

2 Social protection and inclusion measures in response to the pandemic²

This section provides a brief description of the main measures related to social protection and social inclusion that have been put in place to help mitigate the financial and social distress produced by the economic downturn caused by the pandemic. It is based on readily available data and evidence. For each measure, it provides the following:

- a) Short description of the measure.
- b) Category: Is it a flat benefit, a conditional benefit, both a flat and a conditional benefit, or neither a flat nor a conditional benefit?
- c) Timing: When did the measure start/end? Has it been extended?
- d) Depending on the category:
 - Amount and duration (for flat measures);
 - Range (minimum-maximum), duration and conditionality (thresholds) (for conditional measures).

If the measure is neither flat nor conditional, this is 'Not applicable'.

- e) Targeted population: What is/are the target(s), i.e. the parts of the population/labour force/sectors targeted by the measure? If data and evidence are readily available, estimated number of people targeted and/or applicants.
- f) Beneficiaries: How many recipients of the measure are there (if relevant and available)?
- g) Novelty: Was the measure new or an already existing one that was adapted?

In order to mitigate the negative effects of COVID-19 on economic activity and living standards, the government introduced two sets of measures: one aimed at supporting companies and employees, and one aimed at supporting the socially vulnerable population. Both sets of measures were implemented in four packages: the first in mid-March 2020, the second in mid-April 2020, the third in July 2020 and the fourth in January 2021.

2.1 Measures related to unemployment benefits

There were no changes to the benefits or benefit schemes, although the unemployed received one-off financial assistance as part of the measure 'one-off financial assistance to vulnerable population groups' (explained in Section 2.5).

2.2 Measures of job protection provided through support to the employers, employees and the self-employed

2.2.1 *Subvencije u visini od 50% do 100% bruto zarade zaposlenih (Salary subsidies worth 50% to 100% of the gross salary of the employed)*

- a) Short description of the measure: In order to preserve existing jobs, this measure defined state salary subsidies and subsidies on the corresponding taxes and contributions for each registered employee with some kind of labour contract³

² The temporary measures mentioned in this report refer to the situation as of 15 April 2021. Their duration may have been extended since then.

³ Montenegrin Labour Law defines two categories of labour contracts: labour contracts and special labour contracts. The first category includes: probationary work contracts, open-ended contracts, fixed-term contracts, part-time contracts, directors' contracts, contracts for the performance of jobs under special conditions, contracts for the performance of work off the premises of the employer and contracts for work in the

(including those employed through employment agencies) in companies in sectors that closed down or were affected and in tourism, as well as for the self-employed in those sectors.

- b) Category: Conditional benefit.
- c) Timing: April 2020–June 2021.
- d) Range, duration and conditionality: In the first three packages, the state subsidised the gross salaries of employees with companies working in: sectors that closed due to the pandemic (100% of the minimum salary and 100% of the corresponding taxes and contributions); sectors affected by the pandemic (50% of the minimum salary and 50% of corresponding taxes and contributions); and tourism (100% of the minimum salary and 100% of the corresponding taxes and contributions). In the fourth package, the state subsidised 100% of the minimum salary in those sectors that closed or were affected by the pandemic. The subsidies are provided monthly. The difference between the minimum wage and the total wage is paid by the employer. The fifth package of government support will also have this measure. The amount of the subsidy will vary between 50% and 100% of the minimum salary, depending on the decline in the company's revenue in 2020.
- e) Targeted population: Employees and the self-employed in economic entities (companies) that were up to date with their tax liabilities (taxes and contributions) for 2019, that had not reduced the number of employees from the number on the payroll in February 2020, and that were working in selected sectors.
- f) Beneficiaries: Not available.
- g) Novelty: These measures are new.

