



UNITED NATIONS
MONTENEGRO




UNITED NATIONS
COMMON COUNTRY ANALYSIS
MONTENEGRO

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DISCLAIMER

The Common Country Analysis (CCA) is an internal document of the United Nations (UN) system in Montenegro, to inform the upcoming UN Sustainable Development Cooperation Framework for the period 2022 to 2026. The CCA guides internal programme centric discussions and decisions and does not necessarily reflect the official position of the UN. All data collection and information are current as of 31 December. Quotations are from consultations conducted with youth and women in Montenegro in December 2020. References to Government structures made related to the situation prior to 1 December.

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The UN in Montenegro is entering a new programming cycle. To this end it has developed a UN Common Country Analysis (CCA); an analytical document to provide basis for its new UN Sustainable Development Cooperation Framework 2022-2026. Messages emerging from the Common Country Analysis are aimed to create consensus at the political, policy and administrative leadership of the country towards strategic positioning of the UN system to support efforts for sustaining progress on Sustainable Development Goals. The CCA is an integrated, forward looking and evidence-based joint analysis. It includes a gender analysis that goes beyond age and sex disaggregation but focuses on analysis of root causes causing a differential impact on sustaining progress of Sustainable Development Goals in the country.

The CCA provides an analytical viewpoint at a key juncture for Montenegro. Prior to the COVID-19 pandemic, Montenegro was making notable progress towards the SDGs which is reflected in improving SDG indicators, such as reducing poverty and improving Human Development Index scores. The evaluation of the previous UN Development Assistance Framework found that Montenegro had taken a leave no one behind approach and implementation had a focus on vulnerable groups. Progress had been made in structural reforms which has placed Montenegro as the next potential EU member state. Montenegro has opened all chapters of the EU Acquis Communautaire and successfully closed three, which is the most progress of any accession country. Despite these achievements,

the COVID-19 pandemic threatens to reverse progress by several years and possibly create new vulnerable groups.

This analysis focuses on identifying the remaining gaps and challenges that needs to be addressed to accelerate progress towards achieving 2030 Agenda and remaining benchmarks of EU accession process. The CCA concludes with an assessment of what potential future pathways Montenegro can take to ensure that it meets its commitments on the SDGs, whilst leaving no one behind.

The CCA posits that to accelerate progress on the 2030 agenda Montenegro needs to place people at the heart of its efforts. It comes against the backdrop of building back better, following the COVID-19 pandemic and Montenegro's continued efforts to gain accession to the European Union. Building economic, social and environmental resilience must guide the recovery from the crisis, whilst creating opportunities for women and girls to benefit from it. There are three key pathways where Montenegro should focus its efforts:

1. In the immediate term those affected by COVID-19 will need support and a speedy return to work. In the medium-to-long-term the focus should be on shifting to a new inclusive economic model; reducing the public sector footprint, harnessing digitalisation and the green economy, and continuing to shift to a zero-carbon economy. Reforms, investments, and policies will be needed to create jobs, broaden the base of production, improve competitiveness, and enhance regional integration.

2. Montenegro will need to improve service delivery, maintaining expenditures in health, education and social protection whilst improving the efficiency and effectiveness of these expenditures. Concurrently, efforts need to be made to reduce discrimination of vulnerable groups and prevent the perpetuation of counter-productive attitudes and social norms. Vulnerable groups should be included in all decisions that affect them through empowerment and promoting their rights, as well as the creation of a more inclusive society, ensuring gender equality in all spheres.

3. Efforts should focus on the effective implementation of evidence-based Government policy, laws and strategies. Improved data quality and digitalisation would support these efforts whilst increasing transparency. An enhanced public administration, which takes a human rights-based approach and tackles corruption and nepotism would create a more inclusive society. The administration should foster an environment of dialogue and inclusion that protects social cohesion.

1

Introduction to Common Country Analysis

- 1 The United Nations system in Montenegro is entering into a new programming cycle from 2022 to 2026. It will adopt a United Nations Sustainable Development Cooperation Framework (SDCF), which represents the UN development system's collective support countries in furthering international obligations and key Sustainable Development Goals (SDGs). Achieving the 2030 Agenda, and its central promise: *Leave No One Behind* and *Reaching the Furthest Behind First*, requires multi-dimensional expertise as SDGs are truly multi-dimensional in nature. The Cooperation Framework also serves as a core accountability tool between the UN Country Team¹ (UNCT) and the host country, as well as between and among UNCT members.
- 2 As part of the preparations for the new Cooperation Framework, the UN system undertook a Common Country Analysis (CCA) under the leadership of the Resident Coordinator and the UN Country Team, in close partnership with national partners/national stakeholders. The CCA is an *integrated, forward looking and evidence-based joint analysis, which focuses on the gaps and challenges to be tackled to accelerate progress on the 2030 agenda*. The CCA is anchored in the long-term national development strategy and vision as set out in the National Strategy for Sustainable Development (NSSD) by 2030. The National Strategy encourages an integrated approach of linking economic, social, environmental dimensions of development.
- 3 The CCA was prepared on the basis on secondary data sources from various reports and primary information from surveys². Prior to the CCA, the UNCT and individual agencies carried out numerous analysis and surveys, some of which with national partners.

1 UNCT – United Nations Country Team is comprised of: FAO, IAEA, ILO, IOM, OHCHR, UNEP, UNWOMEN, UNDP, UNECE, UNESCO, UNHCR, UNICEF, UNIDO, UNODC, UNOPS, WHO.

2 Surveys: The UN Socio-economic Response Plan to COVID-19 in Montenegro, July 2020 (https://unsdg.un.org/sites/default/files/2020-08/MNE_Socioeconomic-Response-Plan_2020_0.pdf); The Rapid Social Impact Assessment of the COVID-19 outbreak in Montenegro, April 2020 (https://montenegro.un.org/sites/default/files/2020-06/Rapid%20Social%20Assessment%20-%20Summary%20-%20ENG_0.pdf); COVID-19 and the World of Work: Rapid Assessment of the Employment Impacts and Policy Responses, Montenegro, 2020 (https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms_749201.pdf); Assessment of the impact of COVID-19 on the business sector and the growth prospects of the Montenegrin economy, June 2020 (<https://montenegro.un.org/sites/default/files/2020-07/Assessment%20of%20the%20impact%20of%20COVID-19%20on%20the%20business%20sector%20and%20the%20growth%20prospects%20of%20the%20Montenegrin%20economy%2C%20June%202020.pdf>); Background paper for the UNCT on social inclusion and leaving no-one behind, August 2020 UN Montenegro Progress Report, 2019 (https://montenegro.un.org/sites/default/files/2020-05/20200325_UN%20Montenegro%20Progress%20Report.pdf); Unravelling Connections - EU Accession and the 2030 Agenda, March 2018 (https://montenegro.un.org/sites/default/files/2020-04/_2019_Unraveling%20Connections%20-%20EU%20Accession%20and%20the%202030%20Agenda.pdf); MICS Montenegro - National and Roma Settlements - 2018, December 2019 (<https://montenegro.un.org/sites/default/files/2020-04/Montenegro%20-%20National%20and%20Roma%20Settlements%20-%202018%20MICS.pdf>); Gender Equality Index, 2019 (<https://montenegro.un.org/sites/default/files/2020-04/Gender%20Equality%20Index.pdf>); Montenegro: Second Biennial Update Report On Climate Change, 2019 (https://unfccc.int/sites/default/files/resource/SECOND%20BIENNIAL%20UPDATE%20REPORT%20ON%20CLIMATE%20CHANGE_Montenegro.pdf).

- 4 The CCA is guided by the 17 SDGs and the mandate of the UN system to support the Government to achieve the 2030 Agenda, international obligations accepted by Montenegro through ratification of UN treaties, and national priorities. The above identified analyses coupled with national and international organisations data sources were used to draw the national context and national progress on international obligations and the SDGs.
- 5 The CCA focuses on gaps and key development challenges and identifies three key priority areas to further support and accelerate implementation of 2030 Agenda: 1) Inclusive economic development and environmental sustainability, 2) Human capital development, poverty reduction and social inclusion and 3) Governance, institutions and social cohesion. All three priority areas are described in more detail in three separate sections below.





2

**Country context
and 2030 agenda**

Montenegro and the SDGs

- 6 The Constitution, in article 2, defines the country as “a civil, democratic, ecological and the state of social justice, based on the rule of law”. Montenegro has expressed an ambition to pursue environmentally friendly economic development, while at the same time paying specific attention to inclusion, so that all citizens would benefit from growth and development. Following the global endorsement of the 2030 Agenda for Sustainable Development, Montenegro adopted the National Strategy for Sustainable Development (NSSD) and integrated the 2030 Agenda into the national strategic framework. The NSSD serves as an umbrella and is a horizontal and long-term development strategy of Montenegro, which refers not only to the environment and the economy, but also to human resources and invaluable social capital that should enable prosperous growth and development.
- 7 With a total of 13,812 square kilometres, Montenegro is the smallest country, with the smallest population, in the Western Balkan region (except for Kosovo³). Nearly a third of the population of 620,000 live in the capital city of Podgorica while 67.15 percent of the population lives in urban areas. There is increasing internal migration from the north to the south and to Podgorica. According to the 2011 Census, 65.5 percent of women live in urban areas, whilst it is 63.2 percent for men.

- 8 Montenegro’s Gender Development Index (GDI) reveals a score that is below the average of countries from the very high human development group. The most notable difference between men and women relates to the Gross National Income (GNI) per capita: 20,634 USD for men and 14,457 USD for women. Montenegro’s Human Development Index (HDI) value for 2019 was 0.829 – which puts the country in the very high human development category, positioning it at 48 out of 189 countries and territories. Montenegro’s 2020 HDI score places it at the highest in the Western Balkans (excluding Croatia and Slovenia). Its HDI ranking is 13 places above its GNI per capita ranking. This means that for the level of GNI per capita, the HDI ranking is higher than its expected value. However, when COVID-19 is factored in, Montenegro’s HDI score worsens to 0.812, risking Montenegro returning to its 2014 level⁴.
- 9 Montenegro, like many of the countries in region and in broader Europe, has an aging population. According to the 2011 Census, approximately 24.9 percent of the population is under 18, 62.3 percent are between 18 and 64, and 12.8 are over 65. Although the Total Fertility Rate in Montenegro is low, it is not as low as compared to other countries in the region⁵. A comparison between 1990-1995 and 2010-2015 shows a definitive trend of a reduced total fertility Rate from 2.1 to 1.8⁶.

3 References to Kosovo shall be understood to be in the context of Security Council resolution 1244 (1999)

4 Montenegro Human Development Report December 2020

5 2020 Montenegro Population Policy Options, Report of a Scoping Mission, United Nations Population Fund, UNDP and UNICEF

6 <https://www.monstat.org/userfiles/file/demografija/procjene%20stanovnistva/2019/osnovni%20demografski%20pokazatelji%20basic%20demographic%20indicators.xlsx>

10 Women make up a better-educated part of the population. 67 percent of specialist's degree holders and 61 percent of master's degree holders are women. Still, it is not translated in economic potential as women comprise 44 percent of the employed and active population. As revealed by the Gender Equality Index (GEI), motherhood is seen as the most common reason for difficulties with employment, and often the reason for termination of employment. The GEI survey shows that only one in ten women in Montenegro has a partner contributing to housework and care, while only 20 percent of women reach decision-making positions, including management positions in enterprises. Furthermore, gender pay gap in institutions stagnates at 16 percent, while 48 percent of women experience a violation of their rights during work, employment or termination of employment.

11 Regional cooperation is a key element in foreign policy and Montenegro contributes actively to the stability and security at the regional level through participation in around 35 regional organisations and initiatives⁷. For all Western Balkan countries, the European Union

is the primary trading partner, accounting for over 69.4 percent of the regions' total trade in 2019⁸. In terms of Foreign Direct Investment (FDI), companies from EU countries are by far the lead investors in the region, accounting for approximately 65.5 percent of total FDI stock in 2018⁹. To further regional integration, the EU has proposed to mobilise up to EUR 9 billion under the Instrument for Pre-accession Assistance (IPA) III (2021-2027) to support economic convergence of the Western Balkan countries with the European Union.

12 Montenegro enjoyed strong economic growth in recent years, boosted by the implementation of large investment projects, expansion of the tourism sector and private consumption¹⁰. In 2019, however, GDP growth declined to 3.6 percent from 5.1 percent in 2018¹¹. Montenegro entered 2020 with record high employment and an average GDP growth of 4 percent in the last five years¹². Yet, much of growth was driven by import-dependent consumption and investment (including a debt-financed public highway construction), which increased external imbalances, largely financed by net foreign direct investment

⁷ 2020 Commission Staff Working Document Montenegro 2020 Report

⁸ 2020, Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee and the Committee of the Regions: An Economic and Investment Plan for the Western Balkans.

⁹ Op Cit – Communication from the Commission to the European Parliament...

¹⁰ 2020 International Labour Organisation: COVID-19 and the World of Work – Rapid Assessment of the Employment Impact and Policy Responses, Montenegro

¹¹ 2018 Montenegro Statistical Office: Gross Domestic Product Release N.171

¹² 2020 Macro Poverty Outlook, World Bank, Annual Meetings

(FDI)¹³. Despite some fiscal consolidation, public debt reached 77 percent of GDP in 2019¹⁴. The estimated public debt reached 92.9 percent of GDP in 2020 and is forecasted to reach a new peak in 2021 at 94,2 percent of GDP; after that, it is projected to fall¹⁵.

Impact of the COVID-19 pandemic

13 The COVID-19 pandemic will affect progress on SDGs, with more SDGs going into the “major” or “significant challenges” category. The COVID-19 pandemic has had significant negative impact on the country and its people and has exacerbated already existing vulnerabilities. It has exposed and increased structural weaknesses in the economy. As the economy has a narrow base of production, it was already vulnerable. The size of the slowdown of tourism, which contributes approximately 25 percent of GDP, will determine the overall impact on the economy. Lower tourism receipts, with foreign tourist arrivals declining by over 80 percent in the first half of 2020¹⁶, will mean a slowdown in overall economic activity, decreasing Montenegro’s ability to raise tax revenues. International Financial Institutions (the International Monetary Fund and the World Bank) have estimated that the economy will contract by around 12 percent in 2020, with a slow re-

covery expected to take two to three years before GDP returns to end-of-2019 levels. Initial estimates suggest tourism was at 25 percent of the 2019 season in 2020.

14 Public finances will be tested due to the need to support vulnerable groups and those who have lost their incomes and as a result of falling tax revenues, constraining the Government’s ability to respond. The fiscal deficit is likely to widen to around 12-14 percent of GDP. A sharp fiscal adjustment in the medium-term will be needed to meet the maximum level of debt of 60 percent of GDP required for EU accession. Any contraction in the economy will have a knock-on impact on vulnerable groups, who are especially likely to be in vulnerable forms of employment or engaged in the informal economy. The informal economy is likely to be the worst affected sector, due to its thin cash buffers and lack of formal contracts and social insurance. The rate of informal employment ranges from 25 percent to 37 percent¹⁷.

15 The Government announced that the Investment Development Fund, an institution to assist enterprise development, would be provided with EUR 120 million additional liquidity supporting businesses impacted by the pandemic.

13 Op Cit – 11 2020 Macro Poverty Outlook

14 Op Cit – 11 2020 Macro Poverty Outlook

15 The World Bank, World Development Indicators; The World Bank, Western Balkans Regular Economic Report (Fall 2020)

16 EBRD, Transition Report 2020-2021, The State Strikes Back – Country Assessments: Montenegro (2020)

17 European Commission: Commission staff working document - Economic Reform Programme of Montenegro (2019-2021) - Commission assessment

- 16 Despite COVID-19-related measures to support labour-intensive service sectors, many Montenegrins have lost their livelihoods, and many are at risk of unemployment and poverty. With reduced government revenues, expenditures for social sectors have come under pressure. This will impact those in informal, low-paid jobs, who can be made redundant without much resistance. Evidence suggests that COVID-19 has had an impact on the working regimes of Montenegrin businesses. In response to the crisis, 28 percent of companies shortened working hours and 22 percent completely suspended operations. Seventeen percent of micro, small and medium sized enterprises sent employees on unpaid leave or reduced salaries¹⁸.
- 17 COVID-19 has had an impact on employment levels. Employment in March 2020 was 5 percentage points lower than in March 2019; in April 2020 it was almost 8 percentage points lower than in April 2019. Latest employment agency data shows that the number of unemployed persons increased by almost 10,000 in September 2020 compared to same month in 2019. Youth unemployment increased - in the second quarter of 2020 it stood at 27.9 percent, compared to 19.5 percent in the same period of 2019¹⁹.
- 18 The UN's Rapid Social Impact Assessment of COVID-19 (RSIA) found that, approximately 21 percent of employees experienced a reduction in their salary, of which 76 percent work in the private sector, mainly in tourism, services and transport. One third had their salary reduced by 21-40 percent, while almost 20 percent did not have any income. During the pandemic, 20 percent of respondents reported either not receiving a salary or losing their job, while 12 percent of those reporting incomes from work were not socially insured. Approximately 40 percent of women in Montenegro found it hard to cover expenses during this period. COVID-19 has also had a severe impact on the ability of families with children to provide food and ensure appropriate hygiene. About 70 percent of households can see through the crisis up to one month only²⁰.
- 19 The World Bank estimates that poverty in Montenegro will rise to 20.4 percent in 2020²¹, based on the middle income poverty rate of \$5 per day purchasing power parity, with the emergence of new groups of vulnerable people ("new poor"), whose household income largely depends on the informal economy and who are not covered by social protection and/or eligible for employment benefits. Family income might shrink by 5-10 percent, meaning that 9,000-20,000 citizens might slip below the poverty line due to the pandemic.