2.2.2 Subvencija za novo zapošljavanje (Salary subsidies for new employment)

- a) Short description of the measure: Subsidies are given to economic entities that take on new employees.
- b) Category: Conditional benefit.
- c) Timing: April 2020–December 2021.
- d) Range, duration and conditionality: Under this measure (second and third packages) 70% of the minimum wage and 70% of the corresponding taxes and contributions for each new employee were subsidised by the state for 6 months. In the fourth package, 90% of the minimum wage and 90% of the corresponding taxes and contributions for each new employee are subsidised by the state for the first 12 months (60% in the second year and 30% in the third year). The difference between the minimum wage and the total wage is paid by the employer.
- e) Targeted population: An economic entity (employer) that has no outstanding tax or contributions liabilities for 2019/2020, that has not reduced the number of employees and that takes on new employees on a part-time or full-time labour contract for at least 12 months after the expiration of the measure mentioned.
- f) Beneficiaries: Not available.
- g) Novelty: This measure is new and its implementation required changes in the Law on Personal Income Tax and Law on Mandatory Social Insurance.

2.2.3 Odlaganje uplate poreza i doprinosa na zarade i obaveze shodno Zakonu o reprogramu do 90 dana (Deferral of the payment of taxes and

household. The category of special labour contracts includes: contracts for occasional and temporary work, contracts for additional work and contracts for temporary work in education.

contributions on salaries as well as obligations under the Law on Rescheduling for up to 90 days)

- a) Short description of the measure: Under this measure, taxpayers who have unpaid taxes and contributions on salaries due for payment get an additional 90 days for debt rescheduling.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: March 2020-June 2021.
- d) Amount and duration/Range, duration and conditionality: Not applicable.
- e) Targeted population: A taxpayer (i.e. any natural or legal person) who has unpaid taxes and contributions on salaries that are due for payment. This regulation does not apply to state administration bodies, local self-government bodies, public institutions, independent regulatory bodies or state-owned enterprises. Also, taxpayers who settle their corporate income tax liability before the legal deadline have the right to reduce the payment by 6%.
- f) Beneficiaries: Not available.
- g) Novelty: This measure was already enshrined in the Law on Rescheduling of tax Receivables, the Regulation on the Conditions for Deferral of Collection of Tax and Non-tax Receivables, and in accordance with the Regulation on Deferred Payment of Corporate Income Tax, but it was extended for an additional 90 days.

2.3 Measures related to sickness benefits and sick pay

2.3.1 Tuđa njega i pomoć (Care allowance)

- a) Short description of the measure: The Ministry of Labour and Social Welfare guarantees continuity of the right to care allowance if payment of the benefit is set to expire while the government measures to cope with the COVID-19 pandemic are in force, or until the re-establishment of the work of the social-medical commissions within the social work centres.⁴
- b) Category: Flat benefit.
- c) Timing: During the period of implementation of government measures to cope with the COVID-19 pandemic.
- d) Amount and duration: Continuity of the right is guaranteed to all beneficiaries while the government measures to cope with the COVID-19 pandemic are in force. The amount of the care allowance is EUR 65.35 per month.
- e) Targeted population: Care allowance beneficiaries. Approximately 19,270 beneficiaries.
- f) Beneficiaries: Not available.
- g) Novelty: This measure is not new.

2.3.2 Lična invalidnina (Personal disability allowance)

- a) Short description of the measure: The Ministry of Labour and Social Welfare guarantees continuity of the right to a personal disability allowance, if payment of this benefit is set to expire while the government measures to cope with the COVID-19

⁴ The commission decides whether the applicant qualifies for the benefit on the basis of submitted documentation and an interview with the claimant.

pandemic are in force, or until the re-establishment of the work of the social-medical commissions within the social work centres.

- b) Category: Flat benefit.
- c) Timing: During the period of implementation of the government measures to cope with the COVID-19 pandemic.
- d) Amount and duration: Continuity of the right is guaranteed to all beneficiaries while the government measures to cope with the COVID-19 pandemic are in force. The amount of personal disability allowance is EUR 178.19 per month.
- e) Targeted population: Personal disability allowance beneficiaries. Approximately 2,775 beneficiaries.
- f) Beneficiaries: Not available.
- g) Novelty: This measure is not new.

2.4 Measures related to health insurance

2.4.1 *Subvencije na zarade zaposlenih u karantinu ili izolaciji (Salary subsidies for employed people in quarantine or isolation)*

- a) Short description of the measure: Subsidies are given to economic entities for employees who are in quarantine or isolation, as well as to those self-employed who are in quarantine or isolation.
- b) Category: Conditional benefit.
- c) Timing: April 2020–June 2021.
- d) Range, duration and conditionality: 70% (second package), 50% (third package), 100% (fourth package) and 50% (fifth package) of the minimum wage (and 70%, 50%, 100% and 50% of the corresponding taxes and contributions) for each employee are paid by the state for the duration of the quarantine or isolation. The difference between the minimum wage and the total wage is paid by the employer.
- e) Targeted population: An economic entity (employer) or self-employed person who has no outstanding taxes or contributions for 2019/2020 and who has employees who are in quarantine or isolation.
- f) Beneficiaries: Not available.
- g) Novelty: These measures are new.

2.5 Measures related to minimum income schemes and other forms of social assistance

2.5.1 *Jednokratna novčana pomoć za ranjive kategorije - prvi paket mjera (One-off financial assistance for vulnerable categories – first package)*

- a) Short description of the measure: One-off financial assistance for pensioners on the lowest pension and for beneficiaries of family material support.
- b) Category: Flat benefit.
- c) Timing: March 2020.
- d) Amount and duration: EUR 50 one-off financial assistance.
- e) Targeted population: 11,957 pensioners on the minimum pension (9.97% of all pensioners in December 2020) and 8,593 beneficiaries of family material support (4.3% of all households, according to 2011 census data).

- f) Beneficiaries: 11,957 pensioners on a minimum pension and 8,593 beneficiaries of family material support.
- g) Novelty: One-off financial assistance is envisaged under the Law on Social and Child Protection. The novelty is that the one-off assistance was provided to particular population groups (according to the law, it may be provided to individuals or households facing sudden social difficulties) and without the need to make a specific application to the Centres for Social Work.

2.5.2 Jednokratna novčana pomoć za ranjive kategorije – drugi paket mjera (One-off financial assistance for vulnerable categories – second package)

- a) Short description of the measure: One-off financial assistance for unemployed persons registered with the Employment Bureau who do not have the right to financial compensation, and for those pensioners who receive a proportional pension in an amount that does not exceed the amount of the lowest pension.
- b) Category: Flat benefit.
- c) Timing: April 2020.
- d) Amount and duration: EUR 50 one-off financial assistance.
- e) Targeted population: 11,957 pensioners on a minimum pension (9.97% of all pensioners in December 2020) and 17,157 unemployed persons who are registered with the Employment Bureau but who do not receive unemployment benefit (36% of all registered unemployed in December 2020).
- f) Beneficiaries: 11,957 pensioners on a minimum pension and 17,157 unemployed persons who are registered with the Employment Bureau but do not receive unemployment benefit.
- g) Novelty: One-off financial assistance is envisaged under the Law on Social and Child Protection. The novelty is that the one-off assistance was provided to particular population groups (according to the law, it may be provided to individuals or households facing sudden social difficulties) and without the need to make a specific application to the Centres for Social Work.

2.5.3 Jednokratna novčana pomoć za ranjive kategorije-treći paket (One-off financial assistance for vulnerable categories – third package)

- a) Short description of the measure: One-off financial assistance was provided for beneficiaries of family material support and beneficiaries of veterans' material support.
- b) Category: Flat benefit.
- c) Timing: July 2020.
- d) Amount and duration: EUR 200 one-off financial assistance.
- e) Targeted population: Beneficiaries of family material support and beneficiaries of veterans' material support: 8,593 beneficiaries of family material support (4.3% of all households, according to 2011 census data).
- f) Beneficiaries: 8,593 beneficiaries of family material support. Data on the number of beneficiaries of veterans' material support are not available.
- g) Novelty: One-off financial assistance is envisaged under the Law on Social and Child Protection. The novelty was that one-off assistance was provided to particular population groups (according to the law, it may be provided to individuals or household facing sudden social difficulties) and without the need to make a specific application to the Centres for Social Work.