18 UNDP Economic Impact Assessment June 2020

19 Montenegro Statistical Office, Labour Market Surveys 2019 and 2020

20 Op-Cit UN Rapid Social Impact Assessment

21 World Bank - Europe and Central Asia Economic Update, October 2020

Most of them are currently not accessing social welfare services, which means that the number of beneficiaries of such services will rise in the forthcoming period.

20 Data from the RSIA in Montenegro - collected first in April and again in June 2020 - indicates that while COVID-19 affects everyone - major health and socio-economic impact of COVID-19 are being disproportionately borne by vulnerable groups. Most respondents from the Roma and Egyptian groups indicated that their income had been either completely lost or substantially reduced. Food was among the key urgent needs, followed by hygiene products, medicines, clothing and accommodation. More than three-quarters (77 percent) of refugees, asylum seekers and persons at risk of statelessness surveyed, reported that they had lost their jobs/incomes - especially those registered in the asylum system, with nine out of 10 of them (90 percent) having completely lost their jobs/incomes and the remaining one-tenth (10 percent) having received a salary reduced by more than 50 percent. A significant number of migrant workers who were still in Montenegro also faced a significantly reduced or total loss of income²².

21 Women are more prevalent in sectors that have been impacted by the pandemic. Around a third of those employed (35 percent of employed women) were on paid leave due to the pandemic, one in ten of them were on unpaid leave (6 percent of employed women), while a third of them worked reduced hours (29 percent of employed men vs 31 percent of employed women). Paid leave and salary reductions were most present in the transport, tourism and hospitality sectors, while unpaid leave was more often reported in the manufacturing and construction sectors²³. The ongoing coronavirus pandemic impact on women is grounded in deeply entrenched inequalities, social norms and unequal power relations - with women spending, on average, an equivalent of eight years of their lives undertaking domestic and unpaid care work. Before the pandemic, the GDP per capita for women reached only 86 percent of the national average GDP, compared with 114 percent for men. Women's unpaid work and care during the COVID-19 pandemic exceeded that done by men by 92 percent. The monetary value of such work and care was projected at EUR 122 million during the three months of the COVID-19 pandemic outbreak in second and third quarter of 2020. The share of women among the newly unemployed reached 56 percent in the same

²² 2020 Report on the Rapid Social Impact Assessment of the COVID-19 outbreak in Montenegro, April-June 2020, UN Montenegro: <https://montenegro.un.org/en/90471-report-rapid-social-impact-assessment-covid-19-outbreak-montenegro-april-june-2020>

²³ 2020 Report on the Rapid Social Impact Assessment of the COVID-19 outbreak in Montenegro, April-June 2020, UN Montenegro: <https://montenegro.un.org/en/90471-report-rapid-social-impact-assessment-covid-19-outbreak-montenegro-april-june-2020>

period, with the largest increase recorded for the 31 to 40-year-old group revealing that the crisis had a pronounced impact on young women. The forthcoming economic recovery strategy provides an opportunity for the country to ensure a renewed social contract that prioritizes social justice and gender equality.

- 22** Children in Montenegro have been affected by the COVID-19 pandemic in multiple ways. Many families have suffered considerable or complete loss of income – those who receive social cash transfers, single parent households, Roma families and families with a history of substance abuse are seemingly most affected by the loss of income. The shift to online education during the COVID-19 pandemic disproportionately affected those children living in poverty due to lack of access to computers and internet, parents' technological illiteracy and ability to help²⁴. Technical equipment was provided to them to support their online schooling, but the lack of regular contacts with their peers has taken a toll on their language skills and social networks.
- 23** The lockdown measures imposed due to the COVID-19 pandemic also contributed to a sharp increase in the occurrence and intensity of domestic violence. The Women's Safe House received 46 percentage points more calls between 16 March and 1 June 2020, than during the same period in 2019 year. In May 2020, the shelter provided accommodation for 60 percentage

points more victims of gender-based violence (GBV) than during the same period of the previous year. The National SOS line reported an increase of 18 percentage points in calls from victims seeking its support.

EU Accession

- 24** EU Accession is a major driver of the reform processes in the country which aims to join the EU by 2025. Among other reports, the Progress Report on the implementation of Millennium Development Goals in Montenegro (March 2017) identifies EU accession as one of the key factors that contributed to development achievements, including progress in reaching the MDGs. All 33 EU chapters have been opened, of which 3 are provisionally closed. Montenegro is beginning to integrate elements of EU rules, which guarantee a greater focus on human rights and social development, into national legislation. . The pace of implementation of reforms and the closure of chapters has, however, slowed lately.

²⁴ According to the Rapid Social Impact Assessment, about 13.3 percent of families with children didn't have access to computers and tablets connected to the internet.

25 There is a strong link and complementarity between the 2030 Agenda, the SDG targets, and the EU Accession process. Nearly two-thirds of the SDG targets (109 out of 169 targets) are covered by the EU Accession process. Thus, meeting the requirements of the EU Acquis, will mean that Montenegro will come closer to achieving respective SDG targets. Montenegro has benefited from the EU's financial assistance under the IPA which consisted of EUR 279.5 million in support between 2014-2020. This was the second IPA with the first one having been enacted in 2007 (until 2013) with EUR 165 million of support. The process of alignment (approximation) of the Montenegrin legislative and strategic framework with the EU Body of Law is positively impacting on progress in the implementation of other international obligations and commitments of Montenegro.



Compliance with international human rights and standards and other commitments

26 **Status of ratifications of international and regional treaties and implementation:**

Montenegro has made strong legal and policy commitments at the global, regional and national level to guarantee sustainable development and the rights of its people. The country is a State Party to eight of the nine core UN human rights treaties and their Optional Protocols²⁵. It signed but has yet to ratify the Convention on the Rights of All Migrant Workers and Members of Their Families.

27 Montenegro is a signatory to the Rome Statute of the International Criminal Court and is party to the 1949 Geneva Conventions and the 1949 Genocide Convention. The country ratified the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime. The country has adopted a range of regional human rights instruments.²⁶

28 **Cooperation with UN and regional human rights mechanisms:**

Montenegro has an *ad hoc* Government structure for reporting to the UN human rights mechanisms and follow-up to their recommendations. As the first country globally, Montenegro adopted a national recommendation tracking database in 2019, which aims to support enhanced planning and monitoring of the implementation of recommendations by UN human rights mechanisms, and to support progress reporting to the UN bodies. The system is yet to be fully operationalized.

29 Montenegro issued a Standing Invitation to Special Procedures mandate holders in 2005 and responds to written communications from the Special Procedures. Montenegro's third cycle Universal Periodic Review (UPR) took place in 2018, at which it accepted most recommendations. Overall, the country reports regularly to the Treaty Bodies though at times, with delays.

30 As a member of the Council of Europe, Montenegro is subject to the jurisdiction of the European Court of Human Rights. As noted in the European Commission's 2020 Report on Montenegro, cooperation with the court is good. Montenegro cooperates with bodies of

25 The International Covenant on Civil and Political Rights and both Optional Protocols, the International Covenant on Economic, Social and Cultural Rights and the Optional Protocol, the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment and its Optional Protocol, the International Convention on Elimination of all Forms of Racial Discrimination, the Convention on Elimination of all Forms of Discrimination against Women and its Optional Protocol, the Convention on the Rights of the Child, and the its three Optional Protocols, the Convention on the Protection of all Persons against Enforced Disappearances, the Convention on the Rights of the Persons with Disabilities and its Optional Protocol.

26 This includes the European Convention for the Protection of Human Rights and Fundamental Freedoms, the European Social Charter, the Framework Convention for the Protection of National Minorities, the European Convention for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment, the Council of Europe's Convention on Action against Trafficking in Human Beings, the Council of Europe Convention on the Avoidance of Statelessness in relation to State Succession, the Council of Europe European Convention on Nationality and the Istanbul Convention on preventing and combating violence against women and domestic violence.

the Council of Europe that make country visits and responds to their reports.

31 National human rights infrastructure: The previous Ministry of Human and Minority Rights which had a mandate to promote rights was merged under the new Government, and is now part of the Ministry of Justice, Human and Minority Rights. The new organic law that will define its mandate was not yet in place and it remains to be seen if it will continue previous work on gender and lesbian, gay, bisexual, transgender and intersex (LGBTI) rights. In December 2020, the Ministry continued discussions with a broad range of stakeholders on the new strategy on the inclusion of the Roma and Egyptian community, and the Minister announced publicly the establishment of a specific department on the rights of persons with disabilities.

32 Montenegro's National Human Rights Institution, the Protector of Human Rights and Freedoms, was accredited with B-status by the Global Alliance for National Human Rights Institutions (GANHRI) in 2016. GANHRI found the process of appointing the head of the institution to be insufficiently inclusive and the Protector has insufficient autonomy in recruitment and finance, among other things.²⁷ Notwithstanding the

fact that in 2019 Parliament approved the only candidate proposed by the President, the current Protector is highly respected and trust in the institution has been increasing.²⁸

33 There is a Council on the Rights of the Child, but there were concerns that its previous placement under the Ministry of Labour and Social Welfare hindered effective and sustainable inter-sectoral coordination.²⁹

34 Montenegro has an active civil society that monitors, conducts advocacy, raises awareness, builds capacity and provides services to further the country's national and international commitments.

35 Implementation of obligations: There was progress in implementing legislation, policies, strategies and plans to further the respect for human rights in the country, but challenges persist. Montenegro is behind its European peers in terms of gender equality, scoring 55 points in the 2019 Gender Equality Index, below the average in the EU of 67.4.³⁰ In 2017, the United Nations Committee on the Elimination of Discrimination Against Women (the CEDAW Committee) criticised, among other things, the low proportion of women appointed to decision-making positions. The percentage of

27 GANHRI Sub-Committee on Accreditation Report – May 2016, page 17-20. Available on <https://nhri.ohchr.org/EN/AboutUs/GANHRIAccreditation/Documents/SCA%20FINAL%20REPORT%20-%20MAY%202016-English.pdf>

28 Op Cit – 2020 Staff Commission report

29 EC progress report 2020. CRC Committee, Concluding Observations, 2018.

30 2020 EU progress report June 2020

female members represented in the national and local parliaments was 22.1. Violence against women remains prevalent³¹ and the level of violence against children (VAC) in home settings is high.³² Roma and Egyptians continue to be among the most marginalized and deprived communities in Montenegro, experiencing high levels of discrimination, social exclusion and deprivation.³³ Roma girls continue to be subject to child marriage which leads to violation of multiple rights, including sexual and reproductive health rights, the rights to education, work and freedom from violence.³⁴ Members of the LGBTI community and persons with disabilities face high levels of discrimination, while persons with disabilities also encounter significant challenges to meaningfully participate in public life and access services as these are not disability inclusive.³⁵ The situation of these, and various other groups which

face exclusion and deprivation of rights, are described in detail in the human capital development, poverty reduction and social inclusion chapter. Hate speech or hate crime, or otherwise inflammatory speech by citizens, but also at times by public figures, occurs in the country, but also comes from outside and has the potential to deepen already existing divisions.³⁶

36 There are concerns about excessive restrictions to freedom of expression and the media, resulting in arrests, and detentions of citizens expressing views on social media.³⁷ While some action has been taken in a number of cases, investigations into attacks on journalists in recent years have not been concluded, and recommendations of an ad hoc commission to monitor violence against the media have yet to be fully implemented.³⁸ The new Media Law adopted by Parlia-

- 31 2017 CEDAW para 22 See also Ministry for Human and Minority Rights, UNDP and EU project: Research: Domestic and violence against women, 2017 <http://www.un.org.me/Library/Gender-Equality/Istrazivanje%20UNDP%20o%20nasilju%20u%20porodici%20i%20nasilju%20nad%20zenama%202017.pdf> Among women aged between 15 and 65 years, 42 percent (approx. 78,835 women) of those living with a partner experienced at least one of four main types of violence (physical, sexual, psychological, and economic) in their lifetime. Eighty two percent of these women had experienced one of these forms of violence in the last year. Thirty eight percent had experienced physical violence over their lifetime and 16 percent in the last year. Twenty percent experienced economic violence in their lifetime and 8 percent in the last year) and 7 percent experienced sexual violence in their lifetime
- 32 2018 MICS 66 percent of children aged 1 to 14 years experienced some form of physical punishment and/or psychological aggression in the month preceding the survey by adult household members
- 33 De Facto Consultancy, Ministry for Human and Minority Rights, Socio-economic position of Roma and Egyptian population in Montenegro, Public Opinion Survey, July-August 2020. See also
- 34 2018 MICS and MONSTAT & UNICEF, the Prevention of Child Marriage in Montenegro Challenges, Lessons Learnt and a Theory of Change a Snapshot, 2018
- 35 CEDEM, Ministry for Human and Minority Rights, the Protector for Human Rights and Freedoms, Patterns And Degree Of Discrimination In Montenegro, 2020. See also Informal Coalition of Organizations of Persons with Disabilities And Parents' Organizations Of Children And Youth With Disabilities Podgorica, Montenegrin Alternative Report on The Implementation of The UN Convention On The Rights Of Persons With Disabilities, Podgorica, August 2018
- 36 For more on hate speech, see chapter on social cohesion under governance
- 37 Op Cit – EU Commission Report 2020
- 38 Op Cit – EU Commission Report 2020

ment in July, was criticized for requiring journalists to disclose their source of information at the request of the Prosecutor when needed to “protect national security, territorial integrity and public health”.³⁹ The space for civil society, including the media, to monitor state institutions may narrow if the proposed amendments to the law on access to information are adopted. Concerns about ill-treatment by police, as expressed by the Committee on the Prevention of Torture of the Council of Europe after a 2017 visit remain, and were raised with the Government in 2020 by the UN’s Special Procedures.⁴⁰ The Committee noted improvements, but persons deprived of liberty ran an “appreciable risk of being ill-treated by police” and ill-treatment appeared to be an “accepted practice within the police culture, notably crime inspectors”. Conditions of detention, while improving, are not in line with international standards, in police cells.⁴¹ There is not yet a separate prison facility for women and children.

37 Awareness, knowledge and capacity will need to be strengthened of duty bearers to realize and of rights holders to demand rights. There is a need to foster stronger political will and enhance oversight to enhance the level of implementation of human rights obligations and for stronger accountability in case rights are not fulfilled.

Development-humanitarian-peace nexus

38 *Key challenges in achieving the SDGs:* Even with the perspective of EU accession for the Western Balkan countries and the numerous regional cooperation processes, tensions exist nationally and regionally. These are connected and exacerbated by the evolving geopolitical context, as the region remains at the crossroads of global dynamics and is often the target of competing external influences.

39 As noted in the UN Department of Political and Peacebuilding Affairs analysis, the region witnessed a democratic backslide in 2020, to some extent exacerbated by the pandemic, which uncovered deep rooted inequalities and human rights challenges. There were cases in the region of some governments having tightened control over core aspects of public life, while powerful networks of political and business figures deepened their hold on the state, prompting the European Commission for the first time to publicly complain about “state capture” in its Western Balkans strategy of 2018. Legislative bodies were impacted by the deepening mistrust between governing and opposition parties. In Montenegro, for example, following 2016 parliamentary elections, opposition parties boycotted

³⁹ As report by <https://europeanwesternbalkans.com/2020/07/28/the-parliament-of-montenegro-adopted-the-law-on-media-and-the-law-on-national-public-broadcaster-rtcg/>

⁴⁰ The Special Rapporteur on Torture and the Working Group on Arbitrary Detention communicated to the Government on three incidents of alleged cruel treatment that occurred in May 2020. See <https://spcommreports.ohchr.org/TMResultsBase/DownloadPublicCommunicationFile?gId=25498>

⁴¹ EC report 2020. See also UN, Report on the Rapid Social Impact Assessment of COVID-19, June 2020.

Parliament and did not accept the 2016 election results. Polarisation and a lack of constructive dialogue have become common features of politics in the region, which has affected the quality of debates and has led to parliaments at times not being able to pass laws or perform regular oversight functions.

40 Montenegro has witnessed increased societal polarization particularly in connection with the passage in December 2019 of the law on religious freedom. The adoption of the law led to strong reactions from the Serbian Orthodox Church (SOC) in Montenegro and Serbia. This dynamic played out in the pre-electoral environment in Montenegro and contributed to a change from the ruling party for the first time since the multi-party system was introduced in 1990. In the context of a polarized society and of national and regional tensions, the new government will face the unprecedented challenge of mitigating the economic and social impact of the COVID-19 crisis. This poses a great risk to losing progress on achieving the SDGs. At the same time, the expected period of recovery, if availed of, gives an opportunity to proceed with more ambitious reforms, which were delayed so far, and may not be further avoided.

41 *Economics & Trade:* Montenegro progressed in implementing the 2017 Multi-annual Action Plan for the development of a Regional Economic Area in the Wes-

tern Balkans promoted under the Berlin Process. More attention, however, is needed to secure timely implementation of measures and to integrate regional commitments into national policies. The developments are yet to translate into increased trade for Montenegro.

42 *Demographic challenges:* Western Balkan countries have aging populations, significant emigration and, in Montenegro, internal migration from the poorer north to the coast (and rural to urban areas).⁴² It is estimated that close to one third of the resident population lives outside the region. Migration trends are especially pronounced among youth. The loss of qualified workers and the shortage of skills has the potential to adversely affect competitiveness and growth and may lead to increasing difficulties in securing social protection for the aging population. As shown in the Demography Policy Paper for Montenegro, investing in policies to strengthen human capital will benefit Montenegro in adapting to demographic shifts and assist the country on its future development priorities and seek to ensure that skilled persons will remain in Montenegro. Growing urbanisation is of concern and is caused by an exodus of people moving from rural areas to cities. MONSTAT data shows that 6000 people annually have been changing their place of residence within Montenegro, with the primary destination being Podgorica, followed by six southern municipalities.⁴³

⁴² UNFPA, UNDP, UNICEF, demography policy paper for Montenegro

⁴³ MONSTAT, Internal migrations in Montenegro (reports for 2017, 2018 and 2019)

43 Mixed migration: As for mixed migration, analysis by IOM and UNHCR demonstrates that Montenegro is a transit country and for some people, a country of asylum. The trend in migration flow over the past years remains the same, which is that migrants, asylum seekers and refugees enter the country irregularly, after which the majority enters the first stage of the asylum procedure (in which they submit an intention declaration to apply for asylum) and in most cases continue towards the EU countries before submitting an application for asylum. Data from 2019⁴⁴ as registered by IOM and Montenegrin authorities, showed a significant increase of irregular arrivals of migrants and asylum seekers in comparison to 2018 (8,695 arrivals in 2019 and 4,645 arrivals in 2018). The migration management legal framework of Montenegro is quite solid and to a considerable extent is aligned with the EU acquis and international standards. There are however major challenges in the implementation of the legislation.

44 Security & organized crime: The 2020 EU progress report for Montenegro notes that Montenegro has some level of preparedness or is moderately prepared in the fight against organized crime. Montenegro needs to address some fundamental and systemic deficiencies in its criminal justice system, including the way organised crime cases are handled in the courts. The Balkan Barometer survey identifies crime as the

most frequently cited area of concern in the Western Balkans. While the average percentage of people worried about crime is 17 percent, Montenegrins are by far the most concerned (28 percent of all the respondents).

45 Organized crime in Montenegro is mostly related to drugs-smuggling. The Balkan route continues to be the world's single largest heroin trafficking pathway, which sees drugs smuggled from Afghanistan through the Islamic Republic of Iran, Turkey and the Balkan countries and on to various destinations in Western and Central Europe.

46 The country faces challenges with regard to human trafficking. As per the findings of the Special Rapporteur on Trafficking in Persons who visited Montenegro in November 2019, trafficking is believed to be particularly present in the coastal part of the country and to occur primarily during the summer season. Trafficking in persons occurs for the purpose of sexual exploitation, labour exploitation, domestic servitude and begging. Civil society expressed concern that the actual number of cases is greater than what has currently been identified.⁴⁵

47 Social cohesion: National and regional people-to-people dialogues conducted under the UN's Dialogue for the Future program have also highlighted mistrust, lack of sense of togetherness, but also populism and

⁴⁴ IOM Displacement Tracking Matrix <https://migration.iom.int/europe?type=arrivals>

⁴⁵ Human Rights Council, Report of the Special Rapporteur on trafficking in persons, especially women and children, visit to Montenegro, A/HRC/44/45/Add.1, April 2020.

divisions, together with degraded values, as reasons for lack of connectedness of citizens with their communities and governments. The root causes of these are disagreements around identity issues – ethnicity, language and religion.

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F, high school student, 18, Tivat: “As far as identity issues are concerned, they have had primacy all this year, and we have put aside all those problems that we have had for years and decades. I think it’s time to really focus on the burning issues and put aside the division.”

⁴⁸ Social cohesion in Montenegro has become increasingly fragile in recent years. It is impacted by the low level of trust in institutions and a perception of limited equal treatment. The Balkan Barometer has shown a decreasing trend in trust in public institutions. More than half of Montenegrins believe that the law is not applied to everyone equally.⁴⁶ Incidents of hate speech, other hate crimes and homophobic expressions, in particular against ethnic and religious minorities as well as LGBTI community pose a threat to diversity and social cohesion. Sporadic incidents of violence between members of different ethnic groups and targeting groups based on religious affiliation occurred in 2020. Overall, there is limited data on the number of such

cases. In addition to the lack of data, the UN Committee on the Elimination of Racial Discrimination (CERD) noted with concern alleged hate speech by politicians and public figures against ethnic or ethno-religious groups, in particular during pre-election campaigns, and about racist hate speech expressed in the media, including the Internet.⁴⁷

⁴⁹ A Friedrich Ebert Stiftung (FES) study outlined five key commonalities among young people in six countries of the Western Balkans: a) they are confronted with very adverse conditions in the labour market; b) informal work arrangements are perceived to be extremely widespread and are increasingly tolerated; c) the emigration potential of youth continues to be very high and is much higher in comparison to the South East EU countries; d) a large majority of youth in the Western Balkans are in favour of solidarity-based Europeanisation, but there are also signs of increasing authoritarian tendencies (in terms of populist/nationalist narratives); and e) interest in politics is very low and has decreased in recent years.⁴⁸

⁴⁶ 2020 RCC Balkan Barometer

⁴⁷ 2018 Committee on the Elimination of Racial Discrimination (hereafter CERD Committee), Concluding Observations on Montenegro, CERD/C/MNE/CO/4-6

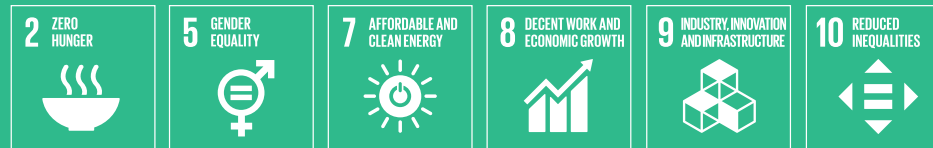
⁴⁸ 2019 Lavrič, Miran. In search of solidarity-based Europeanisation / Miran Lavrič. - Sarajevo : Friedrich-Ebert-. Stiftung Dialogue Southeast Europe

50 The low level of trust in elected representatives⁴⁹, combined with the fact that young people tend to be impacted by stereotypes as part of negative and ethno-nationalist rhetoric that is passed from one generation to another, and the above-mentioned feeling of exclusion and insecurity due to lack of and loss of jobs, can lead to radicalization, intolerance, disrespect towards diversity and negative rhetoric. This perpetuates already existing divides and provides ground for an surge in social conflict.

⁴⁹ 57 percent of the young people indicate that there are no politicians in Montenegro they trust, 48 percent of them feel that politicians are not addressing them and 55 percent agree that individual human rights and liberties are not respected in Montenegro today-source: Westminster Foundation survey on youth perceptions and attitudes towards politics in Montenegro, 2019



3



Inclusive economic development and environmental sustainability



Progress made

51 Montenegro continues to transition to a market economy and progress towards EU accession, by opening all EU chapters of the EU acquis Communautaire and closing three. This is the best performance in terms of Western Balkans EU accession countries. In recent years, growth has been robust, Montenegro has made improvements to fiscal management and unemployment has been on a downward trend prior to the COVID pandemic. Since 2011, the economy has been creating formal jobs and the overall labour participation rate has increased. In early 2017, unemployment was 17.4 percent, versus 15 percent at the beginning of 2020. Employment for the same period rose from 44.6 to 47.4 percent.⁵⁰ Since 2011, there has been a trend of increasing participation and employment of women in the formal labour market, which stood at 45.2 percent and 36.5 percent respectively in 2019. However, there is a gender gap; the male participation and employment rates in 2019 were 61.3 percent and 49.8 percent, respectively.⁵¹ Several comprehensive reforms and important laws were adopted in recent years, which are expected to significantly improve the business environment and the development of start-ups. These include the Law on Incentives for the Development of Research and Innovation and the Law on Innovation Activity.

⁵⁰ Monstat Montenegro Labour Force Survey

⁵¹ Labour Force Survey Montenegro 2020

⁵² <https://www.energy-community.org/implementation/Montenegro/reporting.html>

52 The country is transitioning to a zero-carbon economy and is achieving some of its national targets. For instance, it reached the ambitious national target on the use of energy from renewable sources, which represents the share of gross final consumption of energy from renewable sources in the amount of 33 percent in 2020.⁵² In addition, Montenegro has joined international efforts in combating climate change and regularly report under United Nations Framework Convention on Climate Change and has established a legal and institutional framework aimed at reducing disaster risk.

F, political analyst, 27, Podgorica: "Our economy depends mainly on tourism. We should diversify our economy, create new jobs, reduce the unemployment rate and develop the northern region... innovation and digitalisation are two means to solve many problems."



Current gaps and challenges: Political economy and economic transformation

53 Political economy: Montenegro's political economy can be characterized as a dual economy; a large government sector and a dominant external sector, tourism, which brings prosperity in the form of job creation and foreign exchange income. The large public sector prevents the private sector from fully becoming the engine of growth, hindering the economy's ability to diversify and create jobs and slowing down progress towards market economy.

54 The continued large footprint of the Government and increasing debt fall short of EU accession requirements. Montenegro has struggled to tackle corruption and illicit financial flows. Rent seeking through public procurement contracts, e.g. for infrastructure projects, remain an issue due to the lack of transparency.⁵³ Lack of transparency also creates the conditions for illicit financial flows. The Global Financial Integrity estimates that approximately 1 billion dollars (equivalent to 20 percent of GDP) transits Montenegro each year.⁵⁴

55 Following parliamentary elections in August 2020, the political landscape changed. The new Government

has however reaffirmed its commitment to important foreign policy positions of Montenegro, including NATO membership and EU accession. This should ensure continuity of government action in areas where reform is mostly needed, particularly in the area of rule of law and public administration reform.

56 Growth: In recent years, whilst growth has been robust, two events have demonstrated Montenegro's vulnerability to global growth shocks. The vulnerability of the Montenegrin economy stems from substantial internal and external imbalances. Growth has become heavily dependent on public investment. A decomposition of growth since 2014 shows that gross fixed capital formation, the majority of which is mostly public investment, has been the main driving force, rather than private investment. Without public investment, Montenegro's growth would have averaged closer to 1-2 percent per annum since 2015, showing a lack of a private sector engine of growth.⁵⁵ Service sectors contribute most of the gross value added at around 60 percent of GDP in 2019. Industry contributed 16 percent, agriculture 6 percent, whilst manufacturing contributed 4 percent.

57 Growth also became significantly less pro-poor following the Global Financial Crisis. During the pre-crisis period of 2005-2008 it was estimated that

53 MANS Monitoring and Analytical Programme

54 Global Financial Integrity update report 2019.

55 2019 International Monetary Fund: Montenegro Article IV Consultations (IMF Report No.19/293)

the growth elasticity of poverty was -1.97. Following the Global Financial Crisis, it was estimated that the elasticity of poverty moved to 4.02 between 2009 and 2013. This means that during the pre-crisis period, a one percentage increase in growth was accompanied by almost 2 percent reduction in poverty, whereas in the post-crisis period a one percent increase in growth has been accompanied by a 4 percent increase in poverty.⁵⁶

58 Fiscal Policy: Public investments have led to worsened internal imbalances making the economy more vulnerable to shocks. The subsequent lack of fiscal space has reduced Montenegro's ability to absorb economic shocks such as the one caused by COVID-19. The primary fiscal deficit has worsened because of the investment and debt is rising towards an estimated 93 percent of GDP in 2020, pushing it towards unsustainable levels.⁵⁷ COVID-19 has already delayed a fiscal adjustment, which began in 2017. The latest revision to the Government budget in May 2020 projected a fiscal deficit of 7.3 percent of GDP and debt at 83 percent of GDP.

59 While Montenegro has made improvements to fiscal management, mechanisms to support fiscal discipline and effective targeting of expenditures are not fully implemented. Similarly, programme-based bud-

geting is not available to explore expenditures for vulnerable groups. The Montenegrin tax regime is heavily dependent on a regressive tax, VAT. Around 60 percent of total tax revenues in 2019 came from VAT. Conversely personal income taxes only make up around 10 percent of total taxes.

60 Monetary Policy: The Central Bank of Montenegro does not have monetary policy sovereignty and thus cannot set interest rates, act as a lender of last resort, set exchange rates, or print money. This has placed greater emphasis on sound fiscal policy management to keep inflation low and improve competitiveness.

61 External Sector: The Montenegrin economy has substantial external imbalances with a substantial current account deficit, the largest in the Western Balkans, while relying on a narrow base of production. These imbalances increase Montenegro's vulnerability to external shocks. Tourism brings in approximately EUR 1 billion each year or around 25 percent of GDP.⁵⁸ The growing tourism sector has not only supported a higher participation rate and lower unemployment but has attracted foreign direct investment.

62 Montenegro has a narrow base of production. Trade, which is an important component for small and open economies, is far below that of other countries with

⁵⁶ World Bank Systematic Country Diagnostic 2016

⁵⁷ 2019 International Monetary Fund: Montenegro Article IV Consultations (IMF Report No.19/293) and World Economic Outlook

⁵⁸ Central Bank of Montenegro

similar economies: exports of goods and services is at 30 percent of GDP with one of the lowest in the world goods exports of around 9.5 percent in 2019. The economy requires substantial food imports to meet the needs of not only its own citizens, but approximately 2.5 million foreign tourists who visit Montenegro every year.⁵⁹ This has implications for diversification, employment and prices of goods for Montenegrins.

63 Labour Market: Montenegro's weak export performance, poor competitiveness and narrow production base hinders its ability to create decent jobs. While it has made progress in increasing overall participation and rates of participation and employment reached historic highs in 2019, Montenegro still lags behind the EU average. Despite a declining trend in unemployment, unemployment issues persist. Unemployment has been on a downward trend since 2011 and hit 14.3 percent in 2019. However, long-term unemployment represents 80 percent of total unemployment and it is harming youth and women particularly. Long-term unemployment has decreased more rapidly for younger age groups than for the overall population.

64 The unemployed are more likely to be poor, female and young, and have lower education. Although the unemployment rate of women has halved in the last 10 years, it remains at 15.4 percent on average⁶⁰. Youth unemployment (of those 15-29 years) was still high in

2019 (22.3 percent), with a rate of those who are not in employment, education and training (NEET) equally high (21.3 percent). The large majority of youth (88 percent) work in services (in the case of female youth 95 percent). The lack of well-paid jobs poses a critical development challenge encouraging young, skilled Montenegrins to leave the country, limiting domestic growth.

65 Low labour productivity hinders wage growth and the potential for long-term inclusive growth. While in recent years the economy has been creating formal jobs, increasing the participation rate and bringing the unemployment rate down, these are not predominantly jobs in high productivity sectors. While the contribution of labour to growth is low, that of total factor productivity (TFP) has been negative since the 2008 financial crisis. The public sector (which still employs nearly 29.2 percent of the labour force), tourism and domestic retail sectors are mostly responsible. In 2018 and 2019, comprehensive Labour legislation reform was undertaken, resulting in the adoption of new Labour Code and the Law on Mediation in Employment and Insurance in cases of Unemployment. However, certain categories of workers still are lacking sufficient protection, including informal and undeclared workers, domestic workers, migrant workers and own-account workers.

⁵⁹ Montenegro Statistical Office

⁶⁰ <https://www.monstat.org/cg/page.php?id=1762&pageid=22>

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F, engineer, 24, Berane: “I would leave Montenegro, for two reasons: because of the economic situation and because at the moment the whole situation does not make me happy.”

66 Real Sector: Agriculture is the activity undertaken by the majority of the rural population. 48,824 families' income partly or entirely comes from agriculture. Agriculture provides around 8 percent of GDP, while agro-food processing contributes less than 1 percent to GDP. Tourism and construction have become two important sectors of the economy. Companies operate predominantly in service industries. The share of the industrial sector in the total value of production has decreased in the recent years. Industry represents 15.9 percent of the country's GDP⁶¹ and employs 19 percent of the workforce. The manufacturing sector accounts for only 4 percent of GDP⁶², while the steel and aluminium industry alone represents a good part of the country's exports⁶³. Construction growth has slowed, as highway construction activity peaked, but the reduced public investments will act as a burden on growth in the coming few years, meaning new engines of growth need to be identified.

67 Energy has been of growing importance to the Montenegrin economy. A high voltage direct current cable has been laid between Montenegro and Italy. As long as there is a cost differential between Montenegrin and Italian electricity generation it will enable Montenegro to export electricity. Montenegro has planned new energy generation infrastructure in renewables, such as hydro and wind. The construction of wind power represents the first new installed capacity of renewable energy since the 1970s. There are further plans for the installation of more hydro power plants to further reduce the dependence on fossil fuels.

68 Tax revenues lost due to informal employment and undeclared work are estimated at 2.8 percent of GDP annually. The informal economy continues to represent a large proportion of the economy contributing between 28 to 33 percent of GDP.⁶⁴ The rate of informal employment is high and ranges from 25 percent to 37 percent but is currently declining. A shortage and a skills mismatch are problems for growing businesses. Innovative and high growth firms have difficulties finding adequate labour. Skills necessary for management are particularly scarce. The education and training systems are weakly linked to private sector needs. Shortage of skills is compounded by a weak environment for entrepreneurialism.

61 https://databank.worldbank.org/views/reports/reportwidget.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=MNE

62 <https://www.macrotrends.net/countries/MNE/montenegro/manufacturing-output>

63 2020 UNIDO Country and Industry Profile Montenegro

64 European Commission: Commission staff working document - Economic Reform Programme of Montenegro (2019-2021) - Commission assessment

69 Existing co-operation between real sector and science has not reached an appropriate level that would provide significant innovation results.⁶⁵ New legislation has significantly improved the business environment for the development of start-ups, but there are still obstacles, such as inadequate knowledge of how to establish effective start-ups, lack of financial and mentoring support, lack of co-working spaces, long administrative procedures and limited digital infrastructure.