2.5.4 Jednokratna podrška ranjivim kategorijama stanovništva - četvrti paket (One-off financial support to vulnerable categories of the population – fourth package)

- a) Short description of the measure: The fourth package of measures provided one-off financial assistance for persons registered with the Employment Bureau, beneficiaries of family material support, pensioners on pensions that are less than the monthly minimum wage (EUR 222) and beneficiaries of personal disability benefits.
- b) Category: Flat benefit.
- c) Timing: First quarter of 2021.
- d) Amount and duration: EUR 100 one-off assistance for unemployed persons and beneficiaries of material support with three or more household members, and EUR 50 one-off assistance for pensioners, beneficiaries of material support with fewer than three household members and personal disability beneficiaries.
- e) Targeted population: Unemployed persons who were registered with the Employment Bureau of Montenegro; beneficiaries of family material support; pensioners; recipients of personal disability benefits: 8,593 beneficiaries of family material support (4.3% of all households, according to 2011 census data), 47,509 unemployed persons who were registered with the Employment Bureau (94% of all unemployed in Q3 2020), 2,673 registered beneficiaries of personal disability benefits. Number of pensioners is not available.
- f) Beneficiaries: Not available.
- g) Novelty: The measure was adjusted from previous packages. It was expanded and covered more vulnerable categories – personal disability benefit recipients and pensioners on pensions under the minimum wage (previously pensioners on the lowest pension were targeted).

2.5.5 Pomoć poljoprivrednim gazdinstvima i ribarstvu (Assistance to agricultural holdings and fisheries)

- a) Short description of the measure: Assistance to agricultural holdings and professional fishermen, as one of those categories of the population most significantly affected; it included a series of measures aimed at mitigating the effects of the pandemic.
- b) Category: Flat benefit.
- c) Timing: April 2020–March 2021.
- d) Amount and duration: Assistance for beneficiaries of old-age benefits (two payments, each amounting to EUR 64.41); one-off assistance to commercial fishermen (amounting to EUR 400); support with the payment of contributions for insured persons on the basis of agricultural activity for 6 months (EUR 308.90).
- e) Targeted population: Professional fishermen with a licence to engage in commercial fishing at sea and registered farms: 3,419 old-age benefit claimants in the agricultural sector, 183 professional fishermen and 528 insured persons working in agriculture who regularly pay contributions.
- f) Beneficiaries: 3,419 old-age benefit claimants in the agricultural sector, 183 professional fishermen and 528 insured persons working in agriculture who regularly pay contributions.
- g) Novelty: These measures were new.

2.6 Measures related to housing support

2.6.1 *Olakšice u izmirivanju računa za električnu energiju za socijalno ugrožene kategorije stanovništva* (Subsidies to settle electricity bills for socially vulnerable households)

- a) Short description of the measure: The Electric Power Company of Montenegro (EPCG) provided subsidies for electricity bills. In addition to direct relief, the EPCG also suspended forced disconnection measures.
- b) Category: Conditional benefit.
- c) Timing: April–September 2020 and April–June 2021.
- d) Range, duration and conditionality: Under the first package, the billed amount (the fixed part of the electricity bill) was reduced by between 30% and 50% for a period of 3 months. Under the fifth package, the billed amount was reduced by 40% for pensioners on a pension of less than EUR 222 and for registered unemployed persons.
- e) Targeted population: Socially vulnerable categories.⁵
- f) Beneficiaries: Not available.
- g) Novelty: This was not a new measure, as there is a permanent government subsidy programme for electricity consumers. However, under this measure the levels of the subsidies were increased.