Current gaps and challenges: Environment and climate change

70 The economy of Montenegro and the environment are intrinsically linked. Montenegro's accession to the EU requires progress on environmental governance and reducing Greenhouse Gas (GHG) emissions. The Government of Montenegro estimates that an approximate EUR 1.429 billion of investments is required to align with the Environment and Climate Change Acquis.⁶⁶ Montenegro will face a demanding task of mobilizing the funds for environment protection in order to move closer to EU and achieve SDGs, thus protecting resources, environment and health of its citizens. These investments would need to be focused on legislation, air pollution, waste management, water, nature protection, chemicals, noise and climate change.

The closing of EU Chapter 27 will largely depend on Montenegro's readiness to establish a sustainable financial mechanism for environment and climate change. Special attention in the forthcoming years should be paid to adequate and sustainable capitalisation and operational functioning of the Eco Fund, formally established in December 2018, in June 2020.

71 Montenegro adopted the Law on Protection Against Adverse Impacts of Climate Change in December 2019, as well as the Regulation on CO₂ emissions. Despite progress, to enhance the application of environmental dimensions in sectoral policies, as well as focusing on further aligning with the EU acquis in the area of climate change, there is a need to develop at least 13 by-laws. Implementation of legislation lags behind efforts to improve the legal and policy framework.

72 **Waste management:** Waste disposal is still the leading method of waste management. The amount of waste produced in Montenegro without a primary waste selection and management system for special types of waste, has constantly been increasing. There is a low recycling rate and no measures to encourage the reuse, recycling and selective collection of waste materials. Statistical data on waste quantities is not adequate. Communal infrastructure is poor, without systems for selective waste disposal, and there is a large

65 2019-2023 Industrial Policy of Montenegro

66 Analysis of legal, institutional, economic and financial fulfilment of objectives defined by the Opening Benchmark for Chapter 27 - Environment and Climate Change, Ministry of Sustainable Development and Tourism

number of illegal landfills. There is no infrastructure for hazardous waste disposal, and instead this waste is exported from Montenegro. Proper management of chemical waste still remains a challenge.

73 Protected areas, biodiversity conservation and forestry: Biodiversity conservation, in practice, relies primarily on in situ protection, through the establishment of the Network of Protected Areas. The existing Protected Area Network does not cover all species and habitats important for conservation, like those in the marine ecosystem, which are exposed to various anthropogenic pressures. Previously established Protected Areas, frequently lack adequate management structures and plans as well as human and financial capacities. Forests, as one of the most important natural ecosystems, are characterized by a wealth of biodiversity that ensures their multi-functionality and stability. Key endangerment factors are habitat loss and degradation, primarily due to uncontrolled urbanization and construction of transport and energy infrastructure. Other factors include over-exploitation, such as poaching, deforestation and harvesting of wild fruits, and various forms of pollution. However, according to FAOSTAT there has not been significant deforestation in Montenegro, with the level of land covered by forest having remained constant since 2010.⁶⁷

74 Marine resources: Tourism has become the leading development driver for coastal areas over the last two decades, resulting often in pronounced pressures on natural resources. Montenegro's marine resources are exposed to numerous and diverse stresses which, above all, include the effects of pollution from cruise ships, untreated municipal wastewater, solid waste, shipbuilding/ship repair, from ports and marine areas, which are usually not sufficiently equipped to accept waste from vessels and minimizing negative impacts on the marine environment, from vessels and from industry.

75 Water: In 2017, more than 90 percent of the population had access to basic drinking water supply and sanitation services. There are still gaps in ensuring equitable access to safely managed services in all settings, particularly in rural settlements, but also in institutions, such as schools and health care facilities. Water supply for domestic use is a priority for the water management system. Montenegro is rich in high-quality running and groundwater but faces huge losses in the water supply network in urban settlements. Industrial and agricultural water pollution is present and poorly controlled, while the level of municipal wastewater treatment is very low. National regulations are not sufficiently harmonized with EU regulations, primarily with the Water Framework Directive and the Waste Water Directive.⁶⁸

⁶⁷ FAOSTAT

⁶⁸ The degree of harmonization of national regulations in relation to Directive 271/91 / EEC on urban waste water is 47 percent



76 Air quality: Air quality measurements demonstrate significant differences between the three air quality measurement zones (northern, central and coastal) and reflect increased concentration of pollutants. In the northern and central regions during the winter months, high air pollution levels are recorded. This is due to the burning of fossil fuels and emissions from traffic. Three towns are particularly affected - Pljevlja, Niksic and Podgorica. Citizens of Pljevlja burn around 80 percent of the total coal used in the residential sector for heating. As a result, the air in Pljevlja during the winter season is heavily polluted with SO₂, NO_x, PM_{2.5}, PM₁₀, ash and dust, which are the main by-products of lignite combustion in individual furnaces in around 5,000 households.^{69 70} Air pollution represents a high health risk both for adults and children. According to the European Environmental Agency (EEA), there were 640 premature deaths in Montenegro due to particle matter and ozone exposure in 2018. As WHO has identified, maternal exposure to ambient air pollution is associated with adverse impacts on fertility, pregnancy, new-borns and children.⁷¹

77 Greenhouse gas (GHG) emissions/climate change: According to the latest GHG inventory data, the GHG emission level in 2018 was 30 percent below the level in 1990. According to the first Nationally Determined Contribution (NDC), this is the exact emission level to be achieved by 2030,. However, five years after the

Paris Agreement, in 2020, Montenegro started the process of revising its NDC target, trying to set the emissions decrease to 35 percent. Additional efforts and climate measures with strong mitigation potential will be needed in the forthcoming period to achieve this more ambitious target by 2030. While Montenegro has taken some initial steps towards establishing a framework for addressing climate change risks, it has not yet integrated adaptation into national and economic sectoral planning processes and related public and private investment frameworks. To date, the majority of Government's policies are almost exclusively focused on mitigation.

78 Resilience to man-made and climate-induced disasters: Floods occur on an infrequent basis. In the north-eastern parts, there has been a trend of slightly increasing annual rainfall since 1949, while it is the opposite in the coastal area. Regarding hydrological and climate extremes, four major floods have occurred since 2006. The main challenges to flood risk management concern implementation and enforcement of laws and strategies between several ministries, directorates and local authorities. The most recent significant flood in November 2019 impacted on people and infrastructure in municipalities of Niksic and Kolasin, with a total estimated damage on households of around EUR 73,000 and of infrastructure of around EUR 211,500.

69 Action Plan for development and larger use of district heating and/or cooling and high-efficient cogeneration in Montenegro

70 Final report - Biomass-Based Heating in the Western Balkans - A Roadmap for Sustainable Development

71 https://www.eea.europa.eu/publications/air-quality-in-europe-2020-report/at_download/file

- 79 Impact on vulnerable groups and gender:** Some vulnerable groups, such as Roma and Egyptians, are particularly exposed to environment related risks impacting on their health and wellbeing, as well as risks of and lack of electricity, safe drinking water and access to clean toilets. Some Roma dwellings are located at major waste disposal points (like Lovanja between Tivat and Kotor municipalities) or at environmentally and climate hazardous spots (like the Roma refugee settlement at a riverbank in Berane). The population living in these areas is exposed to persistent organic pollutants from waste, as well as from intentional or unintentional waste burning or from floods. This puts them at the continuous risk of injuries, diseases and poisoning. Risks caused by climate change, like droughts, heat waves or fires, bring another layer of vulnerability to already highly vulnerable groups, and this will impact on those whose livelihoods depend on affected sectors, e.g. agriculture. Gender differences in time use, access to assets, markets, institutions, and normative frameworks play an important role in constraining women's opportunities. Greater dependence on natural resources for people's livelihoods causes disproportional shocks on women and girls in the local environment. Thus, economic, social and environmental costs of climate change can be prohibitively high for women and their considerations need to be integrated in the climate change response.
- 80 Public opinions:** According to a national representative survey conducted by IPSOS, one in five citizens (20 percent) in Montenegro believe that global warming and climate change are fake news and 23 percent in Montenegro believe that global warming and climate change reports are unrealistic and exaggerated. However, adolescents and young people in Montenegro identified climate change as the highest or one of the high priorities that humanity needs to solve and 84 percent of over 900 respondents to a U-Report poll stated that they believe that climate change has an effect on Montenegro.

81 Cross border/regional dimension: Challenges to bilateral and regional cooperation for integrated water resources management include the following: i) works and facilities with trans-boundary environmental and social impacts, i.e. construction of hydro-power accumulations; ii) cross-border rivers regulation works; iii) transferring waters from one river basin to another and impact on water balances; and iv) flood infrastructure development based on the river basin models and risks and hazards mapping. Bilateral and regional commissions and structures need strengthening in their decision-making mandates and in development of clear mechanisms for settlement of disputes with participation of those affected and eventual inclusion of governments and international bodies, e.g. secretariats engaged in overseeing the implementation of the relevant international treaties.

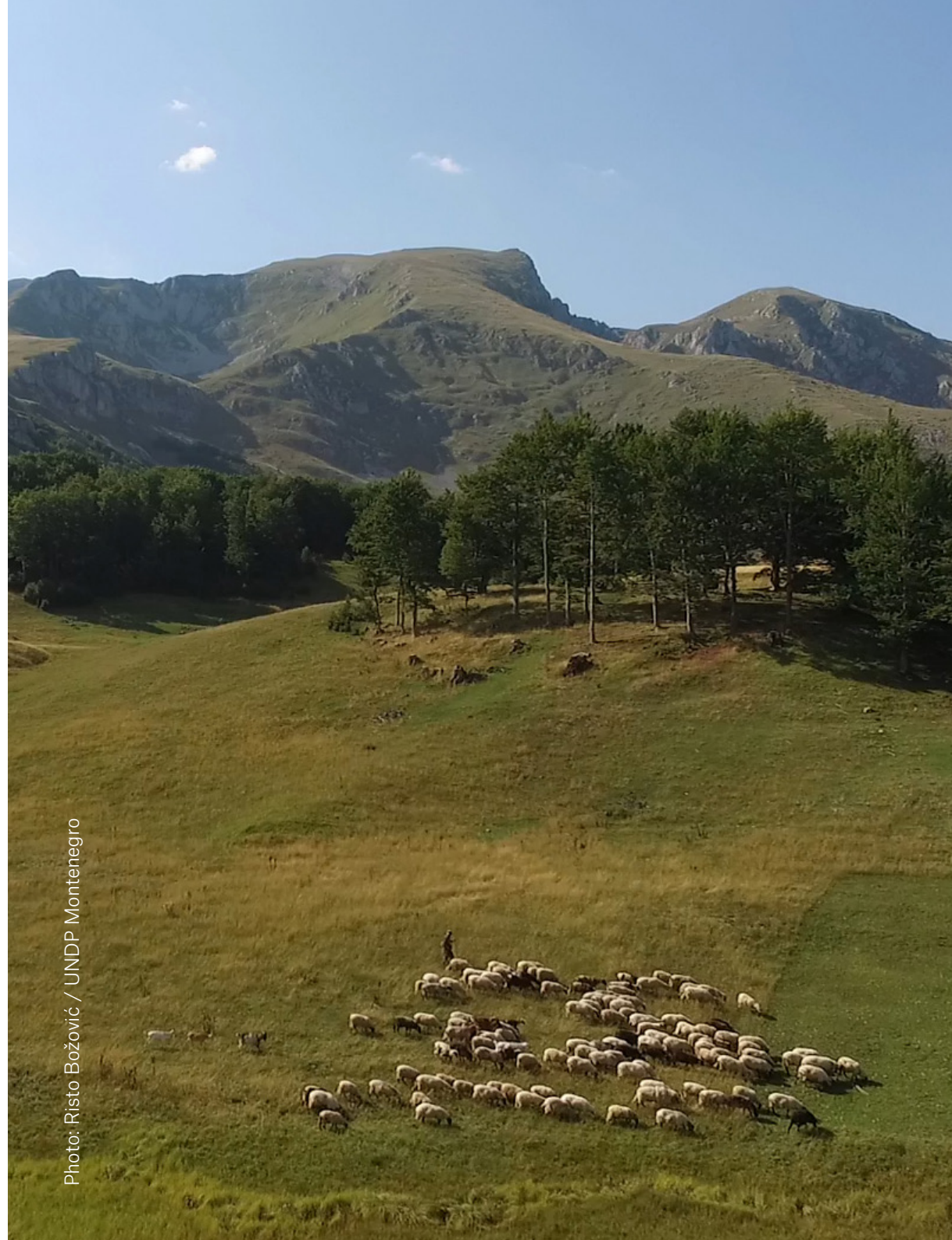


Photo: Risto Božović / UNDP Montenegro

4



**Human capital development,
poverty reduction and
social inclusion**



Progress made

82 Poverty has reduced in Montenegro. Since 2017 poverty, as measured by the upper middle-income poverty rate (\$5.5 in 2011 purchasing power parity), has decreased from 19.4 percent to 18.1 percent. Montenegro has continued to improve its overall HDI score. Between 2017 and 2020, the HDI has increased from 8.14 to 8.29. Montenegro ranks currently 48th in the global HDI.

83 Montenegro continues to improve its legislative and policy framework on fundamental rights, by further aligning its legislation with EU and international standards. While gaps remain, progress has been made. For instance, in 2020, Montenegro adopted the Law on life partnership of same-sex couples, becoming the first country in the region to regulate the status of same sex-couples.⁷²

84 The Government adopted important strategic documents, aimed at social inclusion and protection of other vulnerable groups, in line with international standards, such as victims of GBV, domicile and refugee Roma and Egyptians, persons with disabilities, elderly and children victims/at risk of violence. The Government spent approximately 11.7 percent of GDP on social

protection in 2018.⁷³ Efforts to strengthen the health system towards universal health care, as well as constant increase in government spending on health (from 3.7 percent of GDP to 5.3 percent in 2014 and 2018 respectively) have contributed to increased life expectancy (GHED/WHO, 2020, unpublished).

85 Additionally, over the last decade, Montenegro has made progress toward creating a legal and policy environment favourable to the implementation of reforms to ensure that children can exercise their rights in accordance with the Convention on the Rights of the Child (CRC) and the EU Charter on Fundamental Rights. Reforms led to a decrease of 58 percent in the number of children in large-scale institutional care in the period 2010-2018⁷⁴ and for children under the three ages of year with 97 percent. Preschool education coverage continued to rise, from 52 percent in 2013/14 to 72.4 percent in 2018/19.

86 As stated in the EU progress report for 2020, while the legislative, policy and institutional framework on fundamental rights is now largely in line with the EU and international standards, more needs to be done to strengthen implementation of policies and programmes that achieve tangible benefits of the lives of people, especially the most vulnerable.

⁷² European Commission, Progress Report, Montenegro 2019 Report, Montenegro 2020 Report.

⁷³ Monstat fiscal data using COFOG definition from Eurostat which includes expenditures on: sickness and disability; old age; survivors; family and children; unemployment; housing; social exclusion n.e.c.; R&D social protection; social protection n.e.c.

⁷⁴ Strategy for Exercising the Rights of the Child 2019-2023



F, student, 22, Tuzi: “Young people need to be more involved and consulted, so that they can share their opinions and ideas, which could later serve as recommendations for institutions and their plans and strategies. We can also be of use for monitoring and controlling their implementation.”

Current gaps and challenges

87 Poverty: Poverty is a key root cause that affects the deprivation of rights all identified vulnerable groups.⁷⁵ In 2019, 30.5 percent of the population was at risk of poverty or social exclusion, while the risk of income poverty after social transfers was 24.5 percent.⁷⁶ Data also showed clear income inequality with the 20 percent richest households earning 6.7 times more than the poorest 20 percent.⁷⁷ Poverty rates vary across regions. More people are living in poverty in rural areas than in urban ones (36 percent and 18 percent respectively). The at risk of poverty rate is higher in the northern region (41 percent), compared to the central region (17 percent). Apart from region and area of

residence, poverty rates are correlated with the type of household (households with two adults and three or more dependent children – 45 percent), education level (primary or less – 39 percent) and activity status (45 percent for unemployed), while poverty is transmitted from one generation to another.⁷⁸ The child at risk of poverty rate (at 33.7 percent) is higher than the national poverty rate, i.e. every third child is at risk of poverty. Poverty also extends well beyond monetary dimensions – 91 percent of children in Roma settlements are deprived in three or more dimensions as compared to 37 percent of children in the general population.⁷⁹ Montenegro does not have an overarching poverty reduction strategy. Gaps in the availability of published data on the nature and extent of child poverty have reduced the visibility of the issue.

88 Education: Preschool education coverage continued to rise, from 52 percent in 2013/14 to 72.4 percent in 2018/19, according to the Montenegrin education information system (MEIS). Despite reform efforts, education quality poses a key challenge. Fifteen-year-olds lag almost two academic years behind OECD peers according to the 2018 Programme for International Student Assessment (PISA), indicating that

⁷⁵ 2020 European Centre for Social Welfare Policy and Research, Country reviews: Performance of Western Balkan economies regarding the European Pillar of Social Rights

⁷⁶ Eurostat: https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=sdg_01_10&plugin=1

⁷⁷ Op Cit See also Montenegro Statistical Office Survey on Income and Living Conditions (SILC), available at: <https://www.monstat.org/eng/page.php?id=1531&pageid=1531?>

⁷⁸ The European Union Statistics on Income and Living Conditions 2019 (EU-SILC 2019)

⁷⁹ 2019 Montenegro Statistical Office and UNICEF The 2018 Montenegro Multiple Indicator Cluster Survey and 2018 Montenegro Roma Settlements Multiple Indicator Cluster Survey, Survey Findings Report. Podgorica, Montenegro: Montenegro Statistical Office and UNICEF

Montenegro's education system is not providing students with the required knowledge and skills. PISA data also show that students from socio-economically advantaged families outperformed disadvantaged students by 55 points in reading, indicating strong linkages between poverty and educational achievement. The slow progress of the education reform process affects all children and adolescents and even more so those affected by poverty, adversity and exclusion. Discriminatory attitudes towards children with disabilities and from poor households discourage them from attending schools. Inadequate data on children with disabilities and from the Roma population makes it difficult to assess the scope and range of obstacles to their full inclusion and to design quality interventions.

89 Social and child protection: Despite approximately 11.7 percent of GDP being spent on social protection, social assistance is contributing to poverty reduction in the country by a mere 7 percentage.⁸⁰ Recent reviews found that social protection programmes need to be better tailored to the needs of vulnerable groups. Based on rough calculations, up to 100,000 people (including approximately 30,000 children) vulnerable to poverty are not covered by the national means-tested assistance programmes. Additionally, although the Government developed strategies aimed at social inclusion of certain vulnerable groups, no significant progress has been made with implementation of these

strategies. The social and child protection system is under resourced and predominantly reactive. Insufficient national and local financial and human resource allocations lead to unequal access of the most vulnerable boys and girls to child protection services and variations in geographical service coverage. Unclear accountabilities between national and local level, including on how services that cut across sectors will be financed, are additional challenges. There are evident shortcomings in the system to identify and protect children at risk of family separation, violence and exploitation, as well as limitations to respond to the different needs of the various groups of children at risk. There is a high degree of acceptance of VAC and GBV among the general public, but also institutions in Montenegro. General tolerance, combined with fear of retribution and a high level of distrust in the system, lead to wide under-reporting of VAC and GBV by the general public, professionals and decision makers. Child and family support outreach services and parenting programmes for the most vulnerable and disadvantaged groups are underdeveloped.

⁸⁰ Monstat fiscal data using COFOG definition from Eurostat which includes expenditures on: sickness and disability; old age; survivors; family and children; unemployment; housing; social exclusion n.e.c.; R&D social protection; social protection n.e.c.

90 Health: Efforts to strengthen health systems towards universal health care have contributed to increased life expectancy of 76.7 years (74.1 for males and 79.4 for females)⁸¹. However, life expectancy of the Roma and Egyptian population, based on research conducted for National Strategy of Social Inclusion of Roma and Egyptians 2016-2020, is 55 years, 20 years lower than of the general population pointing at poor conditions and quality of life and neglect of health of members of the community.⁸² Government spending on health as a share of GDP increased from 3.7 percent to 5.2 percent in 2014 and 2018 correspondingly, but still it remains one of the lowest in the European region.⁸³ The impact of the major Non-Communicable Diseases - diabetes, cardiovascular diseases, cancer, chronic respiratory diseases - is alarming: taken together, these four conditions account for an estimated 72.70 percent of deaths (2016, IPH data) and 32.38 percent of the disease burden (2019, IPH estimates). Strong primary health care is indispensable to progress towards universal health coverage (UHC) and for effective control of chronic and communicable diseases, and strengthened maternal, new-born, child, and adolescent health. Despite Montenegro's commitment to moving towards UHC, as reflected in a series of national health strategies, as of 2003, the level of cove-

rage is still weak. In 2018, the level of out of pocket payments (OOPs) was about 40 percent of current health expenditures in 2018. Existing information system in the health sector is incomplete, fragmented and insufficiently interoperable to provide satisfactory information for the efficient management of the health system.

91 Substance abuse: Prevalence of tobacco smoking among adults 15+ year olds remains high.⁸⁴ In Montenegro, according to a EU survey of high-school-age respondents on the use of alcohol and other substances (European School Survey Project), the most frequently used psychoactive substances are alcohol, with lifetime prevalence of 77 percent and tobacco with 35 percent. Cannabis remains the most frequently used illicit drug with 9 percent, followed closely by other illicit substances (MDMA, cocaine, amphetamine, methamphetamine, heroin, LSD).

92 Mental health services: A mental health strategy 2019-2023 was adopted, but implementation remains a challenge. Mental health services remain fragmented and institutionalized, with few opportunities for persons with mental health conditions and psychosocial disabilities to access treatment in community-based or general health care settings.

81 2019 – Institute for Public Health, Analysis of human resources of in health system of Montenegro: <https://s3.eu-central-1.amazonaws.com/web.repository/ijzcg-media/files/1591772227-analiza-ljudskih-resursa-2019.pdf>

82 Ministry Of Human And Minority Rights, The Strategy For Social Inclusion Of Roma And Egyptians In Montenegro, 2016 – 2020, page 45.

83 GHED/WHO, 2020, unpublished.

84 According to the latest conducted survey the overall rate was 35.4 percent in 2017, with rates among men and women being 36.2 percent and 34.5 percent respectively. There has also been observed an increase in tobacco smoking among 13-15 year old students – from 8.4 percent in 2014 to 8.7 percent in 2018

“

M, marketing coordinator, 24, Podgorica: “I am currently working on a project with soup kitchens and food banks throughout Montenegro, and when we asked the volunteers what users needed, they all gave us the same answer - that it is not just food, but psychological help as well.”

93 Coordination: Lack or limited inter-sectoral/multi-sectoral cooperation among authorities from different sectors and between actors at national and local level presents a key systemic bottleneck that hinders effective policy implementation and service provision. Given that vulnerable groups often face multiple, overlapping deprivations one sector alone is unable to address their needs. Holistic, integrated services and approaches are required to achieve social inclusion of the most vulnerable groups.

94 Data: Lack of or limited quality, disaggregated data is one of the key systemic issues impacting the planning and policy making processes, as well as implementation of programmes aimed at vulnerable groups. Both periodicity and disaggregation of socio-economic data are important to targeting vulnerable population effectively. As pointed out in the EU Progress Report for 2020, the country is moderately prepared in area of statistics.⁸⁵

⁸⁵ 2020 EU progress report October 2020

⁸⁶ World Bank, Human Capital Index, Montenegro, 2020, https://databank.worldbank.org/data/download/hci/HCI_1pager_MNE.pdf?cid=GGH_e_hcpexternal_en_ext

⁸⁷ 2019 Leaving No One Behind: A UNSDG Operational Guide for UN Country Teams

95 Human capital development: As per the World Bank Human Capital Index, a child born in Montenegro today will be only 62 percent as productive when she grows up, as she could be if she enjoyed complete education and full health. This is lower than the average for the Europe and Central Asia region, but higher than the average for upper middle-income countries. The COVID-19 pandemic threatens hard-won gains in health and education over the past decade leading to constrained human capital development and stark equity gaps affecting especially vulnerable children. These are critical impediments to reaching full potential adult productivity and improving economic growth in every country.⁸⁶

Multiple, intersecting deprivations and disadvantages reinforcing exclusion

96 To ensure that the realization of the 2030 Agenda benefits all groups in society, the UN in Montenegro commissioned a background paper on Social Inclusion and Leave No One Behind. This background paper is an integral part of the CCA and was developed based on the interim draft guidance of UNSDG for UN Country teams on Leave No One Behind⁸⁷. The assessment identified 10 groups as most vulnerable and facing multiple, intersecting and overlapping

deprivations and disadvantages that are reinforcing inter-generational cycles of exclusion. Key data on each of these 10 groups are presented below:

1) Roma and Egyptian community, including Roma and Egyptian women, girls and boys: Domicile and refugee Roma and Egyptians are among the most marginalized and deprived communities in Montenegro who experience social exclusion and deprivation in multiple ways. 90 percent of Roma and Egyptian households are materially deprived. 21 percent of Roma and Egyptian children under five, living in Roma settlements, are stunted and 8 percent are underweight – compared to 7 percent and 4 percent, respectively, of the general population (MICS 2018). Only 16 percent of Roma and Egyptian children attend early childhood education (53 percent of the general population). The primary school completion rate is 56 percent and secondary school only 3 percent for children in Roma settlements – compared to 96 percent and 86 percent, respectively, for the general population. Out of school rates among Roma/Egyptian children are very concerning at 22.1 percent for primary education and 75.4 percent for secondary education – compared to 2.5 percent and 6.5 percent, respectively, among non-Roma children (MICS 2018). The employment rate among Roma aged 15 to 64 is 14 percent (national rate is 52 percent). Anecdotal evidence suggests that access

to healthcare can be difficult due to prejudice among some medical staff, lack of legal documents and costs of medication, if these are not available at public pharmacies.⁸⁸ 11.5 percent of Roma and Egyptian people do not live in proper housing (leaking roof, no bath/shower and no indoor toilet, or a dwelling considered too dark), 11.7 percent do not have access to sanitation facilities (MICS 2018). Women and girls of Roma and Egyptian origin face additional and reinforcing deprivations on account of their gender. They are more likely to be illiterate and less likely to access decent work. Roma and Egyptian girls have a 22 percent chance of being married before 15 and a 60 percent chance of being married before 18.⁸⁹ Bottlenecks to reducing child marriages in Roma and Egyptian communities include inconsistencies/gaps in legislation and legal definitions of child marriages; prevailing traditional attitudes and the fact that many child marriages are not registered; lack of professional support at local level to prevent child marriages and to assist victims.

2) Persons with disabilities, including those with intellectual disabilities and in institutional care: There is no national definition of persons with disabilities. Each sector has its own disability determination commission and its own disability determination criteria, which are mostly based on the medical rather than social model of disability, contrary to the Convention on

88 2019, Council of Europe & De Facto Consultancy, Situational Analysis: Identifying and mapping relevant challenges faced by RE community in Montenegro.

89 MONSTAT & UNICEF, The Prevention of Child Marriage in Montenegro Challenges, Lessons Learnt and a Theory of Change a Snapshot, 2018. Available at: <https://www.unicef.org/montenegro/media/2586/file/MNE-media-MNEpublication23.pdf>. See also Council of Europe & De Facto Consultancy, 2019 (see footnote 18).

the Rights of Persons with Disabilities. Consequently, there is very limited data and data disaggregation by gender, age and place of residence. There is a critical lack of data about children with disabilities. The Convention on the Rights of Persons with Disabilities Committee noted lack of progress in bringing national legislation into a full compliance with the Convention and that efforts replacing the current medical model of disability with a human rights-based approach have been largely insufficient.⁹⁰

Sixty percent of persons with disabilities are estimated to live below the poverty line.⁹¹ Poverty is estimated to be much higher than in the general population, especially for women.⁹² Despite almost universal health insurance coverage, according to some NGOs, persons with disabilities have limited, unequal access to health services, especially those in institutions. Enrolment in mainstream schools has somewhat improved (e.g. from 16 percent in 2016 to 19 percent in 2019⁹³), but access to pre-school remains low with limited adaptation of pre-school environments to specific needs. Enrolment of children with disabilities in vocational education is also low. Adolescents with disabilities are facing significant barriers as 70 percent of school premises are inaccessible, materials are not in accessible formats, and there is no sign language interpre-

90 2017 CRPD Committee, 2017 –footnote 78

91 Strategy for Integration of Persons with Disabilities 2016-2020

92 (CRPD/C/MNE/CO/1, 2017, para 48

93 Ministry of Education data base

tation. Those with significant disabilities are often directed to day care centres that are community rather than educational services.

In October 2019, 11,173 persons with disabilities were registered as unemployed at the Public Employment Agency (60 percent of them are women). Almost half of those registered do not have any formal education (48 percent).

In 2017, the Committee on the Rights of Persons with Disabilities noted with concern that “violence against persons with disabilities, particularly women and children, is prevalent and that effective measures to prevent violence, including sexual violence, in all settings and to monitor violence prevention, are lacking.”⁹⁴ The Committee on the Rights of the Child’s Concluding Observations point out the high prevalence and tolerance of VAC in general, and children with disabilities being even more vulnerable, as well as low level of reporting to the authorities. Overall, safeguarding policies/practices and family and community-based protection services for children and adults with disabilities are largely missing.

Adults and children with psycho-social/intellectual disabilities are especially vulnerable to experiencing multiple deprivations – in particular when deprived of legal capacity and placed in institutional care. They are almost automatically declared legally incapable⁹⁵ and placed under guardianship, without taking into account the preferences of the person affected.⁹⁶ There is continued involuntary placement of persons with psycho-social disabilities in institutional settings.⁹⁷ Once classified, persons are rarely reassessed.⁹⁸ Some people with minor disabilities have stayed in institutional settings for as long as 14 years.⁹⁹ Others have experienced inadequate access to medical treatment both for their disability and for other medical conditions.¹⁰⁰

3) Children (including children with disabilities, victims of violence, without parental care, working/living off the street): According to the 2011 census, there were 145,126 children under the age of 18. 23.4 percent of the total population: 75,367 boys (51.9 percent) and 69,759 girls (48.1 percent).

While, as per EU-SILC 2019, 33 percent of children were at risk of poverty, based on administrative data

94 UN CRPD (2017): “Concluding Observations on the Initial Report of Montenegro”

95 Report of Work of Ombudsman for 2016, Page 150. http://www.ombudsman.co.me/docs/1491305524_final-izvjestaj-za-2016-04.pdf.

96 Ibid, page 116.

97 CRPD Committee, 2017, para 28

98 Jovana Hajduković, Maja Raičević “Respect For Human Rights Of Residents In The Public Institution “Komanski Most”, Report Of The Monitoring Team of NGOs Human Rights Action, Centre For Anti-Discrimination “Equista”, Centre For Civic Education Women’s Safe House”. Available at: [www.hraction.org/wp-content/uploads/Izvjestaj_Komanski-most_ENG-2013.pdf](http://www.hrraction.org/wp-content/uploads/Izvjestaj_Komanski_most_ENG-2013.pdf).

99 Ibid.

100 Ibid.

only around 10 percent of the total number of children in the country received child allowance in the amount of EUR 26 per month. The total annual budget for child allowances is EUR 4,5 million, which is less than 0.1 percent of GDP.

Montenegro is faced with critically low, declining immunization rates. Immunization coverage rates for first dose of measles, mumps and rubella (MMR1) have decreased in recent years – from 90 percent in 2010 to 42.1 percent in 2018 (Institute of Public Health, Statistical Yearbook), being one of the lowest rates in the Europe and Central Asia region. Exclusive breastfeeding during the first six months of life remains very low (19.5 percent for the overall population and 13.6 percent among infants from Roma settlements), and have not increased significantly since 2013. Mental health is an emerging issue where 6 percent of children (5-17 years) experienced anxiety according to their mothers, while 3 percent had experienced depression (MICS 2018). Both adolescents and young people emphasized the importance of mental health before and during the COVID-19 pandemic and felt that psychological support is insufficient – in general, but particularly for young people. One critical issue is the limited involvement of parents in undertaking activities with their children. On aggregate, 44 per cent of fathers engaged in four or more activities with their young chil-

dren in 2018, compared to 84 per cent of mothers.¹⁰¹

Although enrolment in preschool increased considerably between 2013 and 2019 (from 52 percent to 76 percent), Montenegro is still significantly below the EU average (95 percent) and more focus is needed on enrolling children from vulnerable groups (children with disabilities and Roma children). The World Bank estimates that a child born in Montenegro today will reach only 62 per cent of her/his potential adult productivity, due to lack of quality education and health care.

Lack of access to justice for children is rooted in a limited understanding of children as rightsholders, poor access to information on children's rights; legal and practical obstacles, and, perhaps most pronounced, deeply entrenched social and cultural norms, as well as judicial and administrative procedures, which are generally not adapted to children.¹⁰²

There is an absence of a comprehensive children's law while adolescents are not recognized as a specific age group in the current legal framework. The committee on the Rights of the Child also pointed out that "insufficient measures were taken to ensure the effective implementation of legislation relating to children's rights, including through the allocation of sufficient resources and the regular assessment of relevant by-laws".¹⁰³

101 Montenegro Multiple Indicator Cluster Survey (MICS) 2018, MONSTAT, UNICEF and UNHCR: http://www.monstat.org/userfiles/file/MICS/MNE/n/MNE_MICS6%20Statistical%20Snapshot%20ECD%20ENG_Montenegro%202018_FINAL.pdf

102 2015 United Nations Children's Fund (UNICEF), The Regional Office for Europe and Central Asia, Children's Equitable Access to Justice, Europe and Central Asia, UNICEF, Geneva, 2015

103 Concluding observations on the combined second and third periodic reports of Montenegro, CRC/C/MNE/CO/2-3, 2018.



Photo: Krsto Vulović / UNICEF Montenegro

Young people feel a sense of disenfranchisement in political processes and there are very few possibilities and mechanisms for meaningful participation in decisions that affect them.

Four groups of children in particular face multiple deprivations:

Children with disabilities: Despite existing cooperation procedures at the national level between the health, social and education sectors,¹⁰⁴ cross-sector cooperation in the coordination of support for children with disabilities and their families is weak. Each sector relies on its own procedures of needs assessment, referral to services, service provision and monitoring and evaluation. The intervention and referral system still predominantly rely on a medical model of disability and lacks integrated approaches to service provision to children with disabilities. Developmental monitoring based on the standardized monitoring tools is not part of the regular health care practice and developmental delays and disabilities are not detected on a timely basis. Children with disabilities in institutional care account for over 60 percent of all children. These facilities rarely provide the individual attention that children need to develop to their full capacity, and institutional care also renders them disproportionately vulnerable to violence and abuse.