2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19

2.7.1 *Subvencije za zarade zaposlenih na plaćenom odsustvu po osnovu čuvanja djeteta mlađeg od 11 godina* (Salary subsidies for employed persons who have taken paid leave to care for children under 11 years)

- a) Short description of the measure: Employees (on any form of labour contract) or self-employed parents who have taken leave from work to care for a child under the age of 11 may receive a subsidy on their gross earnings during the period of the kindergarten/school closure. This measure does not cover workers in the health and security sector, or in various other public institutions involved in the realisation of COVID support measures.
- b) Category: Conditional benefit.
- c) Timing: April 2020–June 2021.
- d) Range, duration and conditionality: Employees who have taken paid leave to look after children under the age of 11 have full wage compensation. Under this measure, 70% (second package), 50% (third package) and 100% (fourth and fifth packages) of the minimum wage (and 70%, 50% and 100% of the corresponding taxes and contributions) is paid by the state, while the difference between the minimum wage and the total wage is paid by the employer.

⁵ Article 198 of the Energy Law (*Official Gazette of Montenegro*, Nos 28/10, 6/13 and 10/15) recognises the category of 'vulnerable customers', referring to disabled persons, persons with special needs and persons in poor health, who may be exposed to a threat to life or health as a result of the restriction or suspension of the energy supply. It also includes vulnerable customers who are 'in a state of social need', as determined by the state authority with responsibility for social care affairs (which includes users of social benefits and social services).

- e) Targeted population: Employees or self-employed persons who have no outstanding liabilities for taxes and contributions for 2019/2020 and have taken paid leave to look after their children while the schools are closed.
- f) Beneficiaries: Not available.
- g) Novelty: This measure is new.

2.8 Other important temporary social protection/inclusion measures adopted in the context of the pandemic, which do not fall in any of the categories listed in the previous sections

2.8.1 *Moratorijum na otplatu kredita pojedincima i preduzećima u svim bankama, mikrokreditnim institucijama i IRF na 90 dana* (Loan repayment moratorium for individuals and businesses in all banks, microcredit institutions and IRF (Investment Development Fund) for 90 days)

- a) Short description of the measure: The moratorium pertains to all types of loans, including cash loans, housing loans, loans for retirees, consumer loans, investment loans, working capital loans, liquidity loans, etc.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: March 2020–August 2021.
- d) Amount and duration/Range, duration and conditionality: Not applicable.
- e) Targeted population: Users of all types of bank loans, recipients of financial leasing and users of loans from microcredit financial institutions have the right to a moratorium for 30, 60 or 90 days, provided they meet two conditions: that on 31 December 2019, they had no more than 90 days' arrears on a loan repayment; and on that day, their loan was not classified as non-performing. Under the fourth package of measures, citizens, companies and entrepreneurs who have loans and who work in the field of tourism, or who have loans and work in the field of agriculture, forestry and fisheries have the right to a moratorium on the repayment of these loans or to their restructuring (repayment on more favourable terms): 115,600 individuals covered by the fourth package .
- f) Beneficiaries: 57,790 individuals (50% of those with loans in 2020) submitted a request for a moratorium.
- g) Novelty: These measures are new.

3 Social protection and inclusion responses to the crisis: overall assessment and possible gaps

This third section briefly considers three aspects: the expected cost of the social protection and inclusion measures put in place by the country (Section 3.1), the impact of these measures on the social protection system and on social inclusion policies (Section 3.2), and the possible remaining gaps in the social protection system and in social inclusion policies (Section 3.3). It concludes with a section (3.4) on debates and recommendations.

3.1 Expected cost of social protection and inclusion measures

According to government data, in the period from 1 May 2020 to the end of June 2020, the total effect of the first two packages of measures amounted to EUR 319.5 million, or approximately 6.5% of 2019 GDP. Out of this amount, EUR 1.4 million (0.02% of 2019 GDP) from the first package and EUR 890,000 from the second package were spent in supporting the most vulnerable social categories (Government of Montenegro, 2020).

The projected value of the third package of economic measures, which was designed as a combination of short-term and long-term measures for the period 2020–2024 is EUR 1.22 billion (or 25% of 2019 GDP). There is no publicly available report on the implementation of the third package of measures.

The new government adopted a fourth package of measures that was implemented during the period January–March 2021. The value of this package was EUR 163 million or 3.3% of 2019 GDP (Government of Montenegro, 2021a). The value of the fifth package (adopted at the end of April 2021) is estimated to be EUR 166 million, or 3.3% of 2019 GDP.