¹⁰⁴ Protocol between MoH, MLSW, MoE, primary health centres, centres for social work, preschools/schools and resource centres (2015)

Child victims/witnesses of violence, including of domestic violence and online violence:

Close to 66 percent of children aged 1-14 years were subjected to physical punishment and/or psychological aggression by caregivers in the month preceding the survey (MICS 2018). 25 percent of children 15-year olds participating in the OECD PISA assessment reported being bullied at least a few times a month. Annual reports of the Ministry of Labour and Social Welfare show a 40 percent increase in the number of cases of VAC handled by the Centres for Social Work (CSWs) in the period 2017-2019¹⁰⁵. 2019 Review and Assessment of Sources of Administrative Data on Violence Against Children, confirm that there are no set of indicators at national level for monitoring VAC.

Children without parental care: Reforms led to an overall decrease of 58 percent in the number of children in large-scale institutional care in the period 2010-2018¹⁰⁶ and for children under the age of three 97 percent, but there has been a recent small increase in the number of children in institutional care.¹⁰⁷ Children with disabilities represent a large share. The increase in the number of children with disabilities in institu-

tional care is primarily due to insufficient availability of family and community-based services.

Children living in poverty, including children working and/or living on the street:

According to MICS 2018, 6 percent¹⁰⁸ of Roma and Egyptian children aged 5-17 are engaged in child labour. Only half of children of this age engaged in child labour attend school. The mapping of the situation of children rights in the Konik Camp 2019 showed that every third child that participated in the survey earns money, and almost 90 percent of children that do earn money do so from begging.¹⁰⁹ However, there are no official statistics available on the number of Roma and Egyptian children living and working on the streets. There is still no systemic solution and institutional response to child begging and early marriages among the Roma and Egyptian communities.

105 Annual reports on work of MLSW, 2017, 218 and 2019 <http://www.mrs.gov.me/informacije/planrada/224121/lzvjestaj-o-rad-u-i-stanju-u-upravnim-oblastima.html> In 2017, CSW handled 471 cases of violence against children (241 girls, 230 boys), in 2018, there were 501 cases (232 girls, 269 boys) and in 2019 CSW handled 659 cases of violence against children (312 girls, 347 boys)

106 Strategy for Exercising the Rights of the Child 2019-2023

107 2019 MLSW Annual Report & UNICEF data

108 2018 MICS definition of child labour according to the new methodology used for SDG reporting does not include hazardous working conditions. This is a change over the previously defined MICS6 indicator

109 2019 Mapping of the situation of children rights in the Konik Camp, Ministry of Interior & Red Cross of Montenegro

4) Older persons, especially with deteriorated health, disabilities and/or in need of long-term care:

Montenegrin society is ageing rapidly.¹¹⁰ Over the past 50 years, the proportion of the population aged 60 years or over has tripled. By 2050, it is expected that more than 1 in 5 persons will be aged 60 or over.¹¹¹ Currently, older persons with deteriorated health or with a physical and intellectual disability comprise up to 40 percent of those in the age group 65 – 84; and 61 percent of those older than 85 years.¹¹² People in long-term care are mostly those above 85 years; however, exact numbers are not available.¹¹³

Only 52.3 percent of older persons receive any sort of pension, which is the lowest rate for the region. Unlike some other countries, there is no social pension. Inadequate income forces 73 percent of persons over the age of 65 to join the informal economy. This is a much higher number compared to young people (34 percent for the age group 15–24). Older women are particularly likely to have lower pensions due to discrimination, interrupted work histories and wage inequalities. Since pension represents 65 percent of their lifetime earn-

ings, the wage gap of 13.9 percent in 2017 significantly impacts their income in old age.

Older persons who need long term care due to severe health conditions face a lack of appropriate facilities. A lack of alternative care settings has also meant that those with mental health care needs and/or intellectual and/or psychosocial disabilities are often placed in psychiatric clinics. Those living in more remote or rural areas or in the north, face higher vulnerability as services are further away and they have increasing transportation costs and delays in reaching necessary support.

The UN Independent Expert on rights of older persons noted that there is concern about insufficient regulations and monitoring mechanisms to prevent financial abuse of older people, and that “there was no data available disaggregated by age, in particular on old-age poverty”. This prevents the Government from developing targeted policies.¹¹⁴

110 Data from World Population Prospects: 2019 Revision, by 2050, one in six people in the world will be over age 65 (16 percent), up from one in 11 in 2019 (9 percent); Montenegro is featured in that report with growing ageing population projections by 2050

111 UNDP-Montenegro, “Ageing and seniority- the quality of life” (2013), available at: www.me.undp.org/content/montenegro/en/home/presscenter/articles/2013/10/02/ageing-and-seniority-the-quality-of-life.html

112 2018 Standard Summary Project Fiche 8 – IPA centralised programmes: Social Welfare and Child Care System Reform: Enhancing Social Inclusion, Independent Expert Rights of Older Persons

113 UNDESA, Living arrangements of Older Persons: A Report on an Expanded International Dataset, 2017, also available at: <https://www.un.org/en/development/desa/population/publications/pdf/ageing/LivingArrangements.pdf>. See also Government of Montenegro, Ministry of Labour and Social Care, Strategy for Integration of Persons with disabilities 2016-2020, September 2016

114 Human Rights Council Report of the Independent Expert on the enjoyment of all human rights by older persons on her mission to Montenegro, UN Doc. A/HRC/39/50/Add.2, 2018.

5) Refugees from former Yugoslavia, asylum seekers and refugees recognized through the law regulating asylum and persons at risk of statelessness¹¹⁵:

Due to the insecurity of status of Internally Displaced Persons (IDPs)/Displaced Persons (DPs), most have limited or no access to basic rights. The poverty rate of IDPs/DPs is 8.6 percent higher than of the overall resident population.

Asylum seekers cannot effectively exercise their right to work (to which they become eligible only after nine months) and usually work in the informal economy. Recognized refugees continue to face major difficulties in finding employment, because of limited Montenegrin language skills, low education level and skills and/or an inability to prove their education level.

The integration survey conducted by UNHCR and the Ministry of Interior in September 2020 indicated that three-quarters of refugee respondents in Montenegro have some income, but that over 60 percent of the employed are working in the informal market and in

unregulated conditions. While most refugees from former Yugoslavia have a “stable legal status”, many of them are still “unable to establish a stable source of income”. Despite unemployment being high, few registers with the Employment Agency of Montenegro.

The situation is particularly difficult for the holders of IDP/DP statuses and persons at risk of statelessness, whose legal status in the country is unstable and who are not included in any public planning. Owing to the COVID-19 pandemic, and among those surveyed, as many as 77 percent of this population reported having lost their income.

6) Informal workers, workers with temporary contracts and seasonal workers: Of the total number of persons who work, 32.7 percent are either informally employed (22.3 percent) or have part of their salary paid “cash in hand” (10.4 percent). ILO estimates that the workers most likely to be engaged in informal work are young people, men, individuals with low educational attainment and elderly persons. Unlike workers in

¹¹⁵ Foreigners Seeking International Protection: According to the Ministry of the Interior (Mol), in 2019, 7,975, foreigners expressed the intention to seek asylum from, primarily from Morocco, Syria, Algeria, Iraq, Afghanistan and Pakistan. Of this number, 1,921 (24 percent) persons submitted asylum application, majority of whom were adult men 1,615 (84 percent). Persons who have received refugee status in accordance with the law regulating asylum : As of 5 June 2020, 79 persons received refugee status in accordance with the law regulating asylum since 2006 - 27 live in Montenegro (5 families and 9 single persons). They reside in the municipalities of Podgorica, Danilovgrad and Bar. Of this number, 16 persons are of working age, including 4 single mothers. Refugees from former Yugoslavia: Of an estimated 140,000 persons who fled to Montenegro between 1992 and 1999, the Government registered some 16,500 to be still in the country, at the last re-registration conducted in 2009. Of these, some 12,500 persons opted for local integration, through the status of foreigner, out of which 11,730 have acquired the status of foreigner with permanent residence by the end of January 2020. . As of March 2020, the remaining caseload includes 185 persons with temporary residence and 175 persons who still hold Internally Displaced Person (IDP)/Displaced Person (DP) status, since their applications are still pending before the Mol. Persons at risk of statelessness: At the end of 2019, 142 persons were at risk of statelessness, as they cannot provide the documents necessary to regulate their legal status in Montenegro although they were born in Montenegro or their nuclear family resides in Montenegro (UNHCR, MLSW, Overcoming Vulnerabilities, Achieving Sustainability – Socioeconomic Vulnerabilities of Former Yugoslav Refugees and the Way Forward, 2018). This issue particularly concerns the Kosovo and Serbian Roma as they were often not registered at their place of origin.

formal economy, informal workers usually lack access to financing solutions and are usually without labour protection including health and safety standards and are at increased risk of sexual abuse.

Seasonal workers who come from abroad are only temporarily employed part of the year (in tourism or construction). According to the Ministry of Interior, from January-August 2019, 19,500 temporary residence and work permits for foreigners were issued in Montenegro, 3,600 of which were for seasonal employment. One third of all workers (32.9 per cent) are employed on temporary contracts, while 8.7 per cent are in precarious employment, over four times the average recorded in European Union (EU) countries (2.2 per cent). The percentage of workers on part-time employment contracts in 2019 was 4.14 percent. In the second quarter of 2020 a slight decrease was recorded with 3.88 percent, showing that COVID-19 affected these vulnerable workers.

7) Women experiencing multiple, intersecting deprivations and disadvantages: Gender inequality is one of the oldest and most pervasive forms of inequality. It denies women their voice, devalues their work and makes women's position unequal to men's, from household to the national and global level. Women are not an inherently vulnerable group. They are marginalized and disenfranchised by discriminatory laws, policies and practices that perpetuate gender inequalities. Despite some important progress in recent years, women

have yet to achieve economic equality with men, and women are still more likely to live in poverty than men. They participate much less in politics than men and some are trapped in vicious cycle of violence. A UNDP Survey on Violence against Women found that 42 per cent of women in Montenegro have experienced some form of violence during their lifetime and every fifth woman (18 percent) suffered from violence. Despite efforts to put in place a multi-disciplinary response, role patterns severely weaken professional performance of public service providers responsible for victim protection, especially police, healthcare institutions and centres for social work. A 2019 survey showed that awareness among citizens is slowly rising. 51 percent of the population recognize GBV as an important gender-equality issue, in comparison with 44 percent of the population in 2016. Victims of domestic violence are affected by shortcomings in the Law on Domestic Violence Prevention, such as extremely low sanctions for domestic violence, as most domestic violence cases are prosecuted as misdemeanours instead of criminal offences.

8) Victims of trafficking: Government increased efforts in prosecution and victim protection. Despite reforming the legislation there are gaps in alignment with international standards. Some key issues impacting on the situation of trafficking include: (i) children are allowed to marry from 16 years old, which is two years below the minimum age (18 years) specified in international instruments; (ii) shortcomings in imple-

menting the Standard Operating Procedures intended for unaccompanied, separated migrant and refugee children, as well as unaccompanied asylum-seeking children (UASC) victims of trafficking in human beings in Montenegro (2017).¹¹⁶ In addition, as noted by, the CEDAW Committee in 2017, there were limited efforts by the authorities to identify victims and prosecute alleged perpetrators. Similarly, the Special Rapporteur on trafficking noted in 2019 that the application of the trafficking crime remains low.

Root causes of trafficking include poverty, discrimination against women and children, patriarchal attitudes, and social isolation. Communities that experience exclusion and discrimination are often at particular risk. In Montenegro this is particularly the case for Roma and Egyptian communities, especially women and girls.

9) LGBTI persons: There is no data on the size of the LGBTI community in Montenegro. Many members of the community are yet to feel comfortable to share information on their gender identity or sexual orientation and the challenges they face in their daily lives. The LGBTI community in Montenegro faces discrimination, threats, hate speech and violence. In a 2018 survey conducted in South-East Europe, twenty-four percent of LGBTI persons in Montenegro reported

discrimination at work, and 24 percent reported discrimination at school or university. LBT women face severe discrimination and gender-based violence as observed by the CEDAW Committee in 2017, as they are “widely considered diseased by society”.¹¹⁷ This is in spite of a legal and policy framework that guarantees equal rights and protection of LGBTI persons from discrimination. The framework was bolstered in 2020 with the adoption of the law on life partnership of same sex persons that extends the same rights to same-sex as heterosexual couples, except for adopting children. Transgender persons face challenges in accessing key services. According to NGOs in Montenegro, trans-women are more exposed to violence and discrimination than their male peers, but often do not report violence as they fear exposing their identity, which could lead to further discrimination.¹¹⁸ Anti-LGBTI attitudes that result in stigma, discrimination and can lead to violence against the community are decreasing according to a Government commissioned survey in 2019, but concerns remain. For example, a 2020 survey among more than 400 high school students showed that one third found homosexuality and related phenomena a “social scourge” that needs to be combated, and one in ten students believe that an LGBTIQ person deserves abuse.

116 The 2017 Standard Operating Procedures intended for unaccompanied and separated migrant and refugee children and UASC victims of trafficking in human beings in Montenegro, UNICEF

117 2017 CEDAW Committee Concluding Observations on Montenegro (CEDAW/C/MNE/CO/2) para 46

118 2017 Women’s Rights Centre, Centre For Roma Initiatives, Women’s Safe House, SOS Hotline for Victims of Violence Nikšić, Spektra, NGO shadow report on CEDAW 2017, page 48: [https://tbinternet.ohchr.org/Treaties/CEDAW/Shared percent20Documents/MNE/INT_CEDAW_NGO_MNE_27715_E.pdf](https://tbinternet.ohchr.org/Treaties/CEDAW/Shared%20Documents/MNE/INT_CEDAW_NGO_MNE_27715_E.pdf)

10) Homeless persons: There is limited data and other information on the number and situation of persons who are homeless in Montenegro.¹¹⁹ The majority of persons who stayed in a homeless shelter were middle-aged men who had recently lost their jobs, been released from prison, had experienced family violence, had been rejected by the family, or were severely ill.¹²⁰ Homelessness is believed to increase in summer as people from neighbouring countries come for seasonal jobs that are usually temporary and poorly paid.¹²¹ The availability and quality of social housing is insufficient.¹²² Services of shelter and food support specifically for homeless persons in the country are also highly limited.¹²³ The European Commission has called on the Government to make more efforts regarding the amount of social benefits for homeless persons.¹²⁴ Homeless persons face a myriad of rights deprivations, including the right to clothing, health and protection of physical and mental integrity and in some instances the right of life.¹²⁵

119 A homeless person is legally defined as a person with no address of a residence, who lives on the street or in a public space not suitable for living, and who has no means to cover living expenses, Law on Social and Child Protection in Montenegro. "Službeni list CG", br. 27/13, 1/15, 42/15, 47/15, 56/16, 66/16, 1/17, 31/17, 42/17 i 50/17), Article 19, paragraph 1, point 12

120 2019ESPN: National strategies to fight homelessness and housing exclusion <https://ec.europa.eu/social/BlobServlet?docId=21644&langId=en>

121 Monitor news, Shelter for homeless in Konik: a temporary solution, 16 March 2018, <https://www.monitor.co.me/prihvatile-za-beskunike-na-koniku-privremeno-rjeenje/>

122 2018 UN Committee on the Elimination of Racial Discrimination (CERD), Concluding Observations on Montenegro (CERD/C/MNE/CO/4-6). See also European Social Policy Network, ESPN Thematic Report on National strategies to fight homelessness and housing exclusion Montenegro <https://ec.europa.eu/social/BlobServlet?docId=21644&langId=en>

123 ESPN: National strategies to fight homelessness and housing exclusion, 2019, also found on: <https://ec.europa.eu/social/BlobServlet?docId=21644&langId=en>.

124 2020 European Commission, Annual Report for Montenegro Page 100

125 2020 United Nations, Shared Responsibility, Global Solidarity: Responding to the socio-economic impacts of COVID-19



5



Governance, institutions and social cohesion



Progress made

- 97** Since regaining independence in 2006, Montenegro has achieved progress in democratization and building the rule of law and democratic institutions. Some progress has been made in the reform of the judicial system, in particular in efficiency, since new mechanisms have been put in place to adjudicate cases more swiftly. Significant progress was made in enforcing court decisions. Additionally, the backlog of 150,000 cases in 2016 decreased to around 2,500 at the end of 2019.¹²⁶ There was progress in transparency and openness of both the court and the prosecution services has increased, for instance through publication of information on scheduled hearings and court decisions. Montenegro has ratified most of the key UN human rights treaties and is a party to numerous European instruments.¹²⁷ The Montenegrin legislative and strategic framework has been improved in the process of aligning it with the EU Body of Law.
- 98** Over the last five years, the Public Administration Reform Strategy process has resulted in an enhanced legislative framework, especially regarding the civil service, policy planning, local government financing

and electronic government. The medium-term policy planning and reporting system was strengthened through the implementation of a decree on the method and procedure for drafting, harmonising and monitoring the implementation of strategic documents.¹²⁸ Investment in capacities of institutions in terms of new knowledge, understanding and skills, but also on IT, has improved. Utilizing the interoperability of administrative registers of data has boosted country's digital governance. Cross-sectoral data exchanges were enabled.