From 1 May 2020 to 15 April 2021, 75,802 requests for salary subsidies were paid, in a total amount of EUR 80.93 million (or 1.62% of 2019 GDP). In total, 331,193 salaries were subsidised in 16,215 business entities. Out of this amount, EUR 74 million (1.49% of 2019 GDP) was for workers in sectors that were closed or particularly affected and in tourism; EUR 2.5 million (0.05% of 2019 GDP) was for new employment; EUR 1.7 million (0.03% of 2019 GDP) was for people who had taken paid leave to look after children under the age of 11; and EUR 2.5 million (0.05% of 2019 GDP) was for workers in quarantine or isolation (Government of Montenegro, 2021b).

3.2 Impact on the social protection system and on social inclusion policies

In the first four packages, the most frequently used assistance for vulnerable social groups was one-time financial assistance – support that existed previously and that was used in ad hoc cases where additional support for users of social benefits was needed. Another measure – wage subsidies – is aimed at retaining job and is temporary in nature. There have basically been no innovations in social policy in Montenegro as a result of the COVID-19 situation that could be transformed into new measures or that could help improve existing ones.

It is expected that the project 'Analysis of the social protection system in Montenegro' – carried out by the Ministry of Labour and Social Welfare, with the support of the UNICEF office in Montenegro – will provide inputs for improvement of the system. However, the project has still not finished, and so its findings are not yet available. According to information from the ministry, the project offers an overview of the system and focuses in more detail on the child allowance.

Parliamentary elections were held in August 2020, and by December Montenegro had a new government. This government, formed by parties that had been in opposition in parliament for over 20 years, changed the organisational structure of ministries. Under

the new structure, the old Ministry of Labour and Social Welfare has merged with the Ministry of Finance to form the Ministry of Finance and Social Welfare.

The Labour Law and the Law on Social and Child Protection are going through parliament. Once adopted, they will bring changes to the minimum wage and the child allowance, with the minimum net salary in Montenegro increasing from EUR 222 to EUR 250 from 1 July 2021 (the last increase was on 1 July 2019). According to the proposed law, the child allowance will be granted to all children up to the age of 6. However, certain parties are pushing for the allowance to be made available to all children up to the age of 18. Currently, the Law on Social and Child Protection offers the right to child allowance to: beneficiaries of family material support; recipients of care and assistance allowance; recipients of personal disability benefits; and children without parental care. Moreover, currently only three children in a family are entitled to child allowance.

3.3 Remaining gaps in the social protection system and social inclusion policies

As the measures implemented were mainly directed at sustaining employment and supporting vulnerable groups, they did not provide support to the 'newly' vulnerable – those who had previously not been recipients of social benefits, but found themselves in need due to COVID-19. Those who were affected by substantial loss of income due to the pandemic and who were not already beneficiaries of social support may apply for social benefits in the future (which may consequently lead to a rise in social protection expenditure).

World Bank projections indicate that the economic shock caused by COVID-19 could push between 9,000 and 20,000 citizens into poverty (World Bank Group, 2020a). More than 80% of those Montenegrins who could fall into poverty because of the COVID-19 crisis currently do not have any social protection support (UN, 2020).

The Rapid Social Impact Assessment prepared by the UN (UN, 2020) identifies some of the most vulnerable groups in Montenegro that have been particularly affected: families that include people with disabilities (who – due to a reduction in income – have needed help with food, hygiene products, sport and recreation, and internet access, and whose disabled family members have been cut off from vital services due to the distance from or the closure of day-care centres); older people (who have found it hard to support themselves during isolation); and homeless people (who have been more exposed to the virus, as they lacked shelter) (UN, 2020).

No measures were implemented for pupils who did not have a computer or access to the internet in order to follow online schooling. Thus, when it comes to the education system, the transition to distance learning could lead to effective drop-out from education of children from families with limited technological or financial access to such platforms or the soft skills to use them (UN, 2020).