Current gaps and challenges

- 99** The interactions of the executive, legislature and judiciary have important implications for Montenegro's ability to realize international obligation and achieve the SDGs. The separation of powers between the state's legislative, executive and judicial branches became strained as a result of the concentration of power in the executive branch and limited checks and balances elsewhere,¹²⁹ which has led to disenfranchisement and distrust of political systems and lower participation of citizens in meaningful dialogue and political processes.

¹²⁶ 2020 EC

¹²⁷ This includes the European Convention for the Protection of Human Rights and Fundamental Freedoms, the European Social Charter, the Framework Convention for the Protection of National Minorities, the European Convention for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment, the Council of Europe's Convention on Action against Trafficking in Human Beings, the Council of Europe Convention on the Avoidance of Statelessness in relation to State Succession, the Council of Europe European Convention on Nationality and the Istanbul Convention on preventing and combating violence against women and domestic violence.

¹²⁸ 2020 EC

¹²⁹ 2019 Freedom House Country Report

100 Legislature: Parliamentary oversight remains a key challenge. In 2020, the Parliament was criticised for slow and limited oversight of the Government's response to the COVID-19 pandemic.¹³⁰ Between 2016 and 2020, the functioning of the Parliament was affected by a parliamentary boycott by part of the opposition. The boycott affected oversight, and Parliament was unable to make key decisions to appoint members of the judiciary and to adopt electoral reform. Overall Parliament's communication and cooperation with citizens, and inclusiveness and participation of the public in the work of the Parliament has been found to be insufficient. There is not yet a procedure for addressing citizens' complaints and petitions.

101 Women remain underrepresented at all levels of decision-making, despite progress made in recent years in removing formal barriers to women's participation in politics, with efforts by the Women's Political Network to advance gender quotas and raise awareness of this issue. Negative attitudes towards women in public life continue. On average, women occupy less than a third of seats in the national and local parliaments in the country. Women's representation and involvement in political settings should remain essential focus of support to the country to advance more inclusive and democratic decision-making processes.

102 Judiciary: Notwithstanding progress made, challenges remain in the functioning of the judicial system. The judiciary and the prosecution are perceived vulnerable to political interference.¹³¹ Civil society has noted that safeguards against undue political influence on the Judicial Council and the Prosecutorial Council are much lower than those that apply for other bodies. There were concerns about overconcentration of powers in the functions of president of courts, as they have been appointed beyond the legally permissible maximum of two terms. This is not in line with the Council of Europe Group of States Against Corruption (GRECO) recommendations related to an independent judiciary.¹³² Even though, the European Commission has noted a continuous improvement in the quality of the Constitutional Court's and regular courts' decisions in applying human rights standards and European Court of Human Rights case law, regular courts do not always follow its decisions. It also found that the Supreme Court and Constitutional Court have different interpretations of human rights standards, "putting at risk legal certainty and the right to a final judgement and effective legal remedy".¹³³

103 Public administration: Over the years, the EU and the World Bank have been advocating for optimisation of the public administration, in terms of the number

¹³⁰ 2020 EC Progress Report, Page 11. Also, Civic Alliance, Rule of Law in the time of Coronavirus epidemic, Podgorica, Page 4

¹³¹ 2020 EC Progress Report Page 21

¹³² 2020 EC Progress Report

¹³³ Op Cit – EC Progress Report Page 24

of employees, its structure and the corresponding wage bill at the national and sub-national level. The public sector is still large in comparison to the EU average; more than 52,000 citizens are employed in public sector, which is 29.2 percent of total registered employment, while the EU average is 23.5 percent.¹³⁴ While improvements have been made with regard to recruitment of public servants (competency framework for civil servants was developed and electronic testing system was introduced for the professional entry in the public administration), challenges remain concerning de-politicisation of the public service and managerial accountability. Montenegro has not yet fully implemented evidence-based budgeting or policy making, and this inhibits the Government's ability to target resources to where they are most efficiently and effectively used, such as in social services. The system in the public administration does not formally set work goals and there is therefore no link to strategic/organizational goals. The system does not lead to professional development, provision of training for those who need it, nor does it allow for the possibility that the best performers are rewarded.

“

M, producer, 23, Kotor: “We need digitalization and modernization of all institutions. We also need the employment of educated, credible, competent and kind people in the institutions.”

104 The World Bank's 2019 Public Expenditure and Financial Accountability assessment (PEFA) shows Montenegro's PFM performance has been on an improving trend since the 2013 assessment. The PEFA noted that Montenegro's PFM system's fundamentals are in place and core functions are performing at the higher end of the assessment scores. However, it noted remaining challenges related to a lack of linkage between strategic plans and budget resources; limited medium-term perspective in planning and budgeting; management of public investments, assets and fiscal risks; and meaningful performance measurement and evaluation.¹³⁵

105 Local governance: While progress has been made in strengthening local governance and municipalities' capacities have been gradually increasing, challenges remain for municipalities to raise the necessary financing for the services they are mandated to provide. They have limited ability to raise revenues locally and the transfers from national government are sometimes of an unpredictable nature. Fiscal decentralisation has been limited and the division of labour between central and local level remains unclear for example regarding social benefits and services.

106 Civil society organisations: Citizens mostly engage through civil society organizations; however, this appears to be done in a more ad-hoc manner than through

¹³⁴ Optimisation Plan of Public Administration in Montenegro 2018–2020: An overview of the impact of short-term actions in 2018, p.6 <https://mju.gov.me/ResourceManager/File-Download.aspx?rId=382893&rType=2>

¹³⁵ 2019 PEFA Montenegro Assessment Report

a well-established and institutionalized practice with transparent processes. Further efforts are needed to improve dialogue between public institutions and civil society. Consultation processes require better planning and transparency as well as openness to CSO's suggestions to make them genuinely inclusive. Stronger transparency and accountability in policy development and implementation at the national and local level will increase the level of trust of local population and interest of NGO representatives to actively participate in decision-making and consultation.

107 Media: The media landscape in Montenegro is diverse, but many outlets are not or are perceived not to be impartial. There is concern about the quality and professionalism of reporting. Journalists are targeted by state and non-state actors. Reporters without borders ranked Montenegro as 105th out of 180 countries in terms of media freedom in 2020.¹³⁶

108 Hate speech and hate crime: Hate speech and hate crime is not addressed adequately. According to the European Commission against Racism and Intolerance (ECRI), protections that exist in law are not applied adequately. In its 2017 visit to the country, the Commission found that incidents of hate speech and hate motivated violence are mainly handled as

misdeemeanours, rather than criminal acts, thereby not acting as an effective deterrent that criminal prosecutions would set, and this is caused by a lack of expertise within the judiciary.¹³⁷

109 Corruption and organised crime: Even though operational capacity of institutions towards anticorruption has improved, corruption is prevalent in many areas and remains an issue of concern. Financial investigations are still not launched systematically in all corruption cases.¹³⁸ Montenegro still needs to demonstrate concrete and visible results of anti-corruption measures, in particularly vulnerable areas such as infrastructure projects, healthcare, education, construction and spatial planning, public procurement and privatisation of public enterprises. The EU has called on Montenegro to step-up its efforts in the fight against corruption and organised crime.¹³⁹ Montenegro has made limited efforts towards achieving a credible track record on effective investigation, prosecution and final convictions in corruption cases, including high level cases, but also within areas of repression and prevention of corruption activities. The number of seizures and/or confiscation of assets ordered to battle corruption offences remains considerably low. Corruption, therefore, remains prevalent in many areas and a serious concern.

¹³⁶ Reporters without borders 2020 rankings

¹³⁷ 2017 ECRI REPORT ON MONTENEGRO (fifth monitoring cycle)

¹³⁸ <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20190529-montenegro-report.pdf>

¹³⁹ Op Cit – 2020 EC Report

110 Data: There has been some progress in certain areas regarding data. However, there is insufficient systematic primary data collection and data analysis practices, including sex, age and disability disaggregated data and equity- and gender-based analyses. There is serious underreporting of some phenomena thus impacting the ability of government and Parliament to produce adequate and evidence-based responses. In addition, there is not yet a strategic vision or comprehensive policy framework, to ensure that e-Governance works for all. Special requirements in other legislative acts hinder the usage of electronic data and electronic communications remain incomplete.

111 Electoral framework: In line with recommendations by the Office for Democratic Institutions and Human Rights (ODIHR) of the Organization for Security and Co-operation (OSCE), to better align election laws with international standards, the previous ruling coalition made attempts to amend electoral legislation. However, Parliament did not succeed to improve the electoral framework, since the opposition boycotted the Parliament. The new ruling coalition made a pre-election promise to reform the electoral system.

112 The current election law includes preferential rules for political party lists representing national minorities, which do not exceed 15 per cent of the total po-


pulation. Roma and Egyptians are not represented by a specific party.¹⁴⁰ Several groups of persons face obstacles in taking part in elections. Persons who are deprived of legal capacity, often persons with psychosocial disabilities, are excluded from voting by law, while inaccessible polling stations impede access for persons with physical disabilities. Montenegrins who have not resided in the country in the two years preceding the election are not allowed to vote either. Recommendations to amend electoral legislation to include these groups and to resolve accessibility issues, are yet to be implemented.¹⁴¹

¹⁴⁰ 2018 CERD

¹⁴¹ 2018 OSCE Office for Democratic Institutions and Human Rights, Limited Election Observation Mission Montenegro Parliamentary Elections, INTERIM REPORT, 19 August 2020. See also Committee on the Rights of Persons with Disabilities

6

SDG financing



113 Analysis of domestic public finance: The domestic public finance landscape in Montenegro consists of budgets of the central and the local governments, of which, on average, the central budget accounts for some 90 percent of total public finances. The Government (central and local government combined) in Montenegro has run public finance deficits for more than a decade. The deficit of the state treasury fluctuated from 8.3 percent of GDP in 2015 to 2 percent of GDP in 2019. This resulted in a high public debt ratio of 78.7 percent in 2019 (or EUR 3.8 billion). Main sources of income for the Montenegrin public sector are indirect and direct taxation forms. Cumulatively, other types of revenue such as fees, duties, donations and others contributed about 12.7 percent to the total revenue in 2019. In essence, this means that even public finances of Montenegro, as a consumption-driven economy that relies mostly on tourism, heavily depend on private spending patterns to sustain basic Government operations.

114 The Global Lockdown (economic crisis triggered by global COVID-19 pandemic) significantly influenced economic activity in Montenegro and spilled over to public finances. The World Bank estimates that debt will reach approximately 93 percent of GDP in 2020.¹⁴² Preliminary data shows that the Montenegrin economy faces a 20 percent drop in the second quarter of 2020,

while the country was forced to borrow from the IMF, European Commission and the World Bank in order to sustain stable financing of government operations. Montenegro will also have extensive needs to finance the public deficit and repay debts in the forthcoming period. As per the national Programme of Economic Reforms 2020-2022, in the observed period servicing the debt amounts to EUR 1.2 billion, which accounts to 25 percent of 2019 GDP.¹⁴³

115 Analysis of international public finance: Other than support from the European Union and a few donors, Montenegro is witnessing a trend of constant decline in donor support ever since regaining independence. This may seem a natural development as the country is progressing on its EU path despite some unresolved and deep-rooted challenges. At the same time, Montenegro has had extensive cooperation with international institutional creditors who support development of the country through providing preferential and policy- or project-based loans. Montenegro also used support from international institutional creditors to invest in development of the country. Montenegro does not have a mechanism to systematically coordinate and monitor donor support, hence there is limited analysis of donor contribution, achievements and priority areas. This prevents drawing conclusions and matching of non-UN donations/programmes against the SDGs.

¹⁴² Ibid

¹⁴³ Ministry of Finance

116 Analysis of domestic private finance: The domestic private finance flow in Montenegro is very vibrant. Although small, the Montenegrin financial market consists of a well-capitalised and liquid banking sector, predominantly owned by international banking conglomerates, micro banking institutions and far smaller in size leasing companies. On the other hand, the capital market of Montenegro, a very important pillar of the financial market in the early years of Montenegrin independence, did not yet achieve capitalisation or turnover of the pre-Global Financial Crisis period. Another key segment in domestic financial flows is financial flows of the capital market. Albeit not significant in volume and not as influential as in the early years after independence was restored, the capital market attracts attention of both international and domestic investors.

117 Any meaningful intervention with regard to private domestic financial flows would need to target the banking sector and private companies who invest and re-invest their capital. Unlike the capital market, these two can be niches for advocacy and development of think pieces that will make these investments and loans able to support achievement of the Sustainable Development Goals in the country.

118 Analysis of international private finance: International private financing in Montenegro is mostly framed around FDI and remittances. From 2015 to 2019, net FDI

inflow both in nominal and in terms of the share to GDP significantly dropped. While the inflow of foreign investment in nominal terms increased, in relative terms, it declined from 20.7 percent GDP in 2015 to 15.7 percent GDP in 2019. At the same time, outflow of funds more than doubled – from 3.8 percent GDP in 2015 to 8.8 percent GDP in 2019. The structure of FDI is still fairly concentrated in investments related to the real estate and intercompany debt, and only around 35 percent of total FDI inflows on average (2015-2019) are invested in companies and banks. Investors from the Russian Federation continue to play a major role in Montenegrin balance sheets, and their investments are mostly related to real estate, which neither creates a significant value added for society nor offers a venue for channelling investments in sustainable development. Other major investors in Montenegro come from Serbia, United Arab Emirates, Austria and Italy.

119 Remittances represent a significant inflow of funds in the country. Remittances have declined over the last decade, but still remained quite high at the level of 4 percent of GDP in 2019. With no evidence to back the claim, a general understanding of remittances in Montenegro, as well as in other transition economies, is that these funds are used to alleviate poverty and reduce inequalities. As an additional income that raises standard of living of Montenegrin household, one can claim that inflow of remittances significantly affects achievement of SDGs.^{144 145}

144 Vishwesh Sundar (2019), Do remittances reduce poverty?, Oxfam Blog, available at: <https://oxfamblogs.org/fp2p/do-remittances-reduce-poverty/>

145 Musakwa, M.T., Odhiambo, N.M, (2019), THE impact of remittance inflows on poverty in Botswana: an ARDL approach. Economic Structures 8, 42, <https://doi.org/10.1186/s40008-019-0175-x>

120 Investments in health, social protection, education and early childhood development: Continued investments in health, social protection, education and early childhood development are key to SDG acceleration and the leave no one behind promise. Montenegro has progressively increased the coverage of its health system, on the path to universal health coverage. Key challenges relate to insufficient human resources, weak health structures and limited availability of medical supplies to cover the entire population.¹⁴⁶ As per the analysis of annual spending of the health sector, some EUR 50 million will be needed to ensure the health care system manages to serve the needs of the population. To achieve longer term resilience to health emergencies, these investments must include allocations to strengthen existing policies and planning for health security. As for social protection, the number of beneficiaries of family allowance and child allowance has been declining since 2012. As noted above, COVID-19 will have a profound impact on income stability and might push 80.000 people into poverty.¹⁴⁷ As per the available forecasts, up to EUR 90 million will be needed to fund social protection in the country. In addition, in 2018 Governments were called upon to invest in ECD with the aim of “building human capital to break the cycle of poverty and inequality”. To add to this, a significant body of evidence and knowledge confirms that early childhood development is an effective poverty reduction strategy, and current

data underlines the need to prioritize poverty reduction. In the short to medium term, social sectors would need to effectively respond to the COVID-19 crisis by enhancing the quality of education, with a particular focus on the most vulnerable, strengthening effective social protection (cash transfers and relevant services) and health care.

121 The pathway for the new model of Montenegrin economy should be based on stimulating innovation, digitalisation and the green economy. It is necessary to gradually introduce incentive measures strengthening those economic activities that, in addition to economic, meet environmental and social development goals - protect the environment, reduce GHG emissions, increase energy efficiency, strengthen renewable energy sources, protect water resources and preserve the existing ecosystem. Montenegro should be supported in developing and implementing the green finance concept and respective green financial instruments for strengthening sustainable, low-carbon development, while achieving both economic and environmental goals and combating the negative effects of climate change.


¹⁴⁶ There are 199 doctors per 100,000 people and 554 nurses and midwives per 100,000 people in Montenegro. This is lower than the European average which has 325 and 554 doctors and nurses respectively per 100,000. Montenegro has the lowest proportion of pharmacists per head in Europe – 17 per 100,000 in 2015

¹⁴⁷ World Bank – Europe and Central Asia Economic Update, Fall 2020



7

Root causes



122 There are no binding constraints to furthering the 2030 agenda. Rather there are some key bottlenecks that can be overcome with continuing the reform agenda in line with the 2030 agenda and EU accession process. These bottlenecks can be overcome with enhanced governance and oversight which will take time and political will. This heightens the importance of governance and the rule of law for economic transformation, environmental management and ensuring that no one is left behind. However, COVID risks reversing at least six years of human development progress in Montenegro to levels not seen since 2014. Prior to COVID-19, at a broader, macro level Montenegro had performed relatively well in recent years in terms of its broader development indicators, as demonstrated by its very high HDI classification ranking.

123 COVID-19 has exposed and exacerbated existing systemic weaknesses. This has mainly impacted those who were already marginalized, but also increased vulnerabilities among many Montenegrins who have only a limited safety net to withstand economic shocks. The analysis above has highlighted that vulnerable groups are impacted in a variety of ways. Some are specific to a group, but there are common patterns of deprivations underpinned by systemic bottlenecks and barriers for accessing fundamental rights. These include limited access to basic social services; lack of quality of housing/shelter/community-based independent living; limited opportunities to decent work and

employment; weak participation and representation; and lack of legal identity, status or documentation. The root causes of the challenges have been consolidated into six areas articulated below, which cut across the three chapters addressed above. Some of these bottlenecks interact and exacerbate some of the challenges.