3.4 Debates and recommendations

Currently, the main debate in society pertains to the parliamentary and public debate surrounding the child allowance and the minimum wage (see Section 3.2). At the time of writing, the vaccination campaign had not yet begun, and so the whole of Montenegrin society was focused on the issue of vaccination.

References

- Baptista Isabel, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato and Pietro Regazzoni (2021), 'Social Protection and Inclusion Policy Responses to the COVID-19 Crisis: An analysis of policies in 35 countries', European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union, <https://ec.europa.eu/social/main.jsp?langId=en&catId=1135>.
- Government of Montenegro (2020), 'The third package of socio-economic measures', July: <http://www.predsjudnik.gov.me/vijesti/229697/Premijer-Markovic-predstavio-III-paket-Vladinih-mjera-podrske-gradanima-i-privredi-Nakon-280-mil-u-prvom-i-40-mil-u-drugom-paket.html>
- Government of Montenegro (2021a), 'Measures of support to citizens and the economy: Short-term measures – First quarter of 2021', January.
- Government of Montenegro (2021b), 'Programme of salary subsidies – Second quarter of 2021', April.
- International Labour Organization/European Bank for Reconstruction and Development (ILO/EBRD) (2020), 'COVID-19 and the world of work: Rapid assessment of the employment impacts and policy responses – Montenegro', June: https://webcache.googleusercontent.com/search?q=cache:gd8tEYEh_CIJ:https://www.ebrd.com/documents/strategy-and-policy-coordination/ebdilo-covid19-and-the-world-of-work-in-montenegro.pdf+&cd=2&hl=en&ct=clnk&gl=me&client=safari
- MONSTAT (2020), 'Labour Force Survey, Q3 2020', December: http://monstat.org/uploads/files/ARS/2020/3/ARS%20saopstenje_2020_Q3_en.pdf
- UN (2020), 'Report on the Rapid Social Assessment of the COVID outbreak in Montenegro', April: <https://montenegro.un.org/en/51275-report-rapid-social-impact-assessment-covid-19-outbreak-montenegro-april-2020-summary>
- UN (2020a), 'Report on the rapid Social Assessment of the COVID outbreak in Montenegro', April-June: https://montenegro.un.org/sites/default/files/2020-09/Report%20on%20the%20Rapid%20Social%20Impact%20Assessment%20of%20the%20COVID-19%20outbreak%20in%20Montenegro%2C%20April-June%202020_0.pdf
- World Bank Group (2020a), 'The economic and social impact of COVID-19', spring: <http://documents1.worldbank.org/curated/en/236311590680555002/pdf/The-Economic-and-Social-Impact-of-COVID-19-Poverty-and-Household-Welfare.pdf>
- World Bank Group (2020b), 'An uncertain recovery', autumn: <https://openknowledge.worldbank.org/bitstream/handle/10986/34644/153774.pdf>

Getting in touch with the EU

In person

All over the European Union there are hundreds of Europe Direct Information Centres. You can find the address of the centre nearest you at: <http://europa.eu/contact>

On the phone or by e-mail

Europe Direct is a service that answers your questions about the European Union. You can contact this service

- by freephone: 00 800 6 7 8 9 10 11 (certain operators may charge for these calls),
- at the following standard number: +32 22999696 or
- by electronic mail via: <http://europa.eu/contact>

Finding information about the EU

Online

Information about the European Union in all the official languages of the EU is available on the Europa website at: <http://europa.eu>

EU Publications

You can download or order free and priced EU publications from EU Bookshop at: <http://bookshop.europa.eu>. Multiple copies of free publications may be obtained by contacting Europe Direct or your local information centre (see <http://europa.eu/contact>)

EU law and related documents

For access to legal information from the EU, including all EU law since 1951 in all the official language versions, go to EUR-Lex at: <http://eur-lex.europa.eu>

Open data from the EU

The EU Open Data Portal (<http://data.europa.eu/euodp/en/data>) provides access to datasets from the EU. Data can be downloaded and reused for free, both for commercial and non-commercial purposes.