124 *An unfinished transition to a market economy (part of EU accession process)*:

The legacy issues of a former Yugoslav republic and transition to a market economy hinder Montenegro's ability to achieve the 2030 agenda. Recent EU accession reports have highlighted with the need to improve overall governance. This will have a strong impact on how the country can overcome the challenges described above.

- a. Economically, the country has created a dual economy with a large public sector and reliance on tourism. Montenegro struggles to reduce its public sector wage bill, with implications for fiscal policy. Tourism is the main sector of the economy, but its importance and lack of private sector growth highlight the struggles with the transition and have become a self-perpetuating problem where reliance stifles further diversification efforts.
- b. The energy sector is still partly reliant on coal-fired power stations and energy infrastructure from Yugoslav era.

- c. Environmental management is further challenged by the regional nature of some of the challenges e.g. water and forestry. This will require agreements and policies being implemented at the regional level.
- d. The issues with transitioning to a market economy have also led to a large informal economy that will be difficult to overcome.

125 Governance and accountability gaps:

- a. While there are still some gaps in the legal and policy framework the main challenge is limited implementation of laws, policies and strategies and insufficient multi-sectoral cooperation. Vulnerable groups are particularly affected by this issue.
- b. Limited capacities of service providers and weak accountability mechanisms are key root cause for gaps in service provision, which leads to discrimination and exclusion of certain groups and has enabled issues such as corruption to perpetuate.
- c. The importance of certain economic sectors and the difficulties in reducing the size of the public sector have become a political issue. The politicization of the senior civil service has hindered accountability, transparency and trust.
- d. Political moves have sometimes deterred investment. The use of State-Owned Enterprises (SOE) has sometimes stifled private sector deals from taking place.

126 Demographic trends are starting to create challenges for Montenegro: Montenegro has an ageing population, that is increasingly becoming more urban, whilst young people lack opportunities or are not given the skills that match the needs in the economy.

- a. Some young people are leaving Montenegro due to the lack of economic opportunities. This is partly related to the lack of space being created for the private sector, but also the mismatch of skills for the labour market or entrepreneurship.
- b. Urbanization creates pressures on the environment, waste management and city planning. It also draws people away from rural areas which can impact local economies.
- c. Economic development has had an important impact on the environment. The level of motorization has risen as the economy has grown and demand on energy has increased as households become more affluent.
- d. An ageing population creates pressures on public services which can impact finance and the targeting of programmes.

127 The availability and the use of finance hinders the ability to drive forward the 2030 agenda: It is not only the availability of finance that determines progress on achieving the 2030 agenda, but how efficiently and effectively it is used.

- a. The fiscal policy of Montenegro is not based on a broad tax base. Approximately 60 percent of tax revenues come from VAT, a regressive tax, and there are only two rates of income tax which means the poor are disproportionately affected.
- b. While expenditures on social sectors have been maintained at around 45 percent in the past five years of total expenditures, with the constraints placed on finances post-COVID.
- c. The efficiency and effectiveness of public expenditures are constrained by the way they are targeted.
- d. Finance is an important factor for the development of small and medium enterprises (SMEs) and for formalization. The constrained financial situation created by COVID is worsening credit conditions globally which will hinder economies at the macro level and firms from accessing finance.

128 Attitudes, social norms and level of awareness shape much of how the population respond to certain challenges: Attitudes and social norms are difficult to change but can have profound impacts. This is no

different for Montenegro where deep-rooted norms can negatively impact on the realization of the rights of vulnerable groups and on decisions on the environment and economy.

- a. All vulnerable groups face stigma and discrimination in one way or another. This affects their ability to participate actively in public life, politics, benefit economy, and socially, it weakens social cohesion and exacerbates challenges in ensuring that no-one is left behind.
- b. Patriarchal values and traditional norms, along with the low priority accorded to gender equality and women's empowerment, have hampered the implementation of progressive legal frameworks that are in place. Gender inequalities persist in family and social life as well as in economic and political spheres. The demand by national and international stakeholders for a stronger shift from addressing symptoms of inequalities towards tackling root causes, alongside identifying and mitigating unintended consequences.
- c. In 2013, UNICEF survey found that one in ten people in Montenegro know a child that had been sexually abused, yet only 30 percent are aware of this as a problem.¹⁴⁸ This demonstrates that sometimes violence is an accepted norm.

¹⁴⁸ UNICEF, KAP Survey, Violence against children in Montenegro 2013, <https://www.unicef.org/montenegro/en/reports/violence-against-children-montenegro>

- d. Montenegrins have a high reservation wage, meaning they will not accept salaries below a certain level, despite the relatively high level of unemployment. Equally, evidence suggests that Montenegrins would rather wait for a public sector job rather than enter into entrepreneurship or private sector employment.¹⁴⁹
- e. Many vulnerable groups in Montenegro have limited awareness of their rights and limited opportunities to access justice or seek remedy for rights violations.
- c. Inadequate integration and data sharing between sectoral information systems limits the effectiveness of data collection, analysis and dissemination.
- d. There is a lack of evidence in the environment sector that hinders building a true picture of the main challenges and the extent of environmental degradation.
- e. The limited understanding of the issues facing the business sector and in particular the informal economy, remains a challenge to generate the right policy choices.

129 *Insufficient data and evidence prevent the effective formulation of policies, measures and programmes:*

Data is available but often not in the quality, granularity or format that enables effective evidence-based decision-making or removal of inclusion and exclusion errors within social programmes. This is reflected in bottlenecks in several areas.

- a. Insufficient data presents an obstacle for policy making, strategy and budget development, programme design and service delivery and also hinders monitoring and evaluation of policies and programmes.
- b. Data and evidence on certain vulnerable groups such as persons with disabilities, especially children with disabilities; homeless persons (due to absence of a registry); children in street situations, is not available or not at the level of granularity required.

¹⁴⁹ Montenegro Growth and Jobs, World Bank, 2018



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Conclusion and way ahead

130 Montenegro needs to strengthen the implementation of critical reforms, and enhance policy design, monitoring and financing of key initiatives in order to accelerate and sustain progress towards the 2030 agenda and to reach the political priority of EU accession. Policies and strategies exist, which if adequately implemented and financed could speed up progress on the SDGs, enhance the focus on the leave no one behind approach and further the respect of human rights. EU accession reforms, due to their links to improving overall governance, will likewise assist in achieving and sustaining progress on SDGs.

131 COVID-19 presents the greatest challenge at present to achieving the SDGs and making further progress on Montenegro's human rights obligations. The analysis above points to the appearance of new pockets of vulnerability, including "new poor", and large-scale impact on the economy is expected. Montenegro's ability to continue progress on the SDGs will be shaped by mitigating strategies that consider the multidimensional nature of the impact of COVID-19 on its people, but also the need to rebuild an economy that, according to the IMF, is due to be the second worst hit in Europe. COVID-19's impact will not only be felt in terms of growth. With Montenegro's reliance on tourism, there will be business closures, rising unemployment and poverty which will require mitigation, innovation and adequate policies to build back better.

132 Given Montenegro's status as a middle-income country with very high human development, to sustain progress on SDGs, it is important to focus on multidimensional pathways that put people at the centre. Sustaining progress on the SDGs is contingent on supporting vulnerable segments of population. In this context, inter-linkages amongst the SDGs hold the key for sustaining progress and ensuring the central promise of 2030 Agenda of leaving no one behind is achieved.

Inclusive economic development and environmental sustainability

133 In the immediate term, Montenegro's focus will need to be on building the economy back better. Montenegro should ensure that expenditures focus on supporting those most impacted by the COVID-19 crisis and enable a speedy return to work for those who are now unemployed, taking into consideration more sustainable, inclusive, gender responsive and green pathways. Recovery packages that seek synergies between economic and climate goals have better potential for reducing climate risks, increasing national wealth, and enhancing productive human, social, physical and natural capital.

134 In the medium-to-long-term Montenegro needs to continue with the transition to an inclusive, sustainable market economy that benefits the most vulnerable in society through the broader reform agenda required

under the EU accession process. Structural reforms should be continued, which enhance competitiveness and make labour markets more flexible, will allow more jobs to be created and boost women economic empowerment. Fiscal policy reforms should be enacted to reduce the dependence on a narrow tax base and improve the efficiency and effectiveness of expenditure. Reducing the burden of SOEs and the public sector will create greater fiscal space and space for private sector investment.

135 Building back better will require greater private sector growth, especially in new sectors, creating higher productivity and higher value jobs that increase opportunities for more Montenegrins beyond the public sector. Linked to this, COVID-19 has highlighted Montenegro's structural vulnerabilities due to Montenegro's narrow production base. An appropriate mix of policies and programmes, which harness digitalisation and the green economy, could offer a pathway to stimulate structural transformation to higher value/productivity sectors, thereby broadening the production base. A higher rate of formal decent employment, higher salaries and more stable tax revenues from new sectors will enable greater income that can be reinvested in the economy and in supporting education, health and social protection expenditures.

136 Creating a more inclusive economic model, through this private sector growth, should be a priority. It should enable more Montenegrins to benefit from formal

employment with higher participation rates, especially for women and youth. Skills development and matching will be needed to enable youth and women to effectively participate in this new economic model and find decent employment. More broadly, women's economic empowerment will need long-term and systemic change. It will foster women's participation and leadership in politics and the economy and will support inclusive socio-economic development and gender-responsive recovery in the aftermath of COVID-19.

137 Private sector growth can also come through supporting small businesses to establish and, more critically, to grow, which could be a pathway to generate higher participation. This is especially pertinent for youth and female entrepreneurs who should be specifically targeted. Bringing in greater options for online payment systems could support cross-border transfers and commerce for new businesses. However, measures need to address the barriers in order to enable growth of SMEs and to create more medium and large Montenegrin firms, such as unlocking capital markets.

138 Greater regional integration and economic cooperation could support the creation of new markets for Montenegrin businesses. One way to offset the size disadvantage is to create bigger markets through regional integration. Whilst structural reforms will support competitiveness, efforts are needed to enhance the quality of soft and hard infrastructure that enables trade (both physical and e-trade).

139 Economic development needs to have the green economy at its heart. Green growth not only offers a way for Montenegro to meet some of its requirements for EU accession around a zero-carbon economy, but it also offers Montenegro an opportunity to focus on new sectors and investments. Renewable energy generation, with the EU demanding more renewable electricity to meet its quotas, will be in growing demand in the coming years. Development of green technology, innovations in sustainable agriculture and tourism, fostering entrepreneurship, investments into quality jobs will play a vital role in realising the gains from the green economy.

140 Improved environmental governance will support the development of an economic model that decouples the growth and environmental degradation. Montenegro must promote greater environmental protection at both the national and regional level, including many elements (biodiversity, water, forestry) and cross-border issues. This requires effective policy, and inclusive and effective public participation and education, from one side, and more efficient penalties and compliance in practice, from the other side.

141 Montenegro should attempt to take on a more ambitious agenda on the environment, which require an appropriate blend of policies and investments that mitigate GHGs, whilst enhancing climate adaptation. Efforts should continue to mitigate carbon emissions, as well as to further the implementation of waste

disposal and treatment practices. This will lay the foundations for a sustainable circular economy, as a vital part of the transition to the zero-carbon economy. Efforts should continue to align policies to EU targets, addressing implementation gaps. Measures to strengthen administrative capacity and coordination at the local and national level, including enforcement and oversight capacities, will enhance Montenegro's ability to align with EU targets and policies.

142 Climate change adaptation and disaster risk reduction provide complementary approaches for managing climate risks, build resilient societies and protect people's livelihoods and health. As part of ongoing efforts to make the economy more environmentally friendly, progress in water management, biodiversity, preservation and waste management is required, together with spatial planning, which could be implemented at the regional level, where Montenegro and its neighbours can exploit economies of scope.

Human capital development, poverty reduction and social inclusion

143 Safeguarding and, where possible, increasing social spending in areas such as health, social and child protection and education is crucial to protect the most vulnerable groups from falling into poverty and from social exclusion. This requires improved planning, budgeting, allocation and monitoring of public finances and increasing the effectiveness and efficiency of social

spending, including better targeting of and outreach to the most vulnerable groups. There is also a need to explore alternative, innovative funding sources for the social sector (for example social impact bonds) and to prioritize spending on areas that maximize return on investments, including early childhood development.

144 Existing gaps in laws should be amended and integrated, evidence-based policies and strategies that promote human capital development and social inclusion of the most vulnerable should be developed. Most importantly, however, further efforts need to be invested to ensure effective and efficient implementation of existing legal, policy and strategic frameworks by improving capacities for planning, budgeting, implementation and cross sectoral coordination as well as monitoring and evaluation. Social protection should also promote employment of those who are excluded from the labour market – especially as 48 percent of social assistance beneficiaries of means-tested cash transfer have the potential to be working (World Bank 2013).¹⁵⁰

145 As COVID-19 revealed the weaknesses and strengths of social systems in the area of health, social and child protection and education, there is a need to strengthen governance and administrative mechanisms across all social sectors Montenegro. This would increase resilience, cross-sectoral collaboration, flexibility and ad-

aptability of national systems to shocks and challenges and reduce bureaucratic burden. There are also opportunities to seize the power of digital technologies in all social sectors to promote social change, while at the same time strengthening accountability of policymakers and service providers to ensure human-centred development that is leaving no one behind.

146 Efforts should focus on the capacities of service providers across relevant sectors so that they apply person centred, human rights based and culturally and gender sensitive integrated approaches to design and implementation of social and child protection services. Such efforts should proactively involve the most vulnerable groups, ensure integration of services to meet the needs of those who are currently not reached by state services or are at risk of being left behind, and increase availability and diversity of services by continuing the trend to license other non-state actors, including civil society organizations as service providers.

147 To this end, Montenegro should also improve the collection of quality, disaggregated household and administrative data sets (wherever possible according to regional distribution, age, gender, ethnicity and disability) to close existing data gaps. In addition, the country should promote integration of sectoral data collections, to facilitate multi-sectoral interventions

¹⁵⁰ Defined as those individuals of working age (15-64) who are in full-time education or training and not disabled

that require harmonization of data, as well as to improve digitalization, active dissemination and use of data for evidence-based policymaking, monitoring and evaluation.

148 Enhancing community-led, grassroots driven local and national initiatives that promote social cohesion will be essential during efforts to build back better post COVID-19, but also in the medium- to long-term. Social inclusion of the most vulnerable groups, by harnessing the creativity and commitment of civil society organizations and maximizing the potential of individuals and communities to contribute to social and behavioural change and sustainable development, will support the acceleration of progress towards the SDGs.

149 To leave no one behind, adequate participation and representation of the most vulnerable groups in all decisions that are affecting their lives is crucial. In addition, promoting awareness of rights and empowerment is crucial to ensure that individuals can realize their rights and seek remedy for rights violations, e.g. through support to access justice.

150 To better include vulnerable groups and create a more inclusive society, behaviours and attitudes will need to be changed. Montenegro should continue to promote social change through raising awareness of rights and challenging and countering negative attitudes,

behaviours and practices that give rise to stigma, discrimination and social exclusion of vulnerable groups and perpetuate outdated societal and gender norms and stereotypes, as well as tolerance and acceptance of discriminatory practices, social exclusion, violence and exploitation.

151 There should be a stronger focus on and recognition that gender equality in all spheres is a prerequisite for the country's sustainable growth and stability. A stronger institutional response is needed to improve the position of women, curb violence more effectively and provide redress for survivors of violence. Gender indicators should be set in all institutions, at all levels and for all positions.

Governance, institutions and social cohesion

152 Montenegro needs to accelerate the implementation of reforms linked to the EU accession, in particular in the area of rule of law, public administration and human rights. The NSSD is a comprehensive document that shapes the sustainable development agenda in the country; however, better coordination amongst multiple agencies with due attention to building national capacities for implementation and data generation and use, as well as monitoring and evaluation, are important in moving forward.

153 Montenegro will need to address corruption and put in place stronger guarantees to ensure the independence and effective functioning of the judiciary. This is important to increase accountability and strengthen trust in institutions. Citizens should be empowered to hold decision-makers accountable.

154 To strengthen social cohesion, it is of utmost importance that those in positions of influence lead by example and in their statements and behaviours encourage respect for diversity and settle differences through dialogue. In addition, there is a need to foster a culture of dialogue in Montenegro at all levels. Space needs to be opened up for more inclusive and meaningful participation of citizens, in particular women, youth and minorities, in governance structures and in public and political life. Enabling marginalized groups to effectively raise their voice in governance processes will strengthen people-centred policy and programme design that supports the realization of human rights. For meaningful participation, citizens should have greater access to information. The media's independence and professionalism should be strengthened, and media should provide space for informed and respectful debate. Continued dialogue and debate will contribute to increased understanding, finding of common solutions to challenges, but also respect for differences and enhancement of social cohesion.

155 Further improvements are needed to ensure that the public administration is de-politicized, people centred, merit-based and professional, with a stronger ability to deliver evidence-based policies. Improved public financial management and implementation of performance management best practices would also enhance the functioning of the public administration.

156 Mechanisms should be put in place to systematically coordinate and monitor donor support and targeted financing towards the SDGs. Strengthening of processes and capacities for medium-term financial planning and programme-based budgeting (including indicators to monitor programme outcomes) would pave the way for pro-poor social policies and allow course-correction through analysis of expenditures to ensure that vulnerable groups have access to their rights.





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